



思考乐教育
SCHOLAR
EDUCATION



INTERIM REPORT 2025

思考樂教育集團
SCHOLAR EDUCATION GROUP

Stock Code: 1769
(Incorporated in the Cayman Islands with limited liability)

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CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. Chen Qiyuan (*Chairman*)
Mr. Qi Mingzhi (*Chief Executive Officer*)
Ms. Li Ailing
Ms. Leng Xinlan

Independent Non-executive Directors

Mr. Yang Xuezhi
Ms. Yim Ka Man
Prof. Zhang Wenjun (appointed on 20 May 2025)
Mr. Huang Victor (retired on 20 May 2025)

Audit Committee

Ms. Yim Ka Man (*Committee Chairman*)
Mr. Yang Xuezhi
Prof. Zhang Wenjun (appointed on 20 May 2025)
Mr. Huang Victor (retired on 20 May 2025)

Remuneration Committee

Ms. Yim Ka Man (*Committee Chairman*)
Mr. Chen Qiyuan
Mr. Yang Xuezhi
Mr. Huang Victor (retired on 20 May 2025)

Nomination Committee

Mr. Yang Xuezhi (*Committee Chairman*)
Mr. Chen Qiyuan
Ms. Yim Ka Man
Mr. Huang Victor (retired on 20 May 2025)

Strategic Development Committee

Mr. Chen Qiyuan (*Committee Chairman*)
Mr. Qi Mingzhi
Mr. Yang Xuezhi

Authorised Representatives

Mr. Qi Mingzhi
Mr. So Wai Hang

Company Secretary

Mr. So Wai Hang

Legal Advisers

As to Hong Kong law:

White & Case
16/F, York House, The Landmark
15 Queen's Road Central, Central
Hong Kong

As to Cayman Islands law:

Conyers Dill & Pearman
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Auditor

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22/F, Prince's Building
Central
Hong Kong

Registered Office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Headquarters and Principal Place of Business in the PRC

Room 401–410, 4th Floor, Yunfeng Garden
29 Youyi Road, Jianan Community
Nanhu Street, Luohu District
Shenzhen, PRC

Principal Place of Business in Hong Kong

Unit 02, 3/F, Austin Plaza
No. 83 Austin Road
Kowloon
Hong Kong

Principal Share Registrar and Transfer Office

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Hong Kong Share Registrar

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

Principal Banks

China Merchants Bank Co., Ltd.
Industrial Bank Co., Ltd.
Agricultural Bank of China Limited

Company's Website

<http://www.skledu.com>

Stock Code

1769

Date of Listing

21 June 2019

CORPORATE PROFILE

Scholar Education Group is a leading private education service provider in South China.

Our educational philosophy is to “focus on academic excellence to enable our students to achieve their aspirations” (博學精教 · 成就學生). We are committed to providing high-quality tutoring education to students through a student-oriented teaching approach. All of our classes are delivered in small class settings, typically consisting of no more than 20 students per class.

Our programme is comprised of liberal education courses in respect of art, sports, painting, performance art, calligraphy, scientific literacy, Le Xue and Guo Xue (樂學國學), logic training and Miaowei international literacy (妙維國際素養) with a view to fulfilling various needs of students and encouraging students to develop their hobbies and talents, and by providing them with quality services, children can achieve a balanced development in the five aspects of “ethics, intellect, physique, aesthetics and hard-work” and enjoy a healthy and all-rounded development.

In addition, the Group provides after-school care services, by which students can receive its quality after-school care services from professional teachers in a safe and comfortable environment. With its talented teachers as companions in their daily lives, the Group’s students can grow sturdily and will be motivated to build positive thinking and attitude as well as to cultivate their capability in lifelong learning.

We have also explored and launched initiatives such as our educational tour business and international courses. The Group believes these business initiatives will broaden the revenue base of the Group and contribute to its long-term development.

In the future, we will strive to promote the diversified development of all aspects of the Group, make full use of technological development of artificial intelligence, continuously improve service quality and operational efficiency, and live up to the recognition of students, parents, and people from all walks of life.

FINANCIAL HIGHLIGHTS

	Unaudited For the six months ended 30 June			Percentage change
	2025 RMB'000	2024 RMB'000	Change RMB'000	
Revenue	439,393	399,113	40,280	10.1%
Gross profit	150,558	113,819	(26,580)	(15.0)%
Profit for the period attributable to owners of the Company	62,933	82,652	(19,719)	(23.9)%
<i>Non-IFRS measure:</i>				
Adjusted profit for the period attributable to owners of the Company (Note 1)	81,312	93,542	(12,230)	(13.1)%

Earnings per Share

	RMB cents	RMB cents	RMB cents	
Basic	11.42	15.21	(3.79)	(24.9)%
Diluted	11.18	14.76	(3.58)	(24.2)%
<i>Non-IFRS measure:</i>				
Adjusted earnings per Share (Note 2)				
Basic	14.75	17.21	(2.46)	(14.3)%
Diluted	14.45	16.71	(2.26)	(13.5)%

Note 1: The Company defined its adjusted profit attributable to owners as its profit for the period attributable to owners after adjusting for those items which were not indicative of the Company's operating performances, mainly including the share-based compensation expenses of approximately RMB18.4 million (six months ended 30 June 2024: RMB10.9 million) for the six months ended 30 June 2025.

Note 2: The Company defines the adjusted earnings per share as earnings per share calculated by using adjusted profit for the period attributable to owners of the Company.

CHAIRMAN STATEMENT

To: Shareholders

On behalf of the Board, I am pleased to present this interim report of the Group for the six months ended 30 June 2025.

Business overview

The Group recorded an operating profit of RMB77.4 million for the six months ended 30 June 2025. During the six months ended 30 June 2025, the Group's revenue increased to RMB439.4 million from RMB399.1 million, and its tutoring hours increased to 4,944,498 hours from 4,564,252 hours, as compared to the same period last year. The Group provides high quality educational services to students. Our programmes have placed more emphasis on training children's ability to take initiatives and enhancing their deep thinking skills to achieve their overall development through the integration of learning and thinking.

The Group continues to make progress in its strategic development in Guangdong Province. The programmes in Guangzhou have gained a high level of recognition from parents and students, and have initially shown encouraging results. The enrollment at the new learning centers in Guangzhou is currently strong, and overall operations are exceeding expectations. As the business in Guangzhou is undergoing a rapid ramp-up period, these new learning centers offer a large number of trial courses at lower tuition fees than regular courses, successfully attracting a large number of students interested in the educational services of the Group. These trial courses have subsequently converted students into paying students for the same courses. Therefore, revenue from these new learning centers was relatively low in the first half of this year, while related costs (such as rental expenses and salaries and benefits) incurred in the usual course of business increased significantly compared with last period, resulting in a short-term negative impact on the Group's gross profit and net profit. For the six months ended 30 June 2025, the Group recorded a net profit attributable to owners of RMB62.9 million, compared to a net profit attributable to owners of RMB82.7 million for the six months ended 30 June 2024. Excluding the short-term strategic losses in Guangzhou, the Group's net profit for the first half of this year increased slightly compared with the same period last year.

The net profit attributable to owners of the Company for the six months ended 30 June 2025 has factored in share-based compensation expenses of approximately RMB18.4 million (last period: RMB10.9 million). Excluding the share-based compensation expenses, the Group recorded an adjusted net profit attributable to owners of the Company of RMB81.3 million for the six months ended 30 June 2025, a decrease of 13.1% as compared to the adjusted net profit attributable to owners of the Company of RMB93.5 million for last period.

Future prospects and development strategies

The Group has launched our educational tour business and international courses since July 2023. The Group believes these business initiatives have broadened and will continue to broaden the revenue base of the Group and contribute to its long-term development.

In addition, the Group will further consolidate the development of "Le Xue" (樂學), one of the Group's brands, which comprises of liberal education in respect of art, sports, painting, performance art, calligraphy, scientific literacy, Guo Xue (國學), logic training and international literacy with a view to fulfilling various needs of students and encouraging students to develop their hobbies and talents. By providing them with quality services, children can achieve a balanced development in the five aspects of "ethics, intellect, physique, aesthetics and hard-work" and enjoy a healthy and all-rounded development.

Going forward, we will strive to promote the diversified development of the Group and utilise our brand influence and reputation, as well as the extensive management experience and industry knowledge of the management team, to actively explore new business opportunities in different fields, and to expand the revenue base and maximise returns for the shareholders of the Company. In addition, we will continue to employ stringent cost control measures to maintain a healthy cash flow of the Company. We will also develop technology and make appropriate use of the technological development of artificial intelligence to continuously enhance the quality of our services and operational efficiency to support the long-term development of the Group.

Acknowledgement

Finally, on behalf of the Board, I would like to express my sincere gratitude to the students and parents, and also to our management and all staff for their loyalty and dedication. I would also like to express my cordial thanks to all Shareholders, local governments and business partners for their support of, and trust in, the Board and the management of the Group. We will endeavour to further develop our business to deliver greater returns to Shareholders.

Chen Qiyuan

Chairman

Hong Kong, 20 August 2025

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

1. Revenue

	Unaudited		Percentage change
	Six months ended 30 June 2025 RMB'000	Six months ended 30 June 2024 RMB'000	
Non-academic literary programme and others	387,660	366,525	5.8%
Tutoring programme	51,733	32,588	58.7%
Total	439,393	399,113	10.1%

The following table sets forth the student enrolments and tutoring hours delivered by type of education services for the periods indicated based on the Group's internal records:

	Six months ended 30 June 2025		Six months ended 30 June 2024		Percentage change	
	Student enrolments	Tutoring hours	Student enrolments	Tutoring hours	Student enrolments	Tutoring hours
Non-academic literary programme	177,826	4,380,343	169,739	4,202,896	4.8%	4.2%
Tutoring programme	22,962	564,155	14,666	361,356	56.6%	56.1%
Total	200,788	4,944,498	184,405	4,564,252	8.6%	8.3%

The Group's revenue increased by 10.1% from RMB399.1 million for the six months ended 30 June 2024 to RMB439.4 million for the six months ended 30 June 2025. This increase was primarily due to increases in the total student enrolments, tutoring hours and average price per tutoring hour for the six months ended 30 June 2025.

2. Cost of sales

The cost of sales of the Group increased by 30.1% from RMB222.0 million for the six months ended 30 June 2024 to RMB288.8 million for the six months ended 30 June 2025. This increase was primarily due to an increase in teacher compensation and amortisation of right-of-use assets, primarily contributed by the increase of the total number of the Group's learning centres as a result of the expansion of the Group's learning centre network and growth of the Group's business.

MANAGEMENT DISCUSSION AND ANALYSIS

3. Gross profit and gross profit margin

During the ramp-up period following the opening of each new learning center, it generated relatively limited revenue while the related costs, such as rental expenses and salaries and benefits, increased significantly due to the increased number of learning centers. As a result, the gross profit of the Group decreased by 15.0% from RMB177.1 million for the six months ended 30 June 2024 to RMB150.6 million for the six months ended 30 June 2025. The gross profit margin of the Group decreased from 44.4% for the six months ended 30 June 2024 to 34.3% for the six months ended 30 June 2025.

4. Selling expenses

The selling expenses of the Group slightly increased by 0.2% from RMB6.5 million for the six months ended 30 June 2024 to RMB6.5 million for the six months ended 30 June 2025. These expenses were primarily attributable to student activities.

5. Administrative expenses

The administrative expenses of the Group increased by 14.6% from RMB56.2 million for the six months ended 30 June 2024 to RMB64.4 million for the six months ended 30 June 2025. This increase was mainly due to the increase in administrative personnel expenses in line with the growth of the Group's business.

6. Research and development expenses

The research and development expenses of the Group slightly decreased by 2.6% from RMB10.6 million for the six months ended 30 June 2024 to RMB10.5 million for the six months ended 30 June 2025. These expenses were primarily attributable to research and development personnel expenses for the development of teaching materials and learning products and market research for a range of literacy subjects and levels.

7. Other income

The other income of the Group decreased by 13.9% from RMB6.5 million for the six months ended 30 June 2024 to RMB5.6 million for the six months ended 30 June 2025. This decrease was primarily due to decrease in finance income of RMB2.5 million. The decrease was partially offset by an increase of RMB1.3 million in government grant.

8. Other gains — net

The other net gains of the Group decreased by 21.8% from RMB3.5 million for the six months ended 30 June 2024 to RMB2.7 million for the six months ended 30 June 2025. The decrease was primarily due to the net losses on disposal of property, plant and equipment of RMB0.9 million recorded for the six months ended 30 June 2025 (for the six months ended 30 June 2024: net gains on disposal of property, plant and equipment of RMB0.04 million) and decrease in lease modification of RMB0.7 million.

9. Finance costs

The finance costs of the Group decreased by 11.6% from RMB4.8 million for the six months ended 30 June 2024 to RMB4.3 million for the six months ended 30 June 2025, primarily due to the decrease in interest expenses on lease liabilities.

10. Profit before income tax

As a result of the foregoing, the profit before income tax of the Group decreased by 33.8% from RMB109.0 million for the six months ended 30 June 2024 to RMB72.2 million for the six months ended 30 June 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

11. Income tax expense

The income tax expense of the Group decreased by 65.1% from RMB26.8 million for the six months ended 30 June 2024 to RMB9.3 million for the six months ended 30 June 2025. The decrease was primarily due to the decrease in assessable profit.

12. Profit for the period attributable to owners of the Company

As a result of the foregoing, the profit for the period attributable to owners of the Company decreased by 23.9% from RMB82.7 million for the six months ended 30 June 2024 to RMB62.9 million for the six months ended 30 June 2025.

Non-IFRS Measures

Adjusted profit for the period attributable to owners

To supplement the Group's consolidated financial statements that are presented in accordance with IFRS, the Company also uses adjusted net profit attributable to owners of the Company and adjusted earnings per share as additional financial measures. The Company presents these financial measures because they are used by the Company's management to evaluate the Group's financial performance by eliminating the impact of items that the management does not consider to be indicative of the Group's underlying performance. The management of the Company also believes that such non-IFRS measures provide Shareholders and investors of the Company with additional information in understanding and evaluating the Group's consolidated results of operations in the same manner as the management of the Company does and in comparing financial results across accounting periods and to those of the Company's peer companies. The use of such non-IFRS measures have limitations as an analytical tool, and Shareholders and investors of the Company should not consider them in isolation from, or as substitute for the analysis of, the Company's results of operations or financial condition as reported under IFRS.

The following table reconciles the Group's adjusted profit for the periods attributable to owners presented to the most directly comparable financial measure calculated and presented in accordance with IFRS:

	Unaudited For the six months ended 30 June		Percentage Change
	2025 RMB'000	2024 RMB'000	
Profit for the period attributable to owners of the Company	62,933	82,652	(23.9)%
Add:			
Share-based compensation expenses (Note 1)	18,379	10,890	68.8%
Adjusted profit for the period attributable to owners of the Company	81,312	93,542	(13.1)%

Note:

- (1) Share-based compensation expenses: These expenses were incurred in connection with the share options and share awards granted to the employees of the Group, which are recognised over the share options' and share awards' respective vesting period starting from the grant date to the vesting date. These expenses are non-cash and are not directly relevant to the Group's operating performance.

MANAGEMENT DISCUSSION AND ANALYSIS

Adjusted earnings per Share

The following table reconciles the Group's adjusted earnings per Share presented to the most directly comparable financial measure calculated and presented in accordance with IFRS:

(a) Adjusted basic earnings per share

Adjusted basic earnings per share is calculated by dividing the adjusted earnings attributable to owners of the Company for the period by the weighted average number of ordinary shares in issue during the period.

	Unaudited For the six months ended 30 June	
	2025	2024
Adjusted earnings attributable to owners of the Company (in RMB thousands)	81,312	93,542
Weighted average number of ordinary shares in issue (thousand shares) (i)	551,171	543,391
Adjusted basic earnings per share (expressed in RMB cents per share)	14.75	17.21

(i) Adjusted basic earnings per share is calculated by dividing the adjusted profit for the period attributable to the owners of the Company by the weighted average number of ordinary shares in issue for the six months ended 30 June 2024 and 2023.

(b) Adjusted diluted earnings per share

Adjusted diluted earnings per share adjusts the figures used in the determination of adjusted basic earnings per share to take into account:

- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

	For the six months ended 30 June	
	2025	2024
Adjusted diluted earnings per share (expressed in RMB cents per share)	14.45	16.71

MANAGEMENT DISCUSSION AND ANALYSIS

Weighted average number of shares used as the denominator:

	For the six months ended 30 June	
	2025	2024
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	551,171,000	543,391,000
Adjustments for calculation of diluted earnings per share:		
Share options	11,581,000	16,551,000
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating adjusted diluted earnings per share	562,752,000	559,942,000

Liquidity, financial resources and capital structure

The total equity of the Group as at 30 June 2025 was RMB717.2 million (31 December 2024: RMB634.8 million). The Group generally finances its operation with internally generated cash flows. As at 30 June 2025, the Group's cash and cash equivalents and term deposits decreased by 30.9% from RMB390.7 million as at 31 December 2024 to RMB269.9 million. The decrease in cash and cash equivalents for the six months ended 30 June 2025 was primarily attributable to the payment for acquisition of property and repayment of bank borrowing. As at 30 June 2025, the current assets of the Group amounted to RMB562.3 million (31 December 2024: RMB556.0 million), including RMB220.6 million (31 December 2024: RMB111.8 million) in financial assets at fair value through profit or loss and other financial assets at amortised cost, and RMB272.2 million (31 December 2024: RMB392.4 million) in bank balances and restricted cash, and other current assets of RMB69.5 million (31 December 2024: RMB51.8 million). The current liabilities of the Group amounted to RMB374.9 million (31 December 2024: RMB480.3 million), of which RMB181.9 million (31 December 2024: RMB241.1 million) are contract liabilities, RMB93.2 million (31 December 2024: RMB83.2 million) are lease liabilities, RMB12.0 million (31 December 2024: RMB40.0 million) are bank borrowings and RMB87.7 million (31 December 2024: RMB116.0 million) are other current liabilities. As at 30 June 2025, the Group had RMB12.0 million (31 December 2024: RMB40.0 million) of bank borrowings, all of which were variable rate borrowings, denominated in RMB and wholly repayable within one year. The gearing ratio of the Group as at 30 June 2025 was 1.7% (31 December 2024: 6.3%), based on the bank borrowings divided by the equity attributable to the shareholders. As at 30 June 2025, the Group had net current assets of RMB187.5 million (31 December 2024: RMB75.8 million).

Treasury management policy

The treasury management policy of the Group is to utilise surplus cash reserves to invest in low-risk wealth management products to generate income without interfering with the Group's business operations or capital expenditures. With the aim of controlling risks to the Group, the Group generally invests in low and medium risk and short-term (generally with maturity periods not more than one year) wealth management products, including but not limited to: (i) low-risk, principal-protected unit trusts, structured deposits and other financial instruments issued by trust companies and commercial banks based in the PRC and the United States of America; (ii) money market instruments such as certified deposits and currency funds; (iii) debt instruments such as sovereign debt, central bank-issued debts and various debt funds; and (iv) listed and unlisted securities. The chairman of the Board is mandated by the Board to make investment decisions within the pre-determined limit. Subject to the approval of the chairman of the Board, who approves all investment contracts, the treasury department of the Group is responsible for the overall execution of the Group's investment decisions. The treasury department is also responsible for tracking the underlying investments of the wealth management products held by the Group and analysing the performance of the investments of the Group. If the treasury department identifies any risk associated with the wealth management products, the Group will take immediate action to manage its risk exposure. The investments of the Group are monitored from time to time, and professional agencies will be appointed to perform review and audit of such investments if deemed necessary. The treasury department also reviews the Group's cash position, operating cash requirements and potential investment opportunities on a monthly basis, and is also responsible for preparing monthly investment plans and cash budgets. The monthly investment plans and cash budgets are approved by the vice president of treasury department of the Group, the chairman of the Board, and, if necessary, the Board, taking into account whether the proposed investment plans would have any negative impact on the Group's cash position and operating cash requirements. The personnel of the treasury department of the Group are required to strictly follow the approved monthly investment plans to execute the Group's treasury management policy.

Foreign exchange exposure

The majority of the Group's revenue and expenditures are denominated in RMB. Most of the cash and bank deposits of the Group as at 30 June 2025 were denominated in RMB and HK\$. The Group currently does not have any foreign currency hedging policies. The management will continue to monitor the Group's foreign exchange risk exposure and consider adopting prudent measures as appropriate.

Material acquisitions and disposals and significant investment

Save as disclosed in this interim report, there was no significant investment held, material acquisition and disposal of subsidiaries, associates and joint ventures by the Company for the six months ended 30 June 2025. The Group will endeavour to keep abreast of the changing market conditions and proactively identify investment opportunities with a view to broadening its revenue base and enhancing its future financial performance and profitability. The Directors are confident in the future growth of the Company. None of the investments held by the Group were direct equity investments in any investee company nor individually exceeds 5% of the total assets of the Group as at 30 June 2025.

Save as disclosed in this interim report, the Group did not have any plans for significant investments as at 30 June 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

Dividends

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2025 (for the six months ended 30 June 2024: nil).

Contingent liabilities

As at 30 June 2025, the Group did not have material contingent liabilities, guarantees or litigations or claims of material importance, pending or threatened against any member of the Group (31 December 2024: nil).

Pledge of assets

The Group did not have any material pledge of assets as at 30 June 2025 and 31 December 2024.

Employees and remuneration policies

The Group adheres to a strong belief that one of the most valuable assets of a corporation is its employees. The Group values its human resources and recognises the importance of attracting and retaining qualified staff for its continuing success.

The Group employed a total work force of 3,085 employees as at 30 June 2025 (31 December 2024: 2,973 employees). The Group's remuneration policies are in line with the prevailing market practices and are determined on the basis of performance and experience of the individual concerned. The Group has been constantly reviewing staff remuneration package to ensure it is competitive in the market.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Unaudited Six months ended 30 June	
	Notes	2025 RMB'000	2024 RMB'000
Revenue	6	439,393	399,113
Cost of sales	9	(288,835)	(221,975)
Gross profit		150,558	177,138
Selling expenses	9	(6,512)	(6,498)
Administrative expenses	9	(64,420)	(56,213)
Research and development expenses	9	(10,484)	(10,557)
Other income	7	5,559	6,456
Other gains — net	8	2,733	3,493
Operating profit		77,434	113,819
Finance costs	10	(4,255)	(4,816)
Share of net loss of investments accounted for using equity method		(1,019)	—
Profit before income tax		72,160	109,003
Income tax expense	11	(9,337)	(26,748)
Profit for the period		62,823	82,255
Profit and total comprehensive income attributable to:			
— Owners of the Company		62,933	82,652
— Non-controlling interests		(110)	(397)
		62,823	82,255
Earnings per share (expressed in RMB cents per share)			
— Basic	12	11.42	15.21
— Diluted	12	11.18	14.76

The accompanying notes on pages 21 to 45 form an integral part of the interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

		Unaudited As at 30 June 2025 RMB'000	Audited As at 31 December 2024 RMB'000
	Notes		
Assets			
Non-current assets			
Property, plant and equipment	13	105,992	110,746
Right-of-use assets	14	370,203	351,831
Investment properties	15	100,885	100,885
Intangible assets	16	10,618	10,791
Deferred tax assets		30,946	20,881
Prepayments and other receivables	17	62,179	28,826
Investments in associates		3,385	4,404
Financial assets at fair value through profit or loss	18	53,811	54,168
Other financial assets at amortised cost		—	88,852
Total non-current assets		738,019	771,384
Current assets			
Prepayments and other receivables	17	69,468	51,822
Other financial assets at amortised cost		102,743	10,321
Financial assets at fair value through profit or loss	18	117,885	101,519
Restricted cash	19	2,302	1,702
Cash and cash equivalents	19	269,938	390,677
Total current assets		562,336	556,041
Total assets		1,300,355	1,327,425
Equity			
Share capital	20	3,840	3,840
Share premium	24	107,941	107,941
Shares held for employee share scheme	21	(30,938)	(28,308)
Repurchased shares	22	(2,366)	(2,366)
Other reserves	24	91,937	69,779
Retained earnings		547,157	484,224
Capital and reserves attributable to owners of the Company		717,571	635,110
Non-controlling interests		(377)	(267)
Total equity		717,194	634,843

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

		Unaudited As at 30 June 2025 RMB'000	Audited As at 31 December 2024 RMB'000
	Notes		
Liabilities			
Non-current liabilities			
Lease liabilities	14	196,757	203,802
Deferred tax liabilities		11,525	8,513
Total non-current liabilities		208,282	212,315
Current liabilities			
Contract liabilities	26	181,941	241,092
Trade and other payables	27	48,634	74,557
Current income tax liabilities		39,070	41,428
Borrowings	28	12,000	40,000
Lease liabilities	14	93,234	83,190
Total current liabilities		374,879	480,267
Total liabilities		583,161	692,582
Total equity and liabilities		1,300,355	1,327,425

The accompanying notes on pages 21 to 45 form an integral part of the interim condensed consolidated financial information.

The interim condensed consolidated financial information on pages 15 to 45 was approved by the Board of Directors on 20 August 2025 and were signed on its behalf.

Chen Qiyuan
Director

Qi Mingzhi
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Unaudited								
		Attributable to owners of Company							Non-controlling interests	Total equity
		Share held					Retained earnings			
		Share capital	Share premium	for share Scheme	Repurchased shares	Other reserves				
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	Total	RMB'000	RMB'000
Balance at 1 January 2025		3,840	107,941	(28,308)	(2,366)	69,779	484,224	635,110	(267)	634,843
Profit for the period		—	—	—	—	—	62,933	62,933	(110)	62,823
Total comprehensive income for the period		—	—	—	—	—	62,933	62,933	(110)	62,823
Transactions with owners in their capacity as owners:										
Acquisition of shares for employee share scheme	21	—	—	(2,630)	—	—	—	(2,630)	—	(2,630)
Share based payments	23	—	—	—	—	22,158	—	22,158	—	22,158
Balance at 30 June 2025		3,840	107,941	(30,938)	(2,366)	91,937	547,157	717,571	(377)	717,194

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited										
Attributable to owners of Company										
		Share held						Non-	Total	
		Share capital	Share premium	for share Scheme	Repurchased shares	Other reserves	Retained earnings	Total	controlling interests	equity
Notes		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2024		3,775	82,698	(12,496)	(266)	42,535	338,579	454,825	(1,475)	453,350
Profit for the period		—	—	—	—	—	82,652	82,652	(397)	82,255
Total comprehensive income for the period		—	—	—	—	—	82,652	82,652	(397)	82,255
Transactions with owners in their capacity as owners:										
Transactions with non-controlling interests		—	—	—	—	(1,277)	—	(1,277)	1,277	—
Acquisition of shares for employee share scheme		21	—	—	(15,368)	—	—	(15,368)	—	(15,368)
Buy-back of shares		22	—	—	(2,100)	—	—	(2,100)	—	(2,100)
Share based payments		23	—	—	—	13,930	—	13,930	—	13,930
Balance at 30 June 2024		3,775	82,698	(27,864)	(2,366)	55,188	421,231	532,662	(595)	532,067

The accompanying notes on pages 21 to 45 form an integral part of the interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

		Unaudited Six months ended 30 June	
	Notes	2025 RMB'000	2024 RMB'000
Cash flows from operating activities			
Cash generated from operations		49,518	53,289
Interest received		2,787	2,461
Income taxes paid		(18,748)	(14,051)
Net cash generated from operating activities		33,557	41,699
Cash flows from investing activities			
Payments for property, plant and equipment, land use rights and intangible assets		(60,900)	(53,374)
Proceeds from disposal of property, plant and equipment		—	99
Proceeds from term deposits with initial maturities over three months		—	105,504
Payments for purchase of other financial assets at amortised cost		(2,086)	(53,973)
Payments for purchase of financial assets at fair value through profit or loss	18	(19,600)	(634,897)
Proceeds from disposal of financial assets at fair value through profit or loss	18	6,752	634,811
Net cash used in investing activities		(75,834)	(1,830)
Cash flows from financing activities			
Proceeds from borrowings		2,000	30,000
Repayment of borrowings		(30,000)	—
Interest paid on borrowings		(429)	(251)
Acquisition of shares for employee share scheme		(2,630)	(15,368)
Buy-back of shares	22	—	(2,100)
Principal elements of lease payments	14	(47,383)	(31,962)
Net cash used in financing activities		(78,442)	(19,681)
Net (decrease)/increase in cash and cash equivalents		(120,719)	20,188
Cash and cash equivalents at the beginning of the period		390,677	256,476
Effects of exchange rate changes on cash and cash equivalents		(20)	(501)
Cash and cash equivalents at end of the period		269,938	276,163

The accompanying notes on pages 21 to 45 form an integral part of the interim condensed consolidated financial information.

NOTES TO THE INTERIM FINANCIAL INFORMATION

1. General information

Scholar Education Group (the “Company”) was incorporated on 7 February 2018 in the Cayman Islands as an exempted company with limited liability under the laws of the Cayman Islands. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in the provision of private education services in the People’s Republic of China (the “PRC” or “China”).

Mr. Chen Qiyuan is the ultimate controlling shareholder of the Company.

The Company’s ordinary shares have been listed on The Stock Exchange of Hong Kong Limited since 21 June 2019 (the “Listing”).

This interim condensed consolidated financial information is presented in Renminbi (RMB) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

This interim condensed consolidated financial information was approved for issue by the board of directors of the Company on 20 August 2025 and has not been audited.

2. Basis of preparation

This interim condensed consolidated financial information for the six months ended 30 June 2025 has been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (“IASB”).

This interim condensed consolidated financial information does not include all the notes of the type normally included in an annual financial report. Accordingly, this interim condensed consolidated financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2024 (“2024 Financial Statements”) which have been prepared in accordance with IFRS Accounting Standards (“IFRSs”).

The Group will continue to implement measures before the Structured Contracts are unwound, with an aim to further enhance its control over the PRC Operating Entities. The Company is not aware of any non-performance of the Structured Contracts or non-compliance with such aforementioned measures as at the date of this Report. As advised by the Group’s PRC legal counsel, the structured contracts are legally enforceable and the Group did not violate existing PRC laws and regulations for the six months ended 30 June 2025 and up to the date of this report. The Directors will continue to closely monitor the development of laws and regulations and will make further appropriate adjustment of its business model whenever needed to ensure compliance with the new relevant policies. Based on cashflow projections for a period of not less than 12 months after 30 June 2025, the Directors are in the opinion that the Group’s available source of funds is sufficient to fulfil its financial obligations as and when fall due in the coming twelve months from 30 June 2025. The Group therefore continues to adopt the going concern basis in preparing its interim condensed consolidated financial information.

NOTES TO THE INTERIM FINANCIAL INFORMATION

3. Accounting policies

The accounting policies applied are consistent with those of the 2024 Financial Statements, as described in those annual consolidated financial statements, except for the adoption of new and amended standards as set out below.

(a) New and amended standards adopted by the Group

The adoption of new and amended standards and interpretation as described below.

	Effective for annual periods beginning on or after
Amendments to IAS 21 Lack of Exchangeability	1 January 2025

The adoption of new and amended standards and interpretation did not have material impact on the interim financial information.

(b) New standards, amendments to standards and interpretations not yet adopted

	Effective for annual periods beginning on or after
Annual Improvements	Annual Improvements to IFRS Accounting Standards — Volume 11
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity
Amendments to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments
IFRS 18	Presentation and Disclosure in Financial Statements
IFRS 19	Subsidiaries without Public Accountability: Disclosures
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint venture
	To be determined

Certain new accounting standards and interpretations have been published that are not mandatory for the six months ended 30 June 2025 and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

NOTES TO THE INTERIM FINANCIAL INFORMATION

4. Estimates

The preparation of interim condensed consolidated financial information in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing this interim condensed consolidated financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2024 Financial Statements.

5. Financial risk management

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise such unpredictability.

This interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the 2024 Financial Statements.

There have been no material changes in the risk management function or in any risk management policies since 31 December 2024.

5.2 Liquidity risk

The Group manages the liquidity risk through holding of sufficient cash and bank balances. The Group further mitigates the liquidity risk by maintaining cash reserve and utilising bank financing. The Directors consider that the Group is not exposed to significant liquidity risk.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting year to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows (including interest payment computed using contractual rates or, if floating, based on current rates at each reporting year).

NOTES TO THE INTERIM FINANCIAL INFORMATION

5. Financial risk management (Continued)

5.2 Liquidity risk (Continued)

	Within 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 30 June 2025					
Trade payables	1,632	—	—	—	1,632
Other payables	10,668	—	—	—	10,668
Borrowings	12,055	—	—	—	12,055
Lease liabilities	95,221	82,467	121,657	53,808	353,153
	119,576	82,467	121,657	53,808	377,508
	Within 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 31 December 2024					
Trade payables	3,723	—	—	—	3,723
Other payables	23,117	—	—	—	23,117
Borrowings	40,415	—	—	—	40,415
Lease liabilities	92,086	81,462	126,363	49,127	349,038
	159,341	81,462	126,363	49,127	416,293

NOTES TO THE INTERIM FINANCIAL INFORMATION

5. Financial risk management (Continued)

5.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

See Note 18 for disclosure of the financial assets at fair value through profit or loss ("FVPL").

Financial instruments at fair value as at 30 June 2025 were as follows:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Asset				
Wealth management products	—	9,770	103,992	113,762
Listed equity investments in Mainland China	4,123	—	—	4,123
Unlisted equity investments in Mainland China	—	—	53,811	53,811
	4,123	9,770	157,803	171,696

Financial instruments at fair value as at 31 December 2024 were as follows:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Asset				
Wealth management products	—	9,734	86,565	96,299
Listed equity investments in Mainland China	5,220	—	—	5,220
Unlisted equity investments in Mainland China	—	—	54,168	54,168
	5,220	9,734	140,733	155,687

NOTES TO THE INTERIM FINANCIAL INFORMATION

5. Financial risk management (Continued)

5.3 Fair value estimation (Continued)

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments; and
- Other techniques, such as discounted cash flow analysis, are used to determine the fair value for the remaining financial instruments; and
- A combination of observable and unobservable inputs, including discount rate for lack of marketability, market multiples, etc.

There were no changes in valuation techniques during the period.

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the six months ended 30 June 2025.

The Group manages the valuation of level 3 instruments for financial reporting purposes. The Group manages the valuation exercise of the investments on a case by case basis. At least once every year, the Group would use valuation techniques to determine the fair value of the Group's level 3 instruments. External valuation experts will be involved when necessary.

The valuation of the level 3 instruments mainly included financial assets at FVPL. As these instruments are not traded in an active market, their fair values is estimated by using various applicable valuation techniques, including discounting the cash flows approach with reference to the quoted price by the financial institution and market approach etc.

As at 30 June 2025, there were certain investment properties measured at fair value, see Note 15 for disclosure related to investment properties.

NOTES TO THE INTERIM FINANCIAL INFORMATION

6. Revenue and segment information

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Non-academic literary programme and other	387,660	366,525
Tutoring programme	51,733	32,588
	439,393	399,113

Operating segments are defined as components of an enterprise engaging in business activities for which separate financial information is available that is regularly evaluated by the Group's chief operating decision makers ("CODM") in deciding how to allocate resources and assess performance. The Group's CODM has been identified as the Board of Directors, who reviews consolidated results when making decisions about allocating resources and assessing performance of the Group.

The Group's principal market is in Guangdong Province of the PRC, most of the Group's revenue and operating profit are derived within Guangdong Province, and most of the Group's operations and non-current assets are located in Guangdong Province. Accordingly, no geographical segment information is presented.

As a result of evaluation by CODM, the CODM considers that the Group is operated and managed as a single operating segment of private education services for the six months ended 30 June 2025.

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Recognised over time		
— Private education services and others	439,393	399,113

The Group has a large number of customers, and no single customer is accounted for more than 10% of the Group's total revenue during the period (for the six months ended 30 June 2024: nil).

NOTES TO THE INTERIM FINANCIAL INFORMATION

7. Other income

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Sub-lease — net (a)	78	166
Rental income from operating leases	1,543	1,226
Finance income	2,186	4,645
Government grants	1,752	419
	5,559	6,456

- (a) The Group sub-leases a portion of its teaching centres to third parties, and pricing of sub-lease income was determined with reference to the actual rental expense with terms agreed by both parties.

8. Other gains — net

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Fair value gains on financial assets at FVPL	3,161	3,491
Lease modification	858	1,601
Net (losses)/gains on disposal of property, plant and equipment	(933)	41
Deposits losses	(832)	(361)
Compensation charges	(3)	(444)
Fair value losses on investment properties (Note 15)	—	(620)
Net foreign exchange losses	(20)	(501)
Others	502	286
	2,733	3,493

NOTES TO THE INTERIM FINANCIAL INFORMATION

9. Expenses by nature

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Employee benefit expenses	273,288	219,650
Depreciation and amortisation (Note 13, Note 14, Note 16)	56,639	36,153
Property management expense	8,064	6,372
Teaching materials	5,672	5,346
Advertising and exhibition expense	4,719	4,247
Maintenance cost	3,069	2,870
Professional service fees	2,414	2,393
Office expenses	3,003	2,321
Utilities	2,485	2,028
Other taxes	1,808	1,721
Auditor's remuneration	400	650
Allowance for impairment	35	398
Others	1,808	11,094
	370,251	295,243

10. Finance costs

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Interest expense on borrowings	400	350
Interest expense on leasing liabilities (Note 14 (b))	3,855	4,466
	4,255	4,816

NOTES TO THE INTERIM FINANCIAL INFORMATION

11. Income tax expense

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Current tax		
— Current tax on profit for the period	16,390	28,961
Deferred income tax		
— decrease in deferred income tax	(7,053)	(2,213)
Income tax expense	9,337	26,748

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profit of the consolidated entities were as follows:

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Profit before income tax:	78,302	109,003
Tax calculated at tax rates applicable to profit in the respective companies	10,360	31,147
Tax effects of:		
— Preferential tax policies (c)	(72)	(5,341)
— Expenses not deductible for tax purposes	170	429
— Research and development super deduction (d)	(1,416)	(2,306)
— Unrecognised tax losses	468	219
— Previously unrecognised tax losses now recouped to reduce current tax expense	(173)	—
— Withholding income tax (e)	—	2,600
	9,337	26,748

(a) Cayman Islands corporate income tax

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

(b) Hong Kong profits tax

Under the current Hong Kong Inland Revenue Ordinance, the subsidiaries in Hong Kong are subject to profits tax at the rate of 8.25% on assessable profits up to HK\$2,000,000, and 16.5% on any part of assessable profits over HK\$2,000,000.

The provision for Hong Kong Profits Tax for 2024 is taken into account a reduction granted by the Hong Kong SAR Government of 100% of the tax payable for the year of assessment 2023-2024 subject to a maximum reduction of HK\$3,000 for each business.

NOTES TO THE INTERIM FINANCIAL INFORMATION

11. Income tax expense (Continued)

(c) **PRC Enterprise Income Tax ("EIT")**

The income tax provision of the Group in respect of its operations in the PRC was calculated at the tax rate of 25% on the assessable profits for the reporting period, based on the existing legislation, interpretations and practices in respect thereof.

FengYe (Shenzhen) Science and Technology Co., Ltd. (楓燁(深圳)科技有限公司) ("Shenzhen Fengye"), has obtained its qualification as a "High and New Technology Enterprise" ("HNTE") in November 2023 and it is subject to a reduced preferential EIT rate of 15% for 3-year period from 2023 to 2025 according to the relevant PRC laws and regulations applicable to the HNTE. The effective corporate tax rate increases to 25% beginning from 1 January 2026 when the three-year preferential tax exemption expired.

(d) **Research and development super deduction**

According to relevant laws and regulations promulgated by the State Administration of Tax of the PRC effective from 1 October 2022 onwards, enterprises engaging in research and development activities are entitled to claim 200% of their qualified research and development expenses so incurred as tax deductible expenses when determining their assessable profits for the year ("Super Deduction"). The Group has made its best estimate for the Super Deduction to be claimed in ascertaining the assessable profits for the six months ended 30 June 2025.

(e) **Withholding income tax**

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after 1 January 2008 are generally subject to a 10% withholding income tax. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5%. Youshine International Co., Ltd. (煜耀國際有限公司) incorporated in Hong Kong and has successfully obtained Hong Kong Tax Resident Identity certificates, thus the applicable withholding tax rate was 5% since 2023.

As at 30 June 2025, the Group has recognized certain deferred tax liabilities in relation to withholding taxes for earnings of Mainland China subsidiaries to be remitted in the foreseeable future based on management's estimation on the Group's overseas funding requirements. No deferred withholding tax was provided for the unremitted earnings of approximately RMB404,470,000 (31 December 2024: RMB333,402,000) as these earnings are expected to be retained by such PRC subsidiaries for reinvestment purposes and would not be remitted to their overseas holding companies in the foreseeable future based on management's estimation on the Group's overseas funding requirements.

12. Earnings per share

(a) **Basic earnings per share**

Basic earnings per share are calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2025	2024
Earnings attributable to owners of the Company (in RMB thousands)	62,933	82,652
Weighted average number of ordinary shares in issue (thousand shares)	551,171	543,391
Basic earnings per share (expressed in RMB cents per share)	11.42	15.21

NOTES TO THE INTERIM FINANCIAL INFORMATION

12. Earnings per share (Continued)

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

	Six months ended 30 June	
	2025	2024
Diluted earnings per share (expressed in RMB cents per share)	11.18	14.76

Weighted average number of shares used as the denominator

	Six months ended 30 June	
	2025	2024
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	551,171,000	543,391,000
Adjustments for calculation of diluted earnings per share:		
Share options	11,581,000	16,551,000
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	562,752,000	559,942,000

NOTES TO THE INTERIM FINANCIAL INFORMATION

13. Property, plant and equipment

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
At the beginning of the period	110,746	55,781
Additions	23,581	31,745
Transfer to right-of-use assets	(12,456)	—
Transfer from investment properties	—	4,083
Disposals	(933)	(58)
Depreciation charge	(14,856)	(8,080)
At the end of the period	105,992	83,471

14. Right-of-use assets and Leases

(a) Amounts recognised in the interim condensed consolidated balance sheet

	As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
Right-of-use assets		
Land use rights	91,011	80,079
Properties	279,192	271,752
	370,203	351,831
Lease liabilities		
Current	93,234	83,190
Non-current	196,757	203,802
	289,991	286,992

NOTES TO THE INTERIM FINANCIAL INFORMATION

14. Right-of-use assets and Leases (Continued)

(b) Amounts recognised in the interim condensed consolidated statement of comprehensive income

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Depreciation charge of right-of-use assets		
— Properties	39,996	26,881
— Land use rights	1,614	993
	41,610	27,874
Finance costs on leases	3,855	4,466

(c) Amounts recognised in the interim condensed consolidated statement of cash flows

For the six months ended 30 June 2025, the cash outflows from financing activities for leases were RMB47,383,000 (for the six months ended 30 June 2024: RMB31,962,000) and cash outflows from operating activities for short-term lease was RMB419,000 (for the six months ended 30 June 2024: RMB4,225,000).

15. Investment properties

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
At fair value		
At the beginning of the period	100,885	81,335
Additions	—	29,163
Transfer to property, plant and equipment	—	(4,083)
Transfer to land use right	—	(11,427)
Revaluation losses recognised as other gains — net	—	(620)
At the end of the period	100,885	94,368

NOTES TO THE INTERIM FINANCIAL INFORMATION

15. Investment properties (Continued)

(a) Amounts recognised in the interim condensed consolidated statements of comprehensive income

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Rental income from operating leases	1,543	1,226
Revaluation losses recognised as other gains — net	—	(620)
	1,543	606

The fair value was determined based on comparison approach with reference to the recent market transaction price. The Group's investment properties, which comprised office buildings in Mainland China, were valued at fair value and measured by using significant unobservable inputs (Level 3).

(b) Leasing arrangements

The investment properties are leased to tenants under operating leases with rentals payable monthly. Where considered necessary to reduce credit risk, the Group required the tenants to provide deposits for the term of lease contracts.

16. Intangible assets

	Goodwill RMB'000	Computer software RMB'000	Total RMB'000
Six months ended 30 June 2024			
Opening net book amount	9,032	2,569	11,601
Amortisation charge and impairment	—	(199)	(199)
Closing net book amount	9,032	2,370	11,402
Six months ended 30 June 2025			
Opening net book amount	9,032	1,760	10,792
Amortisation charge and impairment	—	(174)	(174)
Closing net book amount	9,032	1,586	10,618

NOTES TO THE INTERIM FINANCIAL INFORMATION

17. Prepayments and other receivables

	As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
Included in non-current assets		
Prepayments for purchase of property	37,510	—
Lease deposits	19,652	19,328
Prepayments for fund management fees	983	1,027
Prepayments for leasehold improvements	3,152	3,343
Loans to employees (b)	1,141	3,218
Interest receivable	—	2,086
	62,348	29,002
Allowance for impairment (d), (e)	(169)	(176)
	62,179	28,826
Included in current assets		
Amounts due from employees — exercise of option	28,835	29,752
Lease deposits	2,729	2,297
Prepayments (a)	4,701	5,634
Loans to employees (b)	5,950	6,412
Cash advances to employees (c)	21,088	1,511
Lease receivables	1,353	1,270
Other receivables	4,941	5,033
	69,597	51,909
Allowance for impairment (d), (e)	(129)	(87)
	69,468	51,822

As at 30 June 2025 and 31 December 2024, there were no significant balances that are past due.

- (a) Prepayments mainly represent prepayment for teaching materials purchase, property management expenses and operating expenses.
- (b) Loans to employees mainly represent loans to certain employees for personal house purchase. The loans were unsecured and interest free.
- (c) Cash advances to employees mainly represent cash advances to certain employees for ordinary course of business.
- (d) The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all other receivables. The loss allowance for other receivables during the period was RMB35,000 (for the six months ended 30 June 2024: RMB398,000).
- (e) For the six months ended 30 June 2025, the receivables written off during the period as uncollectible were nil (for the six months ended 30 June 2024: RMB2,789,000).

NOTES TO THE INTERIM FINANCIAL INFORMATION

18. Financial assets at fair value through profit or loss

Financial assets mandatorily measured at FVPL include the following:

	As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
Non-current assets		
Unlisted equity investments in Mainland China (b)	53,811	54,168
Current assets		
Listed equity investments in Mainland China	4,123	5,220
Wealth management products	113,762	96,299
	117,885	101,519
	171,696	155,687

Movements of the financial assets at fair value through profit or loss are set out below:

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
At beginning of the period	155,687	149,420
Additions	19,600	634,897
Fair value gains	3,161	3,491
Disposals	(6,752)	(663,052)
At the end of the period	171,696	124,756

- (a) For the fair value estimation, please refer to Note 5.3 for details.
- (b) As at 30 June 2025, the Group holds certain investment funds with fair value of RMB53,811,000 (as at 31 December 2024: RMB47,319,000) which are managed by the general partner while the Group participated in the funds as a limited partner. Management considered that the Group has neither significant influence nor joint control over the fund and therefore it is classified as financial assets at FVPL.

NOTES TO THE INTERIM FINANCIAL INFORMATION

19. Bank balance and cash

(a) Cash and cash equivalents

	As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
Cash and bank deposits	272,240	392,379
Less: restricted cash (b)	(2,302)	(1,702)
	269,938	390,677

The carrying amounts of the Group's cash and bank deposits are denominated in the following currencies:

	As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
RMB	269,635	386,355
US dollar	3	3
Hong Kong dollar	300	4,319
	269,938	390,677

(b) Restricted cash

As at 30 June 2025, restricted deposits held at banks of RMB2,302,000 (as at 31 December 2024: RMB1,702,000).

NOTES TO THE INTERIM FINANCIAL INFORMATION

20. Share capital

	Authorised			Issued		
	Number of ordinary shares	Nominal value		Number of ordinary shares	Nominal value	
		USD	RMB		USD	RMB
As at 1 January 2024 and 30 June 2024	1,000,000,000	1,000,000	6,860,633	555,700,000	555,700	3,774,897
As at 1 January 2025 and 30 June 2025	1,000,000,000	1,000,000	6,860,633	564,869,050	564,869	3,840,311

21. Shares held for employee share scheme

	As at 30 June 2025 Shares	As at 31 December 2024 Shares	As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
Shares held for employee share scheme	12,652,000	11,952,000	30,938	28,308

Movements of the shares held for employee share scheme are set out below:

Details	Number of shares	RMB'000
Opening balance as at 1 January 2025	12,652,000	28,308
Acquisition of shares by the trustee	700,000	2,630
Balance as at 30 June 2025	12,652,000	30,938

The Group through its trustee, Kastle Limited, acquired a total of 700,000 of the Company's shares for the six months ended 30 June 2025 (for the six months ended 30 June 2024: 3,820,000). The total consideration paid to acquisition of these shares was HK\$2,847,000 (equivalent to RMB2,630,000), which has been presented as a deduction from equity attributable to owners of the Company. These shares are held by the trustee for the purpose of granting share award under the Company's employee share award scheme.

NOTES TO THE INTERIM FINANCIAL INFORMATION

22. Repurchased shares

	As at 30 June 2025 Shares	As at 31 December 2024 Shares	As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
Repurchased shares	1,088,000	1,088,000	2,366	2,366

23. Share based payments

(a) Share Option Scheme

On 3 June 2019, the Company approved and adopted the Share Option Scheme which was subsequently terminated on 27 February 2024 upon the adoption of the Share Scheme. The Share Option Scheme is designed to provide long-term incentives for staff to deliver long-term shareholder returns. Share based compensation expenses are recognised over the options' respective vesting period starting from the grant date.

Movements of the share options are set out below:

	Six months ended 30 June 2025 Average exercise price per share option		Six months ended 30 June 2024 Average exercise price per share option	
	Number of options		Number of options	
As at 1 January	HK\$1.62	18,615,950	HK\$1.62	27,785,000
Exercised during the period	—	—	—	—
Forfeited during the period	—	—	—	—
As at 30 June	HK\$1.62	18,615,950	HK\$1.62	27,785,000
Vested and exercisable at 30 June	HK\$1.62	9,169,050	HK\$1.62	9,169,050

No options were expired during the period.

NOTES TO THE INTERIM FINANCIAL INFORMATION

23. Share based payments (Continued)

(a) Share Option Scheme (Continued)

Share options outstanding at the end of the period have the following expiry period and exercise prices:

Grant date	Expiry period	Exercise price	Share options 30 June 2025	Share options 30 June 2024
6 February 2024	Options that have vested may be exercised at any time for a period of two years from the vesting date. All outstanding or unexercised Options shall lapse after 15 April 2028.	HK\$1.62	18,615,950	27,785,000

(b) Share Scheme

On 27 February 2024, the Company adopted the Share Scheme. The Share Scheme is designed to provide long-term incentives for staff to deliver long-term shareholder returns. Share based compensation expenses are recognised over the options' respective vesting period starting from the grant date.

Movements of the share options are set out below:

	Six months ended 30 June 2025	
	Average exercise price per share option	Number of options
As at 1 January	HK\$4.82	33,324,000
Granted during the period	—	—
Exercised during the period	—	—
Forfeited during the period	—	—
As at 30 June	HK\$4.82	33,324,000
Vested and exercisable at 30 June	HK\$4.48	8,335,500

NOTES TO THE INTERIM FINANCIAL INFORMATION

23. Share based payments (Continued)

(b) Share Scheme (Continued)

No options were expired during the period.

Share options outstanding at the end of the period have the following expiry period and exercise prices:

Grant date	Expiry period	Exercise price	Share options 30 June 2025
28 February 2024	Options that have vested may be exercised at any time for a period of two years from the vesting date. All outstanding or unexercised Options shall lapse after 15 April 2028.	HK\$4.48	16,671,000
29 November 2024	Options that have vested may be exercised at any time for a period of two years from the vesting date. All outstanding or unexercised Options shall lapse after 15 January 2030.	HK\$5.16	16,671,000

Based on the fair value of the underlying ordinary share, the directors have used Trinomial tree method to determine the fair value of the share option as at the grant date. Key assumptions are set as below:

For share options granted on 28 February 2024:

	Tranche 1	Tranche 2
Risk-free interest rate	3.54%	3.51%
Volatility	84.68%	84.68%
Dividend yield	0.00%	0.00%

For share options granted on 29 November 2024:

	Tranche 1	Tranche 2	Tranche 3
Risk-free interest rate	3.08%	3.09%	3.09%
Volatility	74.27%	74.41%	74.41%
Dividend yield	0.00%	0.00%	0.00%

NOTES TO THE INTERIM FINANCIAL INFORMATION

23. Share based payments (Continued)

(b) Share Scheme (Continued)

The fair value for each of the share option as at the grant date was as follow:

For share options granted on 28 February 2024:

	Tranche 1	Tranche 2
No. of share options	8,335,500	8,335,500
Fair value as at the grant date	HK\$2.2507	HK\$2.6129

For share options granted on 29 November 2024:

	Tranche 1	Tranche 2	Tranche 3
No. of share options	5,501,430	5,501,430	5,668,140
Fair value as at the grant date	HK\$2.3821	HK\$2.7565	HK\$3.0608

(c) Share award scheme

The Company has adopted a share award scheme (the “Share Award Scheme”) as of 28 December 2020. The vesting period of the awarded shares is determined by the Board.

For the six months ended 30 June 2025, the total expenses recognised in the consolidated statement of comprehensive income for share options was approximately RMB22,158,000 (for the six months ended 30 June 2024: RMB13,930,000) and were included in employee benefit expenses.

24. Share premium and other reserves

	Share premium RMB'000	Merger reserve RMB'000	Other reserves			Total RMB'000
			Capital reserves RMB'000	Share based compensation reserves RMB'000	Revaluation surplus RMB'000	
Balance at 1 January 2024	82,698	(46,347)	78,056	10,448	378	42,535
Transactions with non-controlling interests	—	—	(1,277)	—	—	(1,277)
Share based payments	—	—	—	13,930	—	13,930
Balance at 30 June 2024	82,698	(46,347)	76,779	24,378	378	55,188
Balance at 1 January 2025	107,941	(46,347)	76,709	39,039	378	69,779
Share based payments	—	—	—	22,158	—	22,158
Balance at 30 June 2025	107,941	(46,347)	76,709	61,197	378	91,937

NOTES TO THE INTERIM FINANCIAL INFORMATION

25. Dividends

The board does not recommend the payment of any interim dividend for the six months ended 30 June 2025 (for the six months ended 30 June 2024: nil).

26. Contract liabilities

	As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
Deferred revenue — education services	181,941	241,092

Contract liability represents the advance considerations received from the students for contracts for education services, which revenue will be recognised when the performance obligation was satisfied through services rendered.

27. Trade and other payables

	As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
Current		
Trade payables (a)	1,632	3,723
Employee benefits payables	23,685	33,773
Other taxes payables	12,649	13,944
Interest payables	—	29
Other payables	10,668	23,088
	48,634	74,557

NOTES TO THE INTERIM FINANCIAL INFORMATION

27. Trade and other payables (Continued)

- (a) Trade payables are primarily related to the purchase of books and other teaching materials for education. The credit terms of trade payables granted to the Group are usually 3 months.

The aging analysis of trade payables based on the invoice date was as follows:

	As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
3 months or less	895	1,077
3 to 6 months	730	2,330
6 months to 1 year	7	316
	1,632	3,723

28. Borrowings

	As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
Current		
— Secured		
Bank borrowings	12,000	40,000

For the six months ended 30 June 2025 and 2024, bank borrowings bear effective interest rate of 3.35% and 3.4% respectively. All the bank borrowings of the Group are denominated in RMB.

The scheduled repayment dates of the Group's bank borrowings, as set out in loan arrangements are as follows:

	As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
Within 1 year	12,000	40,000

As at 30 June 2025, bank borrowings of RMB12,000,000 were secured by the patents of the Group (31 December 2024: RMB40,000,000).

CORPORATE GOVERNANCE AND OTHER INFORMATION

Corporate governance and other information

The Board is committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders and to enhance corporate value and accountability.

1. Compliance with the CG Code on corporate governance practices

For the six months ended 30 June 2025, the Company has complied with all applicable code provisions set out in the CG Code and Corporate Governance Report contained in Appendix C1 to the Listing Rules.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the CG Code, and maintain a high standard of corporate governance practices.

2. Compliance with the Model Code for securities transactions by Directors

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own securities dealing code to regulate all dealings by Directors and relevant employees of securities in the Company and other matters covered by the Model Code.

Specific enquiry has been made of all the Directors and the relevant employees and they have confirmed that they had complied with the Model Code for the six months ended 30 June 2025.

3. Audit committee

The Company has established an audit committee with written terms of reference in accordance with the Listing Rules and the CG Code. The primary duties of the audit committee are to review and supervise the financial reporting, risk management and internal controls system of the Group, review the fairness of the connected transactions of the Company and to advise the Board. The audit committee comprises three independent non-executive Directors, namely, Ms. Yim Ka Man, Mr. Yang Xuezhi and Prof. Zhang Wenjun. Ms. Yim Ka Man is the chairman of the audit committee.

The audit committee has reviewed the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2025. The audit committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with the senior management members of the Group.

4. Purchase, sale or redemption of the Company's listed securities

During the period from 7 January 2025 to 17 January 2025 (both days inclusive), the trustee of the Group's Share Award Scheme bought a total of 700,000 Shares of the Company from the market at a total consideration of HK\$2,847,000 (equivalent to RMB2,630,000) which are currently held for the purpose of satisfying share awards that may be granted under the Share Award Scheme.

As at 30 June 2025, a total of 1,088,000 Shares repurchased by the Company have yet to be cancelled. The Directors considered that such repurchases would enhance the earnings per share and increase the net asset value per share attributable to the Shareholders.

Save as disclosed above, neither the Company nor any of its subsidiaries or consolidated affiliated entities purchased, sold or redeemed any listed securities of the Company for the six months ended 30 June 2025.

CORPORATE GOVERNANCE AND OTHER INFORMATION

5. Directors' and chief executive interests and short positions in shares, underlying shares and debentures

As at 30 June 2025, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(a) Long positions in the Company

Name	Capacity/Nature of interest	Number of Shares	Approximate percentage of shareholding in the Company
Mr. Chen Qiyuan ⁽¹⁾	Interest in a controlled corporation	219,658,000	38.89%
Mr. Qi Mingzhi	Beneficial owner	12,818,000	2.27%

Note:

- (1) Mr. Chen Qiyuan is the sole shareholder of Yu Xi International, and he is therefore deemed to be interested in the Shares held by Sky Noon, through Yu Xi International.

(b) Long positions in Shenzhen Scholar Culture and Education Technology and Development Co., Ltd.* (深圳市思考樂文化教育科技發展有限公司)

Name	Capacity/Nature of interest	Amount of registered share capital (RMB)	Approximate percentage of shareholding
Mr. Chen Qiyuan	Beneficial owner	7,800,000	39%

- * The English names of companies established in the PRC are translation of their Chinese names at the best effort of the directors of the Company as they do not have official English names.

Save as disclosed above, as at 30 June 2025, none of the Directors or the chief executives of the Company had or was deemed to have any interest or short position in the Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

CORPORATE GOVERNANCE AND OTHER INFORMATION

6. Substantial shareholders' interests and short positions in shares and underlying shares

As at 30 June 2025, to the best knowledge of the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name	Capacity/Nature of interest	Number of Shares	Approximate percentage of shareholding in the Company
Sky Noon ⁽¹⁾	Beneficial owner	219,658,000	38.89%
Yu Xi International ⁽¹⁾	Interest in a controlled corporation	219,658,000	38.89%

Note:

- (1) Sky Noon is owned as to 100 voting shares by Yu Xi International and 100 non-voting shares by Xuan Yuang Jiu Zhou Holdings Ltd. Yu Xi International is wholly-owned by Mr. Chen Qiyuan, an executive Director and a controlling shareholder of the Company. Yu Xi International is deemed to be interested in all the Shares in which Sky Noon is interested by virtue of the SFO.

Save as disclosed above, as at 30 June 2025, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

7. Share Option Scheme

The Share Option Scheme was approved and adopted by the Shareholders on 3 June 2019 and became effective upon listing of the Shares on the Main Board of the Stock Exchange on 21 June 2019.

Subject to the terms of the Share Option Scheme, the Board shall be entitled at any time within 10 years from the adoption date of the Share Option Scheme to offer the grant of an option to any eligible person as the Board may in its absolute discretion opt to subscribe at the subscription price for such number of Shares as the Board may (subject to the terms of the Share Option Scheme) determine (provided the same shall be a board lot for dealing in the Shares on the Stock Exchange or an integral multiple thereof).

The purpose of the Share Option Scheme is to provide selected participants, including employees, directors, suppliers, customers, consultants, business or joint venture partners, franchisees, contractors, agents, representatives and service providers of the members of the Group, an opportunity to have a personal stake in the Company and motivate them to optimise their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such selected participants.

The Share Option Scheme will provide the Company with a flexible means of retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to selected participants.

CORPORATE GOVERNANCE AND OTHER INFORMATION

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme must not in aggregate exceed 55,570,000 Shares, representing 10% of the Shares in issue as at the date of listing of the Shares on the Stock Exchange. As at 1 January 2024 and 27 February 2024 (the date on which the Share Option Scheme was terminated), there was no option available for grant under the foregoing scheme limit. The total number of Shares issued and to be issued upon exercise of the options granted (including both exercised and outstanding options) to a participant in any 12-month period must not exceed 1% of the Shares in issue as at such date unless approved by the Shareholders in a general meeting.

An offer of the grant of an option shall remain open for acceptance by a participant for a period of 28 days from the offer date provided that no such grant of an option may be accepted after the expiration of the effective period of the Share Option Scheme. An amount of HK\$1.00 is payable upon acceptance of the grant of an option.

The exercise price of the options granted under the Share Option Scheme shall be such price as determined by the Board and notified to the participant and which shall not be less than the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant of the option; (ii) the average of the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of grant of the option; and (iii) the nominal value of the Shares.

The Share Option Scheme commenced on 21 June 2019, being the date on which the Shares were listed on the Main Board of the Stock Exchange. Immediately upon the adoption of the Share Scheme on 27 February 2024, the Share Option Scheme was terminated and the Company will not grant any further options under the Share Option Scheme thereafter, provided that any granted and unexercised options made under the Share Option Scheme immediately before its termination shall continue to be valid and exercisable in accordance with the terms of the grant and the rules of the Share Option Scheme.

There was no grant of share options pursuant to the Share Option Scheme during the six months ended 30 June 2025. Details of the movement in options to subscribe for Shares pursuant to the Share Option Scheme during the six months ended 30 June 2025 are set out below:

Name/class of grantees	Date granted	Exercise price per Share	Number of share options					Outstanding as at 30 June 2025
			Outstanding as at 1 January 2025	Granted during the period	Vested during the period	Exercised during the period	Lapsed/ cancelled during the period	
Employees of the Group	6 February 2023	HK\$1.62	18,615,950 (Note 1)	—	9,169,050 (Note 2)	—	—	18,615,950
Total			18,615,950 (Note 1)	—	9,169,050 (Note 2)	—	—	18,615,950

CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

- (1) On 6 February 2023, the Company granted share options (the “Options”) to the grantees under the Share Option Scheme, which will entitle them to subscribe for an aggregate of 27,785,000 new Shares. The exercise price per Share of such Share Option is HK\$1.62 and the closing price of the Shares on the trading date immediately prior to the grant was HK\$1.50. Subject to the achievement of certain performance targets, the Options will vest in three tranches: (i) 33% to be vested within fifteen (15) days after the date of publication of the annual results announcement of the Company for the year ending 31 December 2023 on the website of the Stock Exchange, provided that the vesting period shall be no less than 12 months as set out in Rule 17.03F of the Listing Rules; (ii) 33% to be vested within fifteen (15) days after the date of publication of the annual results announcement of the Company for the year ending 31 December 2024 on the website of the Stock Exchange; and (iii) the remaining 34% to be vested within fifteen (15) days after the date of publication of the annual results announcement of the Company for the year ending 31 December 2025 on the website of the Stock Exchange. Options that have vested may be exercised at any time for a period of two years from the vesting date. All outstanding or unexercised Options shall lapse after 15 April 2028. As at 30 June 2025, 9,169,050 Options were vested and exercisable at exercise price of HK\$1.62 per share.
- (2) In April 2025, 9,169,050 Options granted under the Share Option Scheme have been vested, and were not exercised as at 30 June 2025.

8. Share Scheme

The Share Scheme was adopted on 27 February 2024. Details of the options to subscribe for Shares pursuant to the Share Scheme are set out below:

Name/class of grantees	Date granted	Exercise price per Share	Number of options					Outstanding as at 30 June 2025
			Outstanding as at 1 January 2025	Granted during the period	Vested during the period	Exercised during the period	Lapsed/ cancelled during the period	
Employees of the Group	28 February 2024	HK\$4.48	16,671,000 (Note 1)	—	8,335,500	—	—	16,671,000
	29 November 2024	HK\$5.16	16,671,000 (Note 2)	—	—	—	—	16,671,000
Total			33,342,000	—	8,335,500	—	—	33,342,000

Notes:

- (1) On 28 February 2024, the Company granted share options (the “Share Options”) to the grantees under the Share Scheme, which will entitle them to subscribe for an aggregate of 16,671,000 new Shares. The exercise price per Share of such Share Option is HK\$4.48 and the closing price of the Shares on the date immediately prior to the grant was HK\$3.96. Subject to the achievement of certain performance targets, the Share Options will vest in two tranches: (i) 50% to be vested within fifteen (15) days after the date of publication of the annual results announcement of the Company for the year ending 31 December 2024 on the website of the Stock Exchange; and (ii) the remaining 50% to be vested within fifteen (15) days after the date of publication of the annual results announcement of the Company for the year ending 31 December 2025 on the website of the Stock Exchange. Share Options that have vested may be exercised at any time for a period of two years from the vesting date. All outstanding or unexercised Share Options shall lapse after 15 April 2028. As at 30 June 2025, 8,335,500 Share Options were vested and exercisable.
- (2) On 29 November 2024, the Company granted the Share Options to the grantees under the Share Scheme, which will entitle them to subscribe for an aggregate of 16,671,000 new Shares. The exercise price per Share of such Share Options is HK\$5.16 and the closing price of the Shares on the date immediately prior to the grant was HK\$5.15. Subject to the achievement of certain performance targets such as the financial results and operation performance of the Group and the contribution and work performance of the grantees, the Share Options will vest in three tranches: (i) 33% to be vested on 15 January 2026; (ii) 33% to be vested on 15 January 2027; and (iii) the remaining 34% to be vested on 15 January 2028. Share Options that have vested may be exercised at any time for a period of two years from the vesting date and all outstanding or unexercised Options shall lapse after 15 January 2030. As at 30 June 2025, none of such Share Options were vested and exercisable.

CORPORATE GOVERNANCE AND OTHER INFORMATION

The value of the Share Options granted on 28 February 2024 is HK\$2.25 to HK\$2.61 per option, based on the binomial valuation model. The significant inputs into the model were share price of HK\$4.48 as at the grant date, exercise price shown above, standard deviation of expected share price returns of 84.68%, expected life of options of two years, expected zero dividend payout rate and annual risk-free interest rate of 3.51% to 3.54%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices of comparable companies. The trinomial model is developed to estimate the fair value of European share options. The fair values calculated are inherently subjective and uncertain due to the assumptions made and the limitations of the model used. The value of an option varies with different variables of certain subjective assumptions. Any change in variables so adopted may materially affect the estimation of the fair value of an option.

The value of the Share Options granted on 29 November 2024 is HK\$2.38 to HK\$3.06 per option, based on the binomial valuation model. The significant inputs into the model were share price of HK\$5.16 as at the grant date, exercise price shown above, standard deviation of expected share price returns of 74.27% to 74.41%, expected life of options of two years, expected zero dividend payout rate and annual risk-free interest rate of 3.08% to 3.09%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices of comparable companies. The trinomial model is developed to estimate the fair value of European share options. The fair values calculated are inherently subjective and uncertain due to the assumptions made and the limitations of the model used. The value of an option varies with different variables of certain subjective assumptions. Any change in variables so adopted may materially affect the estimation of the fair value of an option.

As at 27 February 2024 when the Share Scheme was adopted, the total number of Shares available for future grant under the scheme mandate limit of Share Scheme was 55,570,000 Shares, and grant to service providers is subject to the service provider sublimit of 5,557,000 Shares. As at 30 June 2025, the total number of Shares available for future grant under the scheme mandate limit of Share Scheme was 22,228,000 Shares, and grant to service providers is subject to the service provider sublimit of 5,557,000 Shares. The maximum amount of Shares which may be issued in respect of options granted under the Share Scheme is 33,342,000 Shares, representing approximately 5.90% of the issued Shares as at the date of this report.

The number of Shares that may be issued in respect of options granted under the Share Option Scheme and the Share Scheme during the six months ended 30 June 2025 divided by the weighted average number of Shares in issue for the period is 0.09.

CORPORATE GOVERNANCE AND OTHER INFORMATION

9. Share Award Scheme

The Share Award Scheme was approved and adopted by the Board on 28 December 2020. For further details, please refer to the announcement of the Company dated 28 December 2020. The awarded Shares under the Share Award Scheme are not funded by new Shares.

Share Purchase pursuant to the Share Award Scheme

On 28 December 2020, the Board also resolved to provide from time to time but in any event a total sum of not exceeding HK\$100 million for the Trustee to purchase existing Shares on the market at the prevailing market price (the “Share Purchase”) at appropriate time and hold such Shares for future award of Shares under the Share Award Scheme.

The Trustee purchased Shares on the market and 12,652,000 Shares were held by the Trustee as at the date of this interim report. No Share Awards were granted or vested under the Share Award Scheme during the six months ended 30 June 2025.

The Company will continue to closely monitor market conditions and its trading share price and instruct the Trustee to undertake share repurchase for the purpose of the Share Award Scheme as and when appropriate. The Board will constantly review and determine at its absolute discretion such number of awarded Shares to be awarded to the Selected Participants under the Share Award Scheme with such vesting conditions as the Board may deem appropriate.

10. Structured Contracts

Background of the Structured Contracts

The following summarises generally the status of the structured contracts (the “Structured Contracts”) adopted by the Group given the PRC legal restriction imposed on the shareholding structure over the business the Group is engaging. For further details of the Structured Contracts, please refer to “Structured Contracts” in the Prospectus. Capitalised terms used in this paragraph follow the meaning of those defined in the Prospectus, unless otherwise stated.

The Group currently conducts its K-12 after-school tutoring business through its consolidated affiliated entities (the “PRC Operating Entities”) in the PRC. Based on the interviews of the Group with competent authorities in Guangdong, the Group cannot convert any of the PRC Operating Entities into Sino-foreign joint venture entities as a matter of practice or due to the lack of implementation rules. As such, the Company adopted the Structured Contracts to control and enjoy the economic benefits generated by the PRC Operating Entities. The Group does not hold any equity interest in the PRC Operating Entities. The Structured Contracts, through which the Group obtains control over and derives the economic benefits from the PRC Operating Entities, have been narrowly tailored to achieve the business purpose of the Group and minimise the potential conflict with relevant PRC laws and regulations. The Group had entered into the Structured Contracts for the existing PRC Operating Entities and expects to enter into structured contracts for entities to be newly established or invested in, the terms and conditions of which shall be the same as the existing Structured Contracts in all material aspects.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Unwinding of the Structured Contracts

Shenzhen Fengye has undertaken that, if the PRC regulatory environment changes and all of the Qualification Requirement, the Foreign Ownership Restriction and the Foreign Control Restriction are removed (and assuming there is no other change in the relevant PRC laws and regulations), it will exercise the Equity Call Option in full to hold all of the interest in the PRC Operating Entities and unwind the Structured Contracts accordingly. For further details, please refer to “Structured Contracts — Termination of the Structured Contracts” in the Prospectus.

As at the date of this interim report, there has not been any unwinding of any Structured Contracts, nor has there been any failure to unwind any Structured Contracts when the restrictions that led to the adoption of the Structured Contracts are removed.

Plan to comply with the Qualification Requirement

According to the consultation with the Relevant Education Authorities (as defined in the Prospectus), they will not accept an application to convert the PRC Operating Entities or the entities to be newly established or invested by the Group into Sino-foreign joint venture entities at this stage and in the foreseeable future. Although it is not possible for the Relevant Education Authorities to accept the Group’s application to convert any of the PRC Operating Entities into Sino-foreign joint venture entities due to a lack of implementation measures or guidance at the current stage, the Group has taken specific steps with a view to demonstrating compliance with the Qualification Requirement. The Group is in the process of preparing the launch of a tutorial centre in Hong Kong, which has already obtained a certificate of registration from the Education Bureau in Hong Kong and is currently identifying and recruiting suitable teachers and other relevant staff. The Company is of the view that the foregoing steps are meaningful endeavours that are reasonable and appropriate to comply with the Qualification Requirement.

Foreign Investment Law

On 15 March 2019, the Foreign Investment Law was formally passed by the 13th National People’s Congress and will take effect on 1 January 2020. The Foreign Investment Law will replace the Law on Sino-Foreign Equity Joint Ventures, the Law on Sino-Foreign Contractual Joint Ventures and the Law on Foreign-Capital Enterprises to become the legal foundation for foreign investment in the PRC.

The Foreign Investment Law does not explicitly stipulate the contractual arrangements as a form of foreign investment. Since contractual arrangements are not specified as foreign investment under the Foreign Investment Law, and if the future laws, administrative regulations and provisions of the State Council do not incorporate contractual arrangements as a form of foreign investment, then the Foreign Investment Law would not apply to, or have any impact on, the Structured Contracts, and it would not substantially change the identification of foreign investors in the context of foreign investment and the principle of recognition and treatment of contractual arrangements compared with the current PRC laws and regulations, therefore the Structured Contracts as a whole and each of the agreements comprising the Structured Contracts will not be affected and will continue to be legal, valid and binding on the parties.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Notwithstanding the above, the Foreign Investment Law stipulates that foreign investment includes “foreign investors invest in China through any other methods under laws, administrative regulations or provisions prescribed by the State Council”. Therefore, there are possibilities that future laws, administrative regulations or provisions prescribed by the State Council may regard contractual arrangements as a form of foreign investment, and then whether the Structured Contracts will be recognised as foreign investment, whether the Structured Contracts will be deemed to be in violation of the foreign investment access requirements and, as at the date of this interim report, how the Structured Contracts will be handled are uncertain. Therefore, there is no guarantee that the Structured Contracts and the business of the PRC Operating Entities will not be materially and adversely affected in the future. The Group will disclose changes to or updates of the Foreign Investment Law that will materially and adversely affect the Group as and when they occur.

Overall performance and 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, with an aim to further enhancing its control over the PRC Operating Entities. Each of the Directors has confirmed that he/she, and his/her associates, do not have any interest in any business or interests 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 at 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 2025 and up to the date of this interim report.

By Order of the Board
Scholar Education Group

Chen Qiyuan

Chairman of the Board and Executive Director

Qi Mingzhi

Executive Director and Chief Executive Officer

Hong Kong, 20 August 2025

DEFINITIONS

“Board”	the board of Directors
“CG Code”	Corporate Governance Code contained in Appendix C1 to the Listing Rules
“Company”	Scholar Education Group (思考樂教育集團), an exempted company incorporated in the Cayman Islands with limited liability on 7 February 2018
“Director(s)”	the director(s) of the Company
“Group”	the Company with its subsidiaries and consolidated affiliated entities
“IFRS”	International Financial Reporting Standards
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers
“PRC” or “China”	the People’s Republic of China excluding for the purpose of this interim report, the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“Prospectus”	the prospectus of the Company dated 12 June 2019 in connection with the global offering of the Shares
“Scheme” or “Share Award Scheme”	the share award scheme of the Company constituted by the Scheme Rules
“Scheme Rules”	the rules relating to the Scheme, as approved and adopted by the Board on 28 December 2020 in its present form or as amended from time to time
“SFO”	the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong)
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of US\$0.001 each in the share capital of the Company
“Share Option Scheme”	the post-IPO share option scheme approved and adopted by the Company on 3 June 2019, which was subsequently terminated on 27 February 2024 upon the adoption of the Share Scheme
“Share Scheme”	the share scheme adopted by the Company on 27 February 2024
“Sky Noon”	Sky Noon International Company Limited (天晟國際有限公司), a company incorporated in the British Virgin Islands on 29 December 2017
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Trustee”	Kastle Limited, and any additional or replacement trustees, being the trustee or trustees for the time being declared in the Trust Deed
“Trust Deed”	a trust deed dated 28 December 2020 and entered into between the Company as settlor and the Trustee as trustee (as restated, supplemented and amended from time to time)
“Yu Xi International”	Yu Xi International Company Limited (語汐國際有限公司), a company incorporated in the British Virgin Islands on 29 April 2019