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读书郎

Readboy Education Holding Company Limited

讀書郎教育控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2385)

PROFIT WARNING

This announcement is made by Readboy Education Holding Company Limited (the “**Company**”, together with its subsidiaries and consolidated affiliated entities, the “**Group**”) pursuant to Rule 13.09(2)(a) 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 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the preliminary review of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2022 and other information currently available to the Board, the Group is expected to record:

- (a) an unaudited consolidated loss attributable to the owners of the Company ranging from approximately RMB40.0 million to RMB45.0 million for the six months ended 30 June 2022 as compared to an unaudited consolidated profit attributable to the owners of the Company of approximately RMB29.1 million for the corresponding period in 2021. Such expected loss is primarily attributable to
 - (i) a decrease in revenue of approximately RMB95.4 million or 26.9% for the six months ended 30 June 2022 as compared to the corresponding period in 2021, which was primarily resulted from the decrease in sales of personal student tablets and wearable products due to the intensified COVID-19 pandemic control restrictions in place during the period affecting our production schedule and the business of our offline distributors. As a result, our gross profit decreased from approximately RMB88.1 million for the six months ended 30 June 2021 to approximately RMB66.5 million for the six months ended 30 June 2022;

- (ii) an increase in selling and distribution expenses of approximately RMB9.1 million or 29.4% for the six months ended 30 June 2022 as compared to the corresponding period in 2021, due to increased advertising and marketing effort in line with the launch of new products and the expansion of marketing channel, e.g. social media, as the Group's business strategy;
 - (iii) approximately RMB47.8 million loss recognised from changes in fair value of financial liabilities at fair value through profit or loss in connection with the shares of the Company issued to the pre-IPO investors (a gain of approximately RMB2.2 million was recognised for the corresponding period in 2021), primarily due to an increase in the value of the Company's equity which was measured based on the valuation techniques determined by the independent and qualified valuer; and
- (b) an adjusted net profit (as detailed below) ranging from approximately RMB15.0 million to RMB20.0 million for the six months ended 30 June 2022 as compared to the adjusted net profit of approximately RMB41.6 million for the corresponding period in 2021. Such significant decrease was primarily attributable to the reasons as discussed in (a) above.

The Board wishes to highlight that “adjusted net profit” is not defined under Hong Kong Financial Reporting Standards (“**HKFRS**”). It is presented by the Group as profit or loss for the period adjusted by adding back listing expenses and changes in fair value of financial liabilities at fair value through profit or loss. The management of the Company believes that the presentation of such non-HKFRS measure when shown in conjunction with the corresponding HKFRS measures provides useful information to investors and management.

The use of the non-HKFRS measure has limitations as an analytical tool, and Shareholders and potential investors of the Company should not consider it in isolation or construed as a substitute for analysis of HKFRSs financial measures. In addition, such non-HKFRS measure may not be calculated in the same manner by all companies, and therefore may not be comparable to the same or similarly titled measures presented by other companies.

As at the date of this announcement, the Group is still in the process of finalising the interim results of the Group for the six months ended 30 June 2022. The information contained in this announcement is based on a preliminary review of the latest unaudited consolidated management accounts of the Group and the information currently available to the Board, and is not based on any figure or information which has been audited or reviewed by the independent auditors of the Company or the audit committee of the Board, which is subject to finalisation and adjustments, if any. The actual results of the Group for the six months ended 30 June 2022 may differ from the information contained in this announcement. Shareholders and potential investors are advised to read carefully the announcement of the interim results of the Group for the six months ended 30 June 2022, which is expected to be released before the end of August 2022.

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

By order of the Board
Readboy Education Holding Company Limited
Qin Shuguang
Chairman

Hong Kong, 10 August 2022

As at the date of this announcement, the Board comprises Mr. Qin Shuguang, Ms. Liu Zhilan, Mr. Chen Jiafeng and Mr. Deng Denghui as executive Directors; Mr. Chen Zhiyong and Mr. Shen Jianfei as non-executive Directors; and Mr. Li Xinshou, Ms. Kong Fanhua and Prof. Li Renfa as independent non-executive Directors.