



ANNUAL 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

43/F, Shenrun Building,
No. 1001 Shennan East Road,
Luohu District,
Shenzhen, PRC

Principal Place of Business in Hong Kong

Unit 04, 22/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 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 the Group’s 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 new opportunities and launched our educational tour business and international courses. The Group believes that 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 the 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

	For the year ended			Percentage change
	31 December			
	2025	2024	Change	
	RMB'000	RMB'000	RMB'000	
Revenue	785,580	852,327	(66,747)	(7.8)%
Gross profit	154,014	333,392	(179,378)	(53.8)%
(Loss)/profit for the year attributable to owners of the Company	(77,718)	145,645	(233,363)	(153.4)%
<i>Non-IFRS measure:</i>				
Adjusted (loss)/profit for the year attributable to owners of the Company (Note 1)	(41,940)	175,716	(217,658)	(123.9)%

(Loss)/earnings per Share

	For the year ended			Percentage change
	31 December			
	2025	2024	Change	
	RMB cents	RMB cents	RMB cents	
Basic	(14.10)	26.68	(40.78)	(152.9)%
Diluted	(14.10)	26.08	(40.19)	(154.1)%
<i>Non-IFRS measure:</i>				
Adjusted (loss)/earnings per Share (Note 2)				
Basic	(7.61)	32.19	(39.80)	(123.6)%
Diluted	(7.61)	31.47	(39.08)	(124.2)%

Note 1: The Company defined its adjusted (loss)/profit for the year attributable to owners of the Company as its (loss)/profit for the year attributable to owners of the Company after adjusting for the item which was not indicative of the Company's operating performances, including the share-based compensation expenses in 2025 of approximately RMB35.8 million (2024: RMB30.0 million). Please refer to "Management Discussion and Analysis – Non-IFRS Measures" for further details.

Note 2: The Company defines the adjusted (loss)/earnings per share as earnings per share calculated by using adjusted (loss)/profit for the year attributable to owners of the Company. Please refer to "Management Discussion and Analysis – Non-IFRS Measures" for further details.

CHAIRMAN'S STATEMENT

To: Shareholders

On behalf of the Board, I am pleased to present this annual report of the Group for the year ended 31 December 2025.

Business overview

During the year ended 31 December 2025, the Group continued to make progress in its strategic development in Guangdong Province. In particular, 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. The Group has therefore enhanced its business strategy and explored new businesses, including the expansion of its geographical coverage and the opening of new literacy learning centres in additional cities. As the business in these new additional cities are 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 who are interested in the educational services of the Group. These trial courses have subsequently converted students into paying students for the same courses. Therefore, the revenue from these new learning centers was relatively low in the ramp-up period, while related costs (such as rental expenses and salaries and benefits) incurred in the usual course of business increased significantly compared with last year, resulting in a short-term negative impact on the Group's gross profit and net profit. Additionally, some of the Group's investments in financial assets (amounting to RMB19.8 million) and prepayments and other receivables (amounting to RMB5.0 million) were not redeemed upon maturity due to default of the relevant counterparties, which in turn led to fair value losses and impairment losses on these assets.

During the year ended 31 December 2025, the Group's revenue had decreased to RMB785.6 million, representing a decrease of 7.8% as compared to last year. For the year ended 31 December 2025, the Group recorded a net loss attributable to owners of the Company of RMB77.7 million, as compared to a net profit attributable to owners of the Company of RMB145.6 million for the year ended 31 December 2024.

The net loss attributable to owners of the Company for the year ended 31 December 2025 has factored in share-based compensation expenses of RMB35.8 million (last year: RMB30.0 million). Excluding the share-based compensation expenses, the Group recorded an adjusted net loss attributable to owners of the Company of RMB41.9 million, as compared to the adjusted net profit attributable to owners of the Company of RMB175.7 million last year.

Future Prospects and Development Strategies

The Group has launched our educational tour business and international courses. 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.

CHAIRMAN'S STATEMENT

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, 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 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, 31 March 2026

FINANCIAL SUMMARY

A summary of the audited results and of the assets and liabilities of the Group for the last five financial years is set out below:

	Year ended 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Revenue	785,580	852,327	570,614	402,082	831,725
Cost of sales	631,566	518,935	332,063	263,390	516,704
Gross profit	154,014	333,392	238,551	138,692	315,021
Operating (loss)/profit	(67,873)	191,546	122,632	49,013	34,583
(Loss)/profit before income tax	(81,711)	180,957	116,749	42,310	5,598
(Loss)/profit for the year attributable to owners of the Company	(77,718)	145,645	85,988	54,411	(26,611)

	As at 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Non-current assets	938,053	771,384	536,110	322,292	357,201
Current assets	711,578	556,041	497,105	432,633	403,367
Total assets	1,649,631	1,327,425	1,033,215	754,925	760,568
Total equity	803,378	634,843	453,350	371,402	317,545
Non-current liabilities	244,544	212,315	129,112	82,764	119,592
Current liabilities	601,709	480,267	450,753	300,759	323,431
Total liabilities	846,253	692,582	579,865	383,523	443,023
Total equity and liabilities	1,649,631	1,327,425	1,033,215	754,925	760,568

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

1. Revenue

	Year ended 31 December		Percentage Change
	2025 RMB'000	2024 RMB'000	
Non-academic literacy programme and others	683,734	766,817	(10.8)%
Tutoring programme	101,846	85,510	19.1%
Total	785,580	852,327	(7.8)%

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

	Year ended 31 December				Percentage Change	
	2025		2024			
	Student enrollments	Tutoring hours	Student enrollments	Tutoring hours		
Non-academic literacy programme	313,639	7,734,552	348,523	8,692,591	(10.0)%	(11.0)%
Tutoring programme	45,205	1,111,852	37,483	935,748	20.6%	18.8%
Total	358,844	8,846,404	386,006	9,628,339	(7.0)%	(8.1)%

The Group's revenue decreased by 7.8% from RMB852.3 million for the year ended 31 December 2024 to RMB785.6 million for the year ended 31 December 2025. This decrease was primarily due to decreases in the total student enrolments and tutoring hours for the year ended 31 December 2025.

2. Cost of sales

The Group's cost of sales increased by 21.7% from RMB518.9 million for the year ended 31 December 2024 to RMB631.6 million for the year ended 31 December 2025. This increase was primarily due to increases 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 in additional cities.

3. Gross profit and gross profit margin

As a result of the foregoing, the gross profit of the Group decreased by 53.8% from RMB333.4 million for the year ended 31 December 2024 to RMB154.0 million for the year ended 31 December 2025. The gross profit margin of the Group decreased from 39.1% for the year ended 31 December 2024 to 19.6% for the year ended 31 December 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

4. Selling expenses

The selling expenses of the Group increased by 28.7% from RMB12.6 million for the year ended 31 December 2024 to RMB16.3 million for the year ended 31 December 2025. The increase was primarily due to the increase in advertising and exhibition expenses.

5. Administrative expenses

The administrative expenses of the Group increased by 23.0% from RMB127.9 million for the year ended 31 December 2024 to RMB157.3 million for the year ended 31 December 2025. This increase was mainly due to increase in administrative personnel expenses, in line with the growth of the Group's business in additional cities.

6. Research and development expenses

The research and development expenses of the Group decreased by 3.1% from RMB26.5 million for the year ended 31 December 2024 to RMB25.7 million for the year ended 31 December 2025. The decrease was primarily due to the decrease in research and development personnel expenses relating to the development of its teaching materials and learning products.

7. Other income

The other income of the Group decreased by 18.2% from RMB11.1 million for the year ended 31 December 2024 to RMB9.1 million for the year ended 31 December 2025. The decrease was primarily due to a decrease in finance income of RMB2.4 million.

8. Other (losses)/gains – net

The Group recorded other net losses of RMB26.8 million for the year ended 31 December 2025 as compared with the other net gains of RMB14.5 million for the year ended 31 December 2024, primarily attributable to: (i) the fair value loss on financial assets at fair value through profit or loss of RMB14.0 million (2024: fair value gain of RMB14.2 million), (ii) increase in fair value losses on investment properties of RMB4.1 million, (iii) an increase in exchange losses of RMB2.3 million, (iv) an increase in net losses on disposals of property, plant and equipment of RMB2.4 million, (v) an increase in deposits losses of RMB1.4 million; and (vi) the impairment loss on investments in associates of RMB2.8 million.

9. Finance costs

The finance costs of the Group increased by 25.2% from RMB10.3 million for the year ended 31 December 2024 to RMB12.9 million for the year ended 31 December 2025, primarily due to the increase in interest expenses on lease liabilities.

10. (Loss)/profit before income tax

As a result of the foregoing, the Group recorded a loss before tax of RMB81.7 million for the year ended 31 December 2025 as compared with the profit before income tax of RMB181.0 million for the year ended 31 December 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

11. Income tax (credit)/expense

The Group recorded an income tax credit of RMB3.8 million for the year ended 31 December 2025 as compared with income tax expense of RMB35.5 million for the year ended 31 December 2024. The income tax credit was primarily due to the recognition of deferred tax assets.

12. (Loss)/profit for the year attributable to owners of the Company

As a result of the foregoing, the Group recorded a loss for the year attributable to owners of the Company of RMB77.7 million for the year ended 31 December 2025 as compared with the profit for the year attributable to owners of the Company RMB145.6 million for the year ended 31 December 2024.

Adjusted (loss)/profit for the year attributable to owners of the Company

Non-IFRS Measures

To supplement the Group's consolidated financial statements that are presented in accordance with IFRS, the Company also uses adjusted (loss)/profit for the year attributable to owners of the Company and adjusted (loss)/earnings per Share as additional financial measures. The Company presents these financial measure 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. 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 (loss)/profit for the year attributable to owners of the Company presented to the most directly comparable financial measure calculated and presented in accordance with IFRS:

	Year ended 31 December		Percentage Change
	2025 RMB'000	2024 RMB'000	
(Loss)/profit for the year attributable to owners of the Company	(77,718)	145,645	(153.4)%
Add:			
Share-based compensation expenses (Note 1)	35,778	30,071	19.0%
Adjusted (loss)/profit for the year attributable to owners of the Company	(41,940)	175,716	(123.9)%

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 (loss)/earnings per Share

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

(a) Adjusted basic (loss)/earnings per share

Adjusted basic (loss)/earnings per share is calculated by dividing the adjusted earnings for the year by the weighted average number of ordinary shares in issue for the year.

	2025	2024
Adjusted (loss)/earnings attributable to owners of the Company (in RMB thousands)	(41,940)	175,716
Weighted average number of ordinary shares in issue (thousand shares) (i)	551,041	545,893
Adjusted basic (loss)/earnings per share (expressed in RMB cents per share)	(7.61)	32.19

(i) Adjusted basic (loss)/earnings per share is calculated by dividing the adjusted profit for the year attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the years ended 31 December 2025 and 2024.

(b) Adjusted diluted (loss)/earnings per share

Adjusted diluted (loss)/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.

	2025	2024
Adjusted diluted (loss)/earnings per share (expressed in RMB cents per share)	(7.61)	31.47

Weighted average number of shares used as the denominator:

	2025	2024
Weighted average number of ordinary shares used as the denominator in calculating basic (loss)/earnings per share	551,041,000	545,893,000
Adjustments for calculation of adjusted diluted (loss)/earnings per share: Share options	—	12,470,000
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating adjusted diluted (loss)/earnings per share	551,041,000	558,363,000

As the Group incurred losses for the years ended 31 December 2025, the dilutive potential ordinary shares were not included in the calculation of diluted losses per share as the effect of their inclusion would be anti — dilutive. Accordingly, diluted losses per share for the years ended 31 December 2025 was the same as basic losses per share of the respective year.

Five Year Financial summary

A summary of the published results, assets and liabilities of the Group for the last five financial years is set out on page 8 of this annual report. This summary does not form part of the audited consolidated financial statements.

Liquidity, Financial Resources and Capital Structure

The total equity of the Group as at 31 December 2025 was RMB803.4 million (2024: RMB634.8 million). The Group generally finances its operation with internally generated cash flows. As at 31 December 2025, the Group's cash and cash equivalents increased by 21.0% from RMB390.7 million as at 31 December 2024 to RMB472.7 million. The increase in cash and cash equivalents for the year ended 31 December 2025 was primarily attributable to the net cash inflow from operating activities and financing activities. As at 31 December 2025, the current assets of the Group amounted to RMB711.6 million (2024: RMB556.0 million), including RMB178.7 million (2024: RMB111.8 million) in financial assets at fair value through profit or loss and other financial assets at amortised cost, and RMB474.9 million (2024: RMB392.4 million) in bank balances and restricted cash, and other current assets of RMB58.1 million (2024: RMB51.8 million). The current liabilities of the Group amounted to RMB601.8 million (2024: RMB480.3 million), of which RMB286.0 million (2024: RMB241.1 million) are contract liabilities, RMB94.9 million (2024: RMB83.2 million) are lease liabilities, RMB70.0 million (2024: RMB40.0 million) are bank borrowings and RMB150.8 million (2024: RMB116.0 million) are other current liabilities. As at 31 December 2025, the Group had RMB70.0 million (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 31 December 2025 was 8.7% (2024: 6.3%), based on the bank borrowings divided by the equity attributable to the shareholders. As at 31 December 2025, the Group had net current assets of RMB109.9 million (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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 31 December 2025 and 2024 were denominated in RMB and USD. 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

On 4 November 2025, the Group entered into an agreement with Shenzhen Huaxia Junyong Robotics Technology Co., Ltd. pursuant to which the parties agreed to establish a joint venture company for the research and development of educational artificial intelligence robots. The Group has contributed in cash RMB115.5 million, accounting for 30% of the registered capital of the joint venture company, over which it exercises significant influence and accounted for as an investment in associate.

Save as disclosed in this annual report, there was no significant investment held, material acquisition and disposal of subsidiaries, associates and joint ventures by the Company for the year ended 31 December 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. As at 31 December 2025, 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 31 December 2025.

Save as disclosed in this annual report, the Group did not have any plans for significant investments as at 31 December 2025.

Contingencies

As at 31 December 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 (2024: nil).

Pledge of Assets

The Group did not have any material pledge of assets as at 31 December 2025 and 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 workforce of 2,946 employees as at 31 December 2025 (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 reviews staff remuneration package to ensure it is competitive in the market.

Recent Development in the Applicable Laws and Regulations in the PRC

1. On 21 October 2021, the Ministry of Education, together with several other Chinese government authorities, jointly promulgated the Notice on Strengthening the Supervision of Pre-Charging by After-School Training Institutions (《關於加強校外培訓機構預收費監管工作的通知》), which provides that pre-charging by after-school tutoring institutions providing academic and non-academic tutoring services shall be included in the scope of supervision. Local governments shall adopt escrow bank accounts or risk reserves for the purpose of risk control, depending on local conditions.
2. On 8 November 2021, the General Office of the Ministry of Education promulgated the Guidelines for the Classification and Identification of After-School Training Programs at the Compulsory Education Stage (《義務教育階段校外培訓項目分類鑒別指南》), which provides that the identification of academic after-school tutoring programs shall take into account factors such as the purpose of training, training content, training methods and evaluation methods. In addition, the General Office of the Ministry of Education has issued the Notice on Strictly Investigating and Punishing Disguised or Incompliant Academic After-School Tutoring (《關於堅決查處變相違規開展學科類校外培訓問題的通知》), which prohibits the provision of invisible or disguised academic after-school tutoring services in violation of relevant laws and regulations.
3. In March 2022, the Ministry of Education, the National Development and Reform Commission (“NDRC”) and the State Administration for Market Regulation jointly issued the Announcement on the Regulation of Non-Academic After-School Training (《關於規範非學科類校外培訓的公告》), which provides that: (i) non-academic after-school tutoring institutions shall hold the corresponding qualifications and the relevant practitioners shall have the corresponding certificates of occupational (professional) competence; (ii) non-academic after-school tutoring institutions shall ensure that the training contents and training methods are appropriate to the age, physical and mental characteristics and cognitive level of the trainees; (iii) information on the training contents, training period, charging items and charging standards of non-academic after-school tutoring institutions shall be disclosed to the public and subject to public supervision; (iv) non-academic after-school tutoring institutions shall use model contracts for after-school tutoring services for primary and secondary students, strictly fulfil their contractual obligations and regulate their own charging behavior; (v) non-academic after-school tutoring institutions shall be prohibited from engaging in unfair competition by means of fictitious original prices, false discounts, false publicity, etc., prevent and stop monopolistic practices, and prohibit any form of price fraudulence; (vi) non-academic after-school tutoring institutions shall deposit all their pre-charges into their special-purpose accounts; and shall not charge one-off fees or disguised fees in the form of top-ups or time cards for a period of more than 60 tutoring hours or 3 months; and (vii) non-academic after-school tutoring institutions shall comply with the regulations on venues, facilities and fire safety.
4. On 27 May 2022, the Ministry of Education published an announcement on its website, stating that the Ministry of Education is adopting and will continue to adopt measures governing non-academic tutoring institutions, including qualification checks, regulation of charging practices and supervision of pre-charges. The announcement also stated that as of 15 May 2022, approximately 88% of non-academic tutoring institutions in China had implemented third-party custodianship or risk-based deposits for the purpose of risk control over pre-charges.

MANAGEMENT DISCUSSION AND ANALYSIS

5. On 16 June 2022, the Department of Education of Guangdong Province issued the “Announcement of Solicitation of Public Comments on the ‘Measures for the Management of Practitioners of After-School Tutoring Institutions in Guangdong Province (Draft for Comments)’” (《關於〈廣東省校外培訓機構從業人員管理辦法(徵求意見稿)〉公開徵求意見的公告》). In order to implement the “Double Reduction” policy and meet the requirements under the “Notice of the General Office of the Ministry of Education and Office of the Ministry of Human Resources and Social Security on the Publication of the ‘Measures for the Management of Practitioners of After-School Tutoring Institutions (Trial)’” (《教育部辦公廳人力資源社會保障部辦公室關於印發〈校外培訓機構從業人員管理辦法(試行)〉的通知》) and taking into account the actual situation in Guangdong Province, the Department of Education of Guangdong Province drafted the “Measures for the Management of Practitioners of After-School Tutoring Institutions in Guangdong Province (Draft for Comments)” to solicit public opinions. The “Measures for the Management of Practitioners of After-School Tutoring Institutions in Guangdong Province (Draft for Comments)” consists of General Provisions, Recruitment and Dismissal of Practitioners of After-School Tutoring institutions, Internal Management, Inspection and Supervision, Supplementary Provisions, etc.
6. On 22 June 2022, the General Office of the Ministry of Education issued the “Notice on the Remediation of After-School Tutoring in 2022 Summer Vacation” (《關於做好2022年暑期校外培訓治理有關工作的通知》), which requires the following work to be done in order to continue to do a good job in remediating after-school tutoring, strictly prevent the opening of academic tutoring institutions, regulate the tutoring services of non-academic tutoring institutions, effectively reduce the burden of students during the holiday, and ensure all students from primary and secondary schools to spend a safe, enjoyable and meaningful holiday: First, making special planning and arrangements; Second, strictly preventing the illegal opening of classes by academic tutoring institutions; Third, strengthening supervision on non-academic tutoring institutions; Fourth. strengthening supervision, reporting, investigation and punishment efforts; Fifth. strictly preventing safety risks and hidden dangers; and creating a good holiday atmosphere.
7. On 28 October 2022, the State Council issued the “Report on Effectively Reducing the Burden of Excessive Homework and After-School Tutoring and Promoting Comprehensive and Healthy Development of Students at the Compulsory Education Stage” (《關於有效減輕過重作業負擔和校外培訓負擔·促進義務教育階段學生全面健康發展情況的報告》), which reports on the progress of the “Double-Reduction” work, study of the current situation and consideration of the next step.
8. On 21 November 2022, the Ministry of Education, the Central Political and Legal Affairs Commission, the Office of the Central Cyberspace Affairs Commission, the National Development and Reform Commission, the Ministry of Science and Technology, the Ministry of Human Resources and Social Security, the Ministry of Housing and Urban-Rural Development, the Ministry of Commerce, the Ministry of Culture and Tourism, the State Administration for Market Regulation, the General Administration of Sports of China, and the All-China Women’s Federation jointly issued “Opinions on Further Strengthening the Prevention and Remediation of Invisible or Variant Academic Tutoring” (《關於進一步加強學科類隱形變異培訓防範治理工作的意見》), which provides opinions on “general requirements”, “improving prevention system to reduce non-compliance”, “perfecting discovery mechanism to ensure no dead corner is left untouched”, “increasing investigation and punishment efforts to consolidate strict remediation” and “intensifying organizational support to seek effective remediation results” in order to further strengthen the prevention and remediation of invisible or variant academic tutoring, consolidate the achievements in after-school tutoring governance and regulate after-school tutoring services.

MANAGEMENT DISCUSSION AND ANALYSIS

9. On 23 November 2022, the Ministry of Education issued the “Announcement of the Ministry of Education on the Solicitation of Public Comments on the ‘Interim Measures for Administrative Punishment for After-School Tutoring (Draft for Comments)’” (《教育部關於〈校外培訓行政處罰暫行辦法(徵求意見稿)〉公開徵求意見的公告》). Upon in-depth investigation and research, the Ministry of Education finalized the “Interim Measures for Administrative Punishment for After-School Tutoring (Draft for Comments)” to solicit public opinions. The “Interim Measures for Administrative Punishment for After-School Tutoring (Draft for Comments)” consists of six chapters, namely, “General Provisions”, “Implementing Authority, Jurisdiction and Admissibility”, “Offences and Punishments”, “Punishment Procedures and Enforcement”, “Supervision of Enforcement” and “Supplementary Provisions”.
10. On 30 November 2022, the Ministry of Education, the Office of the Central Cyberspace Affairs Commission, the National Development and Reform Commission, the Ministry of Science and Technology, the Ministry of Industry and Information Technology, the Ministry of Civil Affairs, the Ministry of Finance, the Ministry of Culture and Tourism, the People’s Bank of China, the State Administration for Market Regulation, the General Administration of Sports of China, the China Banking and Insurance Regulatory Commission and the China Securities Regulatory Commission jointly issued the “Opinions on Regulating Non-Academic After-School Tutoring for Students at Primary and Secondary Schools” (《關於規範面向中小學生的非學科類校外培訓的意見》), which provides opinions on further deepening the remediation of after-school tutoring institutions, comprehensively regulating non-academic tutoring services, and effectively safeguarding the rights and interests of students at primary and secondary schools and their parents, including general requirements, clarifying institution-setting standards, strictly controlling access procedure, regulating daily operations, strengthening daily supervision, and implementing supporting facility reforms and intensifying organizational guidance.
11. On 13 December 2022, the director of the Department of Supervision of After-School Education and Training of the Ministry of Education answered reporters’ question on the “Opinions on Further Strengthening the Prevention and Remediation of Invisible or Variant Academic Tutoring”, in particular, the background and practice basis of “Opinions on Further Strengthening the Prevention and Remediation of Invisible or Variant Academic Tutoring”, the general idea for the remediation of invisible or variant academic tutoring, improvement of the prevention system in respect of invisible or variant academic tutoring, solution to the difficulties in discovering invisible or variant academic tutoring, strengthening the collection of evidence, investigation and punishment, and public criticism and exposure of invisible and variant tutoring to ensure the remediation of invisible and variant tutoring is effective.
12. On 29 December 2022, the General Office of the Ministry of Education issued the “Notice on the Remediation of After-School Tutoring in 2022 Winter Vacation” (《關於做好2023年寒假期間校外培訓治理有關工作的通知》), which requires the following work to be done in order to resolutely prevent illegal after-school tutoring from increasing burdens to students after school, and help students at primary and secondary school spend a healthy, warm and meaningful holiday: First, deepening the remediation, seriously investigate and punish invisible variant academic tutoring; Second, adopting a multi-pronged approach to continue to strengthen the supervision of non-academic tutoring; Third, broadening reporting channels for community supervision; Fourth, providing scientific guidance and work together to create a good education atmosphere.

MANAGEMENT DISCUSSION AND ANALYSIS

13. On 23 August 2023, the Ministry of Education issued the “Interim Measures for Administrative Punishment for After-School Tutoring” (《校外培訓行政處罰暫行辦法》), which came into effect on 15 October 2023. The measures support the provisions of the administrative penalties on the after-school tutoring institutions in violation of laws and regulations and the relevant provisions of the relevant departments of the State Council in the prices, charging and pre-fee funds, etc. The “Interim Measures for Administrative Punishment for After-School Tutoring” (《校外培訓行政處罰暫行辦法》) stipulates that the following situations constitute illegal after-school tutoring, and the relevant natural persons, legal persons or other institutions conducting such activities may be subject to a variety of administrative penalties, such as orders to rectify or stop the tutoring, refunding, revocation of operating approvals, warnings, criticisms and fines: (i) Any natural person, legal person or other institutions that conduct after-school tutoring without obtaining the necessary private school licence and meet a number of conditions, including the existence of a dedicated training venue for offline training, a specific website or application for online training with more than two trainers and an appropriate organisational structure and division of labour; (ii) Any natural person, legal person or other institutions that do not meet the above conditions and have not obtained a licence to operate a private school is disguised as carrying out a number of after-school tutoring of disciplines; (iii) Any after-school tutoring institution conducts training beyond the scope of its licence; (iv) Any after-school tutoring institution conducts training in violation of laws, administrative regulations and relevant state provisions; (v) Any after-school tutoring institution is disorganised; and (vi) Any after-school tutoring institution organises or participates in the organisation of unauthorised social competitions for preschoolers, primary and secondary school students over the age of 3.
14. On 18 December 2023, the General Office of the Ministry of Education issued the “Notice on the Remediation of After-School Tutoring in 2024 Winter Vacation” (《關於做好2024年寒假期間校外培訓治理有關工作的通知》). In order to further consolidate the effectiveness of the governance of after-school tutoring, strictly prevent the invisible variation of discipline-based training, strengthen the supervision of non-discipline-based training, and reduce the burden of after-school tutoring for primary and secondary school students, the following notice is made: (I) Making special deployment while considering political standing. (II) Strengthening supervision and law enforcement by investigating training violations. (III) Carrying out a comprehensive investigation to prevent safety risks. (IV) Focusing on key categories and strengthening the supervision of training for art examination. (V) Promoting a comprehensive implementation to policy. (VI) Doing a good job of publicity and guidance to create a good holiday atmosphere.

MANAGEMENT DISCUSSION AND ANALYSIS

15. On 8 February 2024, the Ministry of Education issued the “Announcement on the Public Consultation on the Regulations on the Administration of After-School Tutoring (Draft for Comments)” (《關於〈校外培訓管理條例(徵求意見稿)〉公開徵求意見的公告》). In order to regulate and improve the quality of after-school tutoring, cater for diversified education on culture, and promote the healthy growth of the younger generations, the Ministry of Education, on the basis of centralised governance practices and in-depth research in recent years, has studied and formed the “Regulations on the Administration of After-School Tutoring (Draft for Comments)”, which is open to public consultation. The Draft, containing twenty articles, emphasises the promotion of the standardisation and legalisation of the governance of after-school tutoring, and makes it clear that in order to carry out after-school tutoring, corresponding licences should be obtained in accordance with the law, and the conditions of legal persons should be fulfilled, and the after-school tutoring institutions for disciplines at the stage of compulsory education should be registered as non-profit-making legal persons; Teaching and research staff of discipline-based after-school tutoring institutions should obtain teaching qualifications, and teaching and research staff of non-discipline-based after-school tutoring institutions should obtain appropriate professional qualifications; In-service teachers, research staff in kindergartens, primary and secondary schools are not allowed to engage in after-school tutoring; They are not allowed to take advantage of national legal holidays, rest days, and winter and summer vacations to organise discipline-based training for the compulsory education stage. The Draft also states that after-school tutoring institutions shall not organise or participate in the organisation of level examinations or competitions for primary and secondary school students and pre-school children between the ages of 3 and 6, and shall not publish the academic results and rankings of recipients; Kindergartens, primary and secondary schools may not use participation in after-school tutoring or the results of training as a basis for enrollment; For after-school tutoring targeting students at the compulsory education stage should implement government-guided price management formulated by the provincial people’s government in accordance with the law, and other after-school tutoring fees should be reported to the approving authority for record; After-school tutoring institutions that charges pre-fee should include such fee in the supervision.

The Company will continue to monitor the regulatory environment and assess the impact on the business and financial condition of the Company in the near future. The Company will also adjust its business plan from time to time and continue to actively explore opportunities.

For details on the laws and regulations applicable to the business and the industry of the Group and the associated risks, please see “Regulatory overview” and “Risk factors — Risks relating to our business and our industry” in the Prospectus.

MANAGEMENT DISCUSSION AND ANALYSIS

Dividends

The Board does not recommend the payment of a final dividend for the year ended 31 December 2025 (for the year ended 31 December 2024: HK\$0.07 per Share).

Subsequent events

Purchase of Shares pursuant to the Share Award Scheme

During the period from 2 January 2026 to 29 January 2026 (both days inclusive), the trustee of the Group's Share Award Scheme bought a total of 4,550,000 Shares of the Company from the market at a total consideration of HK\$9,547,000 (equivalent to RMB8,688,000) which are currently held for the purpose of satisfying share awards that may be granted under the Share Award Scheme.

Save as disclosed above, there were no other material events that occurred subsequent to 31 December 2025.

DIRECTORS AND SENIOR MANAGEMENT

Directors

Executive Directors

Mr. Chen Qiyuan (陳啟遠), aged 43, founder of the Group, was appointed as a Director on 7 February 2018 and the chairman of the Board on 16 April 2018, respectively. He was re-designated as an executive Director on 20 December 2018. He is responsible for the overall formulation, guidance of business strategy and development of the Group.

Mr. Chen has over 15 years of experience in tutoring business. From 2008 to 2012, Mr. Chen had been in preparation for the establishment of the Group. He has been the general manager of Shenzhen Scholar since 2012. Prior to founding the Group, he worked at Shenzhen Bond Cultural Development Co., Ltd* (深圳市邦德文化發展有限公司) from December 2005 to July 2008.

Mr. Chen graduated from Shaoyang University (邵陽學院) in Shaoyang, Hunan Province, the PRC in June 2006 with a bachelor's degree of science. He received a master of business administration at Peking University Shenzhen Graduate School in July 2022. Mr. Chen obtained the qualification of a middle school senior teacher granted by Shaoyang Department of Education in July 2006. He was awarded the "Outstanding Person in Private Education in 2015" (2015 民辦教育風雲人物) by Southern Metropolis Daily (南方都市報). He also completed the Hong Kong Youth Leadership National Studies Workshop organised by the Chinese Academy of Governance in December 2018. Further, he completed the Oxford-Visiting Study Programme organised by the Mansfield College, University of Oxford as a visiting scholar from Peking University HSBC Business School in March 2018. He currently serves as the deputy chairman of the Guangdong Elementary Mathematical Society. Mr. Chen has been appointed as the visiting professor at Lingnan Normal University (嶺南師範學院) in March 2021. Mr. Chen has also been appointed as the committee member of the Fifth Shenzhen Municipal People's Congress in May 2021.

Mr. Qi Mingzhi (齊明智), aged 41, who had joined the Group in June 2012, was appointed as a Director and chief executive officer on 16 April 2018 and 8 December 2018 respectively. He was re-designated as an executive Director on 20 December 2018. Mr. Qi is in charge of the Group's overall management and operation, contributing towards the overall strategic planning and realisation of the business objectives of the Group.

Mr. Qi has over 13 years of experience in tutoring business. He was the subject co-ordinator of science of Shenzhen Scholar since September 2012 and was promoted to the head of teaching and education in April 2013. In September 2014, he became the deputy chief of Scholar Centre and also the chief of Shenzhen Cuizhu learning centre. He was further promoted to serve as the deputy chief operating officer of the Shenzhen Scholar and the principal of the middle school division of Shenzhen Scholar in July 2015. He has been serving as the chief operating officer and the executive general manager of Shenzhen Scholar since September 2016.

Prior to joining the Group, he worked in Shenzhen Bond Cultural Development Co. Ltd* (深圳市邦德文化發展有限公司) from June 2008 to November 2008. He then worked in Shenzhen Shenxin Clubhouse Management Co., Ltd* (深圳市深信會所管理有限公司) from June 2009 to May 2012.

He graduated in chemistry from Anhui Normal University (安徽師範大學) in Wuhu, Anhui Province, the PRC in July 2008. He obtained the middle school senior teacher's qualification certificate in June 2008 from Wuhu Department of Education.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Li Ailing (李愛玲), aged 43, joined the Group in July 2013, and was appointed as a vice general manager of the Group on 8 December 2018. From January 2021, Ms. Li is primary responsible for the cost control, organic growth and realisation of business objectives of the Group's operations. Ms. Li has over 16 years of experience in tutoring business. Prior to joining the Company, Ms. Li worked in Shenzhen Bond Cultural Development Co., Ltd* (深圳市邦德文化發展有限公司) from January 2007 to June 2013. Ms. Li graduated from the Harbin University of Science and Technology (哈爾濱理工大學), Harbin, Heilongjiang Province, the PRC in July 2006 with a bachelor's degree of engineering.

Ms. Leng Xin Lan (冷新蘭), aged 40, joined the Group in May 2010, and was appointed as the director of training and development of the Group in 2017. Ms. Leng's main responsibilities are building the teacher and executive training system, improving teacher's teaching standard and morality, improving executive's management ability, continuously cultivating excellent management reserve for the Group to meet the talent demand. Ms. Leng has over 15 years of experience in tutoring business. Prior to joining the Company, Ms. Leng worked in Shenzhen Bond Cultural Development Co., Ltd* (深圳市邦德文化發展有限公司) from February 2008 to April 2010. Ms. Leng graduated from the Southwest University (西南大學), Chongqing, the PRC in July 2008 with a bachelor's degree.

Independent Non-executive Directors

Mr. Yang Xuezhi (楊學枝), aged 78, was appointed as an independent non-executive Director with effect from 11 June 2019. He is responsible for providing independent opinion and judgment to the Board.

Mr. Yang has over 50 years of experience in the education industry. He worked in Hebei Hejiapingzhen High School and Fuzhou No. 24 Middle School with his last position as the vice principal for 25 years.

Mr. Yang is the chairman of Fujian Elementary Mathematics Association* (福建省初等數學學會). Mr. Yang was also the editor and author of "Elementary Mathematical Analysis in China* (《初等數學研究在中國》)".

He was the senior trainer of Mathematical Olympiad and some of his students had won and awarded with the International Mathematical Olympiad Gold Medal. Mr. Yang was the judge and chief judge of thesis defence at Southern Division of S. T. Yau High School Mathematics Awards, and served as the chairman of the judging panel of graduate thesis defense of Fujian Normal University for many times. He had been employed by "Middle School Mathematics* (《中學數學》)" and other magazines in Hubei Province as an editorial board member.

He had been the director of the evaluation committee of intermediate title and senior title for middle school mathematics teacher in Fuzhou for three consecutive sessions. He has participated in the evaluation of senior title for mathematics, the evaluation of special-grade mathematics teacher, and the evaluation of backbone teachers for mathematics discipline in Fujian province and Fuzhou City for many times. He has also participated in the evaluation of leaders of mathematics discipline and the evaluation of famous mathematics teachers in Fujian Province and Fuzhou City, and was the guidance tutor in mathematics discipline under the New Curriculum Reform. Mr. Yang has published more than 300 valuable research papers on education, teaching and elementary mathematics in foreign mathematical journals, national CN journals, mathematics core journals and university journals, and many of his papers have won the national first prizes. He has edited and published a number of books, such as "Elementary Mathematics Research Anthology in Fujian Province* (《福建省初等數學研究文集》)", "Inequality Research* (《不等式研究》)", "Mathematical Olympics Inequality Research* (《數學奧林匹克不等式研究》)" and "Journey to Realize the Dream of Revitalizing Mathematics in China — Historical Notes on Chinese Elementary Mathematics Research* (《振興祖國數學的圓夢之旅—中國初等數學研究史話》)". He has also edited and published eight issues of "China Elementary Mathematics Studies* (《中國初等數學研究》)" magazine (conference journal), and four issues of "Chinese Research on Elementary Mathematics* (《中國初等數學研究》)" (deluxe edition). He has participated in the compilation of many mathematical monographs and reference books on mathematics teaching.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Yang graduated from Wuhan University, Hubei Province, the PRC with a bachelor's degree of mathematics in July 1970. He obtained the qualification of a middle school senior teacher in August 1996 from the Fuzhou municipal education bureau and the qualification of a special grade teacher in September 2002 from the people's government of Fujian Province, the PRC.

Ms. Yim Ka Man (嚴加敏), aged 46, has over 18 years of experience in external audit, management accounting, operations management, internal control review, ESG reporting and enterprise risk assessment. She has been the Head of Risk Advisory Services at Forvis Mazars Risk Advisory Services Limited ("Forvis Mazars") since April 2021. Prior to joining Forvis Mazars, she worked at BDO Risk Advisory from March 2014 to May 2015 as manager, and at Baker Tilly Hong Kong – Risk Advisory from May 2015 to April 2021, with her last position as director. Prior to that, she has worked at various international accounting firms, where she was responsible for supervising auditors in a number of systems reviews and audit assignments for both listed companies, large private enterprises and listing applicants, and she has also worked at the internal audit departments of Miramar Group, a renowned hospitality group, and Hang Lung Properties, a leading property developer in Hong Kong. Ms. Yim is currently an independent non-executive director of APT Satellite Holdings Limited (亞太衛星控股有限公司) (stock code: 1045), a company listed on the Stock Exchange.

Ms. Yim is a member of CPA Australia and the Hong Kong Institute of Certified Public Accountants. Ms. Yim received a Master of Laws (International and Commercial Law) degree from the University of Greenwich, the United Kingdom in November 2020 and a Bachelor of Business (Accounting and Banking & Finance) degree from Monash University, Australia in July 2002.

Prof. Zhang Wenjun (張文俊), aged 63, has over 40 years of experience in the education industry. He worked at Henan University (河南大學) as a faculty member in 1983. In 1996, he completed his postdoctoral research at the University of Science and Technology of China (中國科技大學). He also served as an adjunct professor at Zhejiang University (浙江大學) and adjunct Doctor of Philosophy supervisor at both Capital Normal University (首都師範大學) and Shantou University (汕頭大學). Prof. Zhang had been working at Shenzhen University (深圳大學) since 1996 until his retirement in 2023 and was the first dean of the school of mathematics and computational science.

Prof. Zhang was an executive director of the Professional Committee of Educational Mathematics of the Chinese Society of Higher Education* (中國高等教育學會教育數學專業委員會), an executive director of the National Research Association of Elementary Mathematics* (全國初等數學研究會), a director of the Guangdong Mathematical Society* (廣東省數學會), an executive director of the Guangdong Research Association of Elementary Mathematics* (廣東省初等數學研究會), and the president of the Shenzhen Mathematical Society* (深圳市數學學會).

Prof. Zhang graduated from Henan University (河南大學) in 1983 with a bachelor's degree and obtained a Master of Science degree from the University of Science and Technology of China (中國科技大學) and a Doctor of Science degree from Fudan University (復旦大學).

DIRECTORS AND SENIOR MANAGEMENT

Senior Management

Mr. So Wai Hang (蘇偉恒), aged 46, has been the chief financial officer and company secretary of the Group since January 2019. He is responsible for the financial management, investor relations and company secretarial matters of the Group.

Mr. So has over 24 years of experience in professional accounting and auditing. Prior to joining the Group, Mr. So worked for PricewaterhouseCoopers and was mainly responsible for leading and managing various teams of professionals to provide audit and assurance assignments, capital market transactions and advisory projects to clients including listed companies and multinational companies.

Mr. So is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants, a member of the CPA Australia and the Chartered Institute of Management Accountants, a Chartered Global Management Accountant and a Certified Internal Auditor.

Mr. So graduated from the Hong Kong Polytechnic University with a bachelor's degree of business administration.

Mr. Hua Ribao (花日寶), aged 47, who had joined the Group in November 2016, and was appointed as a financial controller of the Group on 4 January 2017. He is responsible for the financial management of the Group.

He has over 20 years of experience in accounting and financial management. Prior to joining the Group, Mr. Hua served as a finance manager of Shenzhen Taiwei Footwear Limited* (深圳台威鞋業有限公司) from January 2001 to February 2007. He then served as the accountant of ChinaPaint (Shenzhen) Limited (中華制漆(深圳)有限公司) from March 2007 to October 2008. From March 2009 to September 2010, Mr. Hua was the finance manager of Little Sheep Catering China Company Limited (Shenzhen branch) (內蒙古小肥羊餐飲連鎖有限公司深圳分公司) and was responsible for financial review. From September 2010 to May 2012, he was the director of the finance department of Shenzhen Susaite Information Counseling Co., Ltd* (深圳蘇賽特商業數據有限公司), responsible for reviewing and auditing the financials of the company. From May 2012 to November 2013, he was the audit manager of Shenzhen Meten Education Science and Technology Co., Ltd* (深圳市美聯國際教育有限公司), formerly known as Shenzhen Yelian Business and Consultancy Co., Ltd* (深圳億聯企業管理諮詢有限公司).

From November 2013 to June 2016, he was the chief financial officer of Shenzhen Zhongjiu Education Consulting Limited* (深圳市中九教育諮詢有限公司). From June 2016 to November 2016, he served as the chief financial officer of Shenzhen Skycrane Technology Limited* (深圳市雲中鶴科技股份有限公司).

Mr. Hua graduated from Xi'an Jiaotong University (西安交通大學), Xi'an, Shaanxi Province, the PRC in July 2011 through online course with a bachelor's degree of management obtained in March 2012. He is also a member of the Chinese Institute of Certified Public Accountants. He was also awarded the certificate of Certified Internal Auditor by the China Institute of Internal Audit with the authorisation of the Institute of Internal Auditors in November 2012.

DIRECTORS' REPORT

The Directors present their report together with the audited consolidated financial statements for the year ended 31 December 2025.

Global Offering

The Company was incorporated in the Cayman Islands on 7 February 2018 as an exempted company with limited liability under the Companies Law. The Shares became listed on the Main Board of the Stock Exchange on 21 June 2019.

Details of the Shares issued during the year ended 31 December 2025 are set out in Note 24 to the consolidated financial statements.

Principal Activities

The Company is an investment holding company. The Group's principal activities include mainly the provision of private education services and educational tour business and international courses. Details of activities of the Group are set out in Note 11 to the consolidated financial statements.

Financial Results

The revenue and loss attributable to the owners of the Company for the year ended 31 December 2025 were approximately RMB785.6 million and RMB77.7 million, respectively. Of such revenue, approximately 87.0% was derived from non-academic literacy programmes and others; and approximately 13.0% was derived from tutoring programmes. For details, please see the audited consolidated statement of comprehensive income set out on page 130 of this annual report.

Business Review

A fair review of the Group's business during the year ended 31 December 2025, which includes an analysis of the Group's performance during the year using financial key performance indicators, an indication of likely future developments in the Group's business, a discussion of the principal risks and uncertainties faced by the Group, a discussion on the Group's environmental policies and performance, details regarding the Group's compliance with the relevant laws and regulations that have a significant impact on the Group, and the Group's key relationships with stakeholders as required under Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) are set out in "Chairman's Statement", "Management Discussion and Analysis", "Corporate Governance Report" and "Environmental, Social and Governance Report" in this annual report.

Outlook

Please see "Future prospects and development strategies" on pages 6 to 7 of "Chairman's Statement" in this annual report for details.

DIRECTORS' REPORT

Major Customers and Suppliers

The customers of the Group are primarily its students. For the year ended 31 December 2025, the percentage of revenue attributable to the Group's five largest customers combined was less than 30% of the Group's revenue.

The suppliers of the Group primarily comprise book suppliers, teaching equipment vendors, human resources services providers, equipment and materials vendors. For the year ended 31 December 2025, the percentage of purchases attributable to the Group's five largest suppliers combined were less than 30% of the Group's cost of sale.

None of the Directors, their associates or any Shareholder that, to the knowledge of the Directors, owns more than 5% of the Company's share capital had an interest in the Group's major customers or suppliers.

Tax Relief

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holding of the Shares.

Environmental Policies and Performance

The Group is highly aware of the importance of environmental protection and has not noted any material non-compliance with any relevant laws and regulations in relation to various aspects of its business, including health and safety, workplace conditions, employment and the environment. The Group has implemented environmental protection measures and encouraged its members of staff to be environmentally friendly at work by consuming the electricity and paper according to actual needs, so as to reduce energy consumption and minimise unnecessary waste. The Company is not aware of any environment-related violations during the year ended 31 December 2025.

For details of the Company's environmental policies and performance, and the relations with employees, customers and suppliers, please see the Environmental, Social and Governance Report of the Company for the year ended 31 December 2025 on pages 73 to 124 of this annual report.

Compliance with Relevant Laws and Regulations

During the year ended 31 December 2025, the Group was not aware of material non-compliance with the relevant laws and regulations that have a significant impact on the business and operations of the Group.

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group during the year ended 31 December 2025 are set out in Note 14 to the consolidated financial statements.

Share Capital

Details of the movements in the share capital of the Company during the year ended 31 December 2025 are set out in Note 24 to the consolidated financial statements.

Distributable Reserves of the Company

Details of the movements in reserves of the Company during the year ended 31 December 2025 are set out in Note 28 to the consolidated financial statements.

As at 31 December 2025, the Company's reserves available for distribution to the Shareholders consisted of share premium of approximately RMB318.3 million (2024: RMB107.9 million). Under the Companies Law and subject to the Articles of Association, the share premium account may be applied by the Company for paying distributions or dividend if, after such distributions or dividend is paid, the Company will be able to pay off its debts as they fall due in the ordinary course of business.

Taxation

Details of the tax position of the Company during the year ended 31 December 2025 are set forth in Note 12 to the consolidated financial statements.

Bank Borrowings

As at 31 December 2025, the Group had bank borrowings of RMB70.0 million (2024: RMB40.0 million), details of which were disclosed in Note 33 to the consolidated financial statements.

Directors

The Directors during the year and up to the date of this annual report were as follows:

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)

In accordance with Article 84(1) of the Articles of Association, Mr Chen Qiyuan, Mr. Qi Mingzhi and Ms. Yim Ka Man will retire by rotation and, being eligible, have offered themselves for re-election at the AGM.

Details of the Directors to be re-elected at the AGM will be set out in the circular to the Shareholders.

DIRECTORS' REPORT

Biographical Details of Directors and Senior Management

Biographical details of the Directors and the senior management of the Group as at the date of this annual report are set out on pages 21 to 24 in “Directors and Senior Management” in this annual report.

Independence of the Independent Non-Executive Directors

The Company has received, from each of the independent non-executive Directors, a confirmation of her/his independence pursuant to Rule 3.13 of the Listing Rules. Based on such confirmations, the Company considers that all the independent non-executive Directors are independent.

Directors' Service Contracts

Each of the executive Directors has entered into a service contract with the Company for an initial fixed term of three years and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other, which notice shall not expire until after the fixed term.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for an initial fixed term of one year and will continue thereafter until terminated by not less than three months' notice in writing served by the independent non-executive Director to the Company or with immediate effect following the notice in writing served by the Company to the independent non-executive Director.

None of the Directors who is proposed for re-election at the AGM has or is proposed to have a service contract with the Company or any of its subsidiaries other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

Emolument Policy

A remuneration committee has been set up for reviewing the Company's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Company's operating results, individual performance of the Directors and senior management and comparable market practices.

Details of the emoluments of the Directors and those of the five highest paid individuals of the Group for the year ended 31 December 2025 are set out in Note 37 and Note 9 to the consolidated financial statements, respectively.

For the year ended 31 December 2025, no emoluments were paid by the Group to any Director or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors has waived or agreed to waive any emoluments for the year ended 31 December 2025.

The Company has also adopted the Share Option Scheme as incentive for Directors and eligible employees. Details of the Share Option Scheme are set out in “Share Option Scheme” in this annual report.

The Company has adopted the Share Scheme and the Share Award Scheme to provide incentives to eligible employees of the Group. Details of the Share Scheme and the Share Award Scheme are set out in “Share Scheme” and “Share Award Scheme”, respectively, in this annual report.

Directors' and Controlling Shareholders' Interests in Transactions, Arrangements or Material Contracts

Save as disclosed in this annual report, none of the Directors and controlling shareholders of the Company had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Company to which the Company or any of its subsidiaries, PRC Operating Entities or fellow subsidiaries was a party during the year.

Rights and Interests of Directors and Controlling Shareholders on Competing Business

A deed of non-competition dated 3 June 2019 (the “Deed of Non-competition”) was entered into among the Company and the controlling shareholders of the Company, namely Mr. Chen Qiyuan, Sky Noon and Magnificent Industrial, according to which the controlling shareholders have jointly and severally and irrevocably undertaken that they would not participate or be interested or engaged in or hold any business which is or may be in competition with the business of the member of the Group from time to time.

The controlling shareholders of the Company, namely Mr. Chen Qiyuan, Sky Noon and Magnificent Industrial, have confirmed their compliance with the Deed of Non-competition during the year ended 31 December 2025.

The independent non-executive Directors have reviewed the Deed of Non-competition and assessed whether the controlling shareholders of the Company had abided by the non-competition undertaking. The independent non-executive Directors confirmed that the controlling shareholders had not been in breach of the Deed of Non-competition during the year ended 31 December 2025.

As at 31 December 2025, none of the Directors or their associates had any competing interests in the businesses which competed or are likely to compete with the Company or its subsidiaries or PRC Operating Entities, either directly or indirectly.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2025.

Material Contracts

Save as disclosed in this annual report, none of the Company or any of its subsidiaries or PRC Operating Entities entered into any material contracts with the controlling shareholders or any of their subsidiaries other than the Company, nor was there any material contracts between the Company or any of its subsidiaries and the controlling shareholders or any of their subsidiaries other than the Company in relation to provision of services during the year ended 31 December 2025.

Change in Information in Respect of Directors

Save as disclosed in this annual report, there was no change to any of the information required to be disclosed in relation to any Director pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules for the year ended 31 December 2025.

DIRECTORS' REPORT

Directors' and Chief Executive's Interests and Short Position in Shares, Underlying Shares and Debentures

As at 31 December 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 pursuant to 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 of Directors	Capacity/Nature of Interest	Number of Shares held	Approximate percentage of interest in the Company ⁽¹⁾
Mr. Chen Qiyuan ⁽¹⁾	Interest in a controlled corporation	219,658,000	32.60%
Mr. Qi Mingzhi	Beneficial owner	12,818,000	1.90%

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

Name of Directors	Capacity/Nature of Interest	Amount of registered capital (RMB)	Approximate percentage of equity interest ⁽¹⁾
Mr. Chen Qiyuan ⁽¹⁾	Mr. Chen Qiyuan	7,800,000	39%

Save as disclosed above, as at 31 December 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.

Directors Rights to Acquire Shares or Debentures

Save as disclosed in this annual report, at no time during the year ended 31 December 2025 was the Company or any of its subsidiaries, PRC Operating Entities or fellow subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 was granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 31 December 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 by the Company pursuant to section 336 of the SFO:

Name of Shareholders	Capacity/Nature of Interest	Number of Shares held	Approximate percentage of interest in the Company
Sky Noon ⁽¹⁾	Beneficial owner	219,658,000	32.60%
Yu Xi International ⁽¹⁾	Interest in a controlled corporation	219,658,000	32.60%
FIL Limited	Interest in a controlled corporation	52,344,000	7.76%
Pandanus Partners L.P.	Interest in a controlled corporation	52,344,000	7.76%
Pandanus Associates Inc.	Interest in a controlled corporation	52,344,000	7.76%

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 31 December 2025, the Directors were not aware of any persons (who were not Directors or chief executives 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.

During the year ended 31 December 2025, the Group had three share-based incentive schemes in effect, namely the Share Option Scheme (terminated on 27 February 2024), the Share Scheme (adopted on 27 February 2024) and the Share Award Scheme.

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 select 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 help 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.

DIRECTORS' REPORT

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.

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 this annual report. 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.

Details of the options to subscribe for Shares pursuant to the Share Option Scheme and the movement during the year ended 31 December 2025 are set out below:

Name/class of grantees	Date granted	Exercise price per Share	Number of share options					Outstanding as at 31 December 2025
			Outstanding as at 1 January 2025	Granted during the year	Vested during the year	Exercised during the year	Lapsed/ cancelled during the year	
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

Notes:

- On 6 February 2023, the Company granted share options (the "Share Options") to the grantees under the Share Option Scheme, which will entitle them to subscribe for an aggregate of 27,785,000 new Shares. Subject to the fulfilment of the relevant vesting conditions (including performance criteria and duration of employment with the Group) as determined by the Board, the Share 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.
- 9,169,050 Options granted under the Share Option Scheme have been vested in April 2025 and have not yet been exercised as at 31 December 2025.

The value of the Share Options granted is HK\$0.81 to HK\$1.01 per option, based on the Trinomial tree valuation model. The significant inputs into the model were share price of HK\$1.53 as at the grant date, the exercise price shown above, standard deviation of expected share price returns of 86.32%, expected life of options of two years, expected zero dividend payout rate and annual risk-free interest rate of 3.29% to 3.57%. 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 Share Option Scheme was terminated on 27 February 2024 immediately upon the adoption of the Share Scheme 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 Share Option Scheme Rules.

Share Scheme

The Share Scheme was adopted on 27 February 2024. Subject to the terms of the Share Scheme and unless terminated earlier, the Board shall be entitled at any time within 10 years from the adoption date of the Share Scheme to offer the grant of an award (in the form of share option or share award) to any eligible participant as defined under the Share Scheme. The remaining life of the Share Scheme is around 8 years.

Purpose

The purpose of the Share Scheme is to provide the Company with a flexible means of attracting, remunerating, incentivising, retaining, rewarding, compensating and/or providing benefits to the eligible participants (the “**Eligible Participants**”) through aligning the interests of Eligible Participants with those of the Company and Shareholders by providing them with an opportunity to acquire proprietary interests in the Company and become Shareholders, and thereby, encouraging Eligible Participants to contribute to the long-term growth, performance and profits of the Company and to enhance the value of the Company and its Shares for the benefit of the Company and Shareholders as a whole.

DIRECTORS' REPORT

Participants

Eligible Participants are determined by the Board and/or any of its committee or delegatee (“**Scheme Administrator**”) from time to time to be eligible to participate as grantees under the Share Scheme, and shall fall under one or more of the below categories:

- (a) Employee Participant, being an employee, director or officer of the Group on the date of grant.
- (b) Related Entity Participant, being an employee, director or officer of the following: a “holding company” of the Company (as defined in the SFO); a “subsidiary” of a holding company of the Company (as defined in the SFO) other than the Group; or an “associate” of the Company (as defined in the Listing Rules).
- (c) Service Provider Participant, being a person (including an entity) that falls under the category of “consultants and advisers” who provides services to the Group on a continuing basis in its ordinary and usual course of business which are in the interests of the long term growth of the Group as determined by the Scheme Administrator pursuant to the criteria as set out in the rules of the Share Scheme.

Scheme Limit and Maximum Entitlement of Each Participant

The total number of Shares that may be issued pursuant to all Awards to be granted under the Share Scheme and awards to be granted under any other share schemes of the Company that are funded by the issuance of new Shares is (the “**Scheme Mandate Limit**”):

- (a) initially set at 10% of the Shares in issue as at the Adoption Date, being 55,570,000 Shares; and
- (b) may be subsequently refreshed in accordance with the rules of the Share Scheme and the Listing Rules, as further approved by Shareholders at general meeting.

The total number of Shares that may be issued pursuant to all Awards to be granted to Service Provider Participants under this scheme is (the “**Service Provider Sublimit**”):

- (a) initially set at 1% of the Shares in issue as at the Adoption Date, being 5,557,000 Shares; and
- (b) may be subsequently refreshed in accordance with the rules of the Share Scheme and the Listing Rules, as further approved by Shareholders at general meeting.

Awards that have lapsed in accordance with the terms of the 2024 Scheme will not be regarded as utilised for the purpose of calculating the Scheme Mandate Limit and the Service Provider Sublimit. Awards that have been cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit and the Service Provider Sublimit.

The Company shall comply with the relevant Listing Rules requirements on the maximum entitlement of each participant under the scheme.

Exercise Period and Vesting Period

The Scheme Administrator may determine in its absolute discretion the exercise period for any award of share options and/or share awards and such period shall be set out in the award letter. However, the exercise period for any award of share options shall not be longer than 10 years from the date of grant.

The Scheme Administrator may determine the vesting period and specify such period in the award letter. The vesting period may not be for a period less than 12 months from the grant date, except in limited circumstances set out in the rules of the Share Scheme which only are only applicable in accordance with the applicable Listing Rules.

Exercise Price

The Scheme Administrator may determine in its absolute discretion the issue price for the exercise of share awards and/or the exercise price for awards in the form of share awards and/or share options (as the case may be) and such prices shall be set out in the award letter.

However, the exercise price for share options shall be no less than the higher of: (i) the closing price of the Shares on the date of grant; and (ii) the average closing price of the Shares for the five Business Days immediately preceding the date of grant.

The issue price shall be determined on an individual basis for each of the grantee by the Scheme Administrator, taking into account the purpose of the Share Scheme, the interests of the Company and the individual circumstances of each grantee.

Details of the options to subscribe for Shares pursuant to the Share Scheme and the movement during the year ended 31 December 2025 are set out below:

Name/class of grantees	Date granted	Exercise price per Share	Number of options					Outstanding as at 31 December 2025
			Outstanding as at 1 January 2025	Granted during the year	Vested during the year	Exercised during the year	Lapsed/ cancelled during the year	
Employees of the Group	28 February 2024	HK\$4.48	16,671,000 (Note 1)	—	(8,335,500)	—	(8,335,500)	8,335,500
	29 November 2024	HK\$5.16	16,671,000 (Note 2)	—	—	—	(16,671,000)	—
	11 September 2025	HK\$2.33	—	22,228,000 (Note 3)	—	—	—	22,228,000
Total			33,342,000	22,228,000	(8,335,500)	—	(25,006,500)	30,563,500

DIRECTORS' REPORT

- Note 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 Options 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 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 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. On 11 September 2025, the Board cancelled 8,335,500 unvested Share Options held by the Grantees and re-grant new Share Options to them (see Note 3 below). As at 31 December 2025, 8,335,500 of such Share Options were vested and exercisable.
- Note 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. On 11 September 2025, the Board cancelled 16,671,000 unvested Share Options held by the Grantees and re-grant new Share Options to them (see Note 3 below). As at 31 December 2025, none of such Share Options were outstanding.
- Note 3: On 11 September 2025, the Company cancelled 25,006,500 unvested Share Options (see Note 1 and Note 2 above) and re-granted 22,228,000 Share Options to the grantees under the Share Scheme, which will entitle them to subscribe for an aggregate of 22,228,000 new Shares. The exercise price per Share of such Share Options is HK\$2.33 and the closing price of the Shares on the date immediately prior to the grant was HK\$2.33. 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) 50% to be vested on 15 January 2026; (ii) 25% to be vested on 15 January 2027; and (iii) the remaining 25% 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 31 December 2025, none of such Share Options were vested and exercisable.

The maximum amount of Shares which may be issued in respect of options granted under the Share Scheme is 30,563,500 Shares, representing approximately 4.54% 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 year ended 31 December 2025 divided by the weighted average number of Shares in issue for the period is 0.073.

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.

The value of the Share Options granted on 11 September 2025 is HK\$0.75 to HK\$1.10 per option, based on the binomial valuation model. The significant inputs into the model were share price of HK\$2.33 as at the grant date, exercise price shown above, standard deviation of expected share price returns of 60.83% to 70.25%, expected life of options of two years, expected dividend payout rate of 2.64% and annual risk-free interest rate of 2.27% to 2.40%. 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 were 55,570,000 Shares, and grant to service providers is subject to the service provider sublimit of 5,557,000 Shares. During the period from the adoption date of the 2024 Share Scheme on 27 February 2024 (which is also the effective date of the existing Scheme Mandate Limit) to 31 December 2025, Share Options representing 55,570,000 new Shares, which in turn represent approximately 8.25% of the total number of Shares in issue as at 31 December 2025, have been granted to the employees of the Group under the 2024 Share Scheme. As at 31 December 2025, the existing Scheme Mandate Limit (and accordingly, the Service Provider Sublimit) have been fully utilized.

In view that the existing Scheme Mandate Limit has been fully utilised, the Company convened an extraordinary general meeting on 13 March 2026 and obtained the Independent Shareholders' approval on the refreshment of the Scheme Mandate Limit so as to allow the Company to grant new Awards under the 2024 Share Scheme in aggregate up to 10% of the issued share capital of the Company (excluding treasury Shares) as at the date of passing such ordinary resolution(s).

As at the latest practicable date, the total number of Shares available for future grant under the Scheme Mandate Limit of Share Scheme were 33,638,105 Shares, and grant to service providers is subject to the service provider sublimit of 6,727,810 Shares.

DIRECTORS' REPORT

Share Award Scheme

The Share Award Scheme was approved and adopted by the Board on 28 December 2020. A summary of the Share Award Scheme is set out below. For further details, please refer to the announcement of the Company dated 28 December 2020.

Duration

Subject to any early termination as may be determined by the Board pursuant to the Share Award Scheme Rules, the Share Award Scheme shall be valid and effective from 28 December 2020 to the date the last of the Awarded Shares has been vested and transferred to the relevant selected participant or has lapsed in accordance with the Share Award Scheme Rules provided that no Award shall be made on or after the tenth anniversary date of the Adoption Date. The remaining life of the Share Award Scheme as of the date of this annual report is around 4 years.

Purpose and objectives

The purposes and objectives of the Share Award Scheme are (i) to recognise the contributions by full time or part time employees who, in the sole and absolute discretion of the Board, have contributed or will contribute to the growth and development of the Group (the “**Eligible Participants**”) and to provide them with incentives in order to retain them for the continual operation and development of the Group; (ii) to attract suitable personnel for further development of the Group; and (iii) to provide certain Eligible Participants with a direct economic interest in attaining a long-term relationship with the Group.

Administration

The Share Award Scheme shall be subject to the administration of the Board in accordance with the Share Award Scheme Rules and the terms of the Trust Deed. The Trustee shall hold the trust fund (including the Awarded Shares and related income) in accordance with the terms of the Trust Deed. The Board may from time to time issue implementation and operation manual for the Share Award Scheme.

Operation

The Board may, at any time and from time to time, cause to be paid by the Group an amount of cash to the Trustee for the purchase of Shares on the market at the prevailing market price for the operation of the Share Award Scheme. Once purchased, the Shares are to be held by the Trustee for the award of Shares under the Share Award Scheme. As no new Shares will be issued for the award of Shares under the Share Award Scheme, the Operation of the Share Award Scheme is not expected to have a dilutive impact to the Shareholders.

Scheme limit

As the operation of the Share Award Scheme will not involve any issuance of new Shares and is not expected to have any dilutive impact to the Shareholders, the Board does not consider that it is necessary to set a scheme limit for the Share Award Scheme. However, the maximum number of shares which may be awarded to a Selected Participant in the 12-month period up to and including the date of such grant in aggregate under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company as at the date of grant.

Award of awarded shares

Subject to the Share Award Scheme Rules, the Board may, from time to time, at its sole and absolute discretion select any Eligible Participant (other than an Excluded Participant) for participation in the Share Award Scheme as a Selected Participant.

In determining the number of Awarded Shares for a Selected Participant, the Board may take into consideration matters including (without limitation), the general financial condition of the Group and the rank and performance of the relevant Selected Participant.

The Board is entitled to impose any conditions (including, without limitation, the performance, operating and financial targets and other criteria such as payment of grant price, if any, to be satisfied by the Selected Participant), as it deems appropriate in its sole and absolute discretion before the Awarded Shares can vest. The Board shall inform (i) such Selected Participant the number of Awarded Shares, the vesting conditions and the vesting schedule; and (ii) the Trustee the relevant information of the Selected Participant and the relevant conditions of the Awarded Shares.

No Awards will be granted to any Excluded Participant, including any connected person of the Company at the time of the proposed grant.

Any Award made under the Share Award Scheme Rules shall be personal to the Selected Participant to whom it is made and shall not be assignable or transferrable and, subject to the Share Award Scheme Rules, no Selected Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to such Award or the related income or any of the Returned Shares under the Share Award Scheme prior to the Vesting Date.

Vesting of Awarded Share

Subject to the terms and conditions of the Share Award Scheme and the fulfillment of all relevant vesting conditions, the respective Awarded Shares held by the Trustee on behalf of a Selected Participant pursuant to the provision of the Share Award Scheme Rules shall vest in such Selected Participant in accordance with the vesting schedule (if any) and the Trustee shall cause the Awarded Shares to be transferred to such Selected Participant on the Vesting Date(s), provided that the Selected Participant remains at all times after the grant of the Award and on each relevant Vesting Date an Eligible Participant.

Where any Awarded Shares and the related income which is in the form of Shares are not vested in any Selected Participant for whatever reasons in accordance with the Share Award Scheme Rules, all such unvested Awarded Shares and the related income shall become and for all intents and purposes be deemed to become the Returned Shares for the purposes of the Share Award Scheme and in accordance with the Share Award Scheme Rules.

In respect of a Selected Participant who retired by agreement with a member of the Group at any time prior to or on the Vesting Date, all the Awarded Shares of the relevant Selected Participant shall be deemed to be vested on the day immediately prior to his or her retirement with the relevant member of the Group.

DIRECTORS' REPORT

Disqualification of Selected Participant

In the event that prior to or on the Vesting Date, a Selected Participant is found to be an Excluded Participant or is deemed by the Board in its sole and absolute discretion to cease to be an Eligible Participant under the following circumstances:

- (a) where such person has committed any act of fraud or dishonesty or misconduct;
- (b) where such person has been declared or adjudged to be bankrupt by a competent court or governmental body or has failed to pay his or her debts as they fall due (after the expiry of any applicable grace period) or has entered into any arrangement or composition with his or her creditors generally or an administrator has taken possession of any of his or her assets;
- (c) where such person has been convicted of any criminal offence; or
- (d) where such person has been convicted of or is being held liable for any offence under or any breach of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) or other securities laws or regulations in Hong Kong or any other applicable laws or regulations in force from time to time.

Lapse of Award

(1) Total Lapse

In the event that prior to or on the Vesting Date, under the following circumstances and subject to the terms of the Scheme, the Award shall, unless the Board otherwise agrees, lapse forthwith and the Awarded Shares of such Award shall not vest on the relevant Vesting Date but shall become Returned Shares for the purpose of the Share Award Scheme:

- (i) the relevant Selected Participant dies or ceases to be an Eligible Participant;
- (ii) the Subsidiary by which a Selected Participant is employed ceases to be a Subsidiary of the Company (or of a member of the Group); or
- (iii) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company.

(2) Partial Lapse

In the event that prior to or on the Vesting Date, under the following circumstances and subject to the terms of the Share Award Scheme, the relevant part of the Award made to such Selected Participant shall, unless the Board otherwise agrees, lapse forthwith and the relevant Awarded Shares shall not vest on the relevant Vesting Date but shall become Returned Shares for the purpose of the Share Award Scheme:

- (i) a Selected Participant is found to be an Excluded Participant; or
- (ii) a Selected Participant fails to return duly executed transfer documents prescribed by the Trustee for the relevant Awarded Shares within the stipulated period.

In case there is any lapsed Award, the Trustee shall hold the Returned Shares subject to future grants to be made by the Board in its sole and absolute discretion.

Restrictions

No Award shall be made by the Board pursuant to the Share Award Scheme Rules and no payment shall be made to the Trustee and no instructions to purchase Shares shall be given to the Trustee under the Share Award Scheme where any Director is in possession of inside information in relation to the Group or where dealings in Shares by Directors are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time, including the Model Code.

Alteration of the Share Award Scheme

The Share Award Scheme may be altered in any respect by a resolution of the Board provided that no such alteration shall operate to affect materially and adversely any subsisting rights of any Selected Participant under the Scheme Rules. Written notice of any amendment to the Share Award Scheme shall be given to all Selected Participants and the Trustee.

Voting Rights

The Trustee shall not exercise the voting rights in respect of any Shares held by it as nominee or under the Trust (if any).

Termination

If not otherwise extended by the Board, the Share Award Scheme shall terminate on the earlier of (i) the 10th anniversary date of the Adoption Date; and (ii) such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any Selected Participant under the Share Award Scheme.

Upon termination of the Share Award Scheme, all Shares remaining in the trust fund of the Trust shall be sold by the Trustee. The net proceeds of aforesaid sale and such other funds remaining in the Trust shall be remitted to the Company forthwith after the sale. For the avoidance of doubt, the Trustee may not transfer any Shares to the Company nor may the Company otherwise hold any Shares whatsoever (other than its interest in the proceeds of sale of such Shares mentioned above).

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 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. As at 31 December 2025, 1,500,000 Shares were held by the Trustee. 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.

DIRECTORS' REPORT

Details of the awarded Shares pursuant to the Share Award Scheme and the movement during the year ended 31 December 2025 are set out below:

Name/class of grantees	Date of grant	Number of awarded shares				
		Outstanding as at 1 January 2025	Granted during the year	Vested during the year	Lapsed/ forfeited during the year	Outstanding as at 31 December 2025
Employees of the Group	11 September 2025	—	12,000,000 (Note 1)	12,000,000	—	—

Note 1: The award shares were vested immediately on the date of grant. The price payable on vesting of the awarded shares is HK\$2.0 per Share and the closing price of the Shares on the date immediately prior to the grant was HK\$2.37.

The fair value of the awarded shares granted on 11 September 2025 is RMB3,611,000, which was calculated based on the market price of the Shares at the grant date. The expected dividends during the vesting period have been taken into account when assessing the fair value of these awarded shares.

Equity-linked Agreements

During the year ended 31 December 2025, save as disclosed in this annual report, no equity-linked agreement was entered into by or subsisted in the Company, and there was no provision to enter into any agreement which will or may result in the Company issuing shares.

Continuing Connected Transactions

In addition to the related party transactions disclosed in Note 36 to the consolidated financial statements, details of continuing connected transactions (“CCTs”) of the Group as defined under the Listing Rules, which are required to be disclosed in accordance with the requirements of Chapter 14A of the Listing Rules, are summarised below:

Continuing connected transactions

We have entered into a number of continuing agreements and arrangements with our connected persons in our ordinary and usual course of business, which constitute continuing connected transactions under the Listing Rules. We set out below details of the continuing connected transactions for the Group:

1. Structured Contracts

On 13 January 2019, Shenzhen Fengye entered into various agreements with, among others, the PRC Operating Entities that constitute the Structured Contracts. Pursuant to the Structured Contracts, all economic benefits arising from the business of the PRC Operating Entities are transferred to Shenzhen Fengye to the extent permitted under the PRC laws and regulations by means of service fees payable by the PRC Operating Entities.

The Structured Contracts consist of a series of agreements, including an exclusive corporate operation and business process consultancy service agreement, an exclusive technical service agreement, an exclusive call option agreement, a shareholders' voting rights entrustment agreement, an equity pledge agreement and a spousal undertaking, each of which is an integral part of the Structured Contracts. Please see "Structured contracts" in this annual report and "Structured contracts" in the Prospectus for further details.

The table below sets forth the connected persons of the Company involved in the Structured Contracts and the nature of his/its connection with the Group. The transactions contemplated under the Structured Contracts, as a whole, constitute continuing connected transactions of the Company under the Listing Rules upon the Listing.

Name	Connected Relationships
Mr. Chen Qiyuan	Mr. Chen Qiyuan is a Director and a controlling shareholder of the Company, and therefore a connected person of the Company under Rule 14A.07(1) of the Listing Rules.
Xuanyang Investment	Xuanyang Investment is owned as to 19.99% by Mr. Chen Qiyuan and 80.01% by Ms. Chen Yunlei, the spouse of Mr. Chen Qiyuan and therefore a connected person of the Company under Rule 14A.07(4) of the Listing Rules.

The independent non-executive Directors have also reviewed the transactions under the Structured Contracts and have confirmed that (i) the transactions under the Structured Contracts carried out during the year ended 31 December 2025 had been entered into in accordance with the relevant provisions of the Structured Contracts, had been operated so that the profit generated by the PRC Operating Entities had been substantially retained by the Group; (ii) no dividends or other distributions have been made by the PRC Operating Entities to the holders of its interest which are not otherwise subsequently assigned or transferred to the Group; and (iii) the Structured Contracts are fair and reasonable, or advantageous, so far as the Group is concerned and in the interests of the Shareholders as a whole.

PricewaterhouseCoopers, the Company's auditor, was engaged to report on the transactions under the Structured Contracts in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" as issued by the Hong Kong Institute of Certified Public Accountants. PricewaterhouseCoopers has issued a letter to the Board, confirming that nothing has come to their attention that would cause them to believe that:

- (1) such continuing connected transactions have not been approved by the Board;
- (2) such continuing connected transactions were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions;
- (3) in respect of the transactions under the Structured Contracts, dividends or other distributions have been made by the PRC Operating Entities to the holders of the equity interests of the PRC Operating Entities which are not otherwise subsequently assigned or transferred to the Group.

The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of the above continuing connected transactions.

DIRECTORS' REPORT

Structured Contracts

Background of the Structured Contracts

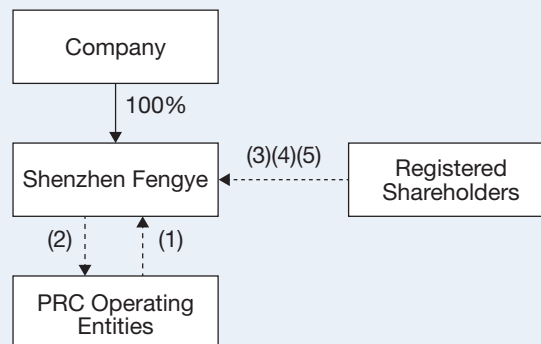
The following summarised generally the status of the Structured Contracts adopted by the Group given the PRC legal restriction imposed on the shareholding structure over the business the Group. For further details of the Structured Contracts, please refer to “**Structured Contracts**” in the Prospectus.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

Pursuant to the List of Special Management Measures for the Market Entry of Foreign Investment (《外商投資准入特別管理措施(負面清單)(2020年版)》), the “**Negative List**”), the provision does not explicitly prohibit or restrict the participation of foreign-invested entities in K-12 after-school tutoring services. As such, there is uncertainty in practice as to (i) whether foreign investors are permitted to invest in tutoring business in the PRC; (ii) if foreign investment is permitted, whether tutoring business invested by foreign investors must comply with the Regulation on Operating Sino-foreign Schools of the PRC (《中華人民共和國中外合作辦學條例》) (the “**Sino-foreign Regulations**”) and its implementation measures and whether such companies offering tutoring business must operate through Sino-foreign joint venture entities; and (iii) if Sino-Foreign Regulations are applicable, what specific criteria must be met by a foreign investor (such as length of experience and form and extent of ownership in the foreign jurisdiction) in order to demonstrate to the relevant education authorities that it meets the Qualification Requirement (as defined below).

Pursuant to the Implementing Measures for the Regulation on Operating Sino-Foreign Schools of the PRC (《中外合作辦學條例實施辦法》) (the “**Sino-Foreign Regulations**”), for any educational institution operated as a Sino-foreign joint venture entity, the foreign investor in the Sino-foreign joint venture entity must be a foreign educational institution with relevant qualification and high quality of education (the “**Qualification Requirement**”). Furthermore, pursuant to the Implementation Opinions on Encouraging and Guiding Private Fund’s Entry into the Education Sector and Promoting Healthy Development of Private Education (《關於鼓勵和引導民間資金進入教育領域促進民辦教育健康發展的實施意見》) promulgated by the Ministry of Education of the PRC on 18 June 2012, the foreign portion of the total investment in a Sino-foreign joint venture entity should be below 50% (the “**Foreign Ownership Restriction**”). In addition, the Negative List sets forth the restrictive measures for the market entry of foreign investors, such as equity requirements and senior manager requirements. The Negative List requires that foreign investors may only operate educational institutions offering such education services through Sino-foreign education institutions that are in compliance with the Sino-foreign Regulations. Moreover, the Negative List also provides that the domestic party shall play a dominant role in the Sino-foreign cooperation, meaning that (a) the principal or chief executive officer of the educational institutions shall be a PRC national, and (b) the representatives of the domestic party shall account for no less than half of the total numbers of the board of directors, the executive council or the joint administration committee of the Sino-foreign education institution (the “**Foreign Control Restriction**”). However, the provision of K-12 after-school education services, which the Group is engaged in, is not expressly included in the Negative List.

The Group currently conducts its private tutoring business through the PRC Operating Entities in the PRC. Based on the interviews of the Group with competent authorities in Guangdong and Xiamen, Fujian Province, 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.

The following simplified diagram illustrates the flow of economic benefits from the PRC Operating Entities to Shenzhen Fengye stipulated under the Structured Contracts:



— denotes direct legal and beneficial ownership in the equity interest
 ---- denotes Structured Contracts

Notes:

1. Payment of service fees. See “Structured Contracts – Summary of the material terms of the Structured Contracts – (1) Exclusive Corporate Operation and Business Process Consultancy Service Agreement” in this annual report for details.
2. Provision of exclusive technical services. See “Structured Contracts – Summary of the material terms of the Structured Contracts – (2) Exclusive Technical Service Agreement” in this annual report for details.
3. Exclusive call option to acquire all or part of the interest in Shenzhen Scholar. See “Structured Contracts – Summary of the material terms of the Structured Contracts – (3) Exclusive Call Option Agreement” in this annual report for details.
4. Entrustment of shareholders’ right including shareholders’ power of attorney. See “Structured Contracts – Summary of the material terms of the Structured Contracts – (4) Shareholders’ Voting Rights Entrustment Agreement” and “Structured Contracts – Summary of the material terms of the Structured Contracts – (6) Shareholders’ Powers of Attorney” in this annual report for details.
5. Pledge of equity interest by the Registered Shareholders of their equity interest in Shenzhen Scholar. See “Structured Contracts – Summary of the material terms of the Structured Contracts – (5) Equity Pledge Agreement” in this annual report for details.

Summary of the material terms of the Structured Contracts

A description of each of the specific agreements that comprise the Structured Contracts is set out below:

- (1) Exclusive Corporate Operation and Business Process Consultancy Service Agreement
 Pursuant to the Exclusive Corporate Operation and Business Process Consultancy Service Agreement, Shenzhen Fengye shall provide exclusive corporate operation and business process consultancy services necessary for the tutoring business of the PRC Operations Entities, and the PRC Operating Entities shall make payments accordingly.

Such exclusive services as prescribed under the Exclusive Corporate Operation and Business Process Consultancy Service Agreement include but are not limited to:

- (a) providing business process outsourcing and operational management consulting services, such as curriculum design, recruitment support and training of staff members;

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- (b) preparing development plans and annual working plans as well as business consulting and advising related services;
 - (c) providing brand planning activities, marketing research and marketing consulting services; and
 - (d) providing other reasonable technical support to facilitate the daily operation of Shenzhen Scholar.
- (2) Exclusive Technical Service Agreement
- Pursuant to the Exclusive Technical Service Agreement, Shenzhen Fengye has agreed to provide exclusive technical services to the PRC Operating Entities, including but not limited to:
- (a) designing, developing, updating and maintaining education software for computer and mobile devices;
 - (b) designing, developing, updating and maintaining webpages and websites necessary for the education activities of the PRC Operating Entities;
 - (c) designing, developing, updating and maintaining management information systems and other internal management systems necessary for the education activities of the PRC Operating Entities;
 - (d) providing other technical support necessary for the education activities of the PRC Operating Entities;
 - (e) providing technical consulting services;
 - (f) providing technical training;
 - (g) engaging technical staff to provide on-site technical support; and
 - (h) providing other technical services reasonably requested by the PRC Operating Entities.

In consideration of the exclusive technical services provided by Shenzhen Fengye, the PRC Operating Entities agreed to pay Shenzhen Fengye a service fee equal to all of their respective amount of net profits before tax at a quarterly basis.

Pursuant to the Exclusive Technical Service Agreement, unless otherwise prescribed under the PRC laws and regulations, Shenzhen Fengye shall have exclusive proprietary rights to any technology and intellectual property developed and materials prepared in the course of the provision of research and development, technical support and services by Shenzhen Fengye to the PRC Operating Entities, and any intellectual property in the products developed, including any other rights derived thereunder, in the course of performance of obligations under the Exclusive Technical Service Agreement. If the applicable PRC laws and regulations clearly stipulate that such intellectual property rights may not be owned by Shenzhen Fengye, the PRC Operating Entities shall grant an exclusive license to Shenzhen Fengye for the use of such intellectual property rights until the transfer of such rights to Shenzhen Fengye becomes permitted under law.

(3) Exclusive Call Option Agreement

Pursuant to the Exclusive Call Option Agreement, the Registered Shareholders have irrevocably granted Shenzhen Fengye or its designated purchaser the right to purchase all or part of the equity interest of the Registered Shareholders in Shenzhen Scholar (“**Equity Call Option**”) and the assets of Shenzhen Scholar (“**Asset Call Option**”, together with the Equity Call Option, the “**Call Options**”).

Upon exercise of the Equity Call Option, the purchase price payable by Shenzhen Fengye or its designated purchaser in respect of the transfer of the equity interest in Shenzhen Scholar shall be the lowest price permitted under the PRC laws and regulations. Upon exercise of the Asset Call Option, the purchase price payable by Shenzhen Fengye or its designated purchaser in respect of the transfer of the assets in Shenzhen Scholar shall be RMB1, or if the then lowest price permitted under the PRC laws is higher, then the consideration shall be at the lowest price permitted by the PRC laws. Shenzhen Fengye or its designated purchaser shall have the right to purchase such proportion of equity interests or assets of Shenzhen Scholar as it decides at any time.

In the event that the PRC laws and regulations allow Shenzhen Fengye or the Group to directly hold all or part of the equity interest in Shenzhen Scholar, Shenzhen Fengye shall issue the notice of exercise of the Call Options as soon as practicable, and the percentage of equity interest purchased upon exercise of the Call Options shall not be lower than the maximum percentage then allowed to be held by Shenzhen Fengye or the Group under the PRC laws and regulations.

(4) Shareholders' Voting Rights Entrustment Agreement

Pursuant to the Shareholders' Voting Rights Entrustment Agreement, each of the Registered Shareholders has irrevocably authorised and entrusted Shenzhen Fengye or its designated person (excluding any person who is not independent from the Company or may give rise to any conflict of interest) to exercise all of his/her/its respective rights as shareholders of Shenzhen Scholar to the extent permitted by the PRC laws.

(5) Equity Pledge Agreement

Pursuant to the Equity Pledge Agreement, each of the Registered Shareholders has pledged and granted first priority security interests over all of his/her/its equity interests in Shenzhen Scholar together with all related rights thereto to Shenzhen Fengye as security for the performance of the Structured Contracts, all direct, indirect or consequential damages and foreseeable loss of interest incurred by Shenzhen Fengye as a result of any event of default on the part of the Registered Shareholders or Shenzhen Scholar and all expenses incurred by Shenzhen Fengye as a result of enforcement of the obligations of the Registered Shareholders and/or Shenzhen Scholar under the Structured Contracts.

Upon the occurrence of an event of default, Shenzhen Fengye shall have the right to enforce the Equity Pledge Agreement by written notice to the Registered Shareholders in one or more of the following ways:

- (a) sell the pledged equity interest by way of auction or at a discount and have priority in the entitlement to the sales proceeds; and
- (b) dispose of the pledged equity interest in other manners subject to applicable laws and regulations.

DIRECTORS' REPORT

(6) Shareholders' Powers of Attorney

Pursuant to the Shareholders' Powers of Attorney executed by each of the Registered Shareholder in favour of Shenzhen Fengye, each of the Registered Shareholder has authorised and appointed Shenzhen Fengye, as his/her/its agent to act on his/her/its behalf to exercise or delegate the exercise of all his/her/its rights as shareholders of Shenzhen Scholar, and any related actions must be decided by its officers or directors who are not Registered Shareholders. For details of the rights granted, see "Structured Contracts – Summary of the material terms of the Structured Contracts – (4) Shareholders' Voting Rights Entrustment Agreement" in this annual report.

Shenzhen Fengye shall have the right to further delegate the rights so delegated to its directors or other designated person, and any related actions must be decided by its officers or directors who are not Registered Shareholders. The Shareholders' Power of Attorney shall constitute a part and incorporate terms of the Shareholders' Voting Rights Entrustment Agreement.

(7) Spousal Undertaking

Pursuant to the Spousal Undertaking, Ms. Chen Yunlei, the spouse of Mr. Chen Qiyuan, has irrevocably undertaken that:

- (a) she has full knowledge of and has consented to the entering into of the Structured Contracts by Mr. Chen Qiyuan, whether as a contractual party or not, and in particular, the arrangement as set out in the Structured Contracts in relation to the equity interest in Shenzhen Scholar, including any restrictions imposed, pledge or transfer or the disposal in any other forms;
- (b) she has not, is not and shall not in the future participate in the operation, management, liquidation, dissolution or other matters in relation to the PRC Operating Entities;
- (c) she authorises Mr. Chen Qiyuan and/or his authorised person to execute all necessary documents and perform all necessary procedures from time to time for and on her behalf in order to safeguard the interest of Shenzhen Fengye under the Structured Contracts and give effect to the fundamental purposes thereunder, and confirms and agrees to all such documents and procedures;
- (d) she shall not (whether directly or indirectly, actively or passively) act, or omit to act, against the purpose or intention of the Structured Contracts;
- (e) any undertaking, confirmation, consent and authorisation under the Spousal Undertaking shall not be revoked, prejudiced, invalidated or otherwise adversely affected by any increase, decrease, consolidation or other similar events relating to the direct or indirect interest of Mr. Chen Qiyuan in shares of Shenzhen Scholar; and
- (f) any undertaking, confirmation, consent and authorisation under the Spousal Undertaking shall not be revoked, prejudiced, invalidated or otherwise adversely affected by reason of her loss of or restriction on capacity, death, divorce or other similar events.

The term of the Spousal Undertaking shall be the same as that of the Exclusive Technical Service Agreement.

Business activities of the PRC Operating Entities and their significance and financial contributions to the Group

The main business activities of the PRC Operating Entities are the provision of after-school education services through non-academic literacy programme and tutoring programme in the PRC.

According to the Structured Contracts, the Group obtains control over and derives the economic benefits from the PRC Operating Entities. The table below sets out the financial contribution of the PRC Operating Entities to the Group:

	Revenue for the year ended 31 December 2025	Net profit for the year ended 31 December 2025	Total assets as at 31 December 2025
PRC Operating Entities	100%	90%	84%

Revenue and assets involved in the Structured Contracts

The table below sets out (i) the revenue for the year ended 31 December 2025; and (ii) the total assets in relation to the PRC Operating Entities as at 31 December 2025, which would be consolidated into the Group's financial statements pursuant to the Structured Contracts:

	Revenue RMB'000	Total assets RMB'000
PRC Operating Entities	785,580	1,384,329

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 are no other change in the relevant PRC laws and regulations), it will exercise the Equity Call Option in full to acquire all of the interest in the PRC Operating Entities and unwind the Structured Contracts accordingly. For further details, please see "Structured Contracts – Summary of the material terms of the Structured Contracts – (3) Exclusive Call Option Agreement" in this annual report and "Structured Contracts – Termination of the Structured Contracts" in the Prospectus.

As at the date of this annual 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.

DIRECTORS' REPORT

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 for converting 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 for converting 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 and the Group continues to evaluate the optimal timing and feasibility of the launch. The Company is of the view that the foregoing steps are meaningful endeavours that are reasonable and appropriate to comply with the Qualification Requirement.

Overall performance and compliance with the Structured Contracts

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

- (a) major issues arising from the implementation and compliance with the Structured Contracts or any regulatory enquiries from government authorities will be submitted to the Board, if necessary, for review and discussion on an occurrence basis;
- (b) the Board will review the overall performance of and compliance with the Structured Contracts at least once a year;
- (c) the Company will disclose the overall performance and compliance with the Structured Contracts in its annual and interim reports to update the Shareholders and potential investors;
- (d) the Company and the Directors undertake to provide periodic updates in the Company's annual and interim reports regarding the Qualification Requirement and the Group's status of compliance with the Foreign Investment Law and its accompanying explanatory notes and the latest development of the Foreign Investment Law and its accompanying explanatory notes;
- (e) the Company will engage external legal advisers or other professional advisers, if necessary, to assist the Board in reviewing the implementation of the Structured Contracts, the legal compliance of Shenzhen Fengye and the PRC Operating Entities to deal with specific issues or matters arising from the Structured Contracts; and
- (f) the Company will disclose, as soon as reasonably practicable (i) any updates of changes to the Foreign Investment Law that will materially and adversely affect the Company as and when they occur; and (ii) a clear description and analysis of the Foreign Investment Law as implemented, specific measures taken by the Group to fully comply with the Foreign Investment Law supported by a PRC legal opinion and any material impact of the Foreign Investment Law on the Group's operations and financial position of the Group.

In addition, notwithstanding that the executive Director, Mr. Chen Qiyuan, is also a Registered Shareholder, the Company believes that the Directors are able to perform their roles in the Group independently and the Group is capable of managing its business independently under the following measures:

- (a) the decision-making mechanism of the Board as set out in the Articles of Association includes provisions to avoid conflict of interest by providing, among other things, that in the event of conflict of interest in such contract or arrangement which is material, a Director shall declare the nature of his interest at the earliest meeting of the Board at which it is practicable for him to do so, and if he is to be regarded as having material interest in any contracts or arrangements, such Director shall abstain from voting and not be counted in the quorum;
- (b) each of the Directors is aware of his fiduciary duties as a Director which requires, among other things, that he acts for the benefits and in the best interests of the Group;
- (c) the Company has appointed three independent non-executive Directors, comprising over one-third of the Board, to provide a balance of the number of interested and independent Directors with a view to promoting the interests of the Company and the Shareholders as a whole; and
- (d) the Company will disclose in its announcements, circulars, annual and interim reports in accordance with the requirements under the Listing Rules regarding decisions on matters reviewed by the Board (including independent non-executive Directors) relating to any business or interest of each Director and his associates 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 Group will continue to implement such 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 annual 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 year ended 31 December 2025 and up to the date of this report.

Material Changes

Save as disclosed above, as at the date of this annual report, there are no material changes in the Structured Contracts and/or the circumstances under which the Structured Contracts were adopted.

Purchase, Sale or Redemption of Listed Securities

On 31 December 2025, the Company cancelled a total of 1,088,000 shares repurchased from 16 November 2023 to 25 April 2024 with average repurchase share price of HK\$2.39 per share. The Directors considered that such repurchases would enhance the earnings per share and increase the net asset value per share attributable to the Shareholders.

The Trustee also made share purchase on the Stock Exchange pursuant to the Share Award Scheme Rules and the Trust Deed. During the year ended 31 December 2025, The Trustee purchased 1,548,000 Shares on the market and at a total consideration of HK\$4,752,000. Please refer to "Share Award Scheme — Share Purchase pursuant to the Share Award Scheme" for further details.

DIRECTORS' REPORT

Details of Shares purchased by the Trustee during the year ended 31 December 2025 are as follows:

Month/year	Number of Shares purchased	Highest price paid per Share HK\$	Lowest price paid per Share HK\$	Aggregate price paid HK\$
January 2025	700,000	4.35	3.88	2,847,000
August 2025	280,000	2.65	2.57	732,000
December 2025	568,000	2.14	2.00	1,173,000
Total	1,548,000			4,752,000

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 year ended 31 December 2025.

Pre-emptive Rights

There is no provision for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands that would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

Related Party Transactions

Details of the significant related party transactions entered into by the Group during the year ended 31 December 2025 are set out in Note 36 to the consolidated financial statements. To the best knowledge of the Directors, save for the transactions set out in the section headed "Connected Transactions and Continuing Connected Transactions" in this annual report, none of these related party transactions constitutes connected transactions that need to be disclosed under the Listing Rules.

Donations

During the year ended 31 December 2025, no charitable and other donations made by the Group (2024: nil).

Debentures Issued

During the year ended 31 December 2025, no issuance of debentures was made by the Company.

Significant Legal Proceedings

During the year ended 31 December 2025, the Company was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatening against the Company.

Permitted Indemnity Provision

Under the Articles of Association, every Director or other officers of the Company acting in relation to any of the affairs of the Company shall be entitled to be indemnified against all actions, costs, charges, losses, damages and expenses which he may incur or sustain in or about the execution of his duties in his office; and be indemnified and secured harmless out of the assets of the Company; provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty.

The Company has arranged for appropriate insurance cover in respect of legal action against its Directors and officers.

Retirement and Employee Benefits Scheme

Details of the retirement and employee benefits scheme of the Company are set out in Note 41.17 to the consolidated financial statements.

Corporate Governance

The Company is committed to maintaining high standards of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 55 to 72 of this annual report.

Public Float

Based on information publicly available to the Company and to the best knowledge of the Directors, the Company continues to meet the prescribed public float under the Listing Rules, and at least 25% of the Company's total issued shares, the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the Listing Rules, were held by the public at all times during the year ended 31 December 2025 and as at 15 April 2026, being the latest practicable date prior to the printing of this annual report.

Audit Committee

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed risk management, internal control and financial reporting matters with management including a review of the consolidated financial statements and annual results for the year ended 31 December 2025 of the Group.

DIRECTORS' REPORT

Auditor

PricewaterhouseCoopers will retire and a resolution for their reappointment as auditor of the Company will be proposed at the AGM.

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, 31 March 2026

CORPORATE GOVERNANCE REPORT

Corporate Governance Practices

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 the Shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code as its own code of corporate governance. For the year ended 31 December 2025, the Company had 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.

Board Responsibilities

The Board is responsible for the overall leadership of the Company, overseeing the Company's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Company to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established four Board committees including the Audit Committee, the remuneration committee (the "Remuneration Committee"), the nomination committee (the "Nomination Committee") and the strategic development committee (the "Strategic Development Committee") (together, the "Board Committees"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

All Directors have carried out duties in good faith and in compliance with applicable laws and regulations, and have acted in the interests of the Company and the Shareholders at all times.

The Company has arranged for appropriate liability insurance in respect of legal actions against the Directors. The insurance coverage will be reviewed on an annual basis.

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. At present, the role of the chairman of the Board is performed by Mr. Chen Qiyuan and the role of chief executive officer of the Company is performed by Mr. Qi Mingzhi.

During the daily operations of the Company, all material decisions are approved by the Board and the relevant Board Committees, as well as the senior management team. In addition, the Directors proactively participate in all board meetings and all relevant meetings of Board Committees, and the chairman of the Board ensures all the Directors are duly informed of all the matters to be approved at the meetings. In addition, the senior management team provides the Board with sufficient, clear, complete and reliable company information on a regular basis and from time to time. The Board also regularly meets and reviews the operations of the Company under the leadership of Mr. Chen Qiyuan and Mr. Qi Mingzhi on a quarterly basis.

The Board is therefore of the view that there is an adequate balance of power and that appropriate safeguards are in place. The Board will continue to regularly monitor and review the Company's current corporate governance structure and to make necessary changes when appropriate.

CORPORATE GOVERNANCE REPORT

Board Composition

As at the date of this annual report, the Board comprises four executive Directors and three independent non-executive Directors as follows:

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

The biographies of the Directors are set out in “Directors and Senior Management” in this annual report.

For the past year, the Board has met at all times the requirements under Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise.

For the past year, the Company has also complied with Rule 3.10A of the Listing Rules relating to the appointment of independent non-executive Directors representing at least one-third of the Board.

Save as disclosed in the Directors’ biographies set out in “Directors and Senior Management” in this annual report, none of the Directors have any personal relationship (including financial, business, family or other material or relevant relationship) with any other Director and chief executive.

Board Diversity Policy

The Company has adopted a board diversity policy (the “**Board Diversity Policy**”) which sets out the objective and approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board and to maintain the highest standards of corporate governance, as well as to recognise and embrace the benefits of diversity on the Board. The Company should endeavour to ensure that the members of the Board have the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of our business strategy. We seek to achieve Board diversity through the consideration of a number of factors, including but not limited to professional experience, gender, age, cultural background, education background and length of service. The ultimate decision of the appointment will be based on merits and the contribution which the selected candidates are expected to bring to the Board. The Board believes that such merit-based appointments will best enable the Company to serve the Shareholders and other stakeholders going forward.

The Board comprises seven members, including four executive Directors and three independent non-executive Directors, among which four are male and three are female. The Directors have a balanced mix of experiences, including management and strategic development, finance and investment and accounting experiences in addition to education business. Furthermore, the Directors have a wide range of age, ranging from 40 years old to 78 years old. The Board also has a good mix of new and experienced Directors that all the four executive Directors joined the Group in 2012 and 2013, who have valuable knowledge and insights of the Group's business over the years, while the other three Directors are expected to bring in fresh ideas and new perspectives to the Group. The Board believes that based on the existing business model of the Group, the meritocracy of the Directors and with three female representation on the Board, the existing board composition satisfies the principles under the Board Diversity Policy. The Company has also taken, and will continue to take steps to promote gender diversity at all levels of the Company, including but without limitation at the Board and senior management levels. The Company will invest more resources in training female managers with the aim of promoting them to the senior management or directorship of the Company. For example, the Company will provide them with more leadership training and provide pregnant female staff with support with a view to ensuring they have similar career prospects with their male counterparts.

The Nomination Committee is responsible for ensuring the diversity of the Board. The Nomination Committee will review the Board Diversity Policy from time to time to ensure its continued effectiveness and we will disclose the implementation of the Board Diversity Policy in our corporate governance report on an annual basis.

The Board targets to maintain at least the current level of female representation, with the ultimate goal of achieving gender parity based on the availability of candidates and the specific needs of the Board at the time of nominating and electing for new Directors. The Company will continue to ensure gender diversity in the recruitment of middle and senior staff so that our management include a wide range of genders, thereby allowing a diverse group of potential successors to succeed the Board in due course.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experiences, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

As each of the independent non-executive Directors has confirmed her/his independence pursuant to Rule 3.13 of the Listing Rules, the Company considers all of them to be independent.

Mechanism to Ensure Independent Views

The Company ensures independent views and input are available to the Board via the below mechanisms:

1. the Board composition and the independence of the independent non-executive Directors should be reviewed by the Nomination Committee on an annual basis, in particular the portion of the independent non-executive Directors;
2. a written confirmation was received by the Company under Rule 3.13 of the Listing Rules from each of the independent non-executive Directors in relation to her/his independence to the Company. The Company considers all its independent non-executive directors to be independent;

CORPORATE GOVERNANCE REPORT

3. in view of good corporate governance practices and to avoid conflict of interests, the Directors who are also directors and/or senior management of the Company's controlling shareholders and/or certain subsidiaries of the controlling shareholders, would abstain from voting in the relevant Board resolutions in relation to the transactions with the controlling shareholders and/or its associates;
4. the chairman of the Board shall meet with independent non-executive Directors at least once annually; and
5. all members of the Board can seek independent professional advice when necessary to perform their responsibilities in accordance with the Company's policy.

The Board reviews the mechanisms for ensuring independent views and input are available to the Board on an annual basis, whether in terms of proportion, recruitment and independence of independent non-executive Directors, and their contribution and access to external independent professional advice.

Induction and Continuous Professional Development

Each newly appointed Director is provided with necessary induction and information to ensure that she/he has a proper understanding of the Company's operations and businesses as well as her/his responsibilities under the relevant Statutes, laws, rules and regulations. The Company also arranges for seminars to provide Directors with updates on latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The company secretary of the Company has from time to time updated and provided written training materials relating to the roles, functions and duties of a Director.

According to the information provided by the Directors, all of the Directors have (i) attended training relevant to the Directors' duties and responsibilities; (ii) read materials relevant to the legal and regulatory updates; (iii) attended training relevant to the Company's business; and (iv) read materials relevant to corporate governance, the Listing Rules and other relevant ordinances, for the past year.

Appointment and Re-election of Directors

In accordance with the Article 84(1) of the Articles of Association, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation, provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting after which she/he is supposed to retire. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of Directors to retire by rotation) any Director who wishes to retire and not to offer herself/himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment. If more than one Director to retire became or was last re-elected Directors on the same day they shall (unless they otherwise agree among themselves) be determined by lot. Any Director appointed by the Board pursuant to Article 83(3) of the Articles of Association shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.

CORPORATE GOVERNANCE REPORT

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the composition of the Board and making recommendations to the Board on the appointment or re-election of Directors and succession planning for Directors.

Board Meetings

The Company adopts the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of not less than 14 days are given before each regular Board meeting to provide all Directors with an opportunity to attend and include matters in the agenda.

For other Board and Board Committee meetings, reasonable notice is generally given. The agenda and accompanying board papers are dispatched to the Directors or the relevant Board Committee members at least three days before the meetings to ensure that they have sufficient time to review the papers and are adequately prepared for the meetings. When Directors or Board Committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the chairman prior to the meeting. Minutes of meetings are kept by the company secretary, with copies circulated to all Directors for their information and records.

Minutes of the Board meetings and Board Committee meetings are recorded in sufficient detail about the matters considered by the Board and the Board Committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and Board Committee meeting are sent to the Directors for comments within a reasonable time after the date on which the meeting is held. Minutes of the Board meetings are open for inspection by Directors.

Pursuant to code provision C.5.1 of the CG Code, the Board is expected to meet regularly and Board meetings should be held at least four times a year at approximately quarterly intervals.

During the year ended 31 December 2025, 19 Board meetings were held. The attendance of each Director at the Board meetings is set out in the table below:

Directors	Attended/Eligible to attend
<i>Executive Directors</i>	
Mr. Chen Qiyuan	19/19
Mr. Qi Mingzhi	19/19
Ms. Li Ailing	19/19
Ms. Leng Xinlan	19/19
<i>Independent Non-Executive Directors</i>	
Mr. Yang Xuezhi	19/19
Ms. Yim Ka Man	19/19
Prof. Zhang Wenjun (appointed on 20 May 2025)	16/16
Mr. Huang Victor (retired on 20 May 2025)	3/3

CORPORATE GOVERNANCE REPORT

Model Code for Securities Transactions

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions to regulate all dealings by Directors and relevant employees of securities in the Company and other matters covered by the Model Code. Having made specific enquiries of all the Directors, each of the Directors has confirmed that she/he had complied with the Model Code during the year.

For the past year, the Company has also adopted its own code of conduct regarding employees' securities transactions on terms no less exacting than the standard set out in the Model Code for the compliance by its relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of their dealings in the Company's securities.

Delegation by the Board

The Board reserves for its decision all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors could have recourse to seek independent professional advice in performing their duties at the Company's expense and are encouraged to access and consult with the Company's senior management independently.

The daily management, administration and operation of the Company are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval must be obtained from the Board prior to any significant transactions entered into by the management.

Corporate Governance Function

The Board recognises that corporate governance should be the collective responsibility of the Directors, which includes:

- (a) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (b) to review and monitor the training and continuous professional development of the Directors and senior management;
- (c) to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors;
- (d) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board and report to the Board on such matters;
- (e) to review the Company's compliance with the CG Code and disclosure in the corporate governance report; and
- (f) to review and monitor the Company's compliance with the Company's whistleblowing policy.

Board Performance Evaluation

No evaluation of the Board's performance has been conducted in the Reporting Period. It is currently expected the next Board performance review will be conducted after the financial year ending 31 December 2026.

Board Committees

Audit Committee

The Audit Committee comprises three members, namely Ms. Yim Ka Man (chairman), Mr. Yang Xuezhi and Prof. Zhang Wenjun, all of whom are independent non-executive Directors.

The principal duties of the Audit Committee include the following:

- (a) to assist the Board in fulfilling its responsibilities by providing an independent review and supervision of financial reporting, and by satisfying themselves as to the effectiveness of the internal controls of the Group and as to the adequacy of the external and internal audits;
- (b) to assure that appropriate accounting principles and reporting practices are followed;
- (c) to be primarily responsible for making recommendations to the Board on the appointment, re-appointment and removal of the authorised independent auditors (the “**External Auditors**”), and to approve the remuneration and terms of engagement of the External Auditors, and any questions of its resignation or dismissal;
- (d) to serve as a focal point for communication between other directors, the External Auditors and the internal auditors or any person responsible for the internal audit department of the Group (the “**Internal Audit Department**”) as regards their duties relating to financial and other reporting, internal controls, external and the Internal Audit Department and such other matters as the Board determines from time to time;
- (e) to review and monitor the External Auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee should discuss with the External Auditors the nature and scope of the audit and reporting obligations before the audit commences, and ensure co-ordination where more than one audit firm is involved. Procedures to review and monitor the independence of the External Auditors may include:
 - (i) to consider all relationships between the Group and the External Auditors (including non-audit services);
 - (ii) to obtain from the External Auditors annually, information about policies and processes for maintaining independence and monitoring compliance with relevant requirements, including current regulations of rotation of audit partners and staff; and
 - (iii) to meet with the External Auditors, at least annually, in the absence of management, to discuss matters relating to its audit fees, any issues arising from the audit and any other matters the External Auditors may wish to raise;
- (f) to develop and implement policy on engaging the External Auditors to supply non-audit services;

CORPORATE GOVERNANCE REPORT

- (g) to monitor integrity of the Company's financial statements, annual report and accounts, half-year report and, if prepared for publication, quarterly reports (including directors' report, chairman's statement and management discussion and analysis), and to review significant financial reporting judgments contained in them;
- (h) regarding (g) above:
 - (i) members of the Audit Committee should liaise with the Board and senior management and the Audit Committee must meet, at least twice a year, with the External Auditors; and
 - (ii) the Audit Committee should consider any significant or unusual items that are, or may need to be, reflected in the report and accounts. It should give due consideration to any matters that have been raised by the Company's staff responsible for accounting and financial reporting function, the compliance officer of the Company or External Auditors;
- (i) to review audit and control related corporate representations made to External Auditors, Internal Audit Department and to the Shareholders;
- (j) to review with External Auditors and Internal Audit Department, the Group's management, the adequacy of the Group's policies and procedures regarding internal controls (including financial, operational and compliance controls) and any statement by the Directors to be included in the annual accounts prior to endorsement by the Board;
- (k) to review the Company's financial controls, and unless expressly addressed by a separate board risk committee, or by the Board itself, to review the Company's risk management and internal control systems;
- (l) to discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting and financing reporting function;
- (m) to consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
- (n) to ensure co-ordination between the Internal Audit Department and External Auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness; and
- (o) to review the Group's financial and accounting policies and practices.

Code provision D.3.3(e)(i) of the CG Code provides that the terms of reference of the Audit Committee shall have the terms that the members of the Audit Committee should liaise with the Board and senior management and the Audit Committee must meet at least twice a year with the Auditor. The Company has included such terms in relevant terms of reference, and thus complied with the code provision D.3.3(e)(i) of the CG Code during the year ended 31 December 2025.

The written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

CORPORATE GOVERNANCE REPORT

During the year and up to the date of this report, four meetings of the Audit Committee were held to discuss and consider, among other things, the following matters:

- reviewing the consolidated audited financial statements, final results announcement and the 2025 annual report for the year ended 31 December 2025, and submitting it to the Board for approval;
- reviewing the consolidated unaudited financial statements, interim results announcement and the 2025 interim report for the six months ended 30 June 2025, and submitting it to the Board for approval;
- reviewing the financial reporting system, compliance procedures, internal control (including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function), risk management systems and processes, effectiveness of the Company's internal audit function and the re-appointment of the Auditor. The Board has not deviated from any recommendation given by the Audit Committee on the selection, appointment, resignation or dismissal of the Auditor; and
- discussing the audit plan for the year ended 31 December 2025 with the Auditor.

Attendance of each member of the Audit Committee member during the year and up to the date of this report is set out in the table below:

Directors	Attended/Eligible to attend
Ms. Yim Ka Man (<i>Chairman</i>)	4/4
Mr. Yang Xuezhi	4/4
Prof. Zhang Wenjun	4/4

Nomination Committee

The Nomination Committee currently comprises three members, including one executive Director namely Mr. Chen Qiyuan, and two independent non-executive Directors namely Mr. Yang Xuezhi (chairman) and Ms. Yim Ka Man.

The principal duties of the Nomination Committee include the following:

- (a) to review the structure, size and composition (including without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- (b) to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships. In identifying suitable candidates, the Nomination Committee shall consider candidates on merit and against the objective criteria, with due regard for the benefits of diversity on the Board;
- (c) to assess the independence of independent non-executive Directors;

CORPORATE GOVERNANCE REPORT

- (d) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for the Directors, in particular the chairman and the chief executive; and
- (e) to review the Board Diversity Policy, to develop and review measurable objectives for the implementing the Board Diversity Policy and to monitor the progress on achieving these objectives.

The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

The Nomination Committee assesses the candidate or incumbent on criteria such as integrity, experience, skill and ability to commit time and effort to carry out the duties and responsibilities. The recommendations of the Nomination Committee will then be put to the Board for decision.

Attendance of each member of the Nomination Committee member during the year is set out in the table below:

Directors	Attended/Eligible to attend
Mr. Yang Xuezhi (<i>Chairman</i>)	1/1
Mr. Chen Qiyuan	1/1
Ms. Yim Ka Man	1/1

Policy on Directors' nomination

The Nomination Committee reviews the information and documents provided by the nominated candidate as required by the Company's nomination policy for directorship and conduct the following process (in accordance with the following criteria) with a view to assessing and evaluating whether such candidate is suitably qualified to be appointed as a Director before making recommendations to the Board:

1. The Nomination Committee shall consider the following factors, which are not exhaustive and the Board has discretion if it considers appropriate, in assessing the suitability of the proposed candidate regarding the appointment of Directors or re-appointment of any existing Board member(s):
 - (i) reputation for integrity;
 - (ii) accomplishment, experience and reputation in the business and industry;
 - (iii) commitment in respect of sufficient time, interest and attention to the businesses of the Company and its subsidiaries;
 - (iv) diversity in all aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry experience;
 - (v) compliance with the criteria of independence, in case for the appointment of an independent non-executive Director, as prescribed under Rule 3.13 of the Listing Rules; and
 - (vi) any other relevant factors as may be determined by the Nomination Committee or the Board from time to time as appropriate.

2. The appointment of any proposed candidate to the Board or re-appointment of any existing member(s) of the Board shall be made in accordance with the Articles of Association and other applicable rules and regulations.
3. The proposed candidates will be asked to submit the necessary personal information in a prescribed form by the Nomination Committee.
4. The secretary of the Nomination Committee shall convene a meeting, and invite nominations of candidates from Board members (if any), for consideration by the Nomination Committee.
5. For the appointment of any proposed candidate to the Board, the Nomination Committee shall undertake adequate due diligence in respect of such individual and make recommendations for the Board's consideration and approval.
6. For the re-appointment of any existing member(s) of the Board, the Nomination Committee shall make recommendations to the Board for its consideration and recommendation, for the proposed candidates to stand for re-election at a general meeting.
7. If a Shareholder wants to propose a candidate to the Board for consideration, he/she shall refer to the "Procedures for Shareholders to Propose a Person for Election as a Director", which is available on the Company's website.
8. The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at a general meeting.

Remuneration Committee

The Remuneration Committee comprises three members, including two independent non-executive Directors namely Ms. Yim Ka Man (chairman) and Mr. Yang Xuezi, and one executive Director namely Mr. Chen Qiyuan.

The Remuneration Committee has adopted the second model described in paragraph E.1.2(c) under the CG Code (i.e. make recommendation to the Board on the remuneration packages of individual executive Director and senior management member). The principal duties of the Remuneration Committee include the following:

- (a) to consult the chairman of the Board and/or chief executive about their remuneration proposals for other executive Directors;
- (b) to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (c) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- (d) to determine, with delegated responsibility, or to make recommendations to the Board, the remuneration packages of individual executive Directors and senior management. The remuneration packages should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

CORPORATE GOVERNANCE REPORT

- (e) to make recommendations to the Board on the remuneration of non-executive Directors;
- (f) to consider salaries paid by comparable companies, time commitment and responsibilities, and employment conditions elsewhere in the Group;
- (g) to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- (h) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and
- (i) to ensure that no Director or any of his associates (as defined in the Listing Rules) is involved in deciding his own remuneration.

The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

During the year and up to the date of this report, one meeting of the Remuneration Committee was held to discuss and consider, among other things, the following matters:

- determining the policy for the remuneration of the executive Directors;
- assessing performance of executive directors, approving the terms of executive Directors' service contracts; and
- reviewing and/or approving matters relating to the Share Scheme and the Share Award Scheme.

Attendance of each member of the Remuneration Committee member during the year is set out in the table below:

Directors	Attended/Eligible to attend
Ms. Yim Ka Man (<i>Chairman</i>)	1/1
Mr. Yang Xuezhi	1/1
Mr. Chen Qiyuan	1/1

Remuneration of Directors and Senior Management

Details of the remuneration payable to each Director of the Company for the year ended 31 December 2025 are set out in Note 37 to the consolidated financial statements.

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Details of the remuneration by band of the members of the senior management of the Company, whose biographies are set out in “Directors and Senior Management” in this annual report, during the year, are set out below:

Remuneration band (HK\$)	Number of individual
Nil–HK\$1,000,000	1
HK\$1,000,001–HK\$2,000,000	1

Strategic Development Committee

The Strategic Development Committee currently comprises three members, including two executive Directors namely Mr. Chen Qiyuan (chairman) and Mr. Qi Mingzhi, and one independent non-executive Director namely Mr. Yang Xuezhi.

The principal duties of the Strategic Development Committee are to review and plan on the medium-to-long-term development strategies, plans and proposals of the Company, make recommendations to the Board and to assess and control the implementation of the strategic plans.

During the past year, one meeting of the Strategic Development Committee was held to discuss and consider the implementation of the development strategies, plans and proposals of the Company.

Attendance of each member of the Strategic Development Committee during the year is set out in the table below:

Directors	Attended/Eligible to attend
Mr. Chen Qiyuan	1/1
Mr. Qi Mingzhi	1/1
Mr. Yang Xuezhi	1/1

General Meeting

For the year ended 31 December 2025, one annual general meeting of the Company was held. The attendance record of the directors is set out in the table below:

Directors	Attended/Eligible to attend
<i>Executive Directors</i>	
Mr. Chen Qiyuan	1/1
Mr. Qi Mingzhi	1/1
Ms. Li Ailing	1/1
Ms. Leng Xinlan	1/1
<i>Independent Non-Executive Directors</i>	
Mr. Yang Xuezhi	1/1
Ms. Yim Ka Man	1/1
Prof. Zhang Wenjun (appointed on 20 May 2025)	N/A
Mr. Huang Victor (retired on 20 May 2025)	1/1

CORPORATE GOVERNANCE REPORT

Directors' Responsibilities for Financial Reporting in Respect of Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 December 2025, which give a true and fair view of the affairs of the Company and of the Company's results and cash flows.

The management has provided the Board with such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Company provides all members of the Board with monthly updates on Company's performance, positions and prospects.

The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern.

The statement by the Auditor regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report on pages 125 to 129 of this annual report.

Risk management and Internal Control

Sound and effective systems of risk management and internal control are designed to achieve the Group's strategic objectives and safeguard Shareholders' investments and the Group's assets. Such systems are designed to manage rather than eliminate the risk of failure to achieve strategic objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board acknowledges its responsibility to establish, maintain and review the effectiveness of the Group's risk management and internal control systems, where management is responsible for the design and implementation of the risk management and internal control systems to manage risk. With the support from the Audit Committee, the Board monitors the Group's risk exposures, oversees the actions of management and monitors the overall effectiveness of the risk management and internal control systems on an ongoing basis. Policies and procedures form the basis and set forth the control standards required for functioning of the Group's business entities. These policies and procedures covered various aspects, including operations, finance and accounting, human resources, regulatory and compliance, delegation of authority, etc..

Four steps of the enterprise-wide risk assessment:



CORPORATE GOVERNANCE REPORT

An annual enterprise-wide risk assessment has been performed to evaluate the nature and extent of the risks to which the Group is willing to take in achieving its strategic objectives. During the risk assessment process, the Group has identified a number of key risks that may impact the Group's strategic objectives in responding to the changes in the business and external environment. These risks are prioritised according to the likelihood of their occurrence and the significance of their impact on the business of the Group.

During the year, major work performed by the management in relation to risk management and internal control include the following:

- the management, together with the Internal Audit Department, monitored and reviewed the risk management and internal control systems on an ongoing basis and reported to the Audit Committee regarding the status of the systems;
- the management periodically followed up and reviewed the implementation status of the risk management measures, controls and response plan to address the major risks identified so as to make sure that there is sufficient attention, oversight and response to all major risks identified;
- the management reviewed the risk management and internal control systems periodically to identify process and control deficiencies, and designed and implemented corrective actions to address such deficiencies; and
- the management ensured appropriate control procedures are in place.

The Company considers its risk management and internal control systems effective and adequate.

Internal Audit

The Group has established the Internal Audit Department, which reports directly to the Audit Committee. The Internal Audit Department is independent from operation management and has full access to data required in performing internal audit reviews. Internal audits are conducted according to the internal audit plan approved by the Audit Committee to review our major operational, financial, compliance and risk management controls. During the process of the internal audits, the Internal Audit Department will identify internal control deficiencies and weaknesses and proposed recommendations for improvements. Internal audit findings and control deficiencies are communicated to internal audit team and the management, who is responsible for ensuring the deficiencies are rectified within a reasonable period. A follow-up review is also performed to ensure the remedial actions are implemented.

CORPORATE GOVERNANCE REPORT

Review of Risk Management and Internal Control Systems

The Board is responsible for maintaining an adequate risk management and internal control systems to safeguard Shareholders' investments and Group's assets. For the year ended 31 December 2025, the Board, along with the Audit Committee, had conducted a comprehensive review of the Company's risk management and internal control systems. The review covered the fiscal year of 2025 and all material controls, including operational, financial and compliance controls, and considered the changes in the nature and extent of significant risks as well as the Company's ability to respond to changes in its business and the external environment. The Board considers that the Company has complied with the risk management and internal control provisions of the CG Code, and considers such systems are effective and sufficient. The Board has also reviewed the resources of accounting, internal audit and financial reporting functions, staff qualifications and experience, training programmes and related budgets, as well as procedures related to financial reporting and compliance with the Listing Rules, and considered them effective and sufficient.

Inside Information

The Group is aware of its obligation under relevant sections of the SFO and Listing Rules. During the year ended 31 December 2025, the Company had implemented procedures and internal controls for the handling and dissemination of inside information, including:

- having its own procedures in place to preserve the confidentiality of price-sensitive and/or inside information relating to the Group;
- communicating such procedures to all Directors, senior management and relevant employees who are likely to have access to price-sensitive and/or inside information, and reminding them from time to time that they are required to comply with such procedures; and
- conducting its affairs with close regard to the disclosure requirement under the Listing Rules and the related guidance.

Dividend Policy

The Board has adopted a dividend policy. This policy aims to safeguard the interests of the Shareholders whilst preserving the Group's liquidity for its business development. The Board has complete discretion on whether to pay a dividend, subject to the Shareholders' approval, where applicable. The Company's ability to pay dividends will depend upon, among others, the Group's results of operations, cash flow, capital requirements, general financial condition, contractual restrictions, future prospects and other factors that the Board deems relevant. As the Company is a holding company, its ability to declare and pay dividends will depend on receipt of sufficient funds from its subsidiaries and PRC Operating Entities, which are established in the PRC. The subsidiaries in the PRC and the PRC Operating Entities must comply with their respective constitutional documents and the laws and regulations of the PRC in declaring and distributing returns to their shareholders. The Company's future declarations of dividends may or may not reflect its historical declarations of dividends and will be at the absolute discretion of the Board.

Continuous Professional Development of Directors

Pursuant to the code provision C.1.4 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

CORPORATE GOVERNANCE REPORT

Pursuant to the code provision C.1.1 of the CG Code, each newly appointed Director should be provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant statutes, laws, rules and regulations.

During the year ended 31 December 2025 and up to the date of this report, the Directors were regularly briefed on the amendments to or updates on the relevant laws, rules and regulations.

All Directors, namely Mr. Chen Qiyuan, Mr. Qi Mingzhi, Ms. Li Ailing, Ms. Leng Xinlan, Mr. Yang Xuezhi, Ms. Yim Ka Man and Prof. Zhang Wenjun, have been updated with the latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices. In addition, continuing briefing and professional development to Directors will be arranged whenever necessary.

Auditor's Remuneration

The remuneration for the audit and non-audit services provided by PricewaterhouseCoopers, the Auditor to the Company, for the year ended 31 December 2025 was approximately as follows:

Type of Services	Amount (RMB'000)
Audit services	1,940
Non-audit services related to tax and other services	325
Total	2,265

Company Secretary

Mr. So Wai Hang is the company secretary of the Group. His biographical details are set out in "Directors and Senior Management" in this annual report.

For the year ended 31 December 2025, Mr. So has undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

Communication with Shareholders and Investor Relations

The Company considers that effective communication with the Shareholders is essential for enhancing investor relations and their understanding of the Company's business, performance and strategies. The Company also recognises the importance of timely and non-selective disclosure of information, which will enable Shareholders and investors to make informed investment decisions.

The annual general meetings of the Company provide the Shareholders with an opportunity to communicate directly with the Directors. The chairman of the Board and the chairmen of the Board Committees will attend the annual general meetings to answer Shareholders' questions. The Auditor will also attend the annual general meetings to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor's independence.

CORPORATE GOVERNANCE REPORT

To promote effective communication, the Company has adopted a shareholders' communication policy which aims at establishing a two-way relationship and communication between the Company and the Shareholders. The Company also maintains a website of the Company at www.skledu.com, where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information is available for public access.

The Company reviewed its shareholders' communication policy and its investor engagement and communication activities conducted during the year ended 31 December 2025, and was satisfied with the implementation and effectiveness of its shareholders' communication policies.

Shareholders' Rights

To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including the election of individual Directors.

All resolutions put forward at general meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

Convening of extraordinary general meeting and putting forward proposals

Shareholders may put forward proposals for consideration at a general meeting of the Company according to the Articles of Association. Any one or more members holding as at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting of the Company to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

As regards proposing a person for election as a Director, the procedures are available on the website of the Company.

Enquiries to the Board

Shareholders who intend to put forward their enquiries about the Company to the Board could send their enquiries to the address of the Company's principal place of business in Hong Kong at Unit 04, 22/F, Austin Plaza, No. 83 Austin Road, Kowloon, Hong Kong, or to the email address at ir@skledu.com.

Changes in Constitutional Documents

During the year ended 31 December 2025, the Company has not made significant changes to its constitutional documents.

1. About this Report

1.1 Scope of the Report

This report is the report on Environment, Society and Governance (ESG) of the Scholar Education Group (We, the “Group”). This report presents the environmental and social responsibilities performance of the Group and its subsidiaries and covers the period from 1 January 2025 to 31 December 2025.

1.2 Preparation Principles

This report is prepared in accordance with the principles of materiality, quantitative, balance and consistency defined in the Environmental, Social and Governance Reporting Code (hereafter referred to as the “ESG Reporting Code”) as set out in Appendix C2 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

Reporting Principles	Definition	Our Responses
Materiality	The topics of the report should reflect the significant impact of the Group on the environment, society and governance, or the scope of substantial impact on the evaluation and decision of stakeholders.	The sustainable development topics are identified based on communication with stakeholders and the Group’s business development.
Quantitative	The key performance indicators (KPIs) disclosed in this report must be measurable to evaluate and verify the performance of environmental, social and governance policies and management systems.	The Group quantifies its environmental and social key performance indicators and provides textual descriptions of the quantitative resources.
Balance	The report should truly reflect the positive and negative aspects of the Group’s performance, so as to reasonably evaluate the performance as a whole.	The Group has detailed sustainable development issues that significantly impact its business, including outcomes and challenges.
Consistency	The Group should ensure that consistent disclosure principles are applied to enable stakeholders to analyze and evaluate the organization’s performance in different periods. The organization should explain any changes in methods.	The Group ensures that the disclosure scope and reporting method generally remain consistent every year.

1.3 Data Source

All information included in this report is from the Group’s official documents, statistical reports and relevant public materials.

2. Sustainability Management

The Group upholds the educational philosophy of “Scholarly Teaching, Student Empowerment” and is committed to delivering high-quality educational resources and services. We regard social responsibility as central to our corporate development. Through the research and application of teaching methods aligned with cognitive principles, we strive to cultivate well-rounded individuals equipped with learning agility, practical competence, and a global perspective. Recognizing the vital role of education in personal growth and social progress, we integrate social responsibility into our strategic planning and daily operations. This ensures every student thrives in an equitable, high-quality educational environment, empowering individual development and driving sustainable social progress through education.

2.1 Board Statement

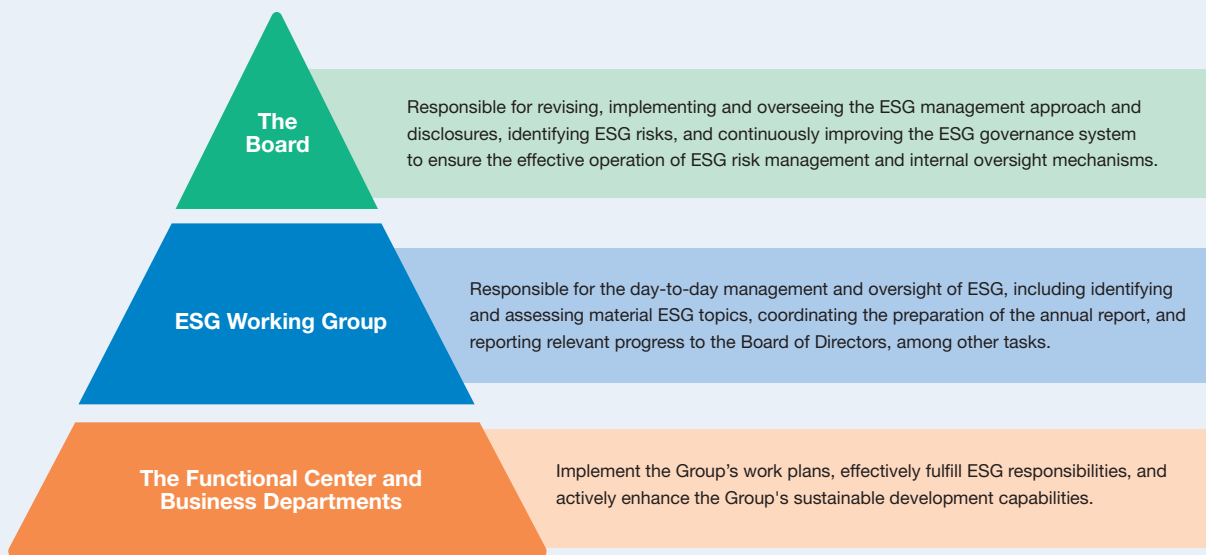
The Board attaches great importance to sustainable development management, integrates ESG into the corporate operations. A well-defined governance structure with clear roles and responsibilities has been established to effectively manage ESG-related risks and drive continuous improvement in corporate governance.

The Board actively engages with stakeholders to assess, analyze, and prioritize material ESG topics, identifying associated risks and opportunities. Management policies and strategies are updated as necessary. The Group has incorporated ESG-related risks, including climate change, into its enterprise risk assessment framework, conducting regular risk identification and evaluation to develop appropriate mitigation measures.

The Board oversees and guides the Group’s sustainability agenda, monitoring the implementation of ESG initiatives and the achievement of corresponding targets. It continuously refines the Company’s ESG governance, regularly reviews progress against goals, responds proactively to stakeholder concerns, and strives for ongoing enhancement of ESG stewardship.

2.2 ESG Governance System

The Group has established a three-tier ESG governance structure to ensure that ESG initiatives are fully prioritized and effectively implemented across the organization. The Board serves as the highest oversight and decision-making body for ESG matters, bearing overall responsibility for ESG management policies, strategies, and disclosures. The Board undertakes a critical supervisory role in ensuring alignment between the ESG strategy and the company's overall development objectives, and in driving its effective execution. The ESG Working Group, composed of senior management and the Group's supervisory function, monitors the implementation of ESG activities — including climate change response — and assesses progress toward relevant targets, ensuring the effective delivery of all measures and supporting the continuous enhancement of the ESG management system. Each functional center and business unit acts as the execution layer, integrating ESG requirements into daily operations to advance the implementation of specific work plans.



2.3 Stakeholder Engagement

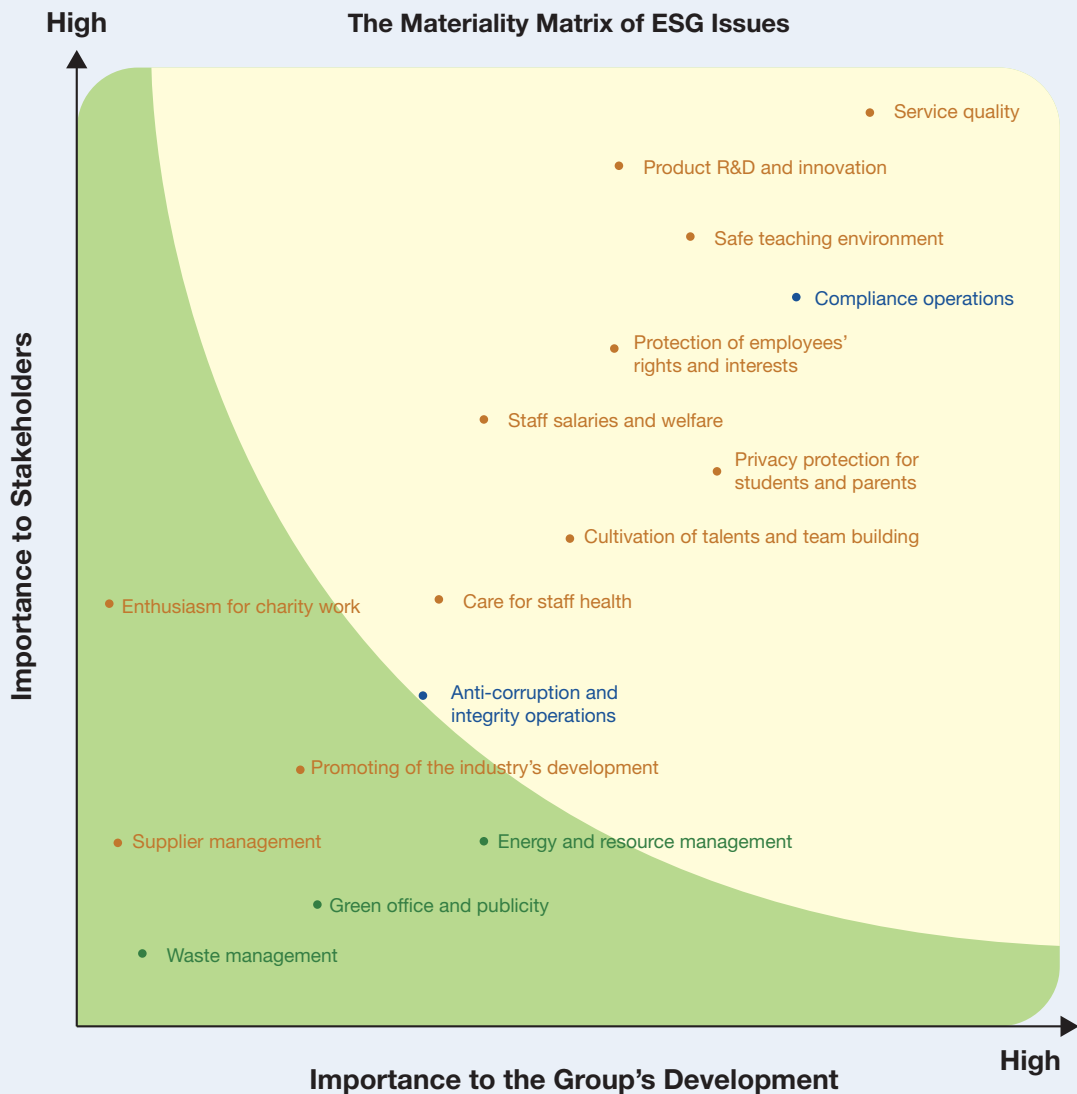
The Group places great emphasis on stakeholder engagement and has established regular communication mechanisms covering a diverse range of parties including investors, employees, students, parents, suppliers, government bodies, and the public. Through multiple, efficient communication channels, we gain a deeper understanding of their concerns. To ensure our actions align with stakeholder expectations and needs, we integrate their key concerns into our strategic and operational management, regularly review performance on each relevant issue, and continuously improve the planning and implementation of our sustainability initiatives.

Stakeholders	Expectations and demands	Communications
Investors/ Shareholders	Information transparency Compliance operations and management Market value creation Sustainability and risk management	Hong Kong Stock Exchange/Company Website General meeting of shareholders Company announcements and press releases
Teachers/Staff	Employee compensation and benefits Employee health and safety Career development and training	Department meetings/teaching and research activities Faculty/Staff training and communication Teacher/Staff performance assessment
Students	Outstanding course quality Comfortable learning environment Advanced teaching facilities	Topic-based class meetings Lectures Satisfaction surveys
Parents	Outstanding course quality Safeguarding student safety, health & well-being Student & parent privacy and information security	Parent-teacher meeting Open Day for parents Meet-the-principal day Principal's mailbox
Suppliers/ Partners	Mutual benefit Long-term partnership Fair and transparent procurement	Supplier assessment Supplier site inspection Supplier engagement session
Government and Regulators	Legal compliance Tax compliance Safe campus environment Positive social impact	Regular reporting and information disclosure Regular communication Site visits Participation in meetings/workshops
the Community/ the Public	Philanthropic initiatives Student social engagement activities Education sector updates Provide employment opportunities	Charity activities Social media platform Recruitment activities

2.4 Materiality Assessment of ESG Issues

During the Reporting Period, the Group developed a detailed list of ESG topics by taking into account its business development, industry characteristics, the policy environment, and stakeholder expectations. To ensure the comprehensiveness and accuracy of these topics, we engaged a third-party consultant to review and validate the list. Through in-depth stakeholder engagement and industry benchmarking, we conducted a materiality assessment to evaluate and prioritize the ESG topics for the year, resulting in an ESG materiality matrix. This matrix serves as a guide for the Group’s future strategic focus and disclosure priorities.

The materiality matrix of the Group’s ESG issues for 2025 is as follows:



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Environmental Issues	Social Issues	Governance Issues
1 Green office and publicity	4 Service quality	15 Compliance operation
2 Energy and Resource Management	5 Product development and innovation	16 Anti-corruption and integrity management
3 Waste management	6 Safe campus environment	
	7 Employee rights protection	
	8 Employee compensation and benefits	
	9 Privacy protection for students and parents	
	10 Talent training and team building	
	11 Care for staff health	
	12 Supplier management	
	13 Promote industry development	
	14 Enthusiasm for charity work	

Based on the materiality assessment conducted this year, the Group’s stakeholders identified service quality, product development and innovation, and a safe campus environment as the most critical ESG topics. In light of these findings, we will continue to refine and advance the Group’s ESG strategy and initiatives. This report highlights our key ESG priorities, detailing the specific actions taken and outcomes achieved in these areas, offering stakeholders a comprehensive view of our ongoing commitment and progress in ESG.

3. Scholarly Teaching, Student Empowerment

The Group adheres to the educational philosophy of “Scholarly Teaching, Student Empowerment,” focuses on the comprehensive development of students, implements a student-centered teaching model, and is committed to building a high-quality education service system.

In strict compliance with policy guidelines such as the *Opinions on Further Reducing the Burden of Homework and Off-campus Training for Students in Compulsory Education* and the *Guidelines for Appraisal of Disciplines and Non-Disciplines of Off-campus Training Programs in Primary and Secondary Schools in Guangdong Province*, the Group continued to deepen the construction of non-disciplinary literacy courses during the Year to promote the comprehensive development of students’ “moral, intellectual, physical, aesthetic and labor education,” help them broaden their horizons, stimulate their interest in learning, and strive to improve their comprehensive cultural literacy and endogenous driving force.

3.1 Building on Quality, Driven by Innovation

The Group complies fully with the Education Law of the People's Republic of China and other relevant laws and regulations. We have established and implemented internal management systems such as the Accountability Mechanism for Violations of Teaching Quality, Service, and Order to safeguard legal compliance across our teaching framework and continuously raise the standard of teaching management. At the same time, we focus on integrating high-quality educational resources, advancing curriculum development and innovation, and continuously refining our competency-based course offerings. Through standardized course design and ongoing quality enhancement, we ensure the high-caliber development of our teaching products and services.

The Group has continued to deepen its university-industry collaboration, establishing and strengthening partnerships with multiple institutions of higher education. This year, the Group added five newly contracted partner universities — including Guangdong Ocean University, Harbin University of Science and Technology, Jingtangshan University, Yangtze University, and Hunan University of Technology — further expanding the reach of its cooperative network beyond 2024. At the same time, the Group maintains long-term, stable collaboration with a number of continuing partner institutions, such as Shaoyang University, Lingnan Normal University, Guilin University of Technology, Wuhan University of Technology, University of South China, Hunan University of Science and Technology, Jiangnan University, and Heilongjiang University. Geographically distributed across multiple regions and covering a diverse range of academic specialties, these partner universities provide the Group with a broader, more sustainable base of institutional resources to support talent recruitment and scientific research cooperation.

3.1.1 Product Excellence through Diversified Innovation

The Group has formed a dedicated curriculum research and development team, committed to the rapid design, innovation, and iteration of courses in response to market needs. By gaining deep insight into student development patterns and competency-building requirements, we continuously refine course design and teaching materials and have launched a series of literacy programs and specialized publications that support students' holistic development. Furthermore, the Group strictly adheres to the Guangdong Provincial Department of Education's regulations on non-academic off-campus training content, ensuring all developed products are fully compliant with policies and standards, thereby guaranteeing both product quality and regulatory integrity.

Fostering Cultural Heritage and Language Proficiency

In response to evolving educational reforms, the Group aligns its initiatives with key educational priorities, incorporating trends in competency-based education, stage-specific student development characteristics, and cultural preservation needs. We continuously refine our proprietary competency-building products to enrich students' knowledge frameworks and nurture multifaceted thinking skills. The Group has developed exclusive teaching materials tailored to the cognitive patterns of each school-age group, delivering high-quality content suited to local educational contexts. This includes successfully launched series such as *Chinese Language & Culture Appreciation* and *Miaowei English*. Building on our in-house development, we also integrate high-quality educational resources from both domestic and international sources, such as the internationally recognized Oxford Phonics program. Our goal is to enhance course engagement and interactivity while holistically developing students' language proficiency, cultural identity, and cross-cultural understanding.



Proprietary and Newly Introduced Teaching Materials

Offering Specialized Curricular Programs

To holistically broaden students’ academic horizons and systematically enhance their competencies in logical reasoning, reading comprehension, and language application, the Group has meticulously designed and launched a suite of specialized interdisciplinary courses. Among these, the “Critical Thinking & Logic Program” focuses on cultivating systematic thinking methodologies to rigorously develop students’ innovative capacities; the “Chinese Language & Culture Appreciation” course immerses students in linguistic sensitivity and aesthetic awareness, fostering their humanistic literacy and overall language proficiency.



Offer Special Courses

3.1.2 Upholding Quality, Staying True to Purpose

While expanding our product portfolio and pursuing diversity in offerings, the Group consistently upholds stringent quality standards, maintaining a zero-tolerance stance toward content errors. We implement a rigorous, high-standard end-to-end quality inspection process to comprehensively ensure the quality of teaching material development and curriculum design.

For the quality management of our proprietary teaching materials, the Group has established an end-to-end quality control system. From project initiation to final approval, each set of materials undergoes three rounds of strict quality review to ensure high standards and reliability of content. The Group’s Research & Training Center assigns at least two subject-matter teachers to each competency-based course to jointly advance the development of proprietary teaching materials. The specific review process is as follows:

- First-round review: Conducted jointly by the lead course developer and the course team, focusing on the accuracy, logical coherence, and applicability of the content.
- Second-round review: Led by the frontline teaching faculty, who evaluate the materials’ practical effectiveness from a classroom perspective and provide targeted improvement suggestions.
- Third-round review: Undertaken by the lead course developer, who consolidates feedback from the first two rounds, makes final adjustments, and approves the finalized version.

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The Group also emphasizes course quality assurance through three core approaches: visualized standards, an ecosystem of resources, and agile iteration — laying a solid foundation for sustained course excellence.

- **Standard Visualization:** Create teaching standards for model courses to reduce the difficulty of unified implementation of teaching quality
- **Building a Resource Ecosystem:** Establish an intelligent resource repository that transitions from merely providing materials to delivering teaching capabilities.
- **Iterative Agility:** Leverage data and frontline feedback to make course optimization a regular, quarterly/monthly practice, continuously refreshing course content and engagement.

In addition, we conduct regular teaching quality assessments for instructors within their first two years. Each Wednesday, campus principals organize weekly classes and demonstration lessons; each Thursday, regional academic directors lead demonstration sessions and collaborative lesson-planning workshops. We also host an annual teaching skills competition to promote excellence, recognize exemplary educators, and engage experienced external master teachers. Training programs are tailored to teachers' actual needs, empowering them to advance their professional competence and instructional effectiveness.



2025 Scholar Education Group Teaching Skills Finals

3.1.3 Digital-Smart Enablement, Enhanced Experience

The Group actively integrates digital platforms to support instruction, providing smart technology-backed assistance throughout the teaching process, enriching the learning experience for students, and empowering teachers with diverse instructional tools. During the reporting year, we utilized an online cloud platform to store teaching resources — including competency-based materials and classroom presentation content — building a centralized, systematic teaching resource library. This creates an efficient, accessible, and content-rich educational environment that supports the growth and development of every student.

In 2025, the E-Classroom platform recorded **1,294** subject-related file uploads, a **16.2%** increase from 2024, along with **97,632** downloads. Additionally, **815** sets of lesson plans were uploaded to the cloud platform, representing a year-on-year growth of **19.2%**.

AI Intelligent Spoken English Assessment System: Driving the Upgrade of Spoken English Teaching with Technological Innovation

During the reporting year, the Group successfully launched its first flagship AI initiative — the AI-Powered English Speaking Assessment System. Leveraging advanced speech recognition technology and sophisticated AI algorithms, the system creates an immersive, multi-contextual language-learning environment for students. Through automated AI analysis and intelligent feedback, it helps learners efficiently enhance their communication skills and achieve personalized growth. The successful rollout marks a key milestone in the Group's application of AI in education and lays a solid foundation for future comprehensive AI-powered instruction initiatives.

AI Mini-Courseware Platform: Enabling Smarter Learning

During the same period, the Group introduced another innovative AI project — the AI Mini-Courseware Platform. Focused on the deep, intelligent reinforcement of key knowledge points, the platform helps students consolidate their understanding through dynamic courseware and personalized delivery. It not only supports teachers in designing flexible lessons but also creates interactive and targeted learning experiences for students, furthering the Group's digital and personalized teaching exploration. The platform was piloted this year, with plans to refine its functionality and expand its application in 2026, advancing toward smarter, more integrated AI-assisted instruction.

Additionally, to spark students' interest in learning and diversify their study channels, the Group has developed a series of engaging educational tools that creatively blend the appeal of knowledge with the enjoyment of gameplay. Through this play-based learning approach, students grasp complex concepts in a relaxed setting, achieving a seamless integration of knowledge and fun.

“Scholar Education Group Element Assistant”

The Group has launched “Scholar Education Group Element Assistant,” a high-quality educational tool structured around game-based challenges. It merges chemistry with engaging gameplay, using an innovative gamified learning model to ignite students’ interest in the subject, broaden their knowledge horizons, and improve learning outcomes through interactive fun — all while cultivating their scientific literacy.



Scholar Education Group Element Assistant Interface

3.1.4 Engaging Interaction, Energizing Learning

The Group is determined to comprehensively stimulate students’ interest in learning from the five dimensions of “morality, intelligence, physique, beauty and hands-on education,” enhance students’ internal drive, and help students build a solid foundation in humanities and science. To this end, we adhere to the principle of edutainment (combining education and entertainment), develop various integrated and innovative courses, and hold a series of exciting competitions and interactive activities, such as the “2025 Miaowei English Vocabulary Competition,” to continuously enrich students’ learning experience and cultural literacy.

The Group held the “2025 Miaowei English Vocabulary Competition”

The “2025 Miaowei English Vocabulary Challenge” uses a fun and competitive format to actively spark students’ enthusiasm for vocabulary learning and language acquisition. By creating authentic language-use scenarios, the activity not only reinforces word retention and comprehension but also focuses on building students’ ability to flexibly apply vocabulary across different contexts. This systematically enhances their comprehensive language skills and self-directed learning effectiveness, fostering a meaningful shift from passive intake to active use.



Competition Poster

In the future, we will, as always, provide students with profound cultural nourishment through diversified curriculum settings and rich extracurricular activities, help them broaden their horizons and improve their comprehensive literacy.

3.2 Service with Heart, Trust Earned

Guided by the principle of “excellence in teaching, excellence in service,” the Group consistently develops high-quality educational content while gaining a deep understanding of students’ and parents’ needs through multiple channels. We continuously optimize the end-to-end learning experience, place strong emphasis on protecting users’ legitimate rights and interests, and maintain regular feedback and response mechanisms to address concerns promptly and safeguard customer interests. Through sustained engagement, we strive to co-create and share educational value.

3.2.1 Responsive Support, Worry-Free Resolution

The Group strictly adheres to internal policies and procedures, including the *Customer Service Center Operations Manual*, and maintains a robust customer relationship management system. To continuously enhance service quality and customer satisfaction, we implemented a series of measures during the reporting year across system optimization, process improvement, customer service training, and team management, ensuring efficient response to customer needs and an improved service experience.

During the year, the Group handled **25** complaints and suggestions related to fees and course arrangements, **13** fewer than the same period last year, with all cases resolved within **72** hours.

To address previous delays caused by multi-step paper-based approvals, the Customer Service Center, together with the Information and Finance departments, upgraded the CRM system with a focus on streamlining the “balance carry-over” and “refund” functions. The entire approval process is now fully digital, eliminating mailing time and avoiding delays due to lost documents. The system also introduced a refund notification feature: when a parent initiates a refund, the relevant instructor receives an immediate alert, enabling timely follow-up and proactive communication to ease parents’ wait time concerns.

To ensure service quality and increase parent satisfaction, the Group delivered 21 specialized training sessions for customer service staff this year, totaling 39 hours. Topics included basic service operations, phone consultations, front-desk reception, complaint-handling procedures with scenario simulations, and sharing of best practices.

The Group conducts regular assessments on customer service to comprehensively evaluate their work performance, professional skills and work attitude, to motivate customer service to improve service and enhance customer satisfaction.

- **Work Performance:** Assesses the efficiency and effectiveness of resolving customer complaints, ensuring issues are addressed promptly and thoroughly.
- **Professional Skills:** Evaluates product knowledge, communication skills, and proficiency in system operation.
- **Work Attitude:** Looks at responsibility, teamwork, learning ability, and commitment to continuous improvement.

3.2.2 Elevating Experience, Building Reputation

The Group firmly believes that quality education services are not only derived from excellent teaching content, but also from our continuous efforts in multiple dimensions to continuously improve the quality of courses and student satisfaction. To this end, we have taken a series of initiatives to identify and solve problems in a timely manner and ensure the continuous optimization and improvement of educational experience.

- **Improvement of teaching quality:** The Group regularly holds teaching competitions, randomly selects teachers' courses for audition and scoring, and evaluates the best, so as to encourage the improvement of teaching quality;
- **Strengthening home-school communication:** The Group actively strengthens communication with parents, regularly organizes telephone return visits, and actively listens to parents' voices; Through the home-school communication mini-program, students' real learning situation in school is fed back after each class, so as to ensure that parents can grasp their children's learning status in a timely manner. The mini-program also supports parents to grade teachers to promote the improvement of teaching quality;
- **Strengthening teacher communication training:** In order to improve communication effectiveness, the Group strengthened communication skills and psychology-related-contents in teacher training, so as to promote teachers to better understand and serve students;
- **Upgrading the convenience of payment process:** During the Year, we cooperated with the information center and the financial center to optimize the "CCB Supervision" payment method, simplify the operation process, reduce the payment steps of customers, and avoid cumbersome procedures affecting the user experience;
- **Satisfaction surveys:** The Group regularly conducts online and offline satisfaction surveys, collects feedback from students and parents, identifies problems in a timely manner, and takes targeted measures to improve the quality of products and services.

3.3 Guarding Campus, Safety First

The Group consistently prioritizes the safety of students and staff and is committed to providing a secure learning and working environment. We have established a comprehensive, multi-tiered safety assurance system and strictly comply with laws and regulations such as the Fire Protection Law of the People's Republic of China, the Code for Fire Protection Design of Buildings, and the Law of the People's Republic of China on the Protection of Minors. The Group has also formulated and implemented internal regulations including the Safety Responsibility Assessment System, the Safety Education and Training Management System, the Safety Management Inspection System, and the Fire Safety Management System. Through systematic safety protocols and consistent implementation, we effectively safeguard the well-being of students and teachers and the security of the teaching environment, providing a solid foundation for the sustainable development of our educational mission.

In line with the principle of “three responsibilities and three musts” (i.e., responsibility for industry, business, and locality, coupled with mandatory oversight), we strictly implement all safety management systems, adhere to the principle of “the manager is accountable,” define safety management duties from Group headquarters down to each campus, enforce campus safety evaluation and incentive/disciplinary mechanisms, and treat campus safety management as a key priority. Additionally, we conduct regular monthly safety inspections, address issues immediately upon identification, and ensure that potential hazards are resolved promptly.

3.3.1 A Robust System for Peace of Mind

To fully implement the Group’s safety management policies and standards and ensure effective oversight of safety operations across all campuses, the Group has defined a four-level safety management organizational structure and developed a series of safety systems to support safe production and operations.

<p>Group Headquarters</p>	<p>Composed of the Group’s fire safety responsible persons, fire safety managers, and heads of relevant departments. Responsibilities include analyzing and evaluating the fire safety situation, establishing and improving the fire safety management system, guiding subordinate units in fire safety work, inspecting and supervising the implementation of fire safety systems, and studying and resolving key and challenging fire safety issues.</p>
<p>Regional Level</p>	<p>Composed of regional heads. Responsibilities include fire safety management within their respective regions, conducting regular supervision and inspections, implementing focused prevention and control in key areas, enforcing the fire safety management system, and promptly organizing the identification and remediation of safety hazards and fire risks.</p>
<p>Campus Level</p>	<p>Composed of campus fire safety responsible persons and managers, who bear full responsibility for campus fire safety. Responsibilities include promoting fire safety management on campus, implementing the fire safety management system, actively participating in fire safety training and fire drills, conducting self-inspections and peer reviews of fire-fighting equipment, fire and electrical usage, evacuation routes, emergency lighting and signage, and overall safety conditions, and promptly eliminating various fire safety hazards.</p>





Group Safety Management Organizational Structure

3.3.2 Raising Standards, Strengthening Safeguards

The Group continuously improves the safety management system and measures in campus, strengthens the publicity and popularization of safety knowledge, improves the safety awareness of students, parents and employees, and actively fosters a culture of safety and well-being across campuses.

During the reporting period, the Group conducted regular oversight of each campus’s safety management structure and the fulfillment of role responsibilities, strictly following the Safety Management System and the Fire Safety Education and Training System in line with regulatory requirements and operational realities. We also continued to optimize emergency response protocols and established a standardized evaluation and incentive mechanism for campus safety performance. Campuses and individuals demonstrating excellence in safety management are recognized and rewarded, using positive reinforcement to ensure the effective implementation of all safety measures.

During the year, the safety management of the Group’s campus mainly included the following contents:

-  Optimize annual safety management work plan
-  Supervise the implementation of safety work operating procedures
-  Increase investment in safety management funds
-  Organize routine inspections and rectification, daily safety publicity, education and training, as well as emergency drills for unexpected incidents

3.3.3 Deepening Training, Enhancing Competence

Safety training is an integral component of the Group's safety management system, embedded throughout new-employee orientation and specialized education for staff in critical roles. Key training topics include:

- **Induction training:** mainly focusing on risk notification and safety awareness enhancement, ensuring that new employees fully understand the potential risk points of their positions and self-examination and disposal methods, and strengthening safety awareness. During the Year, the Group conducted a total of 5 induction safety trainings for new employees.
- **Campus safety training:** focusing on emergency response to mass emergencies, focusing on strengthening personnel evacuation and emergency response capabilities. In order to effectively carry out fire drills at all teaching points, the Group conducted a total of 160 fire safety trainings and drills during the Year, and no safety accidents occurred.
- **Theme training:** According to the documents and requirements of all levels, prepare training materials and send them to the campus. The campus organizes its own training to ensure the pertinence and effectiveness of the training content.
- **Special training:** organize special trainings for specific events in individual campuses to improve the response and handling efficiency of relevant personnel.
- **Business training:** Carry out training for full-time safety personnel on hazard source identification and hidden danger elimination, organization and implementation of drill training, standardized filling of safety files, hidden danger grading, etc.

During the Year, the Group provided comprehensive safety education and emergency planning training to all employees through diversified training methods, and the coverage rate of employee safety training reached **100%**.

Special Training on Fire Safety and First-Aid

The Group's safety management team actively takes part in specialized training sessions organized by education authorities at all levels, including fire-safety drills and electrical safety management workshops led by the Shenzhen Municipal Education Bureau, as well as off-campus training institution fire-safety exercises conducted by the Futian and Longgang District Education Bureaus. Through both systematic learning and hands-on practice, the team strengthens its professional expertise and emergency response capabilities, reinforcing safeguards for the safe operation of every teaching location.



Safety Manager Attending Municipal First-Aid Training



Chief Principal Participating in Fire Safety Drill Organized by Shenzhen Municipal Education Bureau

New Employee Induction Training

To protect the safety of teachers and students and create a safe campus environment, the Group systematically carries out safety education in induction training for new employees, aiming to enhance employees' own safety awareness and emergency response capabilities. The training content covers safety awareness establishment, awareness of laws and regulations, common risk prevention, emergency skills mastery, etc., helping new employees fully understand the safety management requirements of the campus and clarify their responsibilities and obligations in maintaining students' safety, so as to jointly build a teaching environment that makes students feel at ease and parents feel at ease.

3.3.4 Refined Oversight, Assured Safety





The Group places high priority on safety management for study-tour programs and has implemented multiple measures to protect the physical safety of students and teachers:

- **Strict evaluation of destinations:** The Group strictly evaluates the destinations of all study tour products, resolutely avoids choosing high-risk areas, and ensures the safety of students and teachers;
- **Clarify the responsibilities of the team leader:** The Group requires the team leader to be fully familiar with the study tour route, punch in and confirm in strict accordance with the scheduled itinerary, and prohibits students from leaving the team without authorization to ensure the consistency and safety of team actions;
- **Standardize daily life management:** The Group standardizes daily routines (including diet) of students, and strictly follows the planned schedule to ensure the healthy daily life of students.

3.3.5 Safety as Priority, Sustained Vigilance

The Group consistently upholds the principle of “safety first, prevention foremost,” and has established a comprehensive safety inspection system to ensure the effective implementation of safety protocols and the full functionality and reliability of safety management equipment. To this end, the Group has implemented the Safety Management Inspection System, designed to systematically identify and address potential safety risks.

The headquarters and campuses of the Group regularly carry out fire prevention inspections, focusing on the investigation of potential safety hazards in key areas such as fire protection facilities, electrical safety, mechanical equipment, hazardous chemicals and site environment, and register and file the investigation problems in detail, and full-time school patrol personnel follow up on the rectification and acceptance of potential safety hazards throughout the process to ensure that all potential safety hazards are disposed of in a closed loop and continue to build the Group’s safety protection line.

	Conduct regular monthly safety inspections
	A total of 420 special safety and fire inspections were conducted this year, and all identified fire and safety hazards were rectified
	Conduct daily inspections of campus fire facilities and maintain inspection logs
	A total of 376 general safety hazards and 0 major safety hazards were identified, all of which have been rectified and closed out

4. Together We Grow, Together We Excel

Talent is the driving force behind the Group's development. Guided by the philosophy of "putting employees first, developing people through meaningful work, and empowering them through opportunities," we actively attract and nurture outstanding talent. We provide employees with a broad and diverse platform for growth, safeguard their legitimate rights and interests, and foster a caring, fair, just, and harmonious workplace. We are committed to advancing together with our employees and achieving shared success.

4.1 Safeguarding Rights, Advancing Together

The Group strictly complies with relevant laws and regulations including the *Labor Law of the People's Republic of China*, the *Special Regulations on the Labor Protection of Female Employees*, and the *Provisions on the Prohibition of Child Labor*. Upholding the principle of equal employment, we actively promote a diverse and inclusive workplace and provide equitable development opportunities for employees from all backgrounds. The Group has implemented a range of internal policies — such as the *Management Personnel Policy*, the *Compensation Adjustment Policy*, and the *Employee Handbook* — to ensure equal opportunity, fair remuneration, and the full protection of the legitimate rights and interests of all employees.

4.1.1 Compliant Employment, Enduring Growth

The Group adheres to the principle of equal employment and prohibits unlawful discrimination or harassment against employees based on race, ethnicity, religion, gender, age, nationality, or any other characteristic. For all hired staff, we execute and centrally manage labor contracts in accordance with the law, make timely contributions to mandatory social insurance and housing fund schemes as well as critical illness insurance, and ensure employees' lawful entitlement to paid leave — including public holidays, sick leave, marriage leave, and maternity leave. Equal opportunity is provided throughout recruitment, promotion, training, and other career-related processes.

The Group strictly implements the *Provisions on the Prohibition of Child Labor*, complies with the Social Accountability Standard (SA8000), carefully verifies the age of all candidates during recruitment, and strictly prohibits the use of child labor. In addition, we provide orientation training and consultation to new hires to further safeguard their legitimate rights and interests.

To support the implementation of our talent strategy, the Group has advanced the systematic development of its human resource management framework during the reporting year. This included a comprehensive update of role descriptions across all levels to clarify responsibilities and competency requirements, providing a clear basis for talent selection and development. For key positions such as teachers and customer service staff, we established a standardized recruitment process system, unified position profiles and screening criteria, thereby enhancing collaboration efficiency and recruitment quality.

As of December 31, 2025, the Group has a total of **2,946** employees, with males comprising **38.19%** and females **61.81%** of the workforce.

4.1.2 Competitive Compensation and Clear Career Progression

The Group strictly adheres to the principle of “pay based on position and performance” in compensation management. We have established and implemented a Salary Adjustment Policy that defines adjustment categories and ranges, ensuring fairness, equity, and market competitiveness in employee remuneration. To attract and retain outstanding talent, we focus on building a comprehensive incentive management system that reflects our unique organizational values. Grounded in foundational guarantees and guided by value orientation, the system integrates diverse material and non-material incentives.

To foster mutual growth between employees and the company, we have built a systematic career development framework that guides continuous improvement through clear and transparent progression pathways. The Group has established a competency-based job grade system to manage employee capabilities through structured levels and has standardized talent cultivation and selection through defined role qualifications, providing an objective and fair basis for HR decisions such as promotions and salary adjustments. Furthermore, we closely link performance evaluations to campus-level results and offer accelerated promotions to employees who demonstrate exceptional performance and comprehensive abilities, effectively motivating staff and energizing collective contribution.

The Group rates employee performance according to a four-tier grading system (A, B, C, D) and awards additional compensation incentives based on each department’s annual overall performance coefficient. The specific performance grades are defined as follows:

Class	A Class	B Class	C Class	D Class
	Exceeds Expectations	Meets Expectations	Average	General
Definition	Performance meets or surpasses planned targets, with outstanding annual achievements.	Performance generally aligns with planned targets, with commendable annual results.	Performance approaches planned targets, with moderate annual achievements.	Performance falls short of planned targets, with room for improvement.

Guided by the principle of “character before competence” and a merit-based approach that promotes the capable, reassigns the underperforming, and enables everyone to contribute to their fullest potential, the Group has established and implemented internal policies including the Management Cadre System. This framework supports a robust talent selection and evaluation mechanism, with clearly defined criteria and processes for cadre succession, promotion, assessment, redeployment, and exit. To further strengthen training and career development support, the Group established the Business School under its Human Resources Center this year. The school is dedicated to systematically cultivating core operational and instructional management cadres as well as a pipeline of future leaders who excel in teaching, deliver strong operational performance, and possess sound managerial acumen.

4.1.3 Welfare with Care, Support with Heart

The Group consistently upholds a people-centered management philosophy. Beyond fully implementing statutory national benefits, we have thoughtfully developed a multi-layered employee care framework. Through policies such as the Employee Handbook and the Campus Employee Relations Support Guidelines, we have established a standardized assistance mechanism to help staff facing difficulties. We further strengthen team cohesion through genuine care and meaningful initiatives that foster a strong sense of belonging among employees.

Within our comprehensive incentive system — “Joyful Beginnings, Shared Glory” — we introduced Group-wide year-end recognition awards, a regular care mechanism, an honors and medals program, welfare benefit cards, and parental gratitude gifts. These initiatives extend care to employees’ families, adding warmth and breadth to our incentive offerings.

At the same time, we foster team cohesion through a variety of cultural activities, including annual celebrations, company-sponsored trips, and themed team-building events. During important occasions such as Teachers’ Day and the Spring Festival, we carefully prepare holiday gift packs and special treats, sustaining a warm and harmonious organizational atmosphere where every employee feels a sense of home.

In 2025, we held a total of **3** large-scale annual ceremonies, **3** gala events, **8** corporate-wide employee activities, and **5** festival celebrations.

Seventeen Years Together: A Joyful Spring Outing

In celebration of seventeen years of shared journey with our employees, the Group organized a three-day, two-night company-wide spring outing in March 2025, themed “Spring Begins, Joyful Travels.” The event was organized into five tour groups, guiding approximately 2,300 employees to destinations including Qingyuan, Chenzhou, Longnan, and Xiamen, where they enjoyed quality time together amid the scenic beauty of spring. The activities not only boosted employee well-being and sense of belonging, but also strengthened organizational cohesion and corporate culture through cross-departmental collaboration and team engagement.



Spring Outing in Yingde, Qingyuan

Summer Care: Visiting Our Frontline Teams

From July to August 2025, the Group carried out a summer campus visit initiative under the theme “Summer Care: Visiting Our Frontline Teams.” Senior executives toured 24 frontline campuses across the country to meet with teaching and operational staff, offering encouragement and expressing appreciation through face-to-face conversations and on-site engagement. These visits conveyed the Group’s care and support, strengthening employees’ sense of belonging and organizational alignment.



On-site Visit During Summer Campus Tour

Sweet Moments: Afternoon Tea Gathering

In November 2025, the Group hosted “Sweet Afternoon Tea,” a wellness activity held in the multi-functional auditorium for all headquarters staff. The gathering featured a selection of pastries and snacks that blended Eastern and Western flavors, offering employees a pleasant break from their busy schedules. The event provided a moment of relaxation and connection, reinforcing team warmth, cohesion, and a sense of belonging.



Afternoon Tea Gathering

4.1.4 Health and Vitality

The Group considers employees its most valuable asset and has built a comprehensive occupational health protection framework. Through the Group Employee Relations Support System, we implement a three-tier health monitoring mechanism with a standardized process for reporting health concerns. This enables timely tracking and support for employees facing major illnesses, accidents, or psychological challenges, supported by dynamic health profiles for targeted care. The Group has also established a dedicated Employee Care Fund to provide emergency assistance to staff affected by serious health issues or accidents. In 2025, employees submitted 14 applications to the fund, with total grants exceeding RMB100,000, offering practical support while reinforcing a sense of belonging and collective solidarity. Additionally, we provide all employees with supplementary commercial medical insurance, creating a dual safety net of “basic medical insurance + commercial coverage” to enhance financial protection against significant medical expenses.

To promote employee well-being, the Group has set up a structured platform for regular physical activity, including clubs dedicated to hiking, table tennis, badminton, tennis, and other sports, with monthly themed events. We also organize group-wide activities such as the annual staff sports day to encourage healthy exercise habits, systematically raise overall fitness levels, enrich employees' leisure time, and cultivate a positive, open, and diverse organizational atmosphere that helps energize the team.



Hiking Activities



Badminton Activities



Yoga Sessions



Body Sculpting Sessions

Together We Compete, Together We Win

In December 2025, the Group organized a two-day All-Staff Winter Games, which drew participation from approximately 2,500 employees — a 90% participation rate. The event included individual competitions such as badminton and table tennis, team sports like basketball and tug-of-war, five group fun challenges, and four individual obstacle-course activities. The Games actively promoted a culture of fitness across the organization, strengthening employees' physical well-being, enhancing team cohesion, and energizing a spirit of collaboration.



Winter Games

4.1.5 Listen to Voices and Build Consensus

The Group consistently values employee feedback as a vital indicator of organizational health and is committed to fostering an open and transparent communication culture. Within our “Select, Develop, and Retain” framework, we focus on the “Retain” phase by prioritizing proactive measures over reactive intervention. Through institutional innovation, we have established a multi-channel communication matrix to systematically promote constructive labor relations. Throughout the reporting period, the Group engaged with employees through the following channels:

- 1**
Service Channels

The Group’s Principal’s Office operates a dedicated service desk for employees, staffed by designated personnel to handle inquiries, feedback, complaints, and suggestions.
- 2**
Forum

Campuses hold regular staff forums where employees can share ideas and suggestions directly with campus leadership.
- 3**
Staff Meeting

The Group organizes periodic reviews and staff meetings, providing opportunities for employees to discuss work content and share insights and professional experience.
- 4**
Communication Sessions

Through the Group’s Employee Relations Support System, we regularly conduct various communication sessions and group recreational activities.
- 5**
Care and Communication

Human Resources staff make regular visits to each campus for check-ins and dialogue, enabling campus employees to communicate directly with headquarters personnel.

Passing the Torch, Moving Toward the Light: New Employee Welcome Sessions

During the year, under the theme of “Passing on the Fire from Generation to Generation, Chasing the Light,” the Group organized a total of 10 warm-hearted meetings for new employees, with a total of approximately 350 participants. Each event effectively enhances the sense of belonging and integration of new employees by setting up interesting interactions, experience sharing, Q&A and other links, and provides strong support for their rapid adaptation to the environment and personal growth.

Blooming with Strength, Shaping the Future Together: Female Employee Forum

To better support the development of female employees, the Group organized a women's forum in May 2025 themed "Blooming with Strength, Shaping the Future Together," attended by around 40 participants. The forum reinforced the Group's commitment to respecting women, promoting gender equality, and embracing diversity, thereby enhancing female employees' sense of belonging and well-being.



Female Employee Forum in Session

Listening to Our People, Enhancing the Onboarding Journey

The Group conducted a satisfaction survey among a group of new hires to better understand their perspectives, improve their initial experience, and strengthen cohesion. The anonymous survey covered areas including the recruitment process, interview stages, onboarding procedures, work environment, and team atmosphere. Based on the findings, we will continue to refine our hiring and onboarding processes, strengthen career development support, improve workplace conditions, and foster a collaborative team environment — all with the aim of attracting and retaining talent.

Furthermore, we firmly prohibit any unjust treatment of employees and have established unbiased and confidential formal grievance channels to encourage staff to voice concerns when encountering unfair practices. Upholding the principle of equality, we treat all employees impartially and strictly forbid any form of discrimination or inequitable treatment. We are committed to fostering a fair, just, and transparent workplace environment that supports the professional growth of every individual.

4.2 Nurturing Talent, Steering the Future

The Group consistently views talent as the core driver of business innovation and service enhancement, and is dedicated to building a comprehensive, multi-tiered ecosystem for professional growth. Through the continuous refinement of our *Training Academy* framework, we provide customized development programs for employees at every level, supporting a complete progression from professional excellence to leadership readiness.

4.2.1 Empowering New Teachers, Refining Pedagogy

Guided by the principle of “professional empowerment and continuing growth,” the Group places high priority on the professional development of new instructors. We have established a robust induction and training system that connects every stage from recruitment to competency building. This includes structured onboarding, subject-specific pedagogical training, and hands-on classroom practice, comprehensively covering the knowledge and skills required for the role. This systematic approach enables new teachers to grow rapidly, meet performance standards, and contributes directly to the consistency and continuous improvement of teaching quality across the Group.

General Induction Education for New Teachers



Systematic onboarding training is provided for newly recruited teachers, covering general modules such as corporate culture, teaching philosophy, basic regulations, and professional ethics. This helps new teachers quickly integrate into the team, clarify their roles and responsibilities, and lay a solid foundation for subsequent teaching practice.

Communication Practical Training for New Teachers



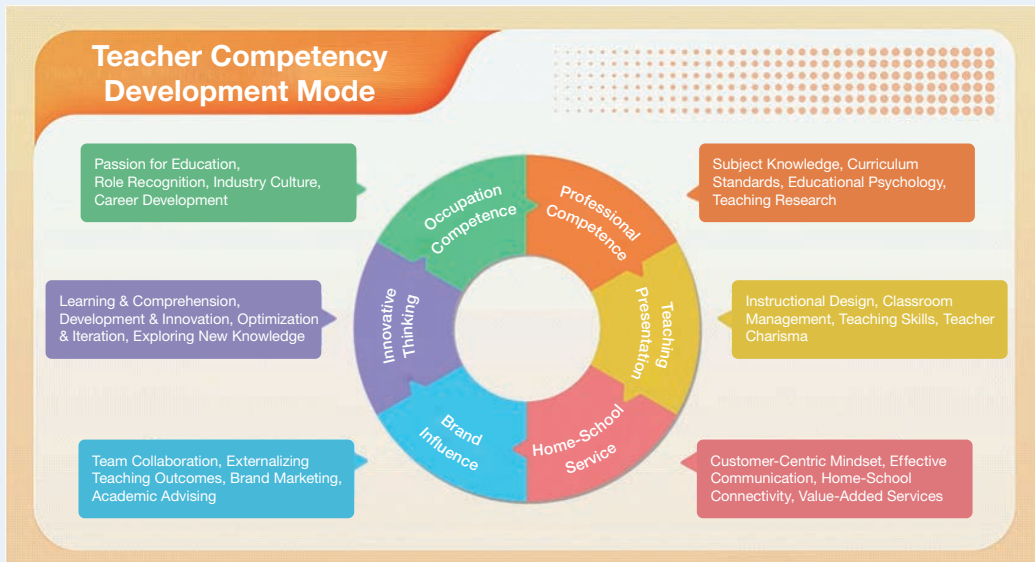
Through scenario simulation, case studies, and other methods, the training focuses on developing new teachers’ communication skills and problem-solving abilities with parents and students, enhancing their communication effectiveness and relationship maintenance in actual teaching scenarios.

Professional Teaching Practical Training for New Teachers



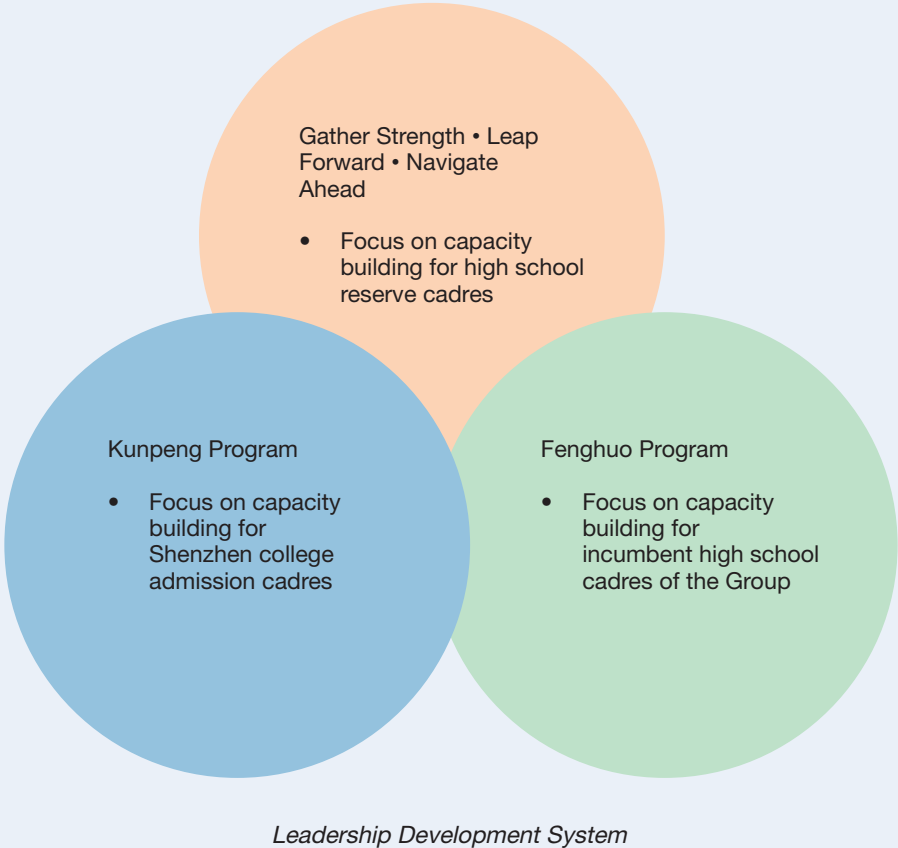
Through phased intensive training, new teachers are organized to participate in thematic learning and practical exercises such as instructional design, classroom management, and student assessment, promoting the systematic improvement of teaching skills and the establishment of teaching confidence.

In order to build a team of high-quality, efficient and innovative teachers and provide better educational services to students, the Group launched the “Teacher Competency Development Model” to comprehensively enhance teachers’ professional quality and comprehensive ability, and ensure that every teacher can maximize their effectiveness in teaching and service. The model systematically trains teachers from six dimensions, including: professional cognition, professional quality, teaching presentation, home-school service, brand influence and innovative thinking.



4.2.2 Business Academy Launch: Cultivating Future Leaders

Aligned with the Group’s future development strategy and to strengthen the foundation for talent growth, we have established the Business School under the Group’s Human Resources Center this year. It is designed to systematically cultivate a core team of operational and teaching management leaders and a robust talent pipeline — professionals who excel in instruction, demonstrate strong execution, and possess sound managerial expertise. Through structured leadership programs such as “Gather Strength · Leap Forward · Navigate Ahead,” the Fenghuo Program, and the Kunpeng Program, we are implementing a professional and systematic development model to provide solid talent support for the Group’s sustainable, large-scale, and high-quality growth.



“Gather Strength • Leap Forward • Navigate Ahead” 2025 Group High School Leadership Development Camp

To enhance the comprehensive management and strategic leadership capabilities of the Group’s mid-to-senior level cadres, the Group conducted the “Gather Strength • Leap Forward • Navigate Ahead” Special Leadership Camp in 2025. The program adopted an intensive, centralized training format spanning four days, complemented by a learning-outcome validation component to ensure practical impact. A total of 44 cadres participated in the camp, with 40 successfully completing the program, representing a completion rate of 90.9%. The course received a satisfaction rating exceeding 98 points, with participants expressing strong approval of the training content, format, and applicability.



“Gather Strength • Leap Forward • Navigate Ahead” Training Site

“Fenghuo Program”: Special Training for Current Cadres

To enhance the management capabilities of current core leadership and address key operational challenges, the Group launched the “Fenghuo Project,” a specialized training program for existing cadres in 2025. The program engaged external professional trainers and focused on strengthening core management competencies through courses such as Non-authoritative Influence and Leadership Development for MTP Managers. Conducted over two days in an intensive theoretical learning format, the training balanced conceptual depth with practical application. A total of 91 participants attended, with course satisfaction ratings reaching 94 points or above. The program effectively improved participants’ management skills and performance effectiveness, contributing to stronger team management outcomes.



“Fenghuo Program” Training Session

“Kunpeng Program” 2025 Shenzhen Entrance Cadre Training Camp

To cultivate key cadres in Shenzhen’s student-advancement field and strengthen the management foundation of advancement-related operations, the Group conducted the “Kunpeng Program” 2025 Shenzhen Student-Advancement Cadre Training Camp. The program followed an intensive camp format over four days, concluding with an assessment of learning outcomes to ensure participants mastered relevant knowledge and skills. A total of 94 individuals participated, with 86 successfully completing the camp — a completion rate of 91.5%. Course satisfaction exceeded 95 points, effectively enhancing the professional competence and management proficiency of Shenzhen-based advancement cadres.



“Kunpeng Program” Training Session

5. Compliance as the Foundation, Steady Progress for Long-term Success

The Group consistently upholds the business principle of “Compliant Operations, Sustainable Growth,” treating compliance management as fundamental to corporate vitality. We have established a comprehensive compliance framework that spans the entire business chain, strictly adheres to the laws, regulations, and industry standards in every region of operation, and continually refines risk management and internal control mechanisms. Committed to safeguarding the legitimate rights and interests of shareholders, employees, customers, partners, and other stakeholders, we lay a solid foundation for the Group’s enduring success.

5.1 End-to-End Data Security Protection

The Group has implemented a holistic data security protection system, strictly following the requirements of the Personal Information Protection Law of the People’s Republic of China and other applicable regulations. We have developed and enforced internal policies including the Network Security Management System, the Information System Account Management System, and the Group Student Information Security Management System. A security management mechanism covering the entire data lifecycle ensures standardized control over the collection, storage, use, processing, transmission, provision, disclosure, and deletion of customer personal information, minimizing the risk of information leakage.

We employ multiple measures to protect customer personal information, including stringent management of employee information system access rights. Access is assigned based on user roles, ensuring that staff can only view data within their authorized scope. To maintain compliance, the Group conducts regular audits of account permissions and promptly deactivates redundant accounts. Furthermore, we routinely inspect the operating environment and status of systems and application software to guard against information security risks such as viruses and hacking. Ongoing awareness initiatives reinforce the importance of data protection and privacy security among employees, strengthening their understanding of information safeguarding and confidentiality.

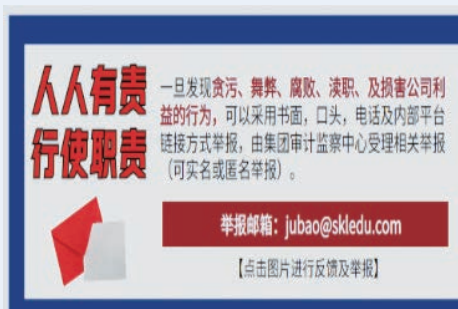
Key Measures for Customer Privacy and Information Security Management in 2025:

Network level	<ul style="list-style-type: none"> • Deploy firewalls, intrusion detection and other systems at the network exit, and strictly control the ports that provide external services; Deploy a full-traffic monitoring system in the network to prevent network attacks.
Data-Center Level	<ul style="list-style-type: none"> • Physical Security: Install access-control systems to strictly limit entry to authorized personnel only. Equip data centers with comprehensive surveillance cameras for real-time monitoring, ensuring the secure and stable operation of all equipment. • Environmental Monitoring: Implement environmental monitoring systems to track temperature, humidity, smoke, and other factors in real time, maintaining an optimal operating environment. • Power Supply: Ensure data centers are equipped with UPS (uninterruptible power supply) to maintain database operations during power outages.
Maintenance & Operations	<ul style="list-style-type: none"> • Perform routine inspections of hardware equipment to ensure normal operation. • Conduct regular database backups and maintain a comprehensive contingency and recovery plan, enabling swift data restoration in case of failure or other incidents to ensure business continuity and stability. • Update database systems and related software promptly to patch security vulnerabilities. • Establish clear fault-handling procedures to address sudden hardware or software issues promptly, preventing disruption to business operations.
Access-Control Level	<ul style="list-style-type: none"> • Define system permissions based on job roles, ensuring personnel can only access data within their authorized scope. For example, in the CRM system, authorization is granted comprehensively across vertical dimensions (city, region, branch) and horizontal dimensions (such as courses).

5.2 Integrity as Foundation, Risk Mitigation as Focus

The Group regards integrity and trust as the cornerstone of corporate sustainability and has built a comprehensive, multi-tiered integrity risk prevention and control system. We strictly comply with laws and regulations such as the Interim Provisions on the Prohibition of Commercial Bribery and the Anti-Money Laundering Law of the People’s Republic of China, and have established internal regulations including the Accountability Management System. These policies clearly define behavioral red and yellow lines, refine accountability standards, and set a “zero tolerance” compliance baseline. We require all employees to abide by professional ethics and jointly uphold an honest and transparent business environment, ensuring the Group progresses steadily on a compliant path.

The Group has published a dedicated reporting email address prominently on its official website, with the Audit & Supervision Center responsible for handling all reports. Upon receiving a report, the Center immediately initiates verification, thoroughly investigates the matter to ensure clarity of facts and sufficiency of evidence, and communicates findings internally as required. We insist on investigating any violations fully and impartially, regardless of the seniority of those involved, and take firm action to uphold the Group's culture of integrity and fair business conduct.



Group Reporting Email Address

To embed integrity deeply into the corporate culture, the Group requires management to sign an Anti-Corruption Pledge, committing to strict compliance with national laws, regulations, and internal policies, and refusing any form of monetary gifts or commercial bribes. This sets clear values and behavioral standards for all employees. Integrity education is reinforced through regular training sessions and meetings that highlight compliance risks, raising awareness of the legal and professional consequences of corruption. Department and campus heads are tasked with exercising daily oversight, monitoring potential integrity risks in business processes, reporting issues promptly, and taking corrective actions to prevent the emergence or spread of corrupt practices. During the reporting period, the Group did not encounter any litigation or material noncompliance related to corruption.

5.3 Responsible Communication, Positive Outreach

The Group strictly adheres to the Advertising Law of the People's Republic of China and relevant directives such as the Notice on Strengthening the Control of Off-Campus Training Advertisements. We fully standardize the promotion of competency-based courses, refrain from publishing off-campus training advertisements in mainstream media, online platforms, or public spaces, and rigorously implement advertising control measures in line with the State Council's "Double Reduction" policy.

5.4 Safeguarding Intellectual Property, Rigorous Process Control

The Group places high importance on intellectual property (IP) protection, strictly complies with the Intellectual Property Law of the People's Republic of China and related regulations, and has implemented an Intellectual Property Management System. This system standardizes IP confidentiality and centralized archives management, promotes IP awareness among employees, respects original achievements, and firmly cracks down on all forms of infringement. No IP leakage occurred in 2025.

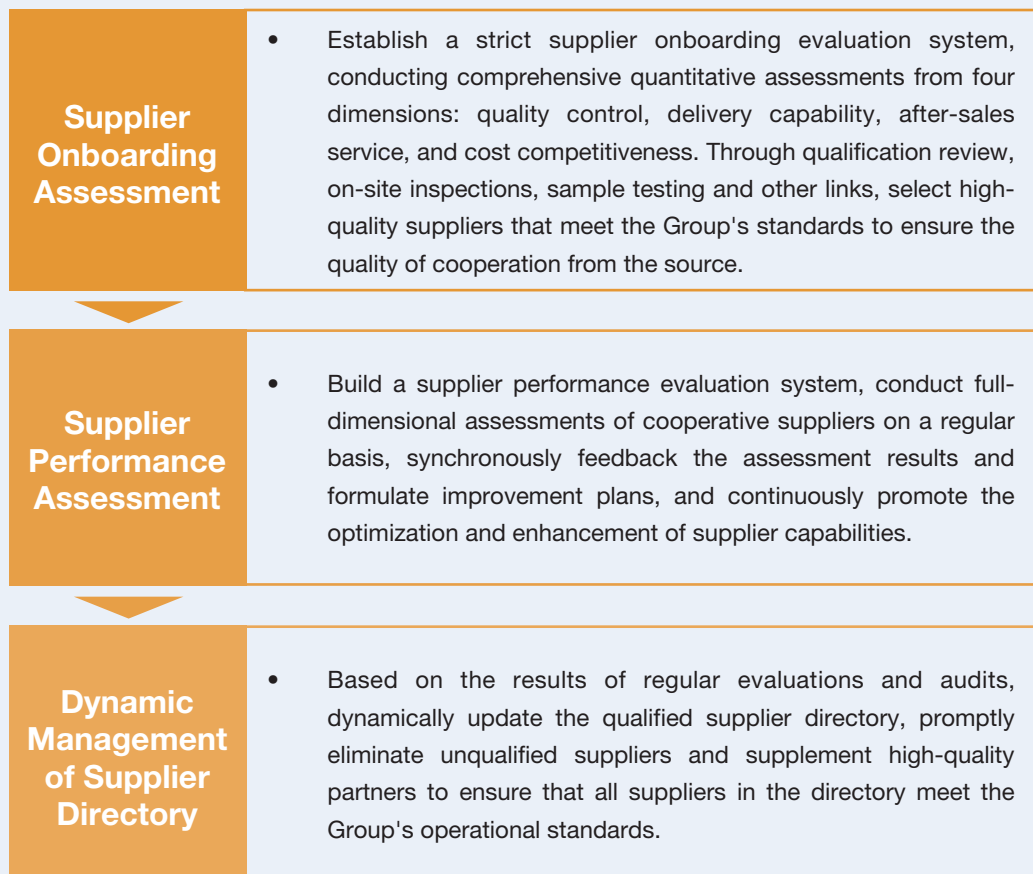
A dedicated role is responsible for the custody of IP certificates, with strict controls on borrowing and a detailed IP ledger recording ownership, status, and updates. The Group also maintains an annual IP certificate renewal tracker to ensure timely updates and safeguard ownership rights. During R&D, novelty searches and assessments are conducted to determine patentability and scope of protection. In 2025, the Group obtained 4 invention patents, 2 utility model patents, 4 software copyrights, and 5 trademarks.

Teaching materials are stored centrally on the teaching cloud platform under the *Confidentiality Standards for the Use of Electronic Teaching Material Drafts*, which restrict usage to viewing and printing, prohibit electronic leakage, and forbid account sharing. The *Teaching Material Document Application Process* and the *PPT File Application Procedure* define clear application, approval, and usage workflows, ensuring all documents are monitored and protected throughout their lifecycle to safeguard the Group's patents, trademarks, trade secrets, and other IP interests.

Additionally, the Group conducts regular IP management training to enhance employees' awareness and competence. All staff are required to maintain confidentiality, and those who disclose confidential documents or teaching accounts will be held accountable in accordance with applicable laws and regulations.

5.5 Transparent Procurement, Green and Shared Success

Through the formulation and implementation of the *Procurement Management System* and the *Supplier Management System*, the Group has defined clear roles and responsibilities, operational standards, and supplier management criteria across the entire procurement process, ensuring compliance, transparency, and efficiency in all procurement activities. During the reporting period, the Group's main procurement categories included teaching material printing, office supplies, electrical equipment, new campus renovation, and other materials and services. In 2025, the Group collaborated with 62 suppliers.



Supplier Lifecycle Management

Moreover, the Group continues to strengthen communication and collaboration with suppliers, building stable partnerships to enable synergistic cooperation in core areas such as teaching-material printing, educational supplies provision, and campus service support — thereby ensuring consistent supply quality and service efficiency.

In building a green supply chain, the Group prioritizes suppliers certified under the ISO 14001 Environmental Management System to ensure purchased products and services meet eco-friendly standards and minimize environmental impact. Additionally, the Group proactively sources energy-efficient and environmentally-preferable products, including LED lighting, computers bearing national energy-saving certification labels, desks and chairs compliant with national standards, eco-friendly paper and ink, and renovation materials and paints meeting national environmental requirements. These choices help lower energy consumption and reduce carbon emissions.

To uphold fairness, transparency, and integrity in procurement activities, the Group has established a comprehensive procurement integrity prevention and control framework across five dimensions: policy, process, personnel, suppliers, and oversight. All Procurement Center staff are required to sign a Code of Conduct Agreement to reinforce self-discipline. The agreement clearly outlines expected behavior during procurement — including, but not limited to, prohibitions against accepting bribes, kickbacks, or other improper benefits from suppliers. The Group enforces a strict “zero-tolerance” policy; any verified violation may result in unilateral termination of the employment contract and serious disciplinary action against the employee involved. All suppliers must sign an Integrity and Confidentiality Agreement, committing to refrain from any form of commercial bribery.

In 2025, the signing rate of the “*Integrity and Confidentiality Agreement*” among qualified suppliers reached **100%**.

6. Low-Carbon and Eco-Friendly, Toward a Green Future

The Group actively practices green development principles, fully complies with laws and regulations such as the Environmental Protection Law of the People’s Republic of China, and has established and implemented the Energy Conservation and Emissions Reduction Management System, integrating energy-saving and consumption-reduction measures into daily operations. We proactively support the national green and low-carbon development strategy and continue to implement initiatives across three key areas: energy conservation and emissions reduction, water resource conservation, and waste reduction. As the Group’s core business does not involve large-scale production and manufacturing, no corresponding pollution emissions are generated. During the reporting period, the Group did not experience any material environmental violations or receive environmental administrative penalties.

6.1 Protect the Environment, Build a Clean and Beautiful Campus

The Group is committed to implementing effective emission control measures in daily operations to reduce the impact on the environment. In terms of emission management, the core business of the Group is literacy education and training services. The primary emission sources include greenhouse gases from electricity consumption, greenhouse gases and air pollutants generated by fuel of official vehicles, domestic garbage, domestic sewage and discarded ink cartridges generated by campus and offices, and a small amount of indoor air pollutants generated by campus decoration. For the above emissions, we implement classified management:

- Domestic waste is collected separately; employees are guided to sort and dispose of garbage, with enhanced recycling of reusable materials. Remaining waste is collected by category and removed by professional sanitation units.
- All domestic sewage is connected to the municipal sewage pipe network to prevent direct discharge into the soil or natural water bodies;
- Toxic and hazardous waste such as discarded ink cartridges are entrusted to third-party organizations with professional qualifications for compliant recycling;
- Concentrations of indoor air pollutants — including formaldehyde, benzene, toluene, TVOC, etc.—at all campuses comply with the Indoor Air Quality Standard GB/T 18883-2022. All newly built or renovated campuses must pass professional third-party testing before being put into use.

广东中测环境检测技术有限公司检测报告

1、检测目的
监测室内环境的污染程度。

2、检测对象
培训中心

3、分析方法与分析仪器 (见表1)

4、检测结果(见检测结果)

表1. 检测项目分析方法和分析仪器

检测项目	评价标准及限值	检测方法	仪器名称及型号
甲醛	≤0.08mg/m ³ GB/T18883-2022	分光光度法 GB/T 16129-1996 (酚试剂分光光度法)	722N 分光光度计
苯	≤0.06mg/m ³ GB/T18883-2022	热解吸-气相色谱法 GB/T18883-2022附录C (热脱附-SPME法)	GC5890C 气相色谱仪
甲苯	≤0.20mg/m ³ GB/T18883-2022	热解吸-气相色谱法 GB/T18883-2022附录C (热脱附-SPME法)	GC5890C 气相色谱仪
二甲苯	≤0.20mg/m ³ GB/T18883-2022	热解吸-气相色谱法 GB/T18883-2022附录C (热脱附-SPME法)	GC5890C 气相色谱仪
TVOC	≤0.40mg/m ³ GB/T18883-2022	热解吸-气相色谱质谱法 GB/T18883-2022附录D	GC6890C-5973N 气相色谱仪, GC95-4F2010 质谱质谱
氨	≤0.20mg/m ³ GB/T18883-2022	分光光度法 GB/T 18204.2-2025	722N 分光光度计
氡	≤300Bq/m ³ GB/T18883-2022	活性炭盒法 GB/T18883-2022附录H	PCS-6000 低本底能谱仪

注：标“*”不在限值范围内。


Indoor Air Quality Test Report — A Campus of the Group

6.2 Low-Carbon Operation, Energy Conservation and Consumption Reduction

The Group's primary resource consumption occurs in electricity and water usage at campuses and offices, office paper consumption, and fuel use for official vehicles. Electricity is sourced from the regional grid, and water from municipal supply systems. We actively respond to national energy-saving and emission-reduction policies by raising staff awareness through internal communications (such as Group-wide platforms and morning-meeting briefings) and establishing regular inspection and scoring mechanisms. Each campus and office area undergoes periodic checks, with energy-saving performance incorporated into evaluations, effectively integrating conservation practices into daily work.


The Group has defined clear energy- and resource-saving targets and assessment criteria. Through measures such as equipment upgrades, we reduce energy and resource consumption in operations. We prioritize environmentally friendly and energy-efficient products and services in procurement, encourage supplier participation in green supply-chain development, strengthen employees' environmental awareness through green-office training, and comprehensively enhance staff knowledge and capability in energy and resource conservation. Through dynamic tracking, regular monitoring, and effectiveness reviews, the Group ensures the implementation of green operations and energy-saving plans, promptly optimizing and improving any identified issues.

During the Year, the Group took various measures to effectively reduce the consumption of resources and energy by selecting energy-saving electrical appliances, strictly controlling energy consumption, standardizing material management, advocating paperless office and low-carbon travel:




Reduce Energy Consumption

- Prioritize the purchase of energy-saving lighting equipment and electrical appliances;
- Include phenomena such as lights left on and running water into departmental assessment criteria;
- Reasonably set air conditioning temperatures: no lower than 26°C in summer and no higher than 20°C in winter;
- Require employees to turn off computers, printers, copiers and other electrical equipment when leaving the office for an extended period, with relevant departments conducting inspections.




Conserve Resources

- Fully implement paperless office work, prioritizing electronic document circulation;
- When paper must be used, print and copy on both sides to reduce paper waste;
- Extend the service life of campus items, remind users to operate equipment correctly, and avoid behaviors that reduce the service life of electrical appliances, such as immediately cutting power to projectors after use and dry operation of water dispensers;
- Promote water-saving appliances, strengthen employees' awareness of turning off water taps promptly, and eliminate running water phenomena;
- Reduce the use of disposable paper cups, tableware, etc., and encourage employees to bring their own water cups and tableware.



Resource Recycling

- Recycle printed paper for draft use on the reverse side;
- Equip classified trash bins and standardize employees' classified waste disposal;
- Recycle ink cartridges and other materials together with suppliers to reduce the environmental impact of waste;
- Prioritize office supplies made from recyclable and renewable materials;
- Impose strict requirements on cleaning companies to ensure they follow the principle of classified waste recycling.



Low Carbon Transportation

- Comply with the Group's internal "Official Vehicle Management System", manage the entire process of vehicle use, and reduce the use of official vehicles;
- Encourage employees to choose to walk, cycle, or take public transportation to and from work;
- Standardize the procurement, use, maintenance, and scrapping of vehicles to ensure the rational use and efficient management of official vehicles.

6.3 Climate Action for a Low Carbon Future

Fully aware of the risks, opportunities, and impacts brought about by climate change, the Group incorporates them into its strategic planning and day-to-day operations. We actively respond to the national dual-carbon policy and the Paris Agreement, referencing the framework recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to systematically manage climate-related risks and opportunities across four dimensions — governance, strategy, risk management, and metrics & targets — thereby advancing our green transition.

6.3.1 Governance

Recognizing the significant impact of climate change on business sustainability, the Group has established a systematic climate governance structure. For details, please refer to the “ESG Governance System” section of this report. As the highest decision-making body for climate change oversight, the Board of Directors is fully responsible for the overall planning and management of climate response, including the precise identification and assessment of climate-related risks and opportunities and the formulation of targeted climate strategies. In addition, we regularly report on ESG matters (including climate change) to the Board and senior management and conduct periodic climate-focused training sessions. These sessions feature external experts who share the latest regulatory requirements and industry trends, ensuring that the Board and management possess the appropriate skills and capabilities to oversee and address climate-related risks and opportunities.

6.3.2 Strategy

Based on our business characteristics, the Group identifies the risks and opportunities of climate change in the short term (1-2 years), medium term (3-5 years) and long term (10 years and above), evaluates its impact on the business, and formulates corresponding mitigation measures.

Climate-Related Risks				
Physical risks				
Risk Type	Time Period	Risk Description	Financial Impact	Solution
Typhoon	Short term	Increased frequency of typhoons may disrupt workplace operations, endanger the safety of employees and students, and affect the continuity of service delivery, thereby reducing operational efficiency.	Increased operating costs and reduced operating revenue	<ul style="list-style-type: none"> • Before events: Prioritize employee safety by reinforcing facilities, stockpiling supplies, and enabling remote working arrangements. • During events: Rely on standardized emergency procedures and regular training to ensure rapid and effective response. • After events: Strictly adhere to the “safety first” principle, requiring all locations to conduct comprehensive safety checks and resume operations only after confirming that conditions are safe. • Strengthen typhoon preparedness awareness and emergency response capabilities as part of daily operations.
Extreme Precipitation and Flooding	Long-term	Flooding may lead to water ingress in campuses, damage to teaching equipment or premature asset retirement, disrupt continuous facility operations, affect operating income, and increase disaster prevention costs.	Increased operating costs and reduced operating revenue	<ul style="list-style-type: none"> • Strengthen investment in campus infrastructure and establish emergency response mechanisms to mitigate the impact of floods on business continuity; • Conduct regular disaster response drills and assign a dedicated team to monitor and follow up on preparedness measures.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Transition Risks

Risk Type	Time Period	Risk Description	Financial Impact	Solution
Policy & Regulatory Changes	Medium and long term	Future government policies may introduce stricter carbon emission limits or taxation measures. To fulfill environmental responsibilities and meet emission reduction requirements, the Group will need to continue increasing investment in environmental protection and low-carbon transition, which may lead to a corresponding rise in operating costs.	Increased operating costs	<ul style="list-style-type: none"> Closely monitor and accurately interpret relevant policies, responding promptly to regulatory changes to ensure ongoing compliance.
Technological Transition Risks	Medium and long term	In the process of adopting low-carbon transition equipment and technology, the Group may lead to an increase in labor and financial costs.	Increased operating costs	<ul style="list-style-type: none"> Based on business adaptability and necessity, the equipment and technology are updated on the premise of reasonable risk assessment.
Market and Reputational Risks	Long term	As stakeholder focus on sustainability metrics continues to grow, the Group's competitiveness and corporate reputation may be affected if its performance fails to meet market expectations.	Increased operating costs	<ul style="list-style-type: none"> Continuously optimize the ESG management system and governance strategy, disclose ESG-related information in a timely manner, and actively communicate with stakeholders.

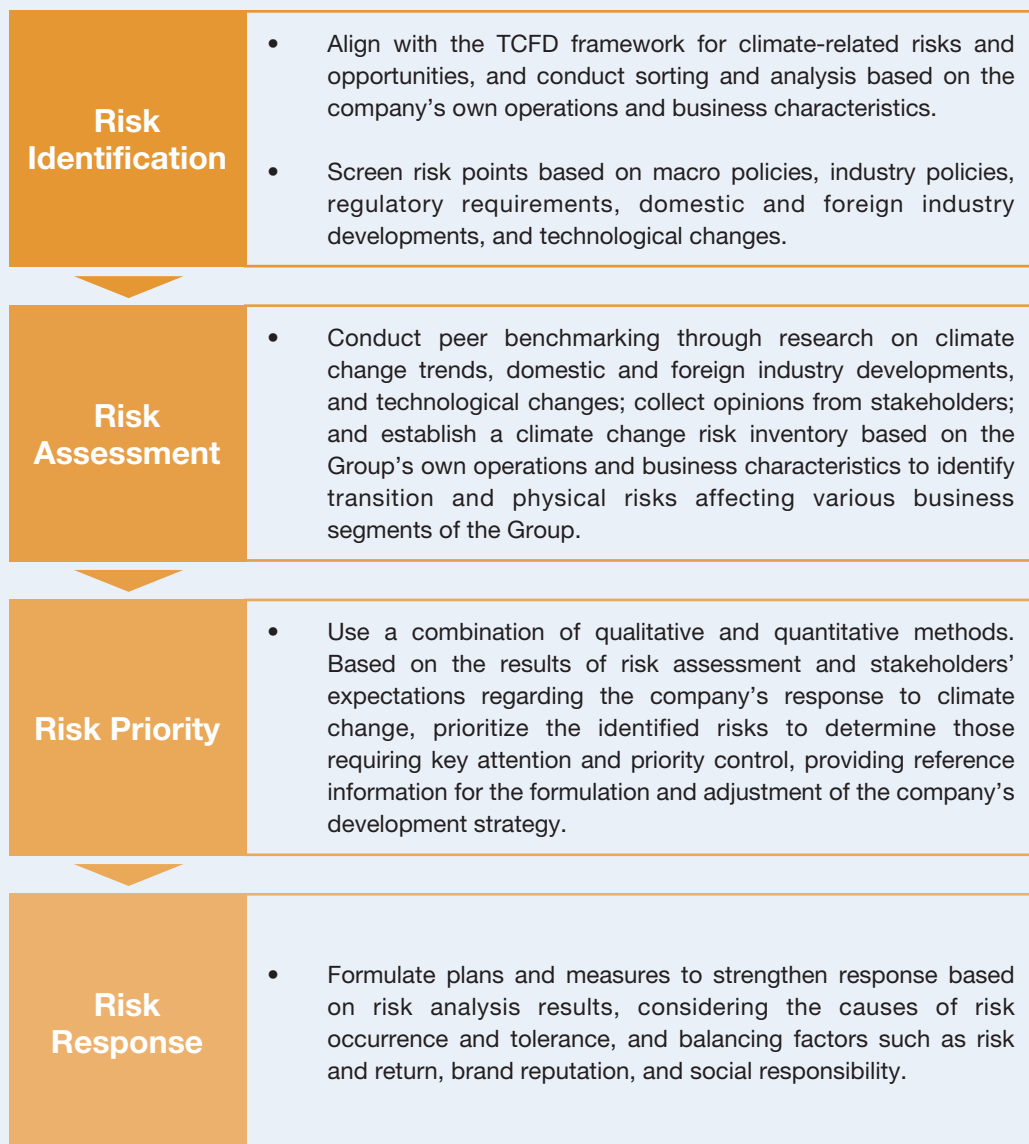
Climate-Related Opportunities

Risk Type	Time Period	Risk Description	Financial Impact	Solution
Resource Utilization	Medium term	Stakeholders' continued focus on climate change has raised the Group's awareness of corporate social responsibility, further encouraging the adoption of green equipment and facilities. This helps reduce the Group's long term operating costs and promotes green operations.	Reduce operating costs	<ul style="list-style-type: none"> In daily operations, prioritize the procurement and use of equipment bearing energy-efficiency labels to further reduce carbon emissions. During campus expansion, strictly regulate decoration materials and engineering design plans to ensure ESG factors are fully considered, comprehensively ensuring a win-win outcome for both environmental and social aspects.
Market	Long term	As stakeholder attention to sustainable development and climate responsibility grows, the Group will integrate low-carbon principles into campus operations and teaching activities — such as offering public interest courses on low-carbon topics. This strengthens brand appeal and reputation, aligning with the ESG oriented sustainability framework.	Increase operating income	<ul style="list-style-type: none"> Expand and promote sustainable operation practices to meet the low-carbon needs of stakeholders; Enhance communication of the Group's achievements in low-carbon and environmental protection efforts, while strengthening its own carbon management capabilities.

As of the end of the reporting period, the Group has not yet incorporated carbon pricing into its decision-making processes or integrated climate-related factors into its compensation policies. Currently, the data accumulation and technical tools required for comprehensive climate risk assessment are still under development. At the time of reporting, the Group was unable to obtain reasonably assured information — without incurring undue cost or effort — that would enable the identification of current and anticipated climate-related impacts across the value chain, the formulation of a transition plan, the quantification of current and projected financial effects, or the use of climate-scenario analysis to assess climate resilience. Accordingly, the Group plans to strengthen its data foundation in the future, gradually introduce specialized assessment tools, and initiate climate-scenario analysis. These steps will support a more precise evaluation of the extent and scope of climate-related impacts across the entire value chain, thereby laying a solid groundwork for developing transition plans and climate targets.

6.3.3 Risk Management

The Group has established a comprehensive risk management framework, along with integrated processes for risk identification, assessment, and mitigation. We pay close attention to the impact of climate-related risks on business operations, incorporating climate risk into our overall enterprise risk management system. Targeted response measures have been formulated to ensure timely and effective management of potential challenges. Our management process is outlined as follows:



6.3.4 Metrics and Targets

The Group closely follows the pace of national sustainable development, actively responds to the strategy of “3060 Carbon Neutrality and Carbon Peaking,” continues to pay attention to greenhouse gas emission data, and strictly implements monitoring, management and disclosure. As at the end of the reporting period, the Group has not applied carbon pricing in its decision-making. The Group actively advocates employees and customers to choose green travel methods, and implements the concept of green environmental protection in daily operations, and is committed to reducing unnecessary greenhouse gas emissions and waste generation.

During the Reporting Period, the Group's total greenhouse gas emissions amounted to 2,603.37 tons of carbon dioxide equivalent.

7. Take Responsibility for Public Welfare Practice

The Group deeply recognizes the social value and transformative power of education. Staying true to our founding mission, we actively carry out philanthropic educational activities, empowering individuals through knowledge sharing and contributing to sustainable social development. We organize public-interest lectures, partner with community organizations on charitable initiatives, and conduct donation drives in universities. Committed to building a multidimensional support system for students and advancing educational equity, we live out our philanthropic promise that “education illuminates the future.”

7.1 Welfare Forums, Policy Insights

In response to the keen expectations of students and parents, the Group actively explores innovative service models and has launched a series of online and offline public interest forums. The content covers not only the latest trends in literacy education and indepth policy interpretation, but also incorporates the learning experiences and insights of outstanding students, aiming to provide systematic and holistic support for the growth of students across all stages.

Looking back on 2025, we conducted **208** offline lectures on the national college entrance examination policies, **279** live broadcasts, and **964** pieces of content published on social media platforms such as WeChat Channels and Douyin.



Offline Lectures in Various Regions

Concurrently, to deepen the social value of educational services and promote positive interactions between educational resources and community needs, the Group launched the series “Public Interest Classes in the Community.” Working closely with local Party-Mass Service Centers, we introduce high-quality course resources into neighborhood settings, providing practical and beneficial extracurricular learning support for students in the community. Through organized group registrations facilitated by community organizations, the initiative reaches younger students, directly responding to families’ educational needs while accumulating valuable insights for sustained community service. Looking ahead, we aim to extend this model to more regions, allowing more children to access meaningful learning opportunities close to home and jointly foster a warm, collaborative, and sustainable community education environment.



Activities at Party-Mass Service Centers Across Campuses

7.2 Cultivating with Gratitude, Supporting Education through Donations

The Group continues to focus on public-welfare initiatives in higher education, with targeted donations and specialized support as core measures, ensuring the orderly and effective implementation of charitable programs. A key project is our university-specific donation initiative, through which we have deepened collaboration and partnership with Guilin University of Technology and Shaoyang University to steadily advance our student-aid plans. Progress during the reporting year is detailed below:

Public Welfare Student Aid Program	Progress in 2025
<p>Guilin University of Technology: Signed a 10-year donation agreement in 2024 with a total amount of RMB1 million</p> <p>Shaoyang University: Signed a 5-year donation agreement in 2024, with a total amount of RMB500,000</p>	<p>Donate RMB100,000 to Guilin University of Technology</p> <p>Donate RMB100,000 to Shaoyang University</p>

Donations are primarily directed toward two key initiatives:

“Scholar Education Group Scholarship”: A portion of the funds is allocated to establish the “Scholar Education Group Scholarship,” which recognizes and supports outstanding students who excel both academically and in character. This initiative aims to alleviate the financial burden on high-achieving students, enabling them to focus more fully on their studies and pursue excellence.

“Scholar Education Group Education Fund”: Another portion of the funds is channeled into the “Scholar Education Group Education Fund,” which supports various annual student-career activities, including career-planning workshops, internship referrals, and employment-skill training. These programs help students better plan their future careers and enhance their employability.

Through these philanthropic efforts, we seek not only to provide tangible assistance and support to students but also to advance educational equity and social progress. These actions represent concrete steps in fulfilling our corporate social responsibilities while deepening our public-welfare partnerships with universities and providing sustained support for higher education development. Moving forward, we will continue to align our initiatives with the Group’s capabilities, discharge our social responsibilities in a sustainable manner, and steadily support the growth of more students.

7.3 Community Care, Spreading Warmth

Community is more than a place to live — it is a network of shared emotions and responsibilities. The Group remains committed to carrying out various care initiatives, giving back to the community through tangible actions, spreading warmth, and inspiring goodwill. Together with diverse stakeholders, we strive to build a warmer, more harmonious, and better shared home.

Honoring Firefighters, Saluting the Bravest Responders

During the reporting year, the Group visited the Buji Street Fire Rescue Station to extend holiday greetings and deliver care packages to the firefighters. The Deputy Secretary of the Buji Street Party Working Committee and Director of the Office expressed gratitude for the Group's philanthropic gesture. The activity conveyed our deep respect to frontline rescue personnel and shared corporate warmth and positive social energy.



On-site Visit to Firefighters During Holiday Season

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Appendix: 2025 ESG Key Performance Data

Environmental Aspect

KPIs		Units	2025
Emissions	SO ₂ emission	Kilogram	0.13
	Nitrogen oxides emissions	Kilogram	16.82
	Particulate matter emissions	Kilogram	1.43
GHG Emission	Greenhouse gas emissions (Scope 1) ¹	tCO ₂ Equivalent	23.61
	Greenhouse gas emissions (Scope 2) ²	tCO ₂ Equivalent	2,579.76
	Total greenhouse gas emissions	tCO ₂ Equivalent	2,603.37
	Greenhouse gas emissions intensity	tCO ₂ Equivalent/ RMB thousand revenue	0.003
Hazardous Waste	Waste batteries, waste fluorescent tubes, waste ink cartridges and toner cartridges	Tonne	0.00
Non-hazardous Waste ³	Household waste	Tonne	201.72
Energy Usage ⁴	Total energy consumption	MWh	4,938.96
	Direct Energy consumption	MWh	77.00
	Indirect Energy consumption	MWh	4,861.96
	Energy consumption intensity	MWh/RMB thousand revenue	0.0063
	Total electricity consumption	MWh	4,861.96
	Gasoline consumption	Liter	8,876.81
Water Consumption ⁵	Water Consumption	Cubic meter	24,848.09
	Water consumption intensity	Cubic meter/ RMB thousand revenue	0.0316
Office Paper Consumption	Office Paper Consumption	Kilogram	218,220.00

Description of environmental data and coefficients

1. Greenhouse gas emissions (Scope 1) were mainly from the fuel consumption of official vehicles.
2. Greenhouse gas emissions (Scope 2) were generated from the consumption of purchased electricity. The data sources were the payment bills for relevant expenses and the administrative statistics ledger. The greenhouse gas emission factors for purchased electricity were in reference to the Announcement on *the Release of Carbon Dioxide Emission Factors for Electricity in 2023* issued by the Ministry of Ecology and Environment of the People's Republic of China. And the other emission factors were in reference to *the Guidelines on Reporting of Environmental Key Performance Indicators issued by the Hong Kong Stock Exchange*.
3. Non-hazardous waste was office waste generated by the administrative office.
4. The types of energy consumed by the Group in 2025 included fuel for official vehicles and purchased electricity. The data sources were the payment bills for relevant expenses and the administrative statistics ledger. The energy consumption coefficient was in reference to the conversion factors provided by the International Energy Agency and the national *GB/T2589-2008 General Principles for Calculation of the Comprehensive Energy Consumption*.
5. The water supply of the Group comes from the municipal water supply network, and the data sources are financial records and administrative statistics ledgers.

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Social Aspect

KPIs		2025	
Total Workforce by Gender, Employment Type, Age, Job Level and Geographical Region			
		Number of Employees (Person)	Percentage (%)
By Gender	Male	1,125	38.19
	Female	1,821	61.81
By Employee Types	Full-time	2,946	100.00
	Outsourced	0	0.00
	Part-time	0	0.00
	Intern	0	0.00
By Age	Under 30 Years Old	2,189	74.30
	31–40 Years Old	619	21.01
	41–50 Years Old	113	3.84
	Above 50 Years of Age	25	0.85
By Job Level	Middle and Senior Management	604	20.50
	General Staff	2,342	79.50
By Geographical Region	Mainland China	2,942	99.86
	Overseas and Districts of Hong Kong, Macao and Taiwan	4	0.14
Total Workforce (Person)		2,946	
Health and Safety			
Number of Work-related Fatalities in the Last 3 Years (Person)		0	
Number of Work-related Injuries (Person)		3	
Lost Days due to Work Injury (Day)		63	

KPIs		2025			
The Percentage of Employees Trained and Average Training Hours Completed Per Employee by Job Function and Gender					
		Number of Employees Trained (Person)	The Percentage of Employees Trained (%) ¹	Total Training Hours (Hour)	Average Training Hours Completed Per Employee (Hour) ²
By Job Function	Middle and Senior Management	228	22.29	6,824.00	11.30
	General Staff	795	77.71	1,536.00	0.66
By Gender	Male	428	41.84	4,576.00	4.07
	Female ³	595	58.16	3,784.00	3.36

KPIs		2025	
Employee Turnover Rate by Gender, Age and Geographical Region ⁴			
By Gender	Male (%)		21.38
	Female (%)		25.67
By Age	Under 30 Years Old (%)		27.83
	31–40 Years Old (%)		11.95
	41–50 Years Old (%)		5.83
	Above 50 Years Old (%)		0.00
By Geographical Region	Mainland China (%)		24.12
	Overseas and Districts of Hong Kong, Macao and Taiwan (%)		0.00
Supply Chain Management			
Number of Suppliers (Company)		South China	62
Number of Suppliers who Implemented the Practices (Company)			2
Customer Service			
Number of Customer Complaints (Times)			25
Rate of Complaint Handling (%)			100.00

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KPIs		2025
Anti-corruption		
Corruption-Related Legal Cases Concluded Against the Issuer or Its Employees during the Reporting Period (Case)		0
Total Hours of Anti-corruption Training Completed by Employees (Hour)		440.00
By Job Level	Director	16.00
	Senior Management	116.00
	Middle Management and General Staff	308.00
Number of Employees who Completed Anti-corruption Training (Person)		220
By Job Level	Director	8
	Senior Management	58
	Middle Management and General Staff	154
Percentage of Employees who Completed Anti-corruption Training (%)		
By Job Level	Director	100.00
	Senior Management	68.24
	Middle Management and General Staff	5.38

Social Data and Calculation Methodology

1. Formula for calculating the percentage of employees trained: employees by relevant category = number of employees trained in a specific category/employees trained * 100%.
2. Average training hours completed per employee: average training hours completed per employee in the relevant category = total training hours completed of employees in the specific category/number of employees in the specific category.
3. The higher percentage of female trained employees is mainly due to the high number of female employees in frontline teaching positions.
4. Formula for calculating the employee turnover rate: employee turnover rate by relevant category = number of departing employees in a specific category/(number of departing employees in a specific category + total number of employees of that category at the end of the reporting period) * 100%.

INDEPENDENT AUDITOR'S REPORT



To the Shareholders of Scholar Education Group
(incorporated in the Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of Scholar Education Group (the “Company”) and its subsidiaries (the “Group”), which are set out on pages 130 to 207, comprise:

- the consolidated balance sheet as at 31 December 2025;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Hong Kong Institute of Certified Public Accountants (the “Code”), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in our audit is revenue recognition.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Revenue recognition Refer to Note 5 to the consolidated financial statements.</p> <p>The Group provides education services and generally collects service fees from students in advance prior to the beginning of each academic term. Revenue from the provision of education services amounted to approximately RMB785,580,000 for the year ended 31 December 2025 which was recognised proportionately over the relevant course schedule in which services were rendered. The portion of service fees received from students for the education services but not yet earned are recorded as contract liabilities.</p> <p>We identified this as a key audit matter, as auditing revenue from education services required a significant extent of effort due to the large volume of transactions, and its significance to the Group's consolidated financial statements.</p>	<p>Our procedures to address this key audit matter included:</p> <ul style="list-style-type: none">• We understood, evaluated and tested the key internal controls over the collection of the education service fees and recognition of revenue and assessed the inherent risk of material misstatement by considering the degree of inherent risk factors;• We checked the supporting documents of the education service fees received from students, including the cash receipt records and student enrolment forms, on a sample basis;• We performed reconciliation between the total education service fees received and the total cash received according to the bank statements on a sample basis;• We verified the existence of the students by performing site visit to the education centres and reconciling the students' attendance records to the information in the Group's system, on a sample basis;• We selected education courses scheduled across the year end date on a sample basis and checked to the student attendance records and the course schedules to test if the service fees recognised as revenue around the year-end are recorded in appropriate period;• We tested the general IT control environment of the Group's systems and the specific automated controls associated with revenue recording to assess the completeness and accuracy of the revenue entries being recorded in the general ledger accounting system; and• We performed analytical review of revenue on disaggregated basis and enquired the revenue trend by corroboration with management explanations, our industry knowledge and external market data. <p>Based on the procedures performed, we considered that the revenue recognition of education services was supported by available evidence.</p>

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and the Audit Committee for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

INDEPENDENT AUDITOR'S REPORT

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Wong Fu Shing.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 31 March 2026

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Year ended 31 December	
		2025 RMB'000	2024 RMB'000
Revenue	5	785,580	852,327
Cost of sales	8	(631,566)	(518,935)
Gross profit		154,014	333,392
Selling expenses	8	(16,248)	(12,626)
Administrative expenses	8	(157,314)	(127,934)
Research and development expenses	8	(25,653)	(26,471)
Other income	6	9,093	11,115
Net impairment losses on financial assets		(4,987)	(433)
Other (losses)/gains — net	7	(26,778)	14,503
Operating (loss)/profit		(67,873)	191,546
Finance costs	10	(12,932)	(10,333)
Share of net loss of investments accounted for using the equity method	19	(906)	(256)
(Loss)/profit before income tax		(81,711)	180,957
Income tax expense	12	3,762	(35,451)
(Loss)/profit for the year		(77,949)	145,506
(Loss)/profit and total comprehensive income for the year attributable to:			
— Owners of the Company		(77,718)	145,645
— Non-controlling interests		(231)	(139)
		(77,949)	145,506
(Losses)/earnings per share (expressed in RMB cents per share)			
— Basic	13	(14.10)	26.68
— Diluted	13	(14.10)	26.08

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET

	Notes	As at 31 December	
		2025 RMB'000	2024 RMB'000
Assets			
Non-current assets			
Property, plant and equipment	14	143,591	110,746
Right-of-use assets	15	441,400	351,831
Investment properties	16	98,883	100,885
Intangible assets	17	10,444	10,791
Deferred tax assets	32	46,431	20,881
Prepayments and other receivables	21	27,683	28,826
Investments in associates	19	116,205	4,404
Financial assets at fair value through profit or loss	22	53,416	54,168
Other financial assets at amortised cost	20	—	88,852
Total non-current assets		938,053	771,384
Current assets			
Prepayments and other receivables	21	58,050	51,822
Other financial assets at amortised cost	20	91,520	10,321
Financial assets at fair value through profit or loss	22	87,153	101,519
Restricted cash	23	2,109	1,702
Cash and cash equivalents	23	472,746	390,677
Total current assets		711,578	556,041
Total assets		1,649,631	1,327,425
Equity			
Share capital	24	4,614	3,840
Share premium	28	318,318	107,941
Shares held for employee share scheme	25	(3,340)	(28,308)
Treasury shares	26	—	(2,366)
Other reserves	28	77,778	69,779
Retained earnings		406,506	484,224
Capital and reserves attributable to owners of the Company		803,876	635,110
Non-controlling interests		(498)	(267)
Total equity		803,378	634,843

CONSOLIDATED BALANCE SHEET

	Notes	As at 31 December	
		2025 RMB'000	2024 RMB'000
Liabilities			
Non-current liabilities			
Lease liabilities	15	224,317	203,802
Deferred tax liabilities	32	20,227	8,513
Total non-current liabilities		244,544	212,315
Current liabilities			
Contract liabilities	30	285,987	241,092
Trade and other payables	31	125,216	74,557
Current income tax liabilities		25,618	41,428
Borrowings	33	70,000	40,000
Lease liabilities	15	94,888	83,190
Total current liabilities		601,709	480,267
Total liabilities		846,253	692,582
Total equity and liabilities		1,649,631	1,327,425

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

The consolidated financial statements on pages 130 to 207 were approved by the Board of Directors on 31 March 2026 and were signed on its behalf.

Chen Qiyuan

Director

Qi Mingzhi

Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of Company									
	Notes	Share held						Total	Non-controlling interests	Total equity
		Share capital	Share premium	for share scheme	Treasury shares	Other reserves	Retained earnings			
	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 year		–	–	–	–	–	145,645	145,645	(139)	145,506
Total comprehensive income for the year		–	–	–	–	–	145,645	145,645	(139)	145,506
Transactions with owners in their capacity as owners:										
Acquisition of shares for employee share scheme	25	–	–	(27,654)	–	–	–	(27,654)	–	(27,654)
Vested and transferred of share awards		–	4,344	11,842	–	5,920	–	22,106	–	22,106
Buy-back of shares		–	–	–	(2,100)	–	–	(2,100)	–	(2,100)
Share based payments	27	–	–	–	–	30,070	–	30,070	–	30,070
Share option scheme-exercise of options		65	20,899	–	–	(7,399)	–	13,565	–	13,565
Transactions with non-controlling interests		–	–	–	–	(1,347)	–	(1,347)	1,347	–
Balance at 31 December 2024		3,840	107,941	(28,308)	(2,366)	69,779	484,224	635,110	(267)	634,843

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Attributable to owners of Company								
		Share capital RMB'000	Share premium RMB'000	Share held			Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
				for share scheme RMB'000	Treasury shares RMB'000	Other reserves RMB'000				
Balance at 1 January 2025		3,840	107,941	(28,308)	(2,366)	69,779	484,224	635,110	(267)	634,843
Loss for the year		–	–	–	–	–	(77,718)	(77,718)	(231)	(77,949)
Total comprehensive income for the year		–	–	–	–	–	(77,718)	(77,718)	(231)	(77,949)
Transactions with owners in their capacity as owners:										
Acquisition of shares for employee share scheme	25	–	–	(4,360)	–	–	–	(4,360)	–	(4,360)
Vested and transferred of share awards	25, 28	–	(7,444)	29,328	–	3,611	–	25,495	–	25,495
Share based payments	27	–	–	–	–	39,456	–	39,456	–	39,456
Issuance of new shares	24	781	220,180	–	–	–	–	220,961	–	220,961
Cancellation of shares	26, 28	(7)	(2,359)	–	2,366	–	–	–	–	–
Dividends paid		–	–	–	–	(35,068)	–	(35,068)	–	(35,068)
Balance at 31 December 2025		4,614	318,318	(3,340)	–	77,778	406,506	803,876	(498)	803,378

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year ended 31 December	
		2025 RMB'000	2024 RMB'000
Cash flows from operating activities			
Cash generated from operations	34(a)	196,186	227,785
Interest received		1,821	5,204
Income taxes paid		(25,885)	(16,707)
Net cash generated from operating activities		172,122	216,282
Cash flows from investing activities			
Payments for property, plant and equipment, land use rights, investment properties and intangible assets		(117,918)	(101,361)
Proceeds from disposals of property, plant and equipment	34(b)	213	—
Decrease in term deposits with initial maturities over three months		—	105,504
Proceeds from disposal of other financial assets at amortised cost		10,798	10,000
Payments for purchase of financial assets at fair value through profit or loss	22	(24,055)	(38,505)
Proceeds from disposal of financial assets at fair value through profit or loss	22	17,033	11,296
Payments for investments in associates	19	(115,500)	(4,660)
Net cash used in investing activities		(229,429)	(17,726)
Cash flows from financing activities			
Acquisition of shares under employee share scheme	25	(4,360)	(27,654)
Interest paid		(882)	(920)
Buy-back of shares		—	(2,100)
Proceeds from borrowings		70,000	40,000
Exercise of shares held		25,495	—
Principal elements of lease payments	15(c)	(94,001)	(73,200)
Issuance of new shares	24	220,961	—
Dividends paid		(35,068)	—
Repayment of borrowings		(40,000)	—
Net cash generated/(used) in financing activities		142,145	(63,874)
Net increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year	23	390,677	256,476
Effects of exchange rate changes on cash and cash equivalents		(2,769)	(481)
Cash and cash equivalents at the end of the year	23	472,746	390,677

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 and PRC Consolidated Affiliated Entities (as defined below) (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”).

The consolidated financial statements are presented in Renminbi (“RMB”), and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

The consolidated financial statements were approved for issue by the Board of Directors of the Company on 31 March 2026.

2. Basis of preparation and changes in accounting policies

2.1 Basis of preparation and reorganisation

Prior to the reorganisation (as defined below), the Listing Business was mainly carried out by Shenzhen Scholar Culture and Education Technology Development Co., Ltd. (深圳市思考樂文化教育科技發展有限公司) (“Shenzhen Scholar”) a limited liability company established in Shenzhen, the PRC, and its subsidiaries (the “PRC Consolidated Affiliated Entities”).

On 9 April 2018, FengYe (Shenzhen) Science and Technology Co., Ltd. (楓燁(深圳)科技有限公司) (“Shenzhen Fengye”), which is wholly owned by the Company, entered into various agreements (the “Structured Contracts”) with Shenzhen Scholar and its owners, under which all economic benefits arising from the business and operations of the PRC Consolidated Affiliated Entities are transferred to Shenzhen Fengye. Accordingly, the PRC Consolidated Affiliated Entities are treated as controlled structured entities of Shenzhen Fengye and ultimately controlled by the Company (the “Reorganisation”).

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards as issued by the IASB (“IFRS Accounting Standards”) and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

IFRS Accounting Standards comprise the following authoritative literature:

- IFRS Accounting Standards.
- IAS Standards.
- Interpretations developed by the IFRS Interpretations Committee (IFRIC Interpretations) or its predecessor body, the Standing Interpretations Committee (SIC Interpretations).

2. Basis of preparation and changes in accounting policies (Continued)

2.1 Basis of preparation and reorganisation (Continued)

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets at fair value through profit or loss (“FVPL”) and investment properties, which are carried at fair value.

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

The material accounting policies applied in the preparation of these consolidated financial statements have been consistently applied to all the years presented, unless otherwise stated.

Other than those material accounting policies information as disclosed elsewhere in the consolidated financial statements, a summary of the other accounting policies information has been set out in Note 41 to the consolidated financial statements.

The Group will continue to implement measures before the Structured Contracts are unwound, with an aim to further enhance its control over the PRC Consolidated Affiliated 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 Group did not violate existing PRC laws and regulations and the Structured Contracts are legally enforceable for the year ended 31 December 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 comply with the new relevant policies. Based on cashflow projections for a period of not less than 12 months after 31 December 2025, the directors are in the opinion that the Group’s available source of funds is sufficient to fulfil its financial obligations as when fall due in the coming twelve months from 31 December 2025. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

2.2 Changes in accounting policies

(a) Amended standards adopted by the Group

The Group has applied the following amended standards for the financial year beginning on 1 January 2025.

Amendments to IAS 21

Lack of exchangeability

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. Basis of preparation and changes in accounting policies (Continued)

2.2 Changes in accounting policies (Continued)

(b) New and amended standards issued but not yet adopted

Certain new and amended standards have been issued but not yet effective and have not been early adopted:

		Effective for annual periods beginning on or after
Annual Improvements	Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity	1 January 2026
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures'	1 January 2027
Amendment to IAS 21	Translation to a Hyperinflationary Presentation Currency	1 January 2027
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate	To be determined

The Group has already commenced an assessment of the impact of these amendments, certain of which are relevant to the Group's operations. According to the preliminary assessment made by the directors, no significant impact on the financial performance and positions of the Group is expected when they become effective, except for IFRS 18 will have an impact on presentation.

IFRS 18 will replace IAS 1 Presentation of Financial Statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management – defined performance measures within the financial statements.

2. Basis of preparation and changes in accounting policies (Continued)

2.2 Changes in accounting policies (Continued)

(b) New and amended standards issued but not yet adopted (Continued)

Management is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements. From the high-level preliminary assessment performed, the following potential impacts have been identified:

(i) *Impact on consolidated statements of comprehensive income:*

Although the adoption of IFRS 18 will have no impact on the Group's net profit, the Group expects that grouping items of income and expenses in the income statement into the new categories will impact how operating profit is calculated and reported. From the high-level impact assessment that the Group has performed, the following items might potentially impact operating profit:

Foreign exchange differences

Foreign exchange differences currently presented in the line, item "other (losses)/gains — net" in operating profit might need to be disaggregated, with some foreign exchange gains or losses presented below operating profit, unless doing so would involve undue cost or effort.

Gain or loss of investments measured at fair value through profit or loss

The gain or loss of investments measured at fair value through profit or loss currently aggregated in the line item "other (losses)/gains — net" in operating profit and will be presented below operating profit.

(ii) *Impact on consolidated statements of financial position:*

The goodwill currently aggregated in the line item "intangible assets" will be presented separately. Impact on consolidated statements of cash flows:

The interest received currently presented in the operating activities and will be presented in the investing activities.

(iii) *Impact on disclosures:*

The Group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:

- for the first annual period of application of IFRS 18, a reconciliation for each line item in the income statement between the restated amounts presented by applying IFRS 18 and the amounts previously presented applying IAS 1.

The Group will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with IFRS 18.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Financial risk management

3.1 Financial risk factors

(a) Market risk

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

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the Group entities' functional currency. The functional currency of the Company is RMB whereas functional currency of the subsidiaries operate in the PRC is RMB. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and tries to minimise these exposures through natural hedges, wherever possible and may enter into forward foreign exchange contracts, when necessary.

The Group operates mainly in the PRC with most of the transactions settled in RMB and is exposed to foreign currency risks arising from various currency exposures, mainly with respect to HKD and US dollar ("USD"). The Group currently has not entered into any foreign currency hedging and will only consider for hedging of significant foreign exchange risk.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the respective balance sheet dates are as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Assets		
USD	140,579	3
HKD	65,353	4,319
	205,932	4,322

3. Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

If RMB had strengthened/weakened by 5% against the relevant foreign currencies, with all other variable held constant, the profit before income tax would increase/decrease as follows:

	2025		2024	
	Increase/(decrease) in profit before income tax if exchanges rates change by		Increase/(decrease) in profit before income tax if exchanges rates change by	
	5% RMB'000	-5% RMB'000	5% RMB'000	-5% RMB'000
USD	(7,029)	7,029	—	—
HKD	(3,268)	3,268	(216)	216

(ii) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations.

The credit risk of the Group's financial assets, which mainly comprise cash and cash equivalents, trade and other receivables, arises from potential default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

As at 31 December 2025 and 2024, substantially all of the Group's bank deposits were deposited with major financial institutions incorporated in the PRC, which management believes are of high-credit-quality without significant credit risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) Credit risk (Continued)

Other receivables

Other receivables at the end of each reporting period were mainly lease deposits and loans to employees. The directors of the Group consider the probability of default upon initial recognition of asset and whether there has been significant increase in credit risk on an ongoing basis during the year. To assess whether there is a significant increase in credit risk the Group compares risk of a default occurring on the assets as at the reporting date with the risk of default as at the date of initial recognition. Especially the following indicators are incorporated:

- Actual or expected significant adverse changes in business, financial economic conditions that are expected to cause a significant change to the counter party's ability to meet its obligations;
- Actual or expected significant changes in the operating results of the counter party;
- Significant changes in the expected performance and behaviour of the counter party, including changes in the payment status of the third party.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment/repayable demanded.

A default on a financial asset is when the counterparty fails to make contractual payments/repayable demanded within 90 days of when they fail due.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group categories a loan or receivable for write off when a debtor fails to make contractual payments/repayable demanded greater than 365 days past due. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in comprehensive income.

The Group reviews regularly the recoverable amount of each individual receivable to ensure that adequate impairment losses are made for irrecoverable amounts. Over the term of the financial assets, the Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of debtors and adjusts for forward looking macroeconomic data.

3. Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) Credit risk (Continued)

Other receivables (Continued)

As at 31 December 2025 and 2024, management considers other receivables as low credit risk as counterparties have a strong capacity to meet its contractual cash flow obligations in the near term. The Group has assessed that the expected credit losses for these receivables are immaterial under the 12 months expected losses method. Thus, the loss allowance provision recognised during the years ended 31 December 2025 and 2024 for these balances is not material.

(b) 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 the year-end).

	On demand or less than	1 to 2 years	2 to 5 years	over 5 years	Total
	1 year				
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2025					
Trade payables	3,813	—	—	—	3,813
Other payables	20,844	—	—	—	20,844
Lease liabilities	103,740	94,173	149,399	16,654	363,966
Borrowings	71,073	—	—	—	71,073
	199,470	94,173	149,399	16,654	459,696
As at 31 December 2024					
Trade payables	3,723	—	—	—	3,723
Other payables	23,117	—	—	—	23,117
Lease liabilities	92,086	81,462	126,363	49,127	349,038
Borrowings	40,415	—	—	—	40,415
	159,341	81,462	126,363	49,127	416,293

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Financial risk management (Continued)

3.2 Capital management

The Group's objectives when managing capital are to

- Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders; and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital by regularly reviewing the capital structure. In the opinion of the directors of the company, the Group's capital risk is low.

3.3 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 22 for disclosure of the financial assets at FVPL.

3. Financial risk management (Continued)

3.3 Fair value estimation (Continued)

Financial instruments at fair value as at 31 December 2025 and 2024 were as follows:

2025	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Asset				
Wealth management products	—	24,507	62,646	87,153
Unlisted equity investments in Chinese Mainland	—	—	53,416	53,416
	—	24,507	116,062	140,569
2024				
	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 Chinese Mainland	5,220	—	—	5,220
Unlisted equity investments in Chinese Mainland	—	—	54,168	54,168
	5,220	9,734	140,733	155,687

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.
- 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 years ended 31 December 2025 and 2024.

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the years ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Financial risk management (Continued)

3.3 Fair value estimation (Continued)

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 are estimated by discounting the cash flows approach with reference to the price quoted by the relevant financial institution. Major assumptions used in the valuation of financial assets at FVPL is presented in Note 22.

If the fair values of financial assets at FVPL held by the Group had been 10% higher/lower, the profit after income tax for the years ended 31 December 2025 and 2024 would have been approximately RMB11,521,000 higher/lower and RMB12,542,000 higher/lower, respectively.

There were certain investment properties measured at fair value. See Note 16 for details.

4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within next financial year are addressed below.

(a) Structured Contracts

The Group conducts its business through PRC Consolidated Affiliated Entities. Due to the regulatory restrictions on the foreign ownership of the Listing Business in the PRC, the Group does not have any equity interest in certain PRC Consolidated Affiliated Entities. The directors assessed whether or not the Group has control over those PRC Consolidated Affiliated Entities by assessing whether it has the rights to variable returns from its involvement with those PRC Consolidated Affiliated Entities and has the ability to affect those returns through its power over those PRC Consolidated Affiliated Entities. After assessment, the directors concluded that the Group has control over those PRC Consolidated Affiliated Entities as a result of the Structured Contracts and accordingly the financial position and the operating results of those PRC Consolidated Affiliated Entities are included in the Group's consolidated financial statements throughout the Period or since the respective dates of incorporation/establishment, whichever is the shorter period. Nevertheless, the Structured Contracts may not be as effective as direct legal ownership in providing the Group with direct control over those PRC Consolidated Affiliated Entities and uncertainties presented by the PRC legal system could impede the Group's beneficiary rights of the results, assets and liabilities of those PRC Consolidated Affiliated Entities. The directors, based on the advice of its legal counsel, consider that the Structured Contracts with those PRC Consolidated Affiliated Entities and their owners are in compliance with the relevant PRC laws and regulations and are legally enforceable.

4. Critical accounting estimates and judgements (Continued)

(b) Fair value of financial assets

The fair value of financial assets that are not traded in an active market (for example, investments in private companies) is determined by using valuation methodologies. The Group uses its judgment to select a variety of methods and make assumptions, as mentioned in Note 3.3, that are mainly based on market conditions existing at the end of each reporting period. Changes in these assumptions and estimates could materially affect the respective fair value of these investments.

(c) Income taxes

The Company's subsidiaries are subject to income taxes in Hong Kong and Chinese Mainland. Significant judgement is required in determining the amount of the provision for income taxes (such as the determination of the profits derived from offshore businesses) and the timing of payment of related taxes (Note 12).

The recognition of deferred income tax assets is recognised for tax losses and temporary differences to the extent that the realisation of the related tax benefit through the future taxable profit is probable. The calculation of the future taxable profit involves judgements and estimates together with the considerations of the Group's tax planning strategy and the impact of the macro economic conditions. Different judgements and estimates may affect the recognition and measurement of the deferred income tax assets.

(d) The discount rate determination for IFRS 16

In determining the discount rate, the Group is required to exercise considerable judgement in relation to determining the discount rate and to taking into account the nature of the underlying assets and the terms and conditions of the leases, at both the commencement date and the effective date of the modification.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. Critical accounting estimates and judgements (Continued)

(e) Goodwill impairment

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of cash-generating units (CGUs) was determined based on value in use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period.

Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated in Note 17. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

Details of impairment charge, key assumptions and impact of possible changes in key assumptions are disclosed in Note 17.

5. Revenue and segment information

	2025 RMB'000	2024 RMB'000
Private education services and others	785,580	852,327

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 year ended 31 December 2025 and 2024.

	2025 RMB'000	2024 RMB'000
Recognised over time		
— Private education services and others	785,580	852,327

The Group has a large number of customers, and no single customer accounted for more than 10% of the Group's total revenue during the year.

5. Revenue and segment information (Continued)

(i) Accounting policies of revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sales of goods and rendering of services in the ordinary course of the Group's activities.

Revenue is recognised when or as the control of the goods or services is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the goods or services may be transferred over time or at a point in time.

Control of the goods or services is transferred over time if the Group's performance:

- Provides all of the benefits received and consumed simultaneously by the customer;
- Creates or enhances an asset that the customer controls as the Group performs; or
- Does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or services. Specific criteria where revenue is recognised are described below.

When either party to a contract has performed, the Group presents the contract in the consolidated balance sheet as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers goods or services to the customer, the Group presents the contract as a contract liability when the payment is made or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

The Group's revenue is primarily derived from provision of private education services.

Education services fees contain the provision of the tutoring services and course materials. These components are highly relevant and regarded as one performance obligation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. Revenue and segment information (Continued)

(i) Accounting policies of revenue recognition (Continued)

Education services fees are generally received in advance prior to the beginning of each academic term. Education services fees are recognised proportionately over the relevant course schedule in which the services are rendered. The portion of education services fees received from students but not earned is recorded as contract liabilities. Amounts which will be earned within one year is reflected as a current liability, and which will be earned beyond one year is reflected as a non-current liability.

6. Other income

	2025 RMB'000	2024 RMB'000
Sub-lease — net (a)	220	440
Rental income from operating leases	3,044	2,634
Finance income	4,766	7,202
Government grants	1,063	839
	9,093	11,115

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

7. Other (losses)/gains — net

	2025 RMB'000	2024 RMB'000
Fair value (losses)/gains on financial assets at FVPL	(13,972)	14,238
Fair value losses on investment properties (Note 16)	(5,170)	(1,043)
Lease modification	1,414	1,942
Net losses on disposals of property, plant and equipment (Note 34(b))	(2,593)	(151)
Deposits losses	(1,731)	(361)
Compensation charges	(852)	(176)
Net foreign exchange losses	(2,769)	(481)
Impairment loss on investments in an associate	(2,793)	—
Others	1,688	535
	(26,778)	14,503

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. Expenses by nature

	2025 RMB'000	2024 RMB'000
Employee benefit expenses (Note 9)	624,166	493,131
Depreciation and amortisation (Note 14, 15 and 17)	111,603	97,672
Property management expenses	16,219	13,498
Teaching materials	13,268	12,981
Advertising and exhibition expenses	12,200	10,349
Maintenance cost	7,173	7,169
Utilities	7,518	6,388
Entertainment and activities expenses	4,057	5,656
Office expenses	6,376	5,553
Other taxes	5,110	5,364
Professional service fees	4,635	5,176
Rental expenses	959	5,035
Auditor's remuneration		
– Audit services	1,940	1,530
– Non-audit services	325	903
Travel and transportation	1,157	1,511
Recruitment expenses	3,170	1,191
Others	10,905	12,859
	830,781	685,966

9. Employee benefit expenses

(a) Employee benefit expenses are as follows:

	2025 RMB'000	2024 RMB'000
Wages and salaries	469,319	383,725
Bonus	60,010	39,577
Defined contribution pension plan	29,263	16,483
Share options and share awards	43,067	35,990
Termination benefits	1,417	540
Other social security costs and housing fund	21,090	16,816
	624,166	493,131

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. Employee benefit expenses (Continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2025 include 0 (2024: 0) director whose emoluments are reflected in the analysis shown in Note 37. The emoluments payable to the remaining 5 (2024: 5) individuals during the year ended 31 December 2025 and 2024 are as follows:

	2025 RMB'000	2024 RMB'000
Wages and salaries	1,272	1,604
Bonus	495	306
Share options and share awards	20,494	17,092
Defined contribution pension plan	55	73
Other social security costs and housing fund	113	115
	22,429	19,190

(c) The emoluments fell within the following bands:

	Number of individuals for the year ended 31 December	
	2025	2024
Emolument band		
HK\$3,000,001 – HK\$3,500,000	–	2
HK\$3,500,001 – HK\$4,000,000	–	2
HK\$4,500,001 – HK\$5,000,000	4	–
HK\$5,000,001 – HK\$5,500,000	1	–
HK\$5,500,001 – HK\$6,000,000	–	1

During the year, none of the five highest paid individuals waived or has agreed to waive any emoluments, and none of the five highest paid individuals received emoluments from the Group as inducement to join or upon joining the Group, or as compensation for loss of office.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. Finance costs

	2025 RMB'000	2024 RMB'000
Interest expenses on bank borrowings	883	949
Interest expenses on lease liabilities (Note 15(b))	12,049	9,384
	12,932	10,333

11. Subsidiaries

The Group's principal subsidiaries at 31 December 2025 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Company name	Place and date of incorporation/ establishment	Principal activities, place of operation and kind of legal entity	Issued and paid-in capital/ registered capital	Ownership interest held by the Group
Directly interest by the Company				
Guang Long Pentium International Co., Ltd. (廣隆奔騰國際有限公司)	Hong Kong/ 2 February 2018	Investment holding/Hong Kong/ Limited liability company	HK\$ 0/ HK\$10,000	100%
Indirectly interest by the Company				
Youshine International Co., Ltd. (煜耀國際有限公司)	Hong Kong/ 15 January 2018	Investment holding/Hong Kong/ Limited liability company	HK\$10,000/ HK\$10,000	100%
Fengye (Shenzhen) Technology Co., Ltd. (楓燁(深圳)科技有限公司)	The PRC/ 2 April 2018	Internet and software technology development and services/ The PRC/Limited liability company	RMB50,000,000/ RMB50,000,000	100%
Shenzhen Scholar Culture and Education Technology Development co., Ltd. (深圳市思考樂文化教育科技發展有限公司)	The PRC/ 4 January 2012	Education services/The PRC/ Limited liability company	RMB20,000,000/ RMB20,000,000	100%
Shenzhen Scholar Education and Training Centre (深圳市思考樂教育培訓中心)	The PRC/ 30 July 2014	Education services/The PRC/ Private Non-enterprise Units	RMB1,000,000/ RMB1,000,000	100%
Dongguan Scholar Information Consulting Co., Ltd. (東莞市思考樂資訊諮詢有限公司)	The PRC/ 5 November 2025	Education services/The PRC/ Limited liability company	RMB1,000,000/ RMB1,000,000	100%
Huizhou Scholar Consulting Services Co., Ltd. (惠州市思考樂諮詢服務有限公司)	The PRC/ 13 November 2025	Education services/The PRC/ Limited liability company	RMB1,000,000/ RMB1,000,000	100%
Foshan Scholar Consulting Services Co., Ltd. (佛山市思考樂諮詢服務有限公司)	The PRC/ 10 December 2025	Education services/The PRC/ Limited liability company	RMB1,000,000/ RMB1,000,000	100%
Guangzhou Scholar Consulting Services Co., Ltd. (廣州思考樂諮詢服務有限公司)	The PRC/ 28 June 2024	Education services/The PRC/ Limited liability company	RMB2,000,000/ RMB2,000,000	100%
Shenzhen Futian District Shixia Lesikao Education and Training Center Co., Ltd. (深圳市福田區石廈樂思考教育培訓中心 有限公司)	The PRC/ 27 May 2024	Education services/The PRC/ Limited liability company	RMB100,000/ RMB100,000	100%
Shenzhen Luohu District Xinsikao Sungang Education and Training Center Co., Ltd. (深圳市羅湖區新思考崗教育培訓中心 有限公司)	The PRC/ 5 January 2024	Education services/The PRC/ Limited liability company	RMB100,000/ RMB100,000	100%
Guangdong Hongyuan Investment Co.,Ltd. (廣東省弘遠投資有限公司)	The PRC/ 16 September 2021	Investment/The PRC/ Limited liability company	RMB50,000,000/ RMB50,000,000	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. Subsidiaries (Continued)

Company name	Place and date of incorporation/ establishment	Principal activities, place of operation and kind of legal entity	Issued and paid-in capital/ registered capital	Ownership interest held by the Group
Shenzhen Longgang District Xinsikao Education and Training Center Co., Ltd. (深圳市龍崗區新思考教育培訓中心有限公司)	The PRC/ 17 April 2024	Education service/The PRC/ Limited liability company	RMB500,000/ RMB500,000	100%
Shenzhen Bao'an District Western Lesikao Education and Training Center Co., Ltd. (深圳市寶安區西部樂思考教育培訓中心有限公司)	The PRC/ 2 January 2025	E-commerce/The PRC/ Limited liability company	RMB400,000/ RMB400,000	100%
Shenzhen Sikaoli Education Technology Co., Ltd. (深圳市思考力教育技術有限公司)	The PRC/ 21 October 2022	Education service/The PRC/ Limited liability company	RMB1,000,000/ RMB1,000,000	100%
Shenzhen Xinsikao Consulting Service Co., Ltd. (深圳市新思考諮詢服務有限公司)	The PRC/ 24 October 2022	Education service/The PRC/ Limited liability company	RMB1,000,000/ RMB1,000,000	100%
Shenzhen Lesikao Enterprise Consulting Management Co., Ltd. (深圳市樂思考企業諮詢管理有限公司)	The PRC/ 25 October 2022	Education service/The PRC/ Limited liability company	RMB1,000,000/ RMB1,000,000	100%
Shenzhen Luohu District Nanhai Xinsikao Education and Training Center Co., Ltd. (深圳市羅湖區南海新思考教育培訓中心有限公司)	The PRC/ 25 July 2024	Education service/The PRC/ Limited liability company	RMB200,000/ RMB300,000	100%
Shenzhen Nanshan District Lesikao Training Center Co., Ltd. (深圳市南山區樂思考教育培訓中心有限公司)	The PRC/ 30 July 2024	Education service/The PRC/ Limited liability company	RMB500,000/ RMB500,000	100%
Shenzhen Futian District Xinsixue Education and Training Center Co., Ltd. (深圳市福田區新思學教育培訓中心有限公司)	The PRC/ 25 July 2024	Education service/The PRC/ Limited liability company	RMB400,000/ RMB400,000	100%
Guangzhou Xinsixue Consulting Services Co., Ltd. (廣州市新思學諮詢服務有限公司)	The PRC/ 9 April 2025	Education service/The PRC/ Limited liability company	RMB100,000/ RMB100,000	100%
Shenzhen Dapeng New District Xinsikao Education and Training Center Co., Ltd. (深圳市大鵬新區新思考教育培訓中心有限公司)	The PRC/ 4 November 2024	Education service/The PRC/ Limited liability company	RMB100,000/ RMB100,000	100%
Shenzhen Xinsixue Information Consulting Service Co., Ltd. (深圳市新思學信息諮詢服務有限公司)	The PRC/ 25 October 2022	Education service/The PRC/ Limited liability company	RMB1,000,000/ RMB1,000,000	100%
Shenzhen Miaowei International Cultural Education Consulting Co., Ltd. (深圳市妙維國際文化教育諮詢有限公司)	The PRC/ 23 November 2023	Education service/The PRC/ Limited liability company	RMB2,200,000/ RMB5,000,000	55%
Shenzhen Yantian District Xinsikao Education Training Center Co., Ltd. (深圳市鹽田區新思考教育培訓中心有限公司)	The PRC/ 15 December 2023	Education service/The PRC/ Limited liability company	RMB100,000/ RMB100,000	100%
Guangzhou Huangpu District Sikaoli Education and Training Center Co., Ltd. (廣州市黃埔區思考力教育培訓中心有限公司)	The PRC/ 1 December 2025	Education service/The PRC/ Limited liability company	RMB100,000/ RMB100,000	100%
Guangzhou Haizhu District Xinsixue Education and Training Center Co., Ltd. (廣州市海珠區新思學教育培訓中心有限公司)	The PRC/ 28 September 2025	Education service/The PRC/ Limited liability company	RMB100,000/ RMB100,000	100%
Guangzhou Liwan District Sikaole Education and Training Co., Ltd. (廣州市荔灣區思考樂教育培訓有限公司)	The PRC/ 2 July 2025	Education service/The PRC/ Limited liability company	RMB100,000/ RMB100,000	100%
Guangzhou Sikaoli Consulting Services Co., Ltd. (廣州市思考力諮詢服務有限公司)	The PRC/ 1 July 2025	Education service/The PRC/ Limited liability company	RMB100,000/ RMB100,000	100%

* 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. Income tax expense

	2025 RMB'000	2024 RMB'000
Current tax		
– Current tax on profits for the year	10,074	28,789
Deferred income tax		
– (Increase)/decrease in deferred income tax (Note 32)	(13,836)	6,662
Income tax expense	(3,762)	35,451

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:

	2025 RMB'000	2024 RMB'000
(Loss)/profit before income tax:	(81,711)	180,957
Tax calculated at tax rates applicable to profit in the respective companies	(15,839)	36,872
Tax effects of:		
– Preferential tax policies (c)	(5,194)	(791)
– Expenses not deductible for tax purposes	554	1,081
– Research and development super deduction (d)	(2,819)	(3,603)
– Previously unrecognised tax losses now recouped to reduce current tax expense	–	(3,066)
– Unrecognised tax losses	12,036	858
– Withholding income tax	7,500	4,100
	(3,762)	35,451

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. Income tax expense (Continued)

(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

No provision for Hong Kong profits tax was made as the Group did not have any assessable income subject to Hong Kong profits tax during the year ended 31 December 2025.

(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 year, based on the existing legislation, interpretations and practices in respect thereof.

Shenzhen Scholar has obtained its qualification as a “High and New Technology Enterprise” (“HNTE”) in January 2025, and it is subject to a reduced preferential EIT rate of 15% for 3-year period from 2024 to 2026 according to the relevant PRC laws and regulations applicable to the HNTE. The effective corporate tax rate increases to 25% beginning from 1 January 2027 when the three-year preferential tax exemption expired.

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%(2025: 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 year ended 31 December 2025 and 2024.

12. Income tax expense (Continued)

(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 31 December 2025, the Group has recognized certain deferred tax liabilities in relation to withholding taxes for earnings of Chinese Mainland 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 RMB162,986,000 (31 December 2024: RMB313,355,000) 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.

See Note 41.16 for the other accounting policies relevant to current and deferred income tax.

13. (Losses)/earnings per share

(a) Basic (losses)/earnings per share

Basic (losses)/earnings per share is calculated by dividing the earnings for the year by the weighted average number of ordinary shares in issue for the year.

	2025	2024
(Losses)/earnings attributable to owners of the Company (in RMB thousands)	(77,718)	145,645
Weighted average number of ordinary shares in issue (thousand shares) ⁽ⁱ⁾	551,041	545,893
Basic (losses)/earnings per share (expressed in RMB cents per share)	(14.10)	26.68

(i) Basic (losses)/earnings per share is calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the years ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. (Losses)/earnings per share (Continued)

(b) Diluted (losses)/earnings per share

Diluted (losses)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: share options and share awards. For the share options and share awards, the number of shares that could have been issued upon the exercise of all dilutive share options and share awards less the number of shares that could have been issued at fair value (determined as the average annual market price of the Company's shares) for the same total proceeds is added to the denominator as the number of ordinary shares issued for no consideration.

As the Group incurred losses for the years ended 31 December 2025, the dilutive potential ordinary shares were not included in the calculation of diluted losses per share as the effect of their inclusion would be anti – dilutive. Accordingly, diluted losses per share for the years ended 31 December 2025 was the same as basic losses per share of the respective year.

	2025	2024
Diluted (losses) earnings per share (expressed in RMB cents per share)	(14.10)	26.08

	2025	2024
Weighted average number of ordinary shares used as the denominator in calculating basic (losses)/earnings per share	551,041,000	545,893,000
Adjustments for calculation of diluted (losses)/earnings per share: Share options	–	12,470,000
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted (losses)/earnings per share	551,041,000	558,363,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. Property, plant and equipment

	Buildings RMB'000	Office equipment RMB'000	Leasehold improvements RMB'000	Motor vehicles RMB'000	Assets under construction RMB'000	Total RMB'000
As at 1 January 2024						
Cost	19,350	21,442	185,417	4,709	12,029	242,947
Accumulated depreciation and impairment provisions	(2,226)	(16,706)	(165,381)	(2,853)	—	(187,166)
Net book amount	17,124	4,736	20,036	1,856	12,029	55,781
Year ended 31 December 2024						
Opening net book amount	17,124	4,736	20,036	1,856	12,029	55,781
Additions	3,643	9,873	39,610	1,739	23,322	78,187
Transfer from construction in progress	4,863	—	—	—	(12,415)	(7,552)
Disposals	—	(61)	(90)	—	—	(151)
Transfer from investment properties	4,083	—	—	—	—	4,083
Depreciation charge	(162)	(3,709)	(14,918)	(813)	—	(19,602)
Closing net book amount	29,551	10,839	44,638	2,782	22,936	110,746
As at 31 December 2024						
Cost	31,939	30,925	224,937	6,448	22,936	317,185
Accumulated depreciation and impairment provisions	(2,388)	(20,086)	(180,299)	(3,666)	—	(206,439)
Net book amount	29,551	10,839	44,638	2,782	22,936	110,746

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. Property, plant and equipment (Continued)

	Buildings RMB'000	Office equipment RMB'000	Leasehold improvements RMB'000	Motor vehicles RMB'000	Assets under construction RMB'000	Total RMB'000
Year ended 31 December 2025						
Opening net book amount	29,551	10,839	44,638	2,782	22,936	110,746
Additions	31,757	4,033	39,005	434	2,842	78,071
Transfer from construction in progress	11,261	—	—	—	(25,778)	(14,517)
Disposals	—	(525)	(2,281)	—	—	(2,806)
Depreciation charge	(474)	(5,949)	(20,557)	(923)	—	(27,903)
Closing net book amount	72,095	8,398	60,805	2,293	—	143,591
As at 31 December 2025						
Cost	74,957	33,007	261,661	6,882	—	376,507
Accumulated depreciation and impairment provisions	(2,862)	(24,609)	(200,856)	(4,589)	—	(232,916)
Net book amount	72,095	8,398	60,805	2,293	—	143,591

Depreciation expenses have been charged to comprehensive income as follows:

	2025 RMB'000	2024 RMB'000
Cost of sales	22,534	16,411
Administrative expenses	5,369	3,191
	27,903	19,602

(a) Provision for impairment

According to the accounting policies stated in Note 41.8, the Group performed impairment testing on property, plant and equipment with impairment indicators, and no further impairment change was made during the year ended 31 December 2025 and 2024.

Management assessed the recoverable value of these assets, which is the higher of fair value less costs of disposal (“FVL COD”) and value in use (“VIU”). FVL COD is based on the estimates having regard to estimated selling price to third-party. FVL COD is a level 3 fair value measurement. VIU is determined using cash flow projections based on financial forecast, which was higher than FVL COD. The key assumptions include gross margin and discount rates applied to future cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. Right-of-use assets and leases

(a) Amounts recognised in the consolidated balance sheet

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Right-of-use assets*		
Land use rights	132,423	80,079
Properties	308,977	271,752
	441,400	351,831
Lease liabilities		
Current	94,888	83,190
Non-current	224,317	203,802
	319,205	286,992

* Additions to the right-of-use assets during the year ended 31 December 2025 was RMB103,002,000 (for the year ended 31 December 2024: RMB175,289,000).

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

	2025 RMB'000	2024 RMB'000
Depreciation charge of right-of-use assets		
— Properties	78,535	74,727
— Land use rights	4,818	2,533
	83,353	77,260
Interest expense (included in finance costs)	12,049	9,384
Expense relating to short-term leases (included in administrative expenses and cost of sales)	959	5,035

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

For the year ended 31 December 2025, the cash outflows from financing activities for leases was RMB94,001,000 (for the year ended 31 December 2024: RMB73,200,000) and cash outflows from operating activities for short-term lease was RMB959,000 (for the year ended 31 December 2024: RMB5,035,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. Right-of-use assets and leases (Continued)

(d) Accounting policies of leases

The Group is a lessee of certain teaching centres. Rental contracts are typically made for fixed periods of 1 to 12 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use assets in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, eg term, country, currency and security.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in comprehensive income. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

See Note 41.21 for the other accounting policies relevant to leases.

16. Investment properties

	2025 RMB'000	2024 RMB'000
Non-current assets at fair value		
Opening balance at 1 January	100,885	81,335
Additions	3,168	36,103
Transfer to property, plant and equipment	—	(4,083)
Transfer to land use right	—	(11,427)
Fair value losses	(5,170)	(1,043)
Closing balance at 31 December	98,883	100,885

Amounts recognised in the consolidated statement of comprehensive income

	2025 RMB'000	2024 RMB'000
Rental income from operating leases	3,044	2,634
Fair value losses	(5,170)	(1,043)
	(2,126)	1,591

(a) Measuring investment property at fair value

Investment properties, principally freehold office buildings, are held for long-term rental yields and are not occupied by the Group. They are carried at fair value. Changes in fair values are presented in profit or loss as part of other gains.

(b) Presenting cash flows

The Group classifies cash outflows to acquire or construct investment property as investing and rental inflows as operating cash flows.

(c) Leasing arrangements

The investment properties are leased to tenants under operating leases with rentals payable monthly. Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. Investment properties (Continued)

(d) Valuation processes of the Group

The valuation of the Group's investment properties was performed by the valuers. The fair value of the Group's investment properties as at 31 December 2025 was determined based on comparison approach with reference to the recent market transaction price. The Group's investment properties, which comprised office buildings in the PRC, were valued at fair value and measured by using significant unobservable inputs (Level 3) for the twelve months ended 31 December 2025.

(e) Valuation technique

The Group obtains independent valuations for its investment properties at least every six months. At the end of each reporting period, the directors update their assessment of the fair value of each property, taking into account the most recent independent valuations. The directors determine a property's value within a range of reasonable fair value estimates.

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available the directors consider information from current prices in an active market for properties of a different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences.

The significant unobservable inputs used are the unit prices. These inputs include:

Properties	Valuation Technique	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Meilin Excellence City Two	Market Comparison Approach	RMB44,518 per square metre (2024: RMB47,291 per square metre)	The higher the unit price, the higher the fair value
Baoneng Danxia Mountain Villa	Market Comparison Approach	RMB5,400–RMB6,900 per square metre (2024: RMB7,177–RMB8,645 per square metre)	The higher the unit price, the higher the fair value
98–100 Jingang Avenue, Zhangjiagang	Market Comparison Approach	RMB15,496–RMB15,500 per square metre (2024: RMB16,499–RMB16,502 per square metre)	The higher the unit price, the higher the fair value
Country Garden Xuefu No. 1	Market Comparison Approach	RMB2,635–RMB2,959 per square metre (2024: RMB2,750–RMB3,080 per square metre)	The higher the unit price, the higher the fair value
Others	Market Comparison Approach	RMB6,000–RMB13,693 per square metre (2024: RMB6,000–RMB14,390 per square metre)	The higher the unit price, the higher the fair value

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. Intangible assets

	Goodwill RMB'000	Computer software RMB'000	Total RMB'000
Year ended 31 December 2024			
Opening net book amount	9,032	2,569	11,601
Amortisation charge	—	(810)	(810)
Closing net book amount	9,032	1,759	10,791
As at 31 December 2024			
Cost	9,032	4,104	13,136
Accumulated amortisation and impairment	—	(2,345)	(2,345)
Net book amount	9,032	1,759	10,791
Year ended 31 December 2025			
Opening net book amount	9,032	1,759	10,791
Amortisation charge	—	(347)	(347)
Closing net book amount	9,032	1,412	10,444
As at 31 December 2025			
Cost	9,032	4,104	13,136
Accumulated amortisation and impairment	—	(2,692)	(2,692)
Net book amount	9,032	1,412	10,444

(a) Impairment tests for goodwill

The goodwill amounting to RMB9,032,000 arises from the Group's acquisition of Shenzhen Lesikao Enterprise Consulting Management Co., Ltd. ("Lesikao"), Shenzhen Sikaoli Education Technology Co., Ltd. ("Sikaoli"), Shenzhen Xinsikao Consulting Service Co., Ltd. ("Xinsikao"), and Shenzhen Xinsixue Information Consulting Service Co., Ltd. ("Xinsixue") (collectively, the "Acquiree") was determined at the date of acquisition on 1 July 2023, being the difference between the purchase considerations and the fair value of net identifiable assets of the Acquiree. Goodwill has been allocated to the CGUs of the Acquiree for impairment testing.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. Intangible assets (Continued)

(a) Impairment tests for goodwill (Continued)

The valuation of the Group's goodwill impairment was performed by the managements. The recoverable amount of a CGU is determined based on the higher of its fair value less cost of disposal and value-in-use, which is calculated using discounted cash flows based on five-year financial projections plus a terminal value related to cash flows beyond the projection period extrapolated at an estimated terminal growth rate of 3.00%. Management determined a forecast period based on expected development trend of the Acquiree with industry experience. The discount rate used is pre-tax and reflects specific risks relating to the relevant industry.

The key assumptions used for value-in-use calculation are as follows:

	2025	2024
Revenue growth rate during the forecast period	3% – 15%	3% – 30%
EBITDA margin during the forecast period	(5.46%) – 0.65%	34.15% – 43.61%
Terminal growth rate	3.00%	3.00%
Pre-tax discount rate	17.3% – 18.7%	16.6% – 18.27%
Recoverable amount of the CGUs exceeding its carrying amount (RMB'000)	22,383	513,746

EBITDA margin equals to earnings before interest, taxes, depreciation and amortisation divided by total revenue.

The recoverable amount of these CGUs would equal its carrying amount if the key assumptions were to change as follows:

	2025		2024	
	From	To	From	To
Revenue growth rate (% annual growth rate)	3% – 15%	0.49% – 9.23%	3% – 30%	(6.04%) – 13.96%
EBITDA margin (%)	(5.46%) – 0.65%	(6.53%) – 0.5%	34.15% – 43.61%	(73.52%) – (31.14%)
Pre-tax discount rate (%)	17.3% – 18.7%	Over 24.34%	16.6% – 18.27%	N/A*

* Regarding Lesikao, Sikaoli, Xinsikao and Xinsixue, the sensitivity test for discount rate is not applicable, given the relative large amount of excess assets and the future positive cashflow. No matter how large is the discount rate, the recoverable amount won't be equal to the carrying amount.

Management has considered and assessed reasonably possible changes for other key assumptions and have not identified any instances that could cause the carrying amount of the CGUs to exceed its recoverable amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. Financial instruments by category

	Financial assets at amortised cost RMB'000	Financial assets at FVPL RMB'000
As at 31 December 2024		
Other receivables	70,644	—
Financial assets at FVPL	—	155,687
Other financial assets at amortised cost	99,173	—
Cash and cash equivalents	390,677	—
Restricted cash	1,702	—
	562,196	155,687
As at 31 December 2025		
Other receivables	81,958	—
Financial assets at FVPL	—	140,569
Other financial assets at amortised cost	91,520	—
Cash and cash equivalents	472,746	—
Restricted cash	2,109	—
	648,333	140,569
	2025	2024
	RMB'000	RMB'000
Financial liabilities at amortised cost		
Trade payables	3,813	3,723
Other payables	20,844	23,117
Lease liabilities	319,205	286,992
Borrowings	70,000	40,000
	413,862	353,832

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. Investments in associates

	2025 RMB'000	2024 RMB'000
As at 1 January	4,404	—
Addition ⁽ⁱ⁾	115,500	4,660
Impairment loss on investment in an associate	(2,793)	—
Share of losses	(906)	(256)
As at 31 December	116,205	4,404

- (i) On 4 November 2025, the Group entered into the agreement with Shenzhen Huaxia Junyong Robot Technology Co., Ltd. pursuant to which the parties agreed to establish Shenzhen Youkaile Robot Co., Ltd. for the research and development of educational artificial intelligence robots. The Group shall contribute in cash RMB115,500,000, accounting for 30% of the registered capital of Shenzhen Youkaile Robot Co., Ltd, over which it exercises significant influence.

Nature of investment in associates as at 31 December 2025:

Name	Place of incorporation and kind of legal entity	Interest held as at 31 December 2025	Principal activity
Shenzhen Youkaile Robot Co., Ltd.	China, limited liability company	30%	Education services
Shenzhen Scholar Culture and Tourism Service Co., Ltd.	China, limited liability company	40%	Education services

20. Other financial assets at amortised cost

Other financial assets at amortised cost include the following debt investments:

	2025 RMB'000	2024 RMB'000
Included in non-current assets — Certificates of deposits	—	88,852
Included in current assets — Certificates of deposits	91,520	10,321
	91,520	99,173

(a) Certificates of deposits are the Group's bank deposits deposited with major financial institutions incorporated in the PRC, denominated in RMB, with expected interest rate ranging from 3.10% to 3.55% per annum for the year ended 31 December 2025. These certificate of deposits only can be assigned to other parties instead of redeemed before the maturity date in any circumstances, and are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Therefore, they are measured as financial assets at amortised cost.

(b) Impairment and risk exposure

Note 3.1 sets out information about the impairment of financial assets and the Group's exposure to credit risk.

All of the financial assets at amortised cost are denominated in RMB units. As a result, there is no exposure to foreign currency risk. There is also no exposure to price risk as the investments will be held to maturity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. Prepayments and other receivables

	2025 RMB'000	2024 RMB'000
Included in non-current assets		
Lease deposits	19,465	19,328
Prepayments for fund management fees	391	1,027
Prepayments for leasehold improvements	546	3,343
Interest receivables	1,886	2,086
Loans to employees (b)	5,570	3,218
	27,858	29,002
Allowance for impairment (d)	(175)	(176)
	27,683	28,826
Included in current assets		
Amounts due from employees-exercise of option	39,535	29,752
Cash advances to employees (a)	587	1,511
Loans to employees (b)	2,852	6,412
Lease deposits	3,040	2,297
Prepayments (c)	7,838	5,634
Lease receivables	1,695	1,270
Other receivables	7,579	5,033
	63,126	51,909
Allowance for impairment (d)	(5,076)	(87)
	58,050	51,822

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

- (a) Cash advances to employees mainly represent cash advances to certain employees for ordinary course of business.
- (b) Loans to employees mainly represent loans to certain employees for personal house purchase. The loans were unsecured and interest free.
- (c) Prepayments mainly represent prepayment for investment, teaching materials purchase and property management expense.
- (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 as at 31 December 2025 was RMB5,251,000 (as at 31 December 2024: RMB263,000).
- (e) As at 31 December 2025, the receivables written off during the period as uncollectible were nil (as at 31 December 2024: RMB2,789,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. Financial assets at fair value through profit or loss

Financial assets mandatorily measured at FVPL include the following:

	2025 RMB'000	2024 RMB'000
Non-current assets		
Unlisted equity investments in Chinese Mainland (b)	53,416	54,168
Current assets		
Listed equity investments in Chinese Mainland	—	5,220
Wealth management products	87,153	96,299
	87,153	101,519
	140,569	155,687

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

	2025 RMB'000	2024 RMB'000
At the beginning of the year	155,687	149,420
Additions	24,055	38,505
Fair value (losses)/gains	(13,972)	14,238
Transfer out (c)	(8,168)	(35,180)
Redemption on maturity	(17,033)	(11,296)
At the end of the year	140,569	155,687

- (a) The fair value is based on cash flow discounted using the expected return based on management judgement and are within level 1, level 2 and level 3 of the fair value hierarchy (Note 3.3). The higher the expected rates of return, the higher of the fair value. The fair value losses during the year mainly due to the Group's investments in financial assets which categorised into Level 3 were not redeemed upon maturity due to default of the relevant counterparties, which in turn led to fair value losses on these assets.
- (b) As at 31 December 2025, the Group holds certain investment funds with fair value of RMB53,416,000 (as at 31 December 2024: RMB54,168,000) which are managed by the general partner while the Group participated in the funds as a limited partner. Those funds are mainly engaged in the business of investment management. 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.
- (c) In 2025, the Group transferred out the investment prepayment amounted RMB5,000,000.

See Note 41.9 for the remaining relevant accounting policies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. Bank balance and cash

(a) Cash and cash equivalents

	2025 RMB'000	2024 RMB'000
Cash and bank deposits	474,855	392,379
Less: Restricted Cash	(2,109)	(1,702)
Cash and cash equivalents (i)	472,746	390,677

- (i) As at 31 December 2025, cash and cash equivalents balances that are placed in restricted bank accounts in accordance with the applicable government regulations amounting to RMB56,148,000 (2024: RMB254,000), such balances will be released in three months once the Group has fulfilled its obligation to transfer the promised services on a systematic way.

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

	2025 RMB'000	2024 RMB'000
RMB	266,814	386,355
USD	140,579	3
HKD	65,353	4,319
	472,746	390,677

(b) Restricted cash

	2025 RMB'000	2024 RMB'000
	2,109	1,702

As at 31 December 2025, restricted deposits held at banks of RMB2,109,000 (31 December 2024: RMB1,702,000) were mainly denominated in RMB.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. Share capital

	Authorised			Issued		
	Number of ordinary shares	Nominal value		Number of ordinary shares	Nominal value	
		USD	RMB		USD	RMB
Balance at 1 January 2024	1,000,000,000	1,000,000	6,860,633	555,700,000	555,700	3,774,897
Share option scheme- exercise of options	–	–	–	9,169,050	9,169	65,414
Balance at 31 December 2024	1,000,000,000	1,000,000	6,860,633	564,869,050	564,869	3,840,311
Balance at 1 January 2025	1,000,000,000	1,000,000	6,860,633	564,869,050	564,869	3,840,311
Issuance of new shares (a)	–	–	–	110,000,000	110,000	780,212
Cancellation of shares	–	–	–	(1,088,000)	(1,088)	(6,907)
Balance at 31 December 2025	1,000,000,000	1,000,000	6,860,633	673,781,050	673,781	4,613,616

(a) In October 2025, a total of 110,000,000 new shares had been placed to certain third-party investors at a price of HK\$2.2 per share, the net proceeds from which were approximately RMB220,961,000.

25. Shares held for employee share scheme

	As at 31 December 2025 Shares	As at 31 December 2024 Shares	As at 31 December 2025 RMB'000	As at 31 December 2024 RMB'000
Shares held for employee share scheme	1,500,000	11,952,000	3,340	28,308

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. Shares held for employee share scheme (Continued)

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

	Number of shares	RMB'000
Opening balance as at 1 January 2024	10,397,000	12,496
Acquisition of shares by the trustee	6,555,000	27,654
Vested and transferred (Note 27(c))	(5,000,000)	(11,842)
Balance as at 31 December 2024	11,952,000	28,308
Opening balance as at 1 January 2025	11,952,000	28,308
Acquisition of shares by the trustee	1,548,000	4,360
Vested and transferred (Note 27(c))	(12,000,000)	(29,328)
Balance as at 31 December 2025	1,500,000	3,340

The Group through its trustee, Kastle Limited, acquired a total of 1,548,000 of the Company's shares for the year ended 31 December 2025 (for the year ended 31 December 2024: 6,555,000). The total consideration paid to acquisition of these shares was HK\$4,752,000 (equivalent to RMB4,360,000), 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 awards under the Company's employee share award scheme.

26. Treasury shares

	As at 31 December 2025 Shares	As at 31 December 2024 Shares	As at 31 December 2025 RMB'000	As at 31 December 2024 RMB'000
Treasury shares	—	1,088,000	—	2,366

Movements of the treasury shares are set out below:

	Number of shares	RMB'000
Opening balance as at 1 January 2025	1,088,000	2,366
Buy-back of shares	—	—
Cancellation of shares	(1,088,000)	(2,366)
Balance as at 31 December 2025	—	—

27. 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:

	Year ended 31 December 2025		Year ended 31 December 2024	
	Average exercise price per share option	Number of options	Average exercise price per share option	Number of options
As at 1 January	HK\$1.62	18,615,950	HK\$1.62	27,785,000
Granted during the year	—	—	—	—
Exercised during the year	—	—	HK\$1.62	(9,169,050)
Forfeited during the year	—	—	—	—
As at 31 December	HK\$1.62	18,615,950	HK\$1.62	18,615,950
Vested and exercisable at 31 December		9,169,050		—

No options were expired during the year.

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

Grant Date	Expiry period	Exercise price	Share options 31 December 2025	Share options 31 December 2024
6 February 2023	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	18,615,950

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. Share based payments (Continued)

(b) Share Scheme

On 27 February 2024 and 29 November 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:

	Year ended 31 December 2025		Year ended 31 December 2024	
	Average exercise price per share option	Number of options	Average exercise price per share option	Number of options
As at 1 January	HK\$4.82	33,342,000	—	—
Granted during the year	—	—	HK\$4.82	33,342,000
Vested but not yet exercised during the year	HK\$4.82	(8,335,500)	—	—
Forfeited during the year	—	—	—	—
Before modification the share options in 2025	—	25,006,500	NA	NA
Net impact of the modification (i)	—	(2,778,500)	NA	NA
As at 31 December	HK\$2.33	22,228,000	HK\$4.82	33,342,000
Vested and exercisable at 31 December		8,335,500		—

- (i) After taking into consideration of the market conditions since the grant of the options, and to further incentivise and retain the Grantees to continuously contribute to the development of the Company, on 11 September 2025, the board of directors of the Company resolved to cancel 25,006,500 unvested old options held by the grantees and re-grant to them 22,228,000 new Options in accordance with the terms and conditions of the Share Scheme, to replace the unvested old options, subject to the respective consent and acceptance of the grantees. Each new option shall entitle its holder to subscribe for one share at an exercise price of HK\$2.33 per Share. The modification reduces the fair value of the equity instruments granted.

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 31 December 2025
11 September 2025	Options that have vested may be exercised in three tranches: (i) 50% on 15 January 2026; (ii) 25% on 15 January 2027; (iii) the remaining 25% on 15 January 2028.	HK\$2.33	22,228,000
	All outstanding or unexercised Options shall lapse after 15 January 2030.		

27. Share based payments (Continued)

(b) Share Scheme (Continued)

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%

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. Share based payments (Continued)

(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.

Movement in the number of awarded shares for the years ended 31 December 2025 and 2024 is as follows:

	Numbers of awarded shares	
	2025	2024
At the beginning of the year	—	—
Granted	12,000,000	5,000,000
Lapsed/forfeited	—	—
Vested and transferred	(12,000,000)	(5,000,000)
At the end of the year	—	—
Vested but not transferred as at the end of the year	—	—

The fair value of the awarded shares was calculated based on the market price of the Company’s shares at the grant date. The expected dividends during the vesting period have been taken into account when assessing the fair value of these awarded shares.

For the year ended 31 December 2025, the total expenses recognised in the consolidated statement of comprehensive income for share award scheme was approximately RMB3,611,000 (for the year ended 31 December 2024: RMB5,920,000) and was included in staff costs.

For the year ended 31 December 2025, the total expenses recognised in the consolidated statement of comprehensive income for share options was approximately RMB39,456,000 (for the year ended 31 December 2024: RMB30,070,000) and were include in employee benefit expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. Share premium and other reserves

	Other reserves					Total RMB'000
	Share premium RMB'000	Merger reserve(a) 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	—	—	(1,347)	—	—	(1,347)
Share based payments	—	—	—	30,070	—	30,070
Share option scheme- exercise of options	20,899	—	—	(7,399)	—	(7,399)
Vested and transferred of share awards	4,344	—	—	5,920	—	5,920
Balance at 31 December 2024	107,941	(46,347)	76,709	39,039	378	69,779
Balance at 1 January 2025	107,941	(46,347)	76,709	39,039	378	69,779
Share based payments	—	—	—	39,456	—	39,456
Vested and transferred of share awards	(7,444)	—	—	3,611	—	3,611
Issuance of new shares	220,180	—	—	—	—	—
Cancellation of shares	(2,359)	—	—	—	—	—
Dividends paid	—	—	—	(35,068)	—	(35,068)
Balance at 31 December 2025	318,318	(46,347)	76,709	47,038	378	77,778

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. Share premium and other reserves (Continued)

- (a) Merger reserve represents the excess of the net asset value over the paid-up capital of Shenzhen Scholar which was acquired by the Company pursuant to the Reorganisation.
- (b) In accordance with the Companies Laws of the PRC and the stipulated provisions of the articles of association of subsidiaries with limited liabilities in the PRC, appropriation of net profits (after offsetting accumulated losses from prior years) should be made by these companies to their respective Statutory Surplus Reserve Funds and the Discretionary Reserve Funds before distributions are made to the owners. The percentage of appropriation to Statutory Surplus Reserve Fund is 10%. The amount to be transferred to the Discretionary Reserve Fund is determined by the equity owners of these companies. When the balance of the Statutory Surplus Reserve Fund reaches 50% of the registered capital, such transfer needs not to be made. Both the Statutory Surplus Reserve Fund and Discretionary Reserves Fund can be capitalised as capital of an enterprise, provided that the remaining Statutory Surplus Reserve Fund shall not be less than 25% of the registered paid in capital.

Pursuant to the laws applicable to China's Foreign Investment Enterprises, the Company's subsidiary that is a foreign investment enterprise in China has to make appropriations from its after-tax profit (as determined under PRC GAAP) to reserve funds including (1) general reserve fund, (2) enterprise expansion fund and (3) staff bonus and welfare fund. The appropriation to the general reserve fund must be at least 10% of the after tax profits calculated in accordance with PRC GAAP.

Appropriation is not required if the reserve fund has reached 50% of the registered capital of the respective company. Appropriations to the other two reserve funds are at the company's discretion.

29. Dividends

	2025 RMB'000	2024 RMB'000
Proposed final dividend per share: 2025: nil; 2024: HK\$0.07	—	36,507

The Board does not recommend the payment of a final dividend for the year ended 31 December 2025 (for the year ended 31 December 2024: HK\$39,541,000).

30. Contract liabilities

	2025 RMB'000	2024 RMB'000
Deferred revenue — Education services	285,987	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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. Contract liabilities (Continued)

Changes in contract liabilities during the year are as follows:

	2025 RMB'000	2024 RMB'000
At the beginning of the year	241,091	276,316
Revenue recognised	(785,580)	(852,327)
Cash received from customers during the year	925,782	904,513
Cash refunded to customers during the year	(95,306)	(87,410)
At the end of the year	285,987	241,092

Due to the short-term nature of the related services, the entire contract liabilities balance at the year ended would be recognised into revenue in the next year. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts which have an original expected duration of 1 year or less is not disclosed.

31. Trade and other payables

	2025 RMB'000	2024 RMB'000
Trade payables (a)	3,813	3,723
Employee benefits payables	90,566	33,773
Other taxes payables	9,993	13,944
Interest payables	29	29
Other payables	20,815	23,088
	125,216	74,557

- (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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. Trade and other payables (Continued)

As at 31 December 2025 and 2024, the aging analysis of trade payables based on the invoice date was as follows:

	2025 RMB'000	2024 RMB'000
3 months or less	697	1,077
3 to 6 months	2,780	2,330
6 months to 1 year	336	316
	3,813	3,723

32. Deferred income tax

(a) Deferred tax assets

The balance comprises temporary differences attributable to:

	2025 RMB'000	2024 RMB'000
Lease liabilities	57,357	64,957
Tax losses	15,955	3,052
Financial assets at FVPL	9,051	5,240
Share based payments	12,238	5,491
Others	1,029	406
Total deferred tax assets	95,630	79,146
Set-off of deferred tax liabilities pursuant to set-off provisions	(49,199)	(58,265)
Net deferred tax assets	46,431	20,881

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32. Deferred income tax (Continued)

(a) Deferred tax assets (Continued)

The movement on the deferred tax assets for the years is as follows:

	Lease liabilities RMB'000	Tax losses RMB'000	Financial assets at FVPL RMB'000	Share based payments RMB'000	Others RMB'000	Total RMB'000
As at 1 January 2024	41,657	4,947	9,946	2,072	933	59,555
Credited/(charged) to the consolidated statement of comprehensive income	23,300	(1,895)	(4,706)	3,419	(527)	19,591
As at 31 December 2024	64,957	3,052	5,240	5,491	406	79,146
Credited/(charged) to the consolidated statement of comprehensive income	(7,600)	12,903	3,811	6,747	623	16,484
As at 31 December 2025	57,357	15,955	9,051	12,238	1,029	95,630

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through the future taxable profit is probable. As at 31 December 2025 and 2024, the Group did not recognise deferred income tax assets of RMB12,036,000 (2024: RMB858,000) in respect of the tax losses amounting to RMB50,088,000 (2024: RMB4,247,000), as their recoverability is uncertain.

The amount of unrecognised tax losses from subsidiaries in the PRC will expire in the following years:

	2025 RMB'000	2024 RMB'000
2026	—	—
2027	—	—
2028	—	—
2029	—	522
2030	46,649	—
	46,649	522

As at 31 December 2025, unused tax losses of approximately RMB14,827,000 (2024: RMB10,696,000) was incurred by Youshine International Co., Ltd. The losses can be carried forward and has no expiry date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32. Deferred income tax (Continued)

(b) Deferred tax liabilities

The balance comprises temporary differences attributable to:

	2025 RMB'000	2024 RMB'000
Right-of-use assets	59,089	63,217
Fair value on investment properties	692	670
Interest receivables	1,566	763
Withholding income tax	8,000	2,000
Others	79	128
Total deferred tax liabilities	69,426	66,778
Set-off of deferred tax liabilities pursuant to set-off provisions	(49,199)	(58,265)
Net deferred tax liabilities	20,227	8,513

The movement on the deferred tax liabilities for the years is as follows:

	Right-of-use assets RMB'000	Investment properties RMB'000	Interest receivables RMB'000	Withholding income tax RMB'000	Others RMB'000	Total RMB'000
As at 1 January 2024	39,183	820	522	—	—	40,525
Charged/(credited) to the consolidated statement of comprehensive income	24,034	(150)	241	2,000	128	26,253
As at 31 December 2024	63,217	670	763	2,000	128	66,778
Paid during the year	—	—	—	(1,500)	—	(1,500)
Charged/(credited) to the consolidated statement of comprehensive income	(4,128)	22	803	7,500	(49)	4,148
As at 31 December 2025	59,089	692	1,566	8,000	79	69,426

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. Borrowings

	2025 RMB'000	2024 RMB'000
Current		
– Secured		
Bank borrowings	50,000	40,000
– Unsecured		
Bank borrowings	20,000	–
	70,000	40,000

For the ended of 31 December 2025, bank borrowings bear effective interest rate of 2.2% to 2.8%. As at 31 December 2025, short-term bank loans of RMB 50,000,000 are secured by the Group's patent rights. 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 31 December 2025 RMB'000	As at 31 December 2024 RMB'000
Within 1 year	70,000	40,000

Under the terms of the bank borrowings, the Group is not required to comply with any financial covenants at the end of each annual period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34. Notes to the consolidated statement of cash flows

(a) Cash generated from operations

	2025 RMB'000	2024 RMB'000
(Loss)/profit before income tax	(81,711)	180,957
Adjustments for:		
Depreciation and amortisation	111,603	97,672
Net losses on disposals of property, plant and equipment	2,593	151
Net gains on disposals of right-of-use assets	(1,595)	(2,264)
Fair value losses/(gains) on financial assets at FVPL	13,972	(14,238)
Finance income on other financial assets at amortised cost	(3,145)	(3,006)
Fair value losses on investment properties	5,170	1,043
Finance costs	12,932	10,333
Net impairment losses on financial assets	4,987	433
Share based payments	39,456	35,990
Restricted cash	(407)	1,265
Net exchange differences	2,769	481
Changes in working capital:		
Increase in prepayments and other receivables	(40,309)	(19,738)
Increase/(decrease) in trade and other payables, lease liabilities and current income tax payables	81,277	(26,326)
Increase/(decrease) in contract liabilities	44,895	(35,224)
Impairment loss on investments in an associate	2,793	—
Share of interest on investments in associates	906	256
Cash generated from operations	196,186	227,785

(b) Proceeds from disposals of property, plant and equipment and intangible assets

	2025 RMB'000	2024 RMB'000
Net book value (Note 14)	2,806	151
Net losses on disposals of property, plant and equipment (Note 7)	(2,593)	(151)
Proceeds from disposals	213	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34. Notes to the consolidated statement of cash flows (Continued)

(c) Non-cash transactions

Significant non-cash investing and financing activities include the following:

	2025 RMB'000	2024 RMB'000
Additions to the right-of-use assets (Note 15)	103,002	175,289
Additions to the investment properties (Note 16)	3,168	35,180
Transfer from investment properties to property, plant and equipment (Note 16)	—	4,083

(d) Net cash reconciliation

	2025 RMB'000	2024 RMB'000
Cash and cash equivalents	472,746	390,677
Lease liabilities	(319,205)	(286,992)
Borrowings	(70,000)	(40,000)
Net cash	83,541	63,685
Gross debt — fixed interest rates	(389,205)	(326,992)
Less: cash and cash equivalents	472,746	390,677
Net cash	83,541	63,685

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34. Notes to the consolidated statement of cash flows (Continued)

(d) Net cash reconciliation (Continued)

	Other assets	Liabilities from financing activities		Total RMB'000
	Cash and cash equivalents RMB'000	Borrowings due within 1 year RMB'000	Leases RMB'000	
As at 1 January 2024	256,476	—	(175,085)	81,391
Cash flows	134,682	(40,000)	73,200	167,882
Foreign exchange adjustments	(481)	—	—	(481)
New leases	—	—	(175,289)	(175,289)
Interest expense	—	—	(9,384)	(9,384)
Termination of lease contracts and lease modification	—	—	(434)	(434)
As at 31 December 2024	390,677	(40,000)	(286,992)	63,685
Cash flows	84,838	(30,000)	94,001	148,839
Foreign exchange adjustments	(2,769)	—	—	(2,769)
New leases	—	—	(103,002)	(103,002)
Interest expense	—	—	(12,049)	(12,049)
Termination of lease contracts and lease modification	—	—	(11,163)	(11,163)
As at 31 December 2025	472,746	(70,000)	(319,205)	83,541

35. Commitments

(a) Non-cancellable operating leases

The Group leases various teaching centres under non-cancellable operating leases expiring within 2 to 20 years, the majority of lease agreements are renewable at the end of the lease period at market rate. Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	18	564

36. Significant related party transactions

(a) Related party

The Group is controlled by the following entities as at 31 December 2025:

Name	Type	Place of incorporation	Ownership interest
Sky Noon International Company Limited (“Sky Noon”)	Ultimate and immediate parent entity	BVI	32.60%

Parties are considered to be related if one party has the ability, directly and indirectly, to control the other party or exercise significant influence over the other party in making financial and operation decision.

(b) Key management personnel compensation (excluding directors)

	2025 RMB'000	2024 RMB'000
Wages and salaries	1,481	1,497
Bonus	244	141
Defined contribution plan	33	31
Other social security costs and housing fund	24	24
	1,782	1,693

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37. Benefits and interests of directors

The remuneration of each director of the Company paid/payable by the Group for the years ended 31 December 2025 and 2024 are set out as follows:

Year ended 31 December 2025:

Name	Salaries RMB'000	Discretionary bonus RMB'000	Social security and housing fund RMB'000	Total RMB'000
Chairman:				
Mr. Chen Qiyuan	1,269	200	57	1,526
Executive directors:				
Mr. Qi Mingzhi (<i>chief executive officer</i>)	335	114	41	490
Ms. Li Ailing	478	140	41	659
Ms. Leng Xinlan	316	295	41	652
	2,398	749	180	3,327
Independent non-executive directors:				
Mr. Yang Xuezhi	144	—	—	144
Ms. Yim Ka Man	199	—	—	199
Prof. Zhang Wenjun (i)	111	—	—	111
Mr. Huang Victor (ii)	85	—	—	85
	539	—	—	539
	2,937	749	180	3,866

(i) Prof. Zhang Wenjun was appointed as independent non-executive director of the Company effective on 20 May 2025.

(ii) Mr. Huang Victor retired from his position as independent non-executive director of the Company on 20 May 2025.

37. Benefits and interests of directors (Continued)

Year ended 31 December 2024:

Name	Salaries RMB'000	Discretionary bonus RMB'000	Social security and housing fund RMB'000	Total RMB'000
Chairman:				
Mr. Chen Qiyuan	1,189	—	55	1,244
Executive directors:				
Mr. Qi Mingzhi <i>(chief executive officer)</i>	336	—	39	375
Ms. Li Ailing	380	96	39	515
Ms. Leng Xinlan	339	94	39	472
	2,244	190	172	2,606
Independent non-executive directors:				
Mr. Huang Victor	219	—	—	219
Mr. Yang Xuezhi	144	—	—	144
Ms. Yim Ka Man	164	—	—	164
	527	—	—	527
	2,771	190	172	3,133

The remuneration of the executive directors of the Company shown above are for their services in relation to the management of the affairs of the Company and the Group.

38. Contingencies

As at 31 December 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 (2024: nil).

39. Subsequent events

Purchase of Shares pursuant to the Share Award Scheme

During the period from 1 January 2026 to 29 January 2026 (both days inclusive), the trustee of the Group's share award scheme bought a total of 4,550,000 ordinary shares of the Company from the market at a total consideration of HK\$9,547,000 (equivalent to RMB8,688,000) which are currently held for the purpose of satisfying share awards that may be granted under the share award scheme.

Save as disclosed above, there were no other material events that occurred subsequent to 31 December 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

40. Balance sheet and reserve movement of the Company

	Notes	As at 31 December	
		2025 RMB'000	2024 RMB'000
Assets			
Non-current assets			
Investment in a subsidiary		166,824	158,825
Financial assets at fair value through profit or loss		14,082	—
Prepayments and other receivables		88,423	70,024
Total non-current assets		269,329	228,849
Current assets			
Prepayments and other receivables		137	140
Cash and cash equivalents		201,066	4,605
Total current assets		201,203	4,745
Total assets		470,532	233,594
Liabilities			
Current liabilities			
Trade and other payables		3,446	91
Equity			
Share capital		4,614	3,840
Share premium	40(a)	318,477	100,656
Treasury shares	26	—	(2,366)
Other reserves	40(a)	166,824	158,825
Accumulated losses		(22,829)	(27,452)
Total equity		467,086	233,503
Total equity and liabilities		470,532	233,594

The balance sheet of the Company was approved by the Board of Directors on 31 March 2026 and was signed on its behalf:

Chen Qiyuan
Director

Qi Mingzhi
Director

40. Balance sheet and reserve movement of the Company (Continued)

Note (a) Reserve movement of the Company

	Share premium RMB'000	Other reserves RMB'000
At 1 January 2024	79,757	130,234
Share based payments	—	35,990
Share option scheme-exercise of options	20,899	(7,399)
At 31 December 2024	100,656	158,825
At 1 January 2025	100,656	158,825
Dividends paid	—	(35,068)
Share based payments	—	43,067
Cancellation of shares	(2,359)	—
Issuance of new shares	220,180	—
At 31 December 2025	318,477	166,824

41. Summary of other potentially material accounting policies

41.1 Principles of consolidation

41.1.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (Note 41.2).

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

41.1.2 Associates

Associates are all entities over which the group has significant influence but not control or joint control.

Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

41. Summary of other potentially material accounting policies (Continued)

41.1 Principles of consolidation (Continued)

41.1.3 Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 41.8.

41.1.4 Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Group.

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

41. Summary of other potentially material accounting policies (Continued)

41.2 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred,
- liabilities incurred to the former owners of the acquired business,
- equity interests issued by the group,
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

Over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

41. Summary of other potentially material accounting policies (Continued)

41.3 Segment reporting

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 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.

41.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of the Company is RMB. The Company's primary subsidiaries were incorporated in the PRC and these subsidiaries considered RMB as their functional currency. As the major operations of the Group are within the PRC, the Group determined to present its consolidated financial statements in RMB (unless otherwise stated).

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in comprehensive income. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in comprehensive income as part of the fair value gain or loss and translation differences on non-monetary assets such as equity instrument measured at fair value through other comprehensive income (FVOCI) are recognised in other comprehensive income.

41. Summary of other potentially material accounting policies (Continued)

41.4 Foreign currency translation (Continued)

(c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for consolidated statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to comprehensive income, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

41.5 Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to comprehensive income during the reporting period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

41. Summary of other potentially material accounting policies (Continued)

41.5 Property, plant and equipment (Continued)

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements, the shorter lease term as follows:

Buildings	25–57 years
Office equipment	3 years
Leasehold improvements	5 years or remaining lease term, whichever is shorter
Motor vehicles	3–5 years

Assets under construction is property, plant and equipment on which construction work has not been completed and stated at cost. Cost includes acquisition and construction expenditure incurred, interest and other direct costs attributable to the development. Depreciation is not provided on construction in progress until the related asset is completed for intended use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in comprehensive income. When revalued assets are sold, it is group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

41.6 Intangible assets

(a) Computer software

Acquired computer software stated at historical cost less amortisation. Acquired computer software are capitalised on the basis of the costs incurred to acquire and bring to use the specific software, and are amortised on a straight-line basis over their useful lives of 10 years.

(b) Goodwill

Goodwill is measured as described in Note 41.2. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

41. Summary of other potentially material accounting policies (Continued)

41.7 Research and development costs

Costs associated with research activities are recognised as an expense as incurred. Development cost (related to design and test of new and improved products) are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the intangible asset so that it will be available for use;
- Management intends to complete the intangible asset and use or sell it;
- There is an ability to use or sell the intangible assets;
- The Group has the ability to use or sell the intangible asset;
- The Group has adequate technical, financial and other resources to complete and use or sell the intangible asset; and
- The expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as expenses are not recognised as an asset in a subsequent period.

41.8 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or Groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

41. Summary of other potentially material accounting policies (Continued)

41.9 Financial assets

41.9.1 Classification

The Group classifies its financial assets in the following categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and
- Those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in comprehensive income or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

41.9.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

41.9.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in comprehensive income.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

41. Summary of other potentially material accounting policies (Continued)

41.9 Financial assets (Continued)

41.9.3 Measurement (Continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in comprehensive income and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of comprehensive income.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to comprehensive income and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the consolidated statement of comprehensive income.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in comprehensive income and presented net within other gains/(losses) in the period in which it arises.

41. Summary of other potentially material accounting policies (Continued)

41.9 Financial assets (Continued)

41.9.3 Measurement (Continued)

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to comprehensive income following the derecognition of the investment. Dividends from such investments continue to be recognised in comprehensive income as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the consolidated statement of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

41.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

41.11 Other receivables

Majority of other receivables are lease deposits and loans to employees. If collection of other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

41. Summary of other potentially material accounting policies (Continued)

41.12 Contract assets and liabilities

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or services to the customer. The combination of those rights and performance obligations gives rise to a net asset or a net liability depending on the relationship between the remaining rights and performance obligations. The contract is an asset and recognised as contract assets if the measure of the remaining conditional rights to consideration exceeds the satisfied performance obligations. Conversely, the contract is a liability and recognised as contract liabilities if the measure of the remaining performance obligations exceeds the measure of the remaining rights.

41.13 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

41.14 Share capital and shares held for employee share scheme

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the company's equity instruments, for example as the result of a share buy-back or a share based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Group as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Group.

41.15 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 3 months of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

41. Summary of other potentially material accounting policies (Continued)

41.16 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable comprehensive income and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

41. Summary of other potentially material accounting policies (Continued)

41.17 Employee benefits

(a) Pension obligations

The Group only operates defined contribution pension plans. In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post- retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the governments.

The Group's contributions to the defined contribution retirement scheme are expensed as incurred.

(b) Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurances and other social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. Termination benefits are recognised by the Group (i) when the Group can no longer withdraw the offer of those benefits; and (ii) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after the end of the reporting period are discounted to their present value.

41.18 Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

41. Summary of other potentially material accounting policies (Continued)

41.18 Provisions (Continued)

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations might be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

41.19 Share based payments

The Group operates share option schemes and share award schemes under which the Group receives services from its employees in exchange of equity instruments (including share options and awarded shares) of the Group to acquire the shares of the Company at specified exercise prices. The fair value of the services received in exchange for the grant of the equity instruments to acquire the shares of the Company is recognised as an expense in comprehensive income with a corresponding increase in share based compensation reserve under equity.

For grant of share options, the total amount to be expensed is determined by reference to the fair value of the options granted by using option-pricing model. For grant of award shares, the total amount to be expensed is determined by reference to the market price of the Company's shares at the grant date.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of options and awarded shares that are expected to vest. It recognises the impact of the revision to original estimates, if any, in comprehensive income, with a corresponding adjustment to equity.

When the options are exercised, the proceeds received net of any directly attributable transaction costs are credited to share capital.

41.20 Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

41. Summary of other potentially material accounting policies (Continued)

41.21 Leases

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the Group under residual value guarantees,
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option,
- lease payments to be made under an extension option if the group is reasonably certain to exercise the option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments are allocated between principal and finance cost. The finance cost is charged to comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Entity-specific details about the Group's leasing policy are provided in Note 15.

41.22 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

41.23 Government grants

Government grants relating to income are deferred and recognized in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and they are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

DEFINITIONS

In this annual report, the following expressions have the meanings set out below unless the context otherwise requires:

“Adoption Date”	28 December 2020, being the date on which the Scheme Rules are adopted by the Board for the establishment of the Scheme
“AGM”	the forthcoming annual general meeting of the Company to be held in June 2026
“Articles of Association”	the second amended and restated articles of association of the Company adopted on 19 May 2023
“Audit Committee”	the audit committee of the Company
“Auditor”	PricewaterhouseCoopers, the external auditor of the Company
“Award”	an award of Shares by the Board to a Selected Participant pursuant to the Scheme Rules
“Awarded Share(s)”	in respect of a Selected Participant, such number of Shares determined by the Board and granted to such Selected Participant pursuant to the Scheme Rules
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961), as consolidated and revised of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
“Company”, “we” or “us”	Scholar Education Group, a company incorporated in the Cayman Islands on 7 February 2018
“Director(s)”	the director(s) of the Company
“Eligible Participant”	any employee (whether full time or part time) of any member of the Group, in each case, in the sole and absolute discretion of the Board, who have contributed or will contribute to the growth and development of the Group
“Excluded Participant”	(i) at the time of the proposed grant of an Award, any connected person of the Company; or (ii) any Eligible Participant who is resident in a place where the award of the Awarded Shares and/or the vesting and transfer of the Awarded Shares pursuant to the terms of the Scheme is not permitted under the laws and regulations of such place or where in the view of the Board or the Trustee (as the case may be), compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such Eligible Participant

DEFINITIONS

“Group”	the Company with its subsidiaries and PRC consolidated affiliated entities
“Hongde Education”	Shenzhen Hongde Education Technology Investment Consulting LP* (深圳市弘德教育科技投資諮詢合夥企業(有限合夥)), a limited partnership established in the PRC on 12 April 2017, the general partner of which is Mr. Chen Hongyu, an executive Director, and the limited partners of which are, among others, Mr. Chen Hongyu (18.1140%), Mr. Qi Mingzhi, an executive Director and the chief executive officer of the Company (10.0693%) and Mr. Xu Chaoqiang, an executive Director (17.9009%)
“HKD” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IFRS” or “IFRS Accounting Standards”	International Financial Reporting Standards, as issued by the International Accounting Standards Board
“Listing Date”	21 June 2019, being the date on which the Shares were listed on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Magnificent Industrial”	Magnificent Industrial Company Limited (鴻圖嘉業有限公司), a company incorporated in the BVI on 29 December 2017
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“PRC” or “China”	the People’s Republic of China, excluding, for the purposes of this annual report only, Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“PRC Operating Entities”	Shenzhen Scholar and its subsidiaries from time to time, each of which is an affiliated entity of the Company
“Prospectus”	the prospectus of the Company dated 12 June 2019 in connection with the global offering of the Shares
“Registered Shareholders”	the shareholders of Shenzhen Scholar, namely Mr. Chen Qiyuan the chairman of the Board, an executive Director and a controlling shareholder of the Company, Hongde Education, Xuanyang Investment, Ms. Chen Meiqin, an independent third party of the Company
“Returned Shares”	such Awarded Shares or the related income which are not vested and/or are forfeited in accordance with the terms of the Share Award Scheme or such Shares being deemed to be Returned Shares in accordance with the terms of the Share Award Scheme and the Trust Deed
“RMB”	Renminbi yuan, the lawful currency of the PRC

DEFINITIONS

“Selected Participant(s)”	Eligible Participant(s) selected by the Board pursuant to the Share Award Scheme Rules for participating in the Share Award Scheme
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Award Scheme”	the share award scheme of the Company adopted by the Board on 28 December 2020 constituted by the Share Award Scheme Rules
“Share Award Scheme Rules”	the rules relating to the Share Award Scheme, as approved and adopted by the Board on the Adoption Date in its present form or as amended from time to time
“Share(s)”	ordinary share(s) of US\$0.001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Option Scheme”	the share option scheme approved and adopted by the Company on 3 June 2019, which was terminated immediately upon the adoption of the Company’s Share Scheme on 27 February 2024, 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 Share Option Scheme Rules
“Share Option Scheme Rules”	the rules relating to the Share Option Scheme in its present form or as amended from time to time
“Share Scheme”	the share scheme of the Company approved by the Shareholders on 27 February 2024
“Shenzhen Fengye”	Fengye (Shenzhen) Technology Co., Ltd.* (楓燁(深圳) 科技有限公司), a company established in the PRC on 2 April 2018 and a subsidiary of the Company
“Shenzhen Scholar”	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), a company established in the PRC on 4 January 2012 and one of the PRC Operating Entities
“Sky Noon”	Sky Noon International Company Limited (天晟國際有限公司), a company incorporated in the BVI on 29 December 2017
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Structured Contracts”	a series of agreements entered into between or among Shenzhen Fengye, the PRC Operating Entities and/or the Registered Shareholders in connection with the control of the PRC Operating Entities by the Group, details of which are set out in “Structured contracts” in this annual report and “Structured Contracts” in the Prospectus
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules

DEFINITIONS

“Trust”	the trust constituted by 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)
“Trustee”	Kastle Limited, and any additional or replacement trustees, being the trustee or trustees for the time being declared in the Trust Deed
“United States”	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
“USD” or “US\$”	United States dollars, the lawful currency of the United States
“Vesting Date”	in respect of a Selected Participant, the date on which his or her entitlement to the Awarded Shares is vested in such Selected Participant in accordance with the Scheme Rules
“Xuanyang Investment”	Shenzhen Xuanyang Jiuzhou Investment Consulting LP* (深圳市軒揚九州投資諮詢合夥企業(有限合夥)), a limited partnership established in the PRC which is owned as to 19.99% by Mr. Chen Qiyuan, the chairman of the Board, an executive Director and a controlling shareholder of the Company, and 80.01% by Ms. Chen Yunlei, the spouse of Mr. Chen Qiyuan
“Yu Xi International”	Yu Xi International Company Limited (語汐國際有限公司), a company incorporated in the BVI on 29 April 2019

* The English transliteration of the PRC addresses and the names of the PRC entities in this annual report, where indicated, is included for information only, and should not be regarded as the official English addresses or names.

SCHEDULE OF PRINCIPAL INVESTMENT PROPERTIES

Address	Type	Lease term	Percentage of Group's interest
Unit 2601, 2602, 2607, 2608, 2609 and 2610, Building A, Excellence City Two, Zhongkang Road, Shangmeilin, Futian District, Shenzhen, PRC	Commercial	Medium	100%
Room 02, Unit 1, Building 35, Dagan Mountain, Baoneng Danxia Mountain Villa, 601 Danxia Avenue, Huangkeng Town, Renhua County, Shaoguan, PRC	Residential	Medium	100%
Six shops, Shengtaosha Urban Oasis, 98-100 Jingang Avenue, Zhangjiagang, Suzhou, PRC	Commercial	Medium	100%
16 apartments, Building C (Commercial), Country Garden Xuefu No. 1, 180 Caidian Avenue, Caidian District, Wuhan, PRC	Commercial	Medium	100%
Apartment and parking space, Wuhan Contemporary International Garden Platinum Mansion, 112 Guanggu Avenue, Jiangxia District, Wuhan, PRC	Residential	Medium	100%
Unit 1 and 10, 10/F, Building K1-2, Zone I, Phase I, Plot K1, Wuhan Central Cultural District 197 Zhongbei Road, Wuchang District, Wuhan, PRC	Commercial	Medium	100%