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SCHOLAR EDUCATION GROUP

思考樂教育集團

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1769)

PROFIT WARNING

This announcement is made by Scholar Education Group (the “**Company**”, together with its subsidiaries and consolidated affiliated entities, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders and potential investors of the Company that, based on the preliminary review and analysis of the consolidated management accounts of the Group for the year ended 31 December 2021 (“**FY2021**”) and other information currently available to the Board, the Group expects to record a net loss ranging from RMB20.0 million to RMB30.0 million (for the year ended 31 December 2020: net profit of RMB48.9 million). Excluding the share option benefit expenses and the effect on the adoption of International Financial Reporting Standard 16 — Leases, the Group expects to record an adjusted net profit⁽¹⁾ of not less than RMB20.0 million (for the year ended 31 December 2020: RMB96.8 million).

The net loss and the decrease in adjusted net profit⁽¹⁾ for FY2021 were primarily attributable to regulatory policies on the education industry in China, resulting in the Group closing down some of its learning centres that did not meet the Group’s key performance indicators, which had in turn resulted in the Group incurring certain one-off costs, including impairment losses on renovation costs and equipment, loss of deposits and compensations on the termination of leases over certain premises, and termination compensation for employees. In addition, the Group had made provisions for certain investments in financial assets, leading to a decrease in fair value gains on financial assets. These losses, amounting to not less than RMB120.0 million in total, were provided on a one-off basis for FY2021.

The information contained in this announcement is based on the preliminary review and assessment by the management of the unaudited management accounts of the Group that have not been reviewed by the Company’s audit committee or the independent auditors and are subject to finalisation and necessary adjustments (if any).

The Board expects that the annual results announcement of the Company for FY2021 will be published on 30 March 2022 and that the corresponding 2021 annual report will be published subsequently in accordance with the requirements of the Listing Rules.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

Note 1: This is a non-International Financial Reporting Standard measure.

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

Hong Kong, 24 March 2022

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

Independent non-executive Directors

Mr. Huang Victor

Dr. Liu Jianhua

Mr. Yang Xuezhi

Non-executive Director

Mr. Shen Jing Wu (*vice chairman*)