思考乐教育

SCHOLAR EDUCATION GROUP
思 考 樂 教 育 集 團

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1769)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2019

HIGHLIGHTS

The Board is pleased to announce the unaudited consolidated interim results of the Group for the six months ended 30 June 2019. These interim results except for the non-IFRS measure have been reviewed by the Company's audit committee and the Company's auditors, PricewaterhouseCoopers.

The Board has also resolved to declare an interim dividend of HK$0.02 per share and a special dividend of HK$0.04 per share, both of which are expected to be distributed on or about 15 October 2019.

	Six months ended 30 June		
	2019	2018	Change
	Unaudited	Unaudited	
	RMB'000	*RMB'000*	
Revenue	**295,477**	236,023	25.2%
Gross profit	**127,886**	86,770	47.4%
Profit from continuing operations	**33,473**	33,959	–1.4%
Adjusted profit from continuing operations*(Note)*	**60,179**	36,882	63.2%
	RMB	*RMB*	Change
	(cents)	*(cents)*	
Earnings per share for continuing operations			
Basic and diluted	**7.66**	8.23	–6.9%
Adjusted earnings per share for continuing operations*(Note)*			
Basic and diluted	**13.77**	8.94	54.0%

Note:

To supplement the Group's consolidated financial statements that are presented in accordance with IFRS, the Company also uses adjusted net profit as an additional financial measure. The Company presents this financial measure because it is 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 measure provides additional information to shareholders and investors in understanding and evaluating the Group's consolidated results of operations in the same manner as the management of the Company does and in comparing financial results across accounting periods and to those of the Company's peer companies. The use of such non-IFRS measure has limitations as an analytical tool, and shareholders and investors of the Company should not consider it in isolation from, or as substitute for analysis of, the Company's results of operations or financial condition as reported under IFRS.

The following table reconciles the Group's adjusted profit from continuing operations in the periods presented to the most directly comparable financial measure calculated and presented in accordance with IFRS, which is profit from continuing operations:

	Six months ended 30 June		
	2019	2018	Change
	Unaudited	Unaudited	
	RMB'000	*RMB'000*	
Profit from continuing operations	**33,473**	33,959	–1.4%
Add:			
Listing expenses	**22,856**	2,923	681.9%
Effect on the adoption of IFRS 16 —			
Leases with effect from 1 January 2019	**3,850**	—	Not applicable
Adjusted profit from continuing operations	**60,179**	36,882	63.2%

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Unaudited	
		Six months ended 30 June	
		2019	2018
	Notes	***RMB'000***	*RMB'000*
Continuing operations			
Revenue	*6*	**295,477**	236,023
Cost of sales	*9*	**(167,591)**	(149,253)
Gross profit		**127,886**	86,770
Selling expenses	*9*	**(6,475)**	(4,607)
Administrative expenses	*9*	**(63,490)**	(32,544)
Research and development expenses	*9*	**(15,764)**	(13,451)
Other income	*7*	**2,422**	1,998
Other gains — net	*8*	**6,577**	3,738
Operating profit		**51,156**	41,904
Finance costs	*10*	**(10,711)**	(2,001)
Profit before income tax		**40,445**	39,903
Income tax expense	*11*	**(6,972)**	(5,944)
Profit for the period from continuing operations		**33,473**	33,959
Discontinued operation			
Profit before income tax		**—**	762
Income tax expense	*11*	**—**	(518)
Gains on disposal of subsidiaries after income tax		**—**	2,363
Profit for the period from discontinued operation		**—**	2,607
Profit and total comprehensive income for the period		**33,473**	36,566

		Unaudited	
		Six months ended 30 June	
		2019	2018
	Notes	***RMB'000***	*RMB'000*
Profit/(loss) and total comprehensive income attributable to:			
— Equity holders of the Company		**33,473**	36,699
— Non-controlling interests		**—**	(133)
		33,473	36,566
Profit for the period attributable to owners of the Company arises from:			
— Continuing operations		**33,473**	33,959
— Discontinued operations		**—**	2,740
		33,473	36,699
Earnings per share (expressed in RMB cents per share)			
— Continuing operations:			
Basic and diluted earnings per share	*12*	**7.66**	8.23
— Discontinued operations:			
Basic and diluted earnings per share	*12*	**—**	0.66
		7.66	8.89

INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS

	Notes	Unaudited As at 30 June 2019 RMB'000	Audited As at 31 December 2018 RMB'000
Assets			
Non-current assets			
Property, plant and equipment		**126,921**	106,134
Land use rights	*13(a)*	**—**	39,352
Right-of-use assets	*4, 13(a)*	**342,727**	—
Intangible assets		**1,053**	1,076
Prepayments and other receivables		**22,971**	46,233
Deferred tax assets		**15,968**	13,478
Total non-current assets		**509,640**	206,273
Current assets			
Prepayments and other receivables		**24,023**	21,771
Financial assets at fair value through profit or loss		**178,322**	205,084
Term deposits with original maturity over 3 months		**—**	10,500
Cash and cash equivalents		**420,891**	37,200
Total current assets		**623,236**	274,555
Total assets		**1,132,876**	480,828
Equity			
Share capital	*14*	**3,775**	339
Share premium		**416,964**	52,897
Other reserves		**32,664**	32,664
Retained earnings		**62,792**	29,319
Total equity		**516,195**	115,219

	Notes	Unaudited As at 30 June 2019 *RMB'000*	Audited As at 31 December 2018 *RMB'000*
Liabilities			
Non-current liabilities			
Deferred operating lease liabilities		**—**	12,969
Borrowings		**24,740**	26,386
Lease liabilities	*4, 13(b)*	**228,112**	—
Total non-current liabilities		**252,852**	39,355
Current liabilities			
Contract liabilities		**178,551**	214,701
Lease liabilities	*4, 13(b)*	**72,161**	—
Trade and other payables	*16*	**86,378**	85,958
Current income tax liabilities		**5,138**	9,222
Borrowings		**21,601**	16,373
Total current liabilities		**363,829**	326,254
Total liabilities		**616,681**	365,609
Total equity and liabilities		**1,132,876**	480,828

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

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

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the provision of after school education services through academic preparation program and early primary education program (collectively the "Listing Business") 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 shares have been listed on The Stock Exchange of Hong Kong Limited since 21 June 2019 (the "Listing").

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

This Interim Financial Information was approved for issue by the board of directors on 23 August 2019 and has not been audited.

2. 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 incorporated 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 equity holders, 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 Interim Financial Information for the six months ended 30 June 2019 has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB") and should be read in conjunction with the annual consolidated financial statements for year ended 31 December 2018 ("2018 Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the 2018 Financial Statements, as described in those annual consolidated financial statements, except for the adoption of new and amended standards as set out below.

(a) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies and make retrospective adjustments, if applicable, as a result of adopting the following standards:

- IFRS 16 Leases
- Annual improvements 2015–2017 Cycle
- IFRIC 23 Uncertainty over Income Tax Treatments
- Prepayment Features with Negative Compensation — Amendments to IFRS 9
- Long-term Interests in Associates and Joint Ventures — Amendments to IAS 28, and
- Plan Amendment, Curtailment or Settlement — Amendments to IAS 19.

The impact of the adoption of these standards and the new accounting policies are disclosed in Note 4 below. The other standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

4. CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of IFRS 16 Leases on the Group's financial statements and discloses the new accounting policies that have been applied from 1 January 2019 in Note 4.1 below.

The Group applied the standard from its mandatory adoption date of 1 January 2019. The Group applied the simplified transition approach and not restate comparative amounts for the year prior to first adoption. Right-of-use assets were measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

The Group applied the practical expedient to grandfather the definition of a lease on transition. This means that it applied IFRS 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with existing standard and interpretation.

4.1 Adjustments recognised on adoption of IFRS 16

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 6.15%.

	2019
	RMB'000
Operating lease commitments as at 31 December 2018	**384,093**
Discounted using the lessee's incremental borrowing rate at the date of initial application/ Lease liability recognised as at 1 January 2019	**302,678**
Of which are:	
Current lease liabilities	**71,944**
Non-current lease liabilities	**230,734**
	302,678

The right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application. All the recognised right-of-use assets relate to leased properties.

The recognised right-of-use assets relate to the following types of assets:

	As at 30 June 2019	As at 1 January 2019
	RMB'000	*RMB'000*
Properties	**293,506**	296,276
Land use rights	**49,221**	39,352
	342,727	335,628

(i) *Impact on earnings before interest, tax, depreciation and amortisation ("EBITDA")*

After the adoption of this policy, the adjusted EBITDA increased by approximately RMB41,336,000 for the six months ended 30 June 2019, as the operating lease payments were included in EBITDA, but the amortisation of the right-of-use assets and interest on the lease liability are excluded from this measure. As at 30 June 2019, the total assets and liabilities also increased approximately RMB278,103,000 and RMB282,072,000, respectively.

4.2 The Group's leasing activities and how these are accounted for

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.

Until the 2018 financial year, all leases were classified as operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, 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. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

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

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

5. FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow and fair value interest rate risk), credit risk and liquidity risk.

This Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the 2018 Financial Statements.

There have been no changes in the risk management function since 31 December 2018 or in any risk management policies since 31 December 2018.

5.2 Liquidity risk

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

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

	within one year *RMB'000*	**one to two years** *RMB'000*	**two to five years** *RMB'000*	**over five years** *RMB'000*	**Total** *RMB'000*
As at 30 June 2019					
Trade payables	**1,821**	**—**	**—**	**—**	**1,821**
Other payables	**39,152**	**—**	**—**	**—**	**39,152**
Lease liabilities	**77,012**	**80,221**	**170,025**	**25,626**	**352,884**
Borrowings	**23,281**	**4,554**	**13,659**	**10,623**	**52,117**
	141,266	**84,775**	**183,684**	**36,249**	**445,974**

	within one year *RMB'000*	one to two years *RMB'000*	two to five years *RMB'000*	over five years *RMB'000*	Total *RMB'000*
As at 31 December 2018					
Trade payables	2,653	—	—	—	2,653
Other payables	15,019	—	—	—	15,019
Borrowings	18,243	4,553	13,660	12,899	49,355
	35,915	4,553	13,660	12,899	67,027

5.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 30 June 2019 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).

Financial instruments at fair value as at 30 June 2019 were as follows:

	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Asset				
Financial assets at fair value through profit or loss ("Financial assets at FVPL")	**—**	**—**	**178,322**	**178,322**

Financial instruments at fair value as at 31 December 2018 were as follows:

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Asset				
Financial assets at FVPL	—	—	205,084	205,084

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.

There were no changes in valuation techniques during the six months ended 30 June 2019.

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the six months ended 30 June 2019.

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

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

6. REVENUE, SEGMENT INFORMATION

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.

As a result of evaluation by CODM, the CODM consider that the Group is operated and managed as a single operating segment of after-school education services for the six months ended 30 June 2019. The Group offered overseas test preparation services through Shenzhen America Education and Training Co., Ltd. ("Shenzhen America") (深圳市阿美睿卡教育培訓有限公司) and personalised tutoring services through Shenzhen Unique Education and Technology Development Co., Ltd. ("Shenzhen Unique") (深圳市優教優學教育科技發展有限公司), these two segments were disposed in 2018 and classified as discontinued operations.

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

7. OTHER INCOME

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Sub-lease (a)		
— Sub-lease income	**7,102**	6,937
— Sub-lease expense	**(6,013)**	(5,550)
Finance income	**415**	41
Government grants	**918**	570
	2,422	1,998

(a) The Group sub-leases a portion of its teaching centres to Shenzhen Unique; the pricing of sub-lease income was determined with reference to the actual rental expense with a mark-up agreed by both parties.

8. OTHER GAINS — NET

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Fair value gains on financial assets at FVPL	**6,064**	4,171
Net losses on disposal of property, plant and equipment	**(194)**	(340)
Net foreign exchange gains	**1,149**	—
Others	**(442)**	(93)
	6,577	3,738

9. EXPENSES BY NATURE

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Employee benefit expenses	**146,964**	129,180
Depreciation and amortisation	**50,005**	10,122
Listing expenses (i)	**22,856**	2,923
Teaching materials	**8,513**	6,628
Property management expense	**4,469**	3,104
Advertising and exhibition expense	**4,164**	2,575
Utilities	**2,132**	1,694
Office expenses	**2,021**	2,664
Maintenance cost	**1,558**	1,462
Entertainment expense	**1,208**	667
Taxes	**1,200**	890
Professional service fees	**948**	339
Travel and transportation	**918**	541
Auditor's remuneration	**500**	—
Recruitment expense	**343**	248
Rental expenses (ii)	**—**	34,532
Others	**5,521**	2,286
	253,320	199,855

(i) Listing expenses mainly include lawyers' fees, reporting accountant's fee, sponsor's fee and other related costs associated with the Listing. The total expenditure related to the Listing was RMB72,784,000, out of which RMB37,237,000 was recorded as administrative expenses (for the six months ended 30 June 2019: RMB22,856,000; for the six months ended 30 June 2018: RMB2,923,000) and RMB35,548,000 was recorded as a deduction against the share premium pursuant to the Listing.

(ii) On adoption of IFRS 16, the Group recognised right-of-use asset in relation to leases which had previously been classified as "operating leases" under the principles of IAS 17 leases. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

10. FINANCE COSTS

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Finance expenses		
— Interest expense on borrowings	**1,285**	2,001
— Interest expense on leasing liabilities *(Note 13(c))*	**9,426**	—
	10,711	2,001

11. INCOME TAX EXPENSE

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Current tax		
— Current tax on profits for the year	**9,595**	9,218
Deferred income tax		
— Increase in deferred income tax	**(2,623)**	(2,756)
Income tax expense	**6,972**	6,462
Income tax expense is attributable to:		
— Continuing operations	**6,972**	5,944
— Discontinued operations	**—**	518
	6,972	6,462

12. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit for the period by the weighted average number of ordinary shares in issue for the Period.

	Six months ended 30 June	
	2019	2018
Earnings attributable to equity holders of the Company (in RMB thousands)		
— Continuing operations	**33,473**	33,959
— Discontinued operations	**—**	2,740
	33,473	36,699
Weighted average number of ordinary shares in issue (thousand shares) (i)	**436,976**	412,775
Basic earnings per share (expressed in RMB cents per share)		
— Continuing operations	**7.66**	8.23
— Discontinued operations	**—**	0.66
	7.66	8.89

(i) Basic 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 six months ended 30 June 2019 and 2018. The weighted average number of ordinary shares has been retrospectively adjusted for the effects of the share split and Capitalisation issue as disclosed in Note 14 (d) and Note 14 (e) on the assumption that the share split and Capitalisation had been in effect on each beginning date of the earliest period reported.

(b) Diluted earnings per share

The Company did not have any potential dilutive shares throughout the reporting period. Accordingly, diluted earnings per share are the same as the basic earnings per share.

13. RIGHT-OF-USE ASSETS, LAND USE RIGHTS AND LEASE LIABILITIES

(a) Right-of-use assets and Land use rights

	Right-of-use assets for			
	Properties	**Lands**	**Total**	**Land use rights**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Six months ended 30 June 2018				
At the beginning of the period	—	—	—	29,124
Amortisation	—	—	—	(408)
At the end of the period	—	—	—	28,716
Six months ended 30 June 2019				
As at 31 December 2018	—	—	—	39,352
Adjustment on adoption of IFRS 16 *(Note 4)*	296,276	—	296,276	—
Reclassify to right-of-use assets *(Note 4)*	—	39,352	39,352	(39,352)
At the beginning of the period	**296,276**	**39,352**	**335,628**	**—**
Additions	33,860	10,414	44,274	—
Amortisation/Depreciation	(36,630)	(545)	(37,175)	—
At the end of the period	**293,506**	**49,221**	**342,727**	**—**

(b) Lease liabilities

	As at 30 June 2019
	RMB'000
— Non-current portion	**228,112**
— Current portion	**72,161**
	300,273

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

	Six months ended 30 June 2019 *RMB'000*
Amortisation/depreciation charge of right-of-use assets	
— Properties	**36,630**
— Land use rights	**545**
	37,175
Finance costs on leases	**9,426**

14. SHARE CAPITAL

	Authorised			Issued		
	Number of ordinary shares	Nominal value		Number of ordinary shares	Nominal value	
		USD	*RMB*		*USD*	*RMB*
Balance at 1 January 2018	—	—	—	—	—	—
Ordinary shares issued upon incorporation (a)	50,000	50,000	314,410	50,000	50,000	314,410
Issue of new ordinary shares (b)	3,831	3,831	24,091	3,831	3,831	24,091
As at 30 June 2018	53,831	53,831	338,501	53,831	53,831	338,501
Balance at 1 January 2019	**53,831**	**53,831**	**338,501**	**53,831**	**53,831**	**338,501**
Effect of share subdivision (c)	**53,777,219**	**—**	**—**	**53,777,219**	**—**	**—**
Increase in authorised share capital (d)	**946,168,950**	**946,169**	**6,522,132**	**—**	**—**	**—**
Issue of shares pursuant to the Capitalisation (e)	**—**	**—**	**—**	**376,968,950**	**376,969**	**2,581,181**
Issue of shares pursuant to the Listing (f)	**—**	**—**	**—**	**124,900,000**	**124,900**	**855,215**
As at 30 June 2019	**1,000,000,000**	**1,000,000**	**6,860,633**	**555,700,000**	**555,700**	**3,774,897**

(a) The Company was incorporated in the Cayman Islands on 7 February 2018 with authorised and issued share capital of USD50,000 divided into 50,000 ordinary shares of USD1 each.

(b) On 16 April 2018, a written resolution was passed by the Company's shareholder for issuing a total of 3,831 new shares at a par value of USD1 each to CRE Glory Company Limited (華創煜耀有限公司, "CREG"). Upon completion, the total issued share capital of the Company was USD53,831 divided into 53,831 shares of USD1 each. Capital contribution by CREG amounting to RMB106,751,825 was received and RMB24,091 and RMB106,727,734 were recorded as share capital and share premium respectively.

(c) On 3 June 2019, the Company subdivided each of its issued ordinary share of a par value of USD1.00 into 1,000 shares of USD0.001 each. Upon the subdivision, the authorised share capital of the Company was USD53,831.05 divided into 53,831,050 shares of USD0.001 each. Earnings per share amounts presented in the financial statements have been revised on a retrospective basis to reflect the effect of the share split. The par value per share and the share numbers in the other notes of the financial statements have not been retrospectively revised.

(d) On 12 June 2019, the authorised share capital of the Company was increased from 53,831,000 shares of USD0.001 each to 1,000,000,000 shares of USD0.001 each, by the creation of an additional 946,168,950 shares, ranking *pari passu* in all respects with the existing shares.

(e) Pursuant to the written resolution passed by the shareholders on 12 June 2019 and conditional upon the share premium account of the Company being credited as a result of the Listing, the Directors were authorised to allot and issue a total of 376,968,950 shares, credited as fully-paid, at par by way of capitalisation for the sum of RMB376,968,950 standing to the credit of the share premium account of the Company (the "Capitalisation").

(f) On 21 June 2019, the Company issued 124,900,000 ordinary shares of USD0.001 each at a price of HK$3.68 per share pursuant to the initial public offering and Listing of the Company's shares on the Main Board.

(g) Immediately following completion of the Capitalisation Issue and the Listing, the authorised share capital of our Company US$1,000,000 was divided into 1,000,000,000 shares, of which 555,700,000 shares were issued fully paid or credited as fully paid, and 444,300,000 shares will remain unissued.

15. DIVIDENDS

On 23 August 2019, the Board has recommended an interim dividend of HK$0.02 per share and an interim special dividend of HK$0.04 per share, which amount to an aggregate of interim dividend of HK$0.06 per share for the six months ended 30 June 2019, totalling HK$11,114,000 and HK$22,228,000, respectively. This interim dividend has not been recognised as liabilities in this interim financial information.

For the six months ended 30 June 2018, the Group declared and paid dividend amounting to RMB35,158,000.

16. TRADE AND OTHER PAYABLES

	As at 30 June 2019 *RMB'000*	As at 31 December 2018 *RMB'000*
Non-current		
Deferred operating lease liabilities	**—**	12,969
Current		
Trade payables (a)	**1,750**	618
Amounts due to related parties	**71**	2,035
Employee benefits payables	**36,936**	60,929
Other taxes payables	**8,412**	4,922
Interest payables	**57**	55
Deferred operating lease liabilities	**—**	2,380
Listing related expenses payables	**25,861**	5,256
Payables due to leasehold improvements	**7,399**	5,388
Other payables	**5,892**	4,375
	86,378	85,958

(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 three months.

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

	As at 30 June 2019 *RMB'000*	As at 31 December 2018 *RMB'000*
Three months or less	**1,423**	1,409
Three to six months	**247**	967
More than six months	**151**	277
	1,821	2,653

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

As one of the top five K-12 after-school education service providers in Guangdong Province, the Group achieved its fastest compound annual growth rate in terms of revenue in the period from 2015 to 2018. The Group's business maintained a sound growth over the past six months. The number of the Group's learning centres had increased from 54 as at 31 December 2018 to 64 as at 30 June 2019. In addition, 18 learning centres are in the final stage of preparation and will be put into operation during the autumn and winter vacation in 2019.

As at 30 June 2019, the number of student enrolments in the regular courses was 115,669, representing a 25.2% increase from 92,355 as at 30 June 2018. Meanwhile, the Group's tutoring hours for the six months ended 30 June 2019 increased to 3,703,607, representing an increase of 21.1% as compared with 3,059,110 for the same period last year. In addition, the Group's average tuition fee per tutoring hour also increased by 3.4% from RMB77.2 for the six months ended 30 June 2018 to RMB79.8 for the six months ended 30 June 2019, which substantially improved the profitability of the Group.

Future prospects and development strategies

The CPC Central Committee and the State Council of the PRC released the "Opinions Concerning Support for Shenzhen to Establish an Advanced Demonstration Zone for Socialism with Chinese Characteristics" (關於支持深圳建設中國特色社會主義先行示範區的意見) (the "Opinions") on 18 August 2019. The Opinions identified the strategic position of Shenzhen, including, among others, improving the educational development level, supporting Shenzhen to establish an advanced demonstration zone for socialism with Chinese characteristics by upholding the reform and opening up initiative in the new era, and set the development goals of Shenzhen, including ranking in the list of global leading cities in terms of economic strength and development quality, becoming "world-class" regarding investment in research and development as well as capacity for industrial innovation, strengthening the cultural soft power largely, improving the public services and the quality of ecosystems and the environment to achieve the international advanced level by 2025, as well as becoming the national model city by 2035 with world leading integrated economic competitiveness and the centre of innovation, entrepreneurship and originality with global influence, and finally being a global "Model City" with outstanding competitiveness, innovation and influence. The Group views the release of the Opinions as a milestone of entering in to a new era with profound influence. As an enterprise started up in Shenzhen, the Group aims to capture the important opportunities emerging from the development of Greater Bay Area and follow the national development strategy actively to expand market presence and operations in the Greater Bay Area rapidly.

The Group's basic education philosophy is "Focus on academic excellence to enable our students to achieve their aspirations" (博學精教，成就學生). As one of the top five K-12 after-school education service providers in Guangdong Province, the Group is committed to providing quality tutoring education to students by adopting a student-centred approach. In addition to improving students' academic performance, the Group commits efforts to fostering gratitude, tenacity and social awareness in students and helping them develop healthy personalities.

The Group aims to maintain and consolidate its leading position in the K-12 after-school education market in Guangdong Province and will achieve its goals and further develop its business using the following strategies:

1. *Deepening the penetration into Shenzhen market and expanding the Group's geographical coverage in the Greater Bay Area*

   The after-school education service market in Guangdong Province is highly fragmented. In terms of revenue in 2018, the total market share of the top five service providers was less than 10.0%. The fragmented market provides opportunities for those quality service providers with strong track records and brand reputation to attract and retain more students, whilst increasing and maintaining their existing market share. Since government policies imposed strict regulations on after-school education service providers last year, including regulations on the school's qualifications and facilities, well-developed service providers such as the Group are in a good position to gain market share from smaller players who fail to meet such strict regulations and may therefore be eliminated from the market. The Group is highly recognised by students and parents in the Shenzhen, Dongguan, Foshan and Huizhou markets. The Group is also well-positioned to take advantage of the growth opportunities offered by the Greater Bay Area. The Group plans to expand its business to cities with huge market potentials and relatively mild competition, and our Directors believe that the Group can replicate the success it has achieved in Shenzhen to more areas such as the Greater Bay Area and Fujian Province. The Group has established the "Dual Teacher Department", and the "Scholar Dual Teacher Class" is expected to be launched by the autumn of 2019. The "Scholar Dual Teacher Class" adopts a pattern of teaching that a prominent teacher gives lessons by live broadcasting and a counselor answers questions offline. Such two teachers jointly accomplish teaching tasks in a long-distance way by utilising internet interactive live broadcast technologies. All dual-teacher classes are given by the Group's best, most experienced and leading teachers and star teachers. Students are able to engage interactive learning with teachers in a "face-to-face" way via the answerers and other interactive methods. The Dual Teacher Class greatly mitigates the lack of qualified teachers and also offers more opportunities for students to enjoy classes given by prominent teachers. It is expected that such operation mode shall assume more advantage in second- and third-tier cities.

2. *Carrying out strategic development of the "Scholar Wangxiao" app (思考樂網校)*

   With the mission of improving the learning quality of students and adapting to the development trend of future education, the Group developed the "Scholar Wangxiao" app to complement its offline business. Such mobile application was developed by the Group to offer free tutoring videos and digital materials and is a strategic level product that complements the competitive advantages of the Group, such as talent, teaching, research and branding. Currently, Scholar Wangxiao is in a trial operation phase and mainly provides online K-12 value-added services to more than 100,000 students in offline courses. Upholding a teaching concept substantially different from conventional classes, the Group adopts a mixed online and offline teaching system and performs teaching services through high-quality recorded and broadcasted classes and short classes. The Group selects 100 top teachers from its over 1,000 teachers to create quality courses for Scholar Wangxiao. This team mainly consists of teachers graduated from well-known universities such as Tsinghua University, Peking University and other "Project 985 universities". The Directors believe that Scholar Wangxiao will gradually develop into a high-quality online education platform with extensive influence across the PRC, beginning in the south China region.

3. *Continuing to optimise and enrich the Group's service offerings as well as developing applications and digital materials*

   The use of technology in the K-12 after-school education service market has become an industry trend in the PRC. It can provide students and parents with convenient online value-added services and seamless offline and online learning experiences. The Group will continue to optimise and enrich its service offerings to broaden its student base and to increase profitability.

   The Group will continue to invest further in, and recruit more people for, research and development. The Group will also focus on developing new teaching materials, as well as improving and updating its existing materials. For example, the Group launched the artificial intelligence STEAM education programme for young children, a program designed to introduce students to artificial intelligence technology, which the Directors expect will increase the Group's source of income. Meanwhile, the Group will further customise and digitalise its teaching process by integrating certain courses and existing classroom education programmes with digital platforms, which provide students with a better learning experience and enhance their academic achievement. The Group will use its digital materials to enhance students' understanding of the course materials.

4. *Continuing to attract and retain key teachers and improving their teaching skills and productivity*

   The quality of the Group's after-school education services depends largely on its teachers. The Group will continue to attract and retain qualified teachers, enhance the overall quality of its staff and build a quality team. The Group will try to identify opportunities to work with local and overseas experts in the education sector, enhance the teaching skills of the Group's teachers through sharing sessions and training, and further strengthen the Group's teacher partnership system to attract outstanding teachers.

5. *Planning to grant share options to the management of the Group to incentivise them for their future contributions*

   The Company adopted a share option scheme on 3 June 2019. The Company plans to grant share options to the school principals and the senior management of the Group under the share option scheme to incentivise them for their future contributions to the Group and to attract and retain suitable personnel in the Group.

6. *Further developing and promoting support services such as admission guidance*

In light of the fierce competition in the admission process of junior high schools, senior high schools and universities in the PRC, there is a strong demand for value-added services such as admission guidance. With the Group's market research and extensive academic preparation service experience, the Group is familiar with the admission criteria and procedures of the key junior high schools and senior high schools in Shenzhen as well as the well-known "Project 985 universities" and "Project 211 universities". The Group will step up its efforts to provide students and their parents with a wide range of seminars to help students choose suitable schools, such as seminars targeted at Zhongkao candidates on the application process for senior high school, seminars targeted at grade 6 students on the key features of local junior high schools and seminars analysing overseas schools. These formal and informal admission guidance services will enhance the Group's communication and interaction with students and their parents.

7. *Optimising network operation and management of the learning centres to improve operational efficiency*

The Group regularly monitors and evaluates its needs for teaching staff for particular regions and subjects to ensure it has adequate teaching resources at all learning centres. The Group plans to increase the utilisation of facilities at its learning centres. Meanwhile, the Group will strengthen its "Scholar Cloud Platform" (思考樂雲平台) to reduce the teaching burden of teachers, enabling them to work in a more efficient way. By optimising the Group's student registration system, office management system and school inspection system, the Group provides digital and computerised means to manage learning centres and students.

Financial review

1. *Revenue*

The Group's revenue increased by 25.2% from RMB236.0 million for the six months ended 30 June 2018 to RMB295.5 million for the six months ended 30 June 2019. This increase was primarily due to increases in the total student enrolments and tutoring hours, which were primarily because (i) the total number of the Group's learning centres increased from 54 as at 31 December 2018 to 64 as at 30 June 2019; and (ii) an increase in the average tuition fee per tutoring hour for regular courses from RMB77.2 for the six months ended 30 June 2018 to RMB79.8 for the six months ended 30 June 2019.

The following table sets forth the revenue contributed from the Group's academic preparation and early primary education programmes for the periods indicated based on the Group's internal records:

	Six months ended 30 June 2019 Unaudited ***RMB'000***	Six months ended 30 June 2018 Unaudited *RMB'000*	Change
Academic preparation programme	**284,478**	222,658	27.8%
Early primary education programme	**10,999**	13,365	–17.7%
Total	**295,477**	236,023	25.2%

The following table sets forth the student enrolments and tutoring hours delivered under the Group's academic preparation and early primary education programmes for the periods indicated based on the Group's internal records:

	Six months ended 30 June 2019		Six months ended 30 June 2018		Change	
	Student enrolments	**Tutoring hours**	Student enrolments	Tutoring hours		
Academic preparation programme	**113,017**	**3,566,119**	89,203	2,892,053	26.7%	23.3%
Early primary education programme	**2,652**	**137,488**	3,152	167,057	–15.9%	–17.7%
Total	**115,669**	**3,703,607**	92,355	3,059,110	25.2%	21.1%

The decrease in revenue, student enrolments and tutoring hours in early primary education programme was mainly due to the decrease of learning centres of "Le Xue" (樂學) from ten as at 31 December 2018 to eight as at 30 June 2019.

2. ***Cost of sales***

The cost of sales of the Group increased by 12.3% from RMB149.3 million for the six months ended 30 June 2018 to RMB167.6 million for the six months ended 30 June 2019. This increase was primarily due to (i) an increase in staff costs, primarily due to the increase in the number of total tutoring hours as the result of the opening of new learning centres in 2019; and (ii) the adoption of IFRS 16 — *Leases* with effect from 1 January 2019, which resulted in the amortisation of right-of-use assets, which was higher than the rental expenses that would be recognised under the superseded International Accounting Standard 17 — *Leases.*

3. ***Gross profit and gross profit margin***

As a result of the foregoing, the gross profit of the Group increased by RMB86.8 million for the six months ended 30 June 2018 to RMB127.9 million for the six months ended 30 June 2019. The gross profit margin of the Group increased from 36.8% for the six months ended 30 June 2018 to 43.3% for the six months ended 30 June 2019 primarily because the learning centres opened in 2017 and 2018 had completed their ramping-up and entered into a growth stage.

4. ***Selling expenses***

The selling expenses of the Group increased by 40.5% from RMB4.6 million for the six months ended 30 June 2018 to RMB6.5 million for the six months ended 30 June 2019. The increase was primarily due to (i) an increase in advertising and exhibition expenses relating to the promotion of the Group's brand upon Listing; and (ii) an increase in entertainment expenses relating to business activities.

5. ***Administrative expenses***

The administrative expenses of the Group increased by 95.1% from RMB32.5 million for the six months ended 30 June 2018 to RMB63.5 million for the six months ended 30 June 2019. This increase was mainly due to (i) the listing expenses of RMB22.9 million (for the six months ended 30 June 2018: RMB2.9 million) the Company incurred for the six months ended 30 June 2019 in connection with the Listing; and (ii) the increase of RMB6.9 million in salaries and benefits for the Group's administrative personnel as a result of the expansion of the Group's learning centre network and growth of the Group's business.

6. ***Research and development expenses***

The research and development expenses of the Group increased by 17.2% from RMB13.5 million for the six months ended 30 June 2018 to RMB15.8 million for the six months ended 30 June 2019. The increase was primarily due to the increase in the number of research and development personnel.

7. ***Other income***

The other income of the Group increased by 21.2% from RMB2.0 million for the six months ended 30 June 2018 to RMB2.4 million for the six months ended 30 June 2019. This increase was primarily due to (i) an increase of RMB0.4 million in finance income; and (ii) an increase of RMB0.3 million in government grants. The increase was offset in part by the increase of RMB0.5 million in sub-lease expenses.

8. ***Other net gains***

The other net gains of the Group increased by 75.9% from RMB3.7 million for the six months ended 30 June 2018 to RMB6.6 million for the six months ended 30 June 2019. This increase was primarily attributable to (i) an increase of RMB1.9 million in realised and unrealised gains on financial assets at fair value through profit or loss, as a result of the increase in return of the Group's wealth management products; and (ii) the increase in exchange gain of RMB1.1 million as a result of appreciation of cash and bank deposits denominated in Hong Kong dollar and US dollar.

9. ***Finance costs***

The finance costs of the Group increased by 435.3% from RMB2.0 million for the six months ended 30 June 2018 to RMB10.7 million for the six months ended 30 June 2019, primarily due to increase in interest expenses on lease liabilities of RMB9.4 million as a result of the adoption of IFRS 16 — *Leases* with effect from 1 January 2019.

10. ***Profit before income tax***

As a result of the foregoing, the profit of the Group before income tax slightly increased by 1.4% from RMB39.9 million for the six months ended 30 June 2018 to RMB40.4 million for the six months ended 30 June 2019.

11. ***Income tax expenses***

The income tax expenses of the Group were approximately RMB5.9 million for the six months ended 30 June 2018 as compared to income tax expenses of RMB7.0 million for six months ended 30 June 2019. The change was primarily due to an increase in the taxable profit of the Group. The effective tax rate of the Group was 14.9% for the six months ended 30 June 2018 as compared to the effective tax rate of 17.2% for the six months ended 30 June 2019. The increase in the effective tax rate was primarily due to the increase in loss generated from the Group's Cayman Islands entity, which is exempt from income tax.

12. ***Profit for the period from continuing operations***

As a result of the foregoing, the profit of the Group for the period from continuing operations slightly decreased by 1.4% from RMB34.0 million for the six months ended 30 June 2018 to RMB33.5 million for the six months ended 30 June 2019.

Liquidity, Financial Resources and Capital Structure

The total equity of the Group as at 30 June 2019 was RMB516,195,000 (31 December 2018: RMB115,219,000). The Group generally finances its operation with internally generated cash flows. The Group had bank and cash balance of RMB420,891,000 as at 30 June 2019 (31 December 2018: RMB37,200,000), with total bank borrowings of RMB46,341,000 (31 December 2018: RMB42,759,000). The Group's gearing ratio as at 30 June 2019 was 9.0% (31 December 2018: 37.1%), based on the short-term and long-term interest bearing bank borrowings and the equity attributable to equity holders of the Company. As at 30 June 2019, the Group had net current assets of RMB259,407,000 (31 December 2018: net current liabilities of RMB51,699,000).

Foreign exchange exposure

The majority of the Group's revenue and expenditures are denominated in RMB. As at 30 June 2019, certain bank balances were denominated in USD and HKD. 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.

Contingent liabilities

As at 30 June 2019, the Group did not have material contingent liabilities, guarantees or litigations or claims of material importance, pending or threatened against any member of the Group (31 December 2018: nil).

Pledge of assets

As at 30 June 2019, bank borrowings of RMB27,991,000 (31 December 2018: RMB29,559,000) were secured by property, plant and equipment of RMB41,229,000 (31 December 2018: RMB41,832,000) and right-of-use for land of RMB27,900,000 (31 December 2018: land use rights of RMB28,308,000).

Employees and Remuneration Policies

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

The Group employed a total work force of 2,676 employees as at 30 June 2019 (31 December 2018: 2,243 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. The Group has been constantly reviewing staff remuneration package to ensure it is competitive in the market.

DECLARATION OF INTERIM DIVIDEND, SPECIAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has resolved to declare an interim dividend of HK$0.02 per share for the six months ended 30 June 2019 and a special dividend of HK$0.04 per share to shareholders of the Company.

The register of members of the Company will be closed from 9 September 2019 to 11 September 2019 (both days inclusive). During this period, no transfer of shares will be registered. In order to qualify for the interim dividend and special dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 6 September 2019. The interim dividend and special dividend are expected to be paid on or about 15 October 2019 to those shareholders on the register of members on 11 September 2019.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

1. Compliance with the CG Code on corporate governance practices

From the Listing Date to 30 June 2019, the Company had complied with all applicable code provisions set out in the CG Code and Corporate Governance Report contained in Appendix 14 to the Listing Rules.

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

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

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own securities dealing code to regulate all dealings by Directors and relevant employees of securities in the Company and other matters covered by the Model Code.

Specific enquiry has been made of all the Directors and the relevant employees and they have confirmed that they had complied with the Model Code from the Listing Date to 30 June 2019.

3. Audit committee

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

The audit committee has reviewed the unaudited consolidated financial statements of the Group for the six months ended 30 June 2019 and has met with the independent auditors, PricewaterhouseCoopers, who have reviewed the interim financial statements in accordance with International Standard on Review Engagements 2410. The audit committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with the senior management members of the Group.

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

Neither the Company nor any of its subsidiaries or consolidated affiliated entities purchased, sold or redeemed any listed securities of the Company from the Listing Date to 30 June 2019.

5. **Use of proceeds from global offering**

On 21 June 2019, the shares of the Company were listed on the Main Board of the Stock Exchange. The net proceeds from the global offering were approximately HK$450.1 million, which are intended to be applied in the manner as set out in the Company's prospectus dated 12 June 2019. As at 30 June 2019, none of the proceeds had been used.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at http://www.skledu.com. The interim report of the Group for the six months ended 30 June 2019 will be published on the aforesaid websites and will be dispatched to the Company's shareholders in due course.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the following meanings:

"Board"	the board of Directors
"CG Code"	Corporate Governance Code contained in Appendix 14 to the Listing Rules
"Company"	Scholar Education Group, an exempted company incorporated in the Cayman Islands with limited liability on 7 February 2018
"Director(s)"	the directors of the Company
"Greater Bay Area"	Guangdong-Hong Kong-Macau Greater Bay Area
"Group"	the Company with its subsidiaries and consolidated affiliated entities
"IFRS"	International Financial Reporting Standards
"Listing Date"	21 June 2019, being the date of when the shares of the Company were listed on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange

"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

By order of the Board
SCHOLAR EDUCATION GROUP
CHEN QIYUAN
Chairman and Executive Director

Hong Kong, 23 August 2019

As at the date of this announcement, the Board comprises:

Executive directors
Mr. Chen Qiyuan *(chairman)*
Mr. Chen Hongyu
Mr. Qi Mingzhi *(chief executive officer)*
Mr. Xu Chaoqiang

Non-executive director
Mr. Shen Jing Wu *(vice chairman)*

Independent non-executive directors
Mr. Huang Victor
Dr. Liu Jianhua
Mr. Yang Xuezhi

This announcement contains forward-looking statements relating to the business outlook, estimates of financial performance, forecast business plans and growth strategies of the Group. These forward-looking statements are based on information currently available to the Group and are stated herein on the basis of the outlook at the time of this announcement. They are based on certain expectations, assumptions and premises, some of which are subjective or beyond control of the Group. These forward-looking statements may prove to be incorrect and may not be realised in the future. Underlying these forward-looking statements are a large number of risks and uncertainties. In light of the risks and uncertainties, the inclusion of forward-looking statements in this announcement should not be regarded as representations by the Board or the Company that the plans and objectives will be achieved. Furthermore, this announcement also contains statements based on the Group's management accounts, which have not been audited by the Group's auditor. Shareholders and potential investors should therefore not place undue reliance on such statements.