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China Beststudy Education Group

卓越教育集團*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3978)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

	For the year ended 31 December		
	2022	2021	% Change
	RMB'000	RMB'000	
Revenue	491,134	1,898,627	(74.1)%
Gross Profit	173,061	729,347	(76.3)%
Net Profit (Loss)	54,073	(325,593)	116.6%
Unaudited adjusted Profit (Loss)	54,799	(331,507)	116.5%

In this announcement “we”, “us” and “our” refer to the Company (as defined below) and where the context otherwise requires, the Group (as defined below).

The board (the “**Board**”) of directors (the “**Directors**”) of China Beststudy Education Group (the “**Company**” or “**Beststudy**” and, together with its subsidiaries, collectively the “**Group**”) announces the audited consolidated financial results of the Group for the year ended 31 December 2022 (the “**Reporting Period**”), together with the comparative figures for the corresponding period in 2021 as follows:

* For identification purposes only

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
Revenue	4	491,134	1,898,627
Cost of sales		(318,073)	(1,169,280)
Gross profit		173,061	729,347
Other income		55,970	79,631
Other gains and losses		15,370	10,356
Selling expenses		(32,447)	(180,984)
Administrative expenses		(88,694)	(222,961)
Other operating expenses		(70,216)	(163,633)
Fair value changes on financial assets at fair value through profit or loss (“FVTPL”)	10	(12,403)	(144,438)
Loss on disposal of:			
— property, plant and equipment		(1,562)	(140,132)
— intangible assets		—	(46)
Impairment loss on:			
— property, plant and equipment		—	(11,758)
— intangible assets		—	(6,470)
— investments in associates		—	(56,054)
Impairment losses reversed (recognised) under expected credit loss model, net	5	18,735	(100,288)
Share of results of associates		(49)	(7,532)
Share of results of joint ventures		(1,153)	(698)
Finance costs		(12,366)	(57,795)
Profit (loss) before tax		44,246	(273,455)
Income tax credit (expense)	7	9,827	(52,138)
Profit (loss) for the year		<u>54,073</u>	<u>(325,593)</u>
Profit (loss) for the year attributable to			
— owners of the Company		56,287	(325,031)
— non-controlling interests		(2,214)	(562)
		<u>54,073</u>	<u>(325,593)</u>
EARNINGS (LOSS) PER SHARE			
— Basic	9	<u>RMB7.48 cents</u>	<u>RMB(43.2) cents</u>
— Diluted		<u>RMB7.48 cents</u>	<u>RMB(43.2) cents</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Profit (loss) for the year	<u>54,073</u>	<u>(325,593)</u>
Other comprehensive income (expense)		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	<u>—</u>	<u>(4,134)</u>
Total comprehensive income (expense) for the year	<u>54,073</u>	<u>(329,727)</u>
Total comprehensive income (expense) attributable to:		
— owners of the Company	<u>56,287</u>	<u>(329,165)</u>
— non-controlling interests	<u>(2,214)</u>	<u>(562)</u>
	<u>54,073</u>	<u>(329,727)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	<i>Notes</i>	31/12/2022 RMB'000	31/12/2021 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		66,904	51,858
Right-of-use assets		185,193	192,166
Intangible assets		28,346	33,642
Investments in associates		17,131	17,492
Investment in joint ventures		6,224	7,377
Financial assets at fair value through profit or loss	<i>10</i>	18,146	22,475
Debt instruments measured at amortised cost	<i>11</i>	22,853	186,047
Long-term time deposits		50,000	—
Deferred tax assets		46,460	35,080
Prepayments for purchases of property, plant and equipment		13,862	552
		455,119	546,689
CURRENT ASSETS			
Financial assets at fair value through profit or loss	<i>10</i>	99,796	294,975
Debt instruments measured at amortised cost	<i>11</i>	23,205	130,000
Prepayments, deposits and other receivables		61,962	67,846
Amounts due from associates		130	130
Amounts due from a related party		4,789	4,789
Other current assets		1,498	778
Short-term time deposits		20,000	50,130
Restricted bank deposits		8,099	12,135
Bank balances and cash		195,084	211,180
		414,563	771,963

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 31 December 2022

	<i>Note</i>	31/12/2022 RMB'000	31/12/2021 RMB'000
CURRENT LIABILITIES			
Other payables and accruals		93,455	149,685
Contract liabilities		151,196	191,725
Amounts due to related parties		737	22,161
Income tax liabilities		18,876	33,874
Bank borrowings		—	333,218
Lease liabilities		54,602	87,163
		318,866	817,826
NET CURRENT ASSETS (LIABILITIES)		95,697	(45,863)
TOTAL ASSETS LESS CURRENT LIABILITIES		550,816	500,826
NON-CURRENT LIABILITIES			
Lease liabilities		144,926	150,222
NET ASSETS		405,890	350,604
CAPITAL AND RESERVES			
Share capital	12	303	303
Reserves		407,557	350,547
Equity attributable to owners of the Company		407,860	350,850
Non-controlling interests		(1,970)	(246)
TOTAL EQUITY		405,890	350,604

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. CORPORATE AND GROUP INFORMATION

The Company was incorporated in the Cayman Islands on 27 August 2010 as an exempted company with limited liability under the laws of the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited. The ultimate controlling parties of the Group are Mr. Junjing Tang, Mr. Junying Tang and Mr. Gui Zhou, who have entered into acting-in-concert agreement. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The Company is an investment holding company. The principal activities of the Group are engaged in providing education-related courses, including full-time revision business (equivalent to full-time test preparation programs), talent education, self-study program, vocational education and after-school tutoring program for high school students.

2.1 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with IFRSs issued by the International Accounting Standards Board. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) and by the Hong Kong Companies Ordinance.

The Directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for asset or liability.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standard Board (“IASB”) for the first time, which are mandatorily effective for the Group’s annual period beginning on or after 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to IFRS Standards	Annual Improvements to IFRS Standards 2018–2020

In addition, the Group applied the agenda decision of the Committee of the IASB, Demand Deposits with Restrictions on Use arising from a Contract with a Third Party (IAS 7 *Statement of Cash Flows*) issued on 28 April 2022, which is relevant to the Group.

Except as described below, the application of the amendments to IFRSs and the Committee’s agenda decision in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendment to IFRS 3 Reference to the Conceptual Framework

The Group has applied the amendments to business combinations for which the acquisition date was on or after 1 January 2022. The amendments update a reference in IFRS 3 *Business Combinations* so that it refers to the *Conceptual Framework for Financial Reporting* issued by IASB in March 2018 (the “**Conceptual Framework**”) instead of the International Accounting Standards Committee’s *Framework for the Preparation and Presentation of Financial Statements* (replaced by the *Conceptual Framework for Financial Reporting* issued in September 2010), add a requirement that, for transactions and events within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21 *Levies*, an acquirer applies IAS 37 or IFRIC 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination and add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The application of the amendments in the current year has had no impact on the Group’s consolidated financial statements.

3. OPERATING SEGMENT INFORMATION

Information reported to the Directors of the Company, being the chief operating decision makers (“**CODMs**”), for the purposes of resource allocation and assessment of segment performance, focuses on types of goods or services delivered or provided.

The Group is principally engaged in the provision of after-school education (the “**ASE**”) services for K-12 before the promulgation of the Double Reduction Policy, primarily including small group tutoring courses and tutoring courses for individuals, talent education and full-time test preparation courses in Mainland China. Once upon the effectiveness of the relevant regulatory policies, the Group ceased offering the ASE services on academic subjects offered to students of K-9 at the end of 2021 and started to focus toward providing full-time test preparation programs, talent education and tutoring programs for students during current year.

The information reported to the CODMs does not contain discrete operating segment financial information and the Directors review the Group’s results and financial position as a whole. Therefore, only entity-wide disclosures are presented.

Geographical information

The Group’s operations are substantially located in Mainland China and all significant non-current assets of the Group are located in Mainland China. Therefore, no further geographical segment information is presented.

Information about major customers

No revenue from services provided to a single customer accounted for 10% or more of total revenue of the Group during the years ended 31 December 2022 and 2021.

4. REVENUE

Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Full-time test preparation programs	163,520	161,639
Talent education	81,502	73,956
Tutoring programs	245,361	1,662,561
Others	751	471
	<u>491,134</u>	<u>1,898,627</u>

(i) *Disaggregation of revenue from contracts with customers*

	For the year ended 31 December 2022				
Segments	Full-time test preparation programs <i>RMB'000</i>	Talent education <i>RMB'000</i>	Tutoring programs <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Timing of revenue recognition					
Services transferred at a point in time	—	—	95,138	751	95,889
Services transferred over time	163,520	81,502	150,223	—	395,245
	<u>163,520</u>	<u>81,502</u>	<u>245,361</u>	<u>751</u>	<u>491,134</u>

	For the year ended 31 December 2021				
Segments	Full-time test preparation programs <i>RMB'000</i>	Talent education <i>RMB'000</i>	Tutoring programs <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Timing of revenue recognition					
Services transferred at a point in time	—	—	747,193	471	747,664
Services transferred over time	161,639	73,956	915,368	—	1,150,963
	<u>161,639</u>	<u>73,956</u>	<u>1,662,561</u>	<u>471</u>	<u>1,898,627</u>

(ii) Performance obligations for contracts with customers

a) Revenue from full-time test preparation programs, talent education and tutoring programs

The Group is providing full-time test preparation programs, talent education and tutoring programs for students, i.e., customers, in Mainland China.

Revenue from provision of education services of full-time test preparation programs, talent education programs and small group tutoring programs is recognised as a performance obligation satisfied over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. Revenue from these services is recognised based on the output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depicts the Group's performance in transferring control of the education services.

For individualised tutoring services that charge on a per class basis, revenue from these tutoring services is recognised at a point in time upon the completion of each class, when the customer receives and consumes the benefits provided by the Group's performance as the Group performs.

The Group typically collects tuition fees from students in advance for the classes that they purchase and records the tuition fees initially as contract liabilities. Revenue is recognised as tuition fees proportionally as the tuition services are delivered.

b) Revenue from others

The Group provides vocational education in an innovative model with the support of public vocational colleges.

Revenue from provision of vocational education is recognised at a point in time upon completion of each program, when performance obligation of the Group is fulfilled and the customer receives the service.

(iii) Transaction price allocated to remaining performance obligations for contracts with customers

The Group has elected the practical expedient of not to disclose information about the remaining performance obligations as the majority of the services have original expected duration of one year or less or the services are rendered in a short period of time.

5. IMPAIRMENT LOSSES REVERSED (RECOGNISED) UNDER EXPECTED CREDIT LOSS MODEL, NET

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Impairment loss reversed (recognised) in respect of		
— debt investments measured at amortised cost	23,049	(76,097)
— financial assets included in prepayments, deposits and other receivables	(3,864)	(24,191)
— bank balances	(450)	—
	<u>18,735</u>	<u>(100,288)</u>

6. PROFIT (LOSS) FOR THE YEAR

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Auditor's remuneration	<u>1,800</u>	<u>3,980</u>
Depreciation of property, plant and equipment	18,640	75,012
Depreciation of right-of-use assets	76,829	221,663
Amortisation of other intangible assets	<u>6,251</u>	<u>8,314</u>
Total depreciation and amortisation	<u>101,720</u>	<u>304,989</u>
Covid-19-related rent concessions from lessors	—	(6,093)
Research and development costs recognised as an expense (included in other operating expenses)	55,725	142,310
Directors' and chief executive's emoluments	5,039	4,548
Staff salaries and benefits	248,263	835,775
Staff retirement benefits schemes contributions	16,460	110,568
Recognition of (reversal of) share-based payments	<u>726</u>	<u>(5,914)</u>
Total staff costs (<i>note</i>)	<u>270,488</u>	<u>944,977</u>

Note: The staff costs of RMB191,586,000 (2021: RMB747,143,000) and the depreciation and amortisation of RMB82,833,000 (2021: RMB270,636,000) are included in "Cost of sales" in the consolidated statement of profit or loss.

7. INCOME TAX EXPENSE

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Current tax:		
PRC Enterprise Income Tax (“EIT”)	—	28,757
(Over) under provision in prior year	1,553	40,774
Deferred tax credit	1,553 (11,380)	69,531 (17,393)
	<u>(9,827)</u>	<u>52,138</u>

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act of the Cayman Islands and therefore is not subject to income tax.

Hong Kong Profits Tax

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both years.

No provision for taxation in Hong Kong has been made as the Group has no assessable profits in Hong Kong for the year ended 31 December 2022. For the year ended 31 December 2021, the assessable profits in Hong Kong were absorbed by tax losses carried forward.

PRC Enterprise Income Tax (“EIT”)

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% during the reporting period (2021: 25%).

The Company’s subsidiaries operating in the PRC are eligible for certain tax holidays and concessions and were exempted from PRC income taxes for the year. Details are as follows:

- (1) Guangzhou Beststudy Educational Co., Ltd. (廣州市卓越里程教育科技有限公司) was accredited as a High-tech Enterprise in 2019 and was entitled to a preferential tax rate of 15% from 2019 to 2021. The EIT rate for Guangzhou Beststudy Enterprise Co., Ltd. from 2022 onwards is 25%.
- (2) Guangzhou Qiaowen Education Technology Co., Ltd. (廣州巧問教育科技有限公司), Dongguan Dongcheng Beststudy Training Centre (東莞市東城卓越培訓中心), Foshan Nanhai Beststudy Frontline Education and Training Centre (佛山市南海區卓越前線教育培訓中心), Zhongshan Xiaolan Zhuoye Boda Education and Training Centre (中山市小欖卓業博達教育培訓中心), Zhuhai Beststudy Education Training School (珠海市卓越教育培訓學校), Guangzhou Tianhe Beststudy Education and Training Centre Co., Ltd. (廣州市天河區卓越教育培訓中心有限公司) and Nanning Qingxiu Zhuole Training School Co., Ltd. (南寧市青秀區卓樂培訓學校有限公司) were certified as small and micro-sized enterprises (“SMEs”) in 2021, Guangzhou Qiaowen Education Technology Co., Ltd and Nanning Qingxiu Zhuole Training School Co., Ltd. were certified as SMEs in 2022.

During 2021, they enjoyed a 75% reduction of the first RMB1,000,000 of taxable income, a 50% reduction of taxable income between RMB1,000,000 and RMB3,000,000 and the preferential EIT rate of 20%. Effective from 1 January 2022, they enjoyed a 87.5% reduction of the first RMB1,000,000 of taxable income, a 75% reduction of taxable income between RMB1,000,000 and RMB3,000,000 and the preferential EIT rate of 20%.

EIT of the Group has been provided at the applicable tax rates on the estimated taxable profits arising in Mainland China during the Reporting Period.

8. DIVIDENDS

No dividend was paid or proposed for shareholders of the Company during the years ended 31 December 2022 and 2021.

9. EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) per ordinary share attributable to owners of the Company is based on the following data:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Earnings (loss)		
Profit (loss) for the purpose of basic earnings (loss) per share and dilutive earnings (loss) per share	<u>56,287</u>	<u>(325,031)</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	752,427,225	753,199,077
Effect of dilutive potential shares:		
Unvested share awards	<u>277,626</u>	<u>—</u>
Weighted average number of ordinary shares for the purpose of dilutive earnings (loss) per share	<u>752,704,851</u>	<u>753,199,077</u>
Basic earnings (loss) per share (<i>note</i>)	<u>RMB7.48 cents</u>	<u>RMB(43.2) cents</u>
Diluted earnings (loss) per share (<i>note</i>)	<u>RMB7.48 cents</u>	<u>RMB(43.2) cents</u>

The weighted average number of ordinary shares for the purpose of basic earnings (loss) per share has been adjusted for the shares held for the Company's restricted share unit scheme.

For the year ended 31 December 2021, the computation of diluted loss per share has not taken into account the effects of share awards which are anti-dilutive.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<i>Notes</i>	2022 RMB'000	2021 RMB'000
Financial assets mandatory measured at FVTPL:			
Equity investments — unlisted equity investments		8,099	7,227
Financial assets designated at FVTPL:			
Equity investments — listed equity investments	<i>(i)</i>	51,683	48,986
Debt instruments			
— funds	<i>(ii)</i>	40,938	199,793
— wealth management products issued by banks	<i>(ii)</i>	—	41,048
— unlisted trust plans and asset management plans	<i>(ii)</i>	17,222	20,396
		109,843	310,223
		117,942	317,450
Analysed for reporting purposes as:			
— current assets		99,796	294,975
— non-current assets		18,146	22,475
		117,942	317,450

Notes:

- (i) The above listed equity investments represent ordinary shares of an entity listed in Hong Kong. The fair value of listed equity investment is determined based on the quoted market bid price (Level 1: quoted price (unadjusted) in active markets).
- (ii) Wealth management products issued by banks, unlisted trust plans, asset management plans and funds issued by financial institutions, were denominated in RMB at aggregate amounts of RMB58,160,000 (2021: RMB261,237,000), with rate of return ranging from 6% to 8% (2021: 4.0% to 14.0%) per annum. As at 31 December 2022, unlisted trust plans and funds pledged with collaterals of properties with a carrying amount of RMB48,114,000 (2021: RMB57,039,000) were overdue without being redeemed pursuant to the terms of the subscriptions agreements.

(iii) Amounts recognised in profit or loss:

	2022	2021
	RMB'000	RMB'000
Fair value changes in equity investments at FVTPL		
— unlisted equity investments	621	801
— listed equity investments	2,698	(34,303)
	3,319	(33,502)
Fair value changes in debt investments at FVTPL		
— unlisted trust plans and asset management plans	(12,784)	(88,792)
— wealth management products issued by banks	236	3,205
— funds	(3,174)	(25,349)
	(15,722)	(110,936)
	(12,403)	(144,438)

11. DEBT INSTRUMENTS MEASURED AT AMORTISED COST

	2022	2021
	RMB'000	RMB'000
Corporate debts	46,058	316,047
Analysed for reporting purposes as:		
— current assets	23,205	130,000
— non-current assets	22,853	186,047
	46,058	316,047

Debt instruments measured at amortised cost are debt assets with guaranteed returns using interest rate per annum ranges from 5% to 7% (2021: 5% to 7%). They are denominated in RMB.

At at 31 December 2022, debt instruments with principal amount of RMB68,200,000 (2021: RMB120,000,000) are past due and among which, RMB21,640,000 (2021: RMB32,199,000) are pledged with collaterals of equity instruments (2021: equity instruments). Included in the carrying amount of debt instruments measured at amortised cost as at 31 December 2022 is accumulated impairment losses of RMB53,048,000 (2021: RMB76,097,000).

For the year ended 31 December 2022, the Group recognised impairment losses of RMB3,893,000 and reversed impairment loss amounting RMB26,942,000 (2021: recognised impairment of RMB76,097,000), respectively through profit or loss for the debt instruments.

12. SHARE CAPITAL OF THE COMPANY

Ordinary shares of United States dollars ("US\$") 0.00005 each	Number of shares		Share capital	
	2022 '000	2021 '000	2022 RMB'000	2021 RMB'000
Authorised				
At beginning of year	3,000,000	3,000,000	1,070	1,070
Increase (decrease)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
At end of year	<u>3,000,000</u>	<u>3,000,000</u>	<u>1,070</u>	<u>1,070</u>
Issued and fully paid				
At beginning of year	847,221	849,720	303	304
Shares repurchased and cancelled (<i>note</i>)	<u>—</u>	<u>(2,499)</u>	<u>—</u>	<u>(1)</u>
At end of year	<u>847,221</u>	<u>847,221</u>	<u>303</u>	<u>303</u>

Note: No share was repurchased by the Company during the year ended 31 December 2022. During the year ended 31 December 2021, the Company repurchased 2,499,000 of its ordinary shares at fair value through The Stock Exchange of Hong Kong Limited with a consideration of HK\$6,807,270 (approximately RMB5,603,000). The excess of the fair value of the consideration paid over the par value which amounted RMB5,602,000 was recorded as a reduction of share premium. All the shares were cancelled during the Reporting Period.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

As a leading education service provider in South China, the Company has been consistently providing high-quality and diversified education products and services to students and parents since our establishment 25 years ago.

Our Group mainly offers education related products and services, including but not limited to full-time revision business (equivalent to full-time test preparation programs), talent education, self-study program, vocational education, and after-school tutoring program. Our full-time revision business aims to help middle school and high school graduates to be admitted to their preferred schools through Zhongkao (中考) and Gaokao (高考). Our talent education is designed to promote all-round development of our students, allowing a more engaging and enjoyable learning process. Our after-school tutoring program targets to help students establish a sound learning thinking and knowledge system and develop good learning habits. Our self-study program aims to improve students' soft power of learning through self-study model, so that they can give full play in their study and daily life. Our vocational education is designed to cultivate talent with new vocational skills needed by the country and society in an innovative model with the support of public vocational colleges.

The Group has been focusing on developing in South China and established business presence across the country. Through 25 years of efforts and development, our “Zhuoyue Education” (卓越教育) brand and reputation have also been recognised and welcomed by students, parents and all sectors of the community. During the outbreak of the pandemic, we actively participated in social welfare undertakings, worked together with frontline medical staff to fight against the pandemic and won the awards of “Advanced Anti-epidemic Collective of Private Education in Yuexiu District” (越秀區民辦教育抗疫先進集體), “Guangzhou Party Organisation with Double Strength and Six Excellence” (廣州市雙強六好黨組織), “Guangzhou Model Base for Party Building” (廣州市黨建示範基地) and “General Member of the Economic Association of Guangzhou Headquarters” (廣州市總部經濟協會一般會員). The recognition from students, parents and all sectors of the community will help us enlarge our student pool and further strengthen our market position in the industry.

Performance Review

To mitigate the impact of the “Double Reduction Policy” and the COVID-19 pandemic on the industry and the Group's business, the Group has taken proactive measures to adjust its strategic focus, developing a future-oriented layout, re-focusing on the Greater Bay Area, leveraging on the Group's accumulated resources and strengths to explore new tracks and stimulate the second growth curve.

The Group has been pushing forward the rapid development of its full-time revision business segment, with new schools opening in Guangdong province. We insist on the continuous utilisation and optimisation of efficient technology to empower our precise teaching system, calmly respond to diversified teaching scenarios, ensure students' learning experience and effectiveness and offer more efficient and precise teaching services. At the same time, with the support of the precise teaching system, the Group helps students major in art, music or sports to rapidly improve their cultural scores through the hourglass figure training program, so as to more accurately grasp and meet the needs of students, achieve accurate teaching, efficient learning and intelligent management, and help students continue to improve and surpass themselves and enroll in ideal colleges and universities. Meanwhile, we also strengthen the Group's efficient and reliable brand image and achieve corporate value, laying a solid foundation for the Group's sustainable development.

The Group has achieved significant breakthroughs in the comprehensive optimisation of the layout of talent education. In the non-academic appraisal conducted by the education department, our products, such as "Programming" (編程), "Curious Young Reporters" (奇趣小記者), "Go Chess" (圍棋), "Thinking Planet" (思考星球), and "Di-Da Literature" (滴嗒文學), among others, are the first batch of quality products that have passed the non-academic product appraisal. The above product courses are highly recognised by society and students, helping to build a brand image of excellent quality-oriented education, and the courses meet the existing requirements for courses conducted in campuses, providing an important guarantee for the transformation of the Group.

During the Reporting Period, the Group partnered with 45 primary and secondary schools in Guangzhou to provide integrated after-class services on campus. We have won recognition from schools for providing high quality services and experiences to students through more than 50 talent education products, including moral education programs, thinking development, language expression, aesthetic arts, science literacy, cooking, laboring, sports, and study and practice.

The Group has actively responded to national policies by implementing the transformation in the direction of vocational education through different forms. We have established a comprehensive strategic cooperation relationship with secondary vocational schools and institutions. We have tailor-made a fully closed management program for secondary vocational school students, with the college entrance examination for vocational school students as the final destination, to provide full support for the high quality learning of secondary vocational school students through a full-swing, holistic and all-round education and services. In addition, the Group has also launched the "Zhouyue 3+ Certificate Higher Vocational Studies" (卓越3+證書高職高考班). The program is based on the basic model of "small group tutoring", with a three-lecturer classroom teaching strategy tailored specifically for secondary vocational school students and taught by experienced section leaders and five-star lecturers in a closed-loop manner through "lecture, practice and test", so as to guarantee the learning quality of each and every student and help students realise their dreams of attending ideal colleges and universities.

The Group has consistently adhered to the mission of “cultivating excellent quality and contributing to China’s future” and has firmly stuck to the objective of “do warm education” for our public welfare action. The Group has made its best efforts to carry out public welfare education, donated teaching equipments and materials to primary and secondary schools in remote areas for many times, and actively provided free of charge services for students with difficulties in families to help narrow the gap between urban and rural education; we continued to carry out the “Candle Care Program” (護燭計劃), while improving the educational conditions of schools in rural areas. We also actively carried out teacher support and exchange activities in rural areas to help improve teaching skills, expand educational horizons, and support the great national vision of revitalising rural education through practical actions. The Group continues to adhere to the educational philosophy of cultivating people by virtue, actively undertakes social responsibilities by sending volunteer service teams many times, donating anti-pandemic materials to support the frontline pandemic prevention during the Covid-19 pandemic; the Group joined hands with government units to organise the “Youth of the Future” (未來少年) summer public welfare series activities, providing childcare services for the children of frontline pandemic prevention personnel, and provide strong support for frontline personnel. We keep continuously improving corporate credibility and brand influence through undertaking social responsibilities, interpreting the original intention of public welfare with practical actions, and promote sustainable development with charity.

Future Prospects

Since the first anniversary of the implementation of the “Double Reduction Policy”, the Group has not only closely followed the direction of general national policies, strictly implemented them and operated in accordance with the law, but also adhered to the original intention of “All for Children’s Healthy Development”, committed to the essence of education and contributing to the construction of a high-talent education system in China. Under the dual guidance of policy and market, the Group has accelerated the development of its second growth curve, focusing on the core strategic system of “full-time revision + talent education + vocational education” and actively promoting the diversification of fields to provide comprehensive teaching services for students and promote the all-round development of children.

Expanding into new full-time revision business to enhance the momentum of growth

Leveraging on the new situation, the Group will continue to provide full-time revision business to students, promoting the continuous development of our existing business. The Group will expand the provincial market in a swift pace while putting efforts in marching forward towards the national market, explore and develop a new market territory. The Group remains committed to using technology-enabled precision teaching systems, combining our rich teaching experience with science-based teaching systems to help us better understand students’ needs and continuously optimise our teaching models to ensure high-quality output of teaching content and accelerate the development of our business segments.

The deepening of our new full-time business will further enhance the Group's core competitiveness, providing the Group with continuous momentum to take our business to the next level.

Deepening the development of talent education to build a one-stop talent education base

The importance of talent education is becoming increasingly evident as the demand for talent in economic development continues to rise. Coupled with the proper guidance from national policies, talent education has now become one of the most promising new tracks in the education industry. The Group actively responded to the call of national policies, and proactively transformed towards talent education by conducting a new round of research and development, upgrading its eight existing talent education products and continuously enriching the product categories of talent education in non-academic accreditation products to build an all-round development education system that embraces the "five educations" integration "moral, intellectual, physical, aesthetic and labour" to achieve the improvement of core literacy of primary and secondary school students, continuing to provide new momentum for the transformation of the Group.

The Group will further cooperate with more primary and secondary schools, and strive to continuously provide customers with valuable products and services by combining its own localization advantages, professional service operation system and teacher training team, innovating the use of internal and external resources and creating a rich variety of on campus after-school quality courses. We also actively respond to the national concept of "integration of five-education", assist the implementation of quality-oriented education in schools, create a characteristic school-based curriculum of quality-oriented education, and build a new pattern of after-school services in schools.

We will continue to enhance the model of "talent education + community" model, taking the community as the centre to radiate the surrounding areas, reorganise the diversified talent education sub-products, explore students' interests and talent through "direct perception, practical operation and hands-on experience", and create a comprehensive and multicategory one-stop talent education base to provide students with more diversified choices, thereby further enhancing our influence.

In the future, Beststudy will continue to build on its philosophy of cultivating people by virtue and all-round development, consolidate the new anchor point of diversified talent education programmes, and leverage on the Group's strengths in customer resources and business scale accumulated through years of hard work to vigorously promote the development of new businesses in talent education on the brand new track.

Explore vocational education and accelerate the development of new channels

As China enters a new stage of development, the importance of vocational education is becoming more and more prominent. In October 2021, the General Office of the State Council issued the Opinions on Promoting the High-quality Development of Vocational Education* (《關於推動現代職業教育高質量發展的意見》), which emphasised the promising future of vocational education and pointed out the direction for the development of vocational education. In January 2022, the Measures for the Management of Funds for the Quality Improvement Plan of Modern Vocational Education (《現代職業教育質量提升計劃資金管理辦法》) formulated by the Ministry of Finance and the Ministry of Education began to be implemented, which provided a guarantee for promoting the reform and development of vocational education and accelerating the construction of a modern vocational education system. In April 2022, the Guiding Opinions on Promoting the High-quality Development of Cultural and Art Vocational Education in the New Era (《關於促進新時代文化藝術職業教育高質量發展的指導意見》) formulated by the Ministry of Culture and Tourism and the Ministry of Education began to be implemented, which provided guidance for further improving the development capability of cultural and art vocational education services. In May 2022, the Vocational Education Law of the People's Republic of China* (《中華人民共和國職業教育法》) was promulgated, bringing the development of vocational education to a new level. The market for vocational education is set to grow further under the positive guidance of national policies.

Riding on the unique original advantages of vocational education in Guangdong Province and leveraging on its years of accumulated resources and teaching and research experience, the Group has launched a comprehensive exploration of vocational education products. With the focus of developing its business in the new area, the Group will offer courses including vocational certificate training. In addition, the Group will continue to strengthen its strategic cooperation relationship with private colleges and universities, and secondary vocational colleges, actively explore the innovative training models for vocational education, give full play to the respective advantages of all parties, and establish the consensus of “complementary advantages, resource sharing and cooperative development” on education, jointly cultivate high-quality and high-skilled application-oriented talent, providing multi-level and diversified technical and skilled talent support to promote the high-quality development of modern vocational education, enhance the Group's reputation in the field of vocational education, and help to accelerate the development of Beststudy in the new channels of vocational education.

Creating an integrated learning and growth space and accompanying children's growth in a high-quality and efficient manner

In response to the requirements of national policies, the Group has built a self-learning space, providing students with learning systems or learning materials, creating a more comforting and reassuring self-study environment, and helping children develop correct

and good learning methods and habits in the self-study mode to improve the soft power of learning. It is the Group's intention to create an integrated learning and growth space through habit development, cultural edification, ability improvement, homework tutoring, etc., and to accompany children's growth in a high-quality and efficient manner in the rich learning practices and experience, so that Beststudy will become the place for study and growth most favored by children and trusted by parents.

Protect rye field and grow with hope

We have always followed the guidance of national policies, constantly optimising and improving our strategy, enhancing our core competitiveness and promoting sustainable, high-quality development. Always being child-oriented and good protector of children, we will provide children with diversified and comprehensive teaching services with warmth, substance, creativity and technology, so as to stimulate their internal motivation and promote their healthy and comprehensive growth. We will also respond to the national call to vigorously develop vocational education, rely on our own advantages, and deepen cooperation with universities and colleges, actively explore the vocational and technical training and education track, and promote the development of the Group in multiple fields and tracks. The Group will continue to create a better service and working platform for teachers and employees to help them realise their personal value. The Group will also deliver continuous and increasing investment returns to shareholders and investors through sustainable and healthy operation, so as to grow with hope and achieve a new level of success for Beststudy.

FINANCIAL REVIEW

Revenue

The following table sets forth a breakdown of the Group's revenue by type of education services we provided for in 2022 and 2021:

	For the year ended 31 December		
	2022	2021	% Change
	<i>RMB'000</i>	<i>RMB'000</i>	
Full-time test preparation programs	163,520	161,639	1.2%
Tutoring programs	245,361	1,662,561	(85.2)%
Talent education	81,502	73,956	10.2%
Others	751	471	59.4%
Total	<u>491,134</u>	<u>1,898,627</u>	<u>(74.1)%</u>

The Group's revenue is principally generated from the tuition fees collected from our students. During the Reporting Period, the Group's revenue generated from our principal business decreased by 74.1% to approximately RMB491.1 million from RMB1,898.6 million in 2021. Compared with 2021, the increase in revenue from talent education was mainly due to the increase in number of students and tutoring hours; The reduction in tutoring programs was due to the "Double Reduction Policy" requiring the termination of the business of extracurricular tutoring for subjects in primary and secondary schools.

Cost of Sales

Cost of sales decreased by 72.8% from RMB1,169.3 million in 2021 to RMB318.1 million for the Reporting Period.

Gross Profit and Gross Profit Margin

As a result of the above principal factors, the Group's gross profit decreased by 76.3% from RMB729.3 million in 2021 to RMB173.1 million for the Reporting Period.

The gross profit margin of the Group in 2021 was 38.4%, whilst for the Reporting Period it was 35.2%.

Other Income

During the Reporting Period, the Group recorded other income in the amount of RMB56.0 million, representing a decrease of 29.7% year-on-year. Other income during the Period mainly included interest income of bank deposit of RMB10.1 million, interest income of debt instruments at amortised cost of RMB18.5 million, government grants of RMB3.2 million and dividends from financial instruments at FVTPL of RMB2.1 million.

Other Gains and Losses

During the Reporting Period, the Group recorded other gains and losses in the amount of RMB15.4 million, representing an increase of 48.4% year-on-year. The other gains and losses during the Reporting Period mainly included gain on disposal of right-of-use assets of RMB13.2 million and foreign exchange gains and losses of RMB1.4 million.

Impairment Losses Reversed (Recognised) under Expected Credit Loss Model, Net

This item refers to the provision for impairment of financial assets or the reversal of provision. During the Reporting Period, the reversal of provision was RMB18.7 million, which was mainly because the provision for impairment of wealth management products was overdue in 2021, while some overdue wealth management products were recovered in 2022.

Fair Value Changes on Investments at Fair Value Through Profit or Loss

The change in fair value of investments recorded at fair value through profit or loss resulted in a loss of approximately RMB 144.4 million in 2021, while a loss of approximately RMB12.4 million was recorded during the reporting period. The changes in fair value include gains and losses from changes in fair value of listed equity investments.

Selling Expenses

During the Reporting Period, the Group's total selling expenses decreased by approximately 82.1% to RMB32.4 million from RMB181 million in 2021.

Administrative Expenses

Administrative expenses included the compensation for administrative staff, office rentals and daily operational expenses. During the Reporting Period, the Group's total administrative expenses amounted to approximately RMB88.7 million, representing a decrease of 60.2% as compared to RMB223 million in 2021.

Other Operating Expenses

Other operating expenses mainly include personnel compensation and rental expenses. During the reporting Period, the Group recorded other operating expenses of RMB70.2 million, representing a decrease of 57.1% year-on-year.

Finance Costs

During the Reporting Period, the Group recorded finance costs in the amount of approximately RMB12.4 million, which were attributable to the interest on lease liabilities in the amount of RMB8.2 million under IFRS 16 and interest on bank borrowings in the amount of RMB4.2 million.

Income Tax Credit (Expense)

During the Reporting Period, the Group's income tax credit (expense) income was RMB9.8 million.

Profit (loss) for the Year

The Group recorded profit approximately RMB54.1 million for the Reporting Period, while a loss of approximately RMB325.6 million in 2021 increase of 116.6%.

Non-GAAP Measurements Related to the Profit for the Reporting Period

To supplement our consolidated financial statements, which are presented in accordance with IFRSs, we also use unaudited adjusted net profit as an additional financial measurement. We present such a financial measurement because it is used by our management to evaluate our financial performance by eliminating the impact of items that we do not consider indicative of the performance of our business. We also believe these non-GAAP measurements provide additional information to investors and others in understanding and evaluating our results of operations. The term of adjusted net profit is not defined under IFRSs. The use of these non-GAAP measurements has material limitations as an analytical tool, as they do not include all items that impact our net profit for the Reporting Period. We compensate for these limitations by reconciling these financial measures to the nearest IFRSs performance measure, which should be considered when evaluating the Group's performance.

Our unaudited adjusted net profit increased by 116.5% from RMB-331.5 million in 2021 to RMB54.8 million for the Reporting Period.

The following table reconciles unaudited adjusted profit for the periods and profit for the Reporting Period, the most directly comparable financial measurement calculated and presented in accordance with IFRSs:

	For the year ended 31 December		
	2022	2021	% Change
	<i>RMB'000</i>	<i>RMB'000</i>	
Net profit	54,073	(325,593)	116.6%
Add:			
Equity-settled compensation costs	726	(5,914)	112.3%
Unaudited adjusted net profit	<u>54,799</u>	<u>(331,507)</u>	<u>116.5%</u>

In light of the foregoing limitations for other financial measurements, when assessing our operating and financial performance, shareholders and investors should not consider unaudited adjusted profit and profit from core business in isolation or as a substitute for our profit for the Reporting Period, operating profit or any other operating performance measurement that is calculated in accordance with IFRSs. In addition, because such measures may not be calculated in the same manner by all companies, it may not be comparable to other similar measurements applied by other companies.

Liquidity and Financial Resources

As at 31 December 2022, bank balances and cash of the Group amounted to RMB195.1 million.

Cash at banks bears interest at floating rates based on daily bank deposit rates. The bank balances and deposits are deposited in credit-worthy banks with no recent history of default.

Current and Gearing Ratio

As at 31 December 2022, the current ratio of the Group was approximately 1.30, representing an increase as compared to 0.94 as at 31 December 2021. The current ratio is equal to total current assets divided by the total current liabilities.

As at 31 December 2022, the gearing ratio of the Group was 0.53, representing a decrease as compared to 0.73 as at 31 December 2021. The gearing ratio is equal to total debts divided by the sum of total equity and total debts.

Future Plans for Significant Investments and Capital Assets

The Group did not have any plans for significant investments or capital assets as at the date of this announcement.

Significant Investments, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

As at 31 December 2022, the Group held financial assets comprising (i) debt investments of RMB104.2 million (31 December 2021: RMB577.3 million), in aggregate accounted for 12.0% of the Group's total assets as at 31 December 2022, representing investments in various types of short-term wealth management products issued by licensed banks, unlisted trust plans, asset management plans, funds and corporate debts; and (ii) equity investments of RMB59.8 million (31 December 2021: RMB56.2 million), in aggregate accounted for 6.9% of the Group's total assets as at 31 December 2022, representing investment portfolio of unlisted companies and a listed company.

Some financial assets are subject to the risk of overdue redemption as a result of the fluctuation of the current economic cycle. The Company has conducted relevant fair value assessment and made relevant provision for impairment.

The Group adopts prudent and pragmatic investment strategies over its significant investments. The subscriptions of the significant investment as well as the investments in other financial products were made for treasury management purpose to maximise the return of the Company after taking into account, among others, the level of risk, return on investment and the term to maturity. When making the investment decision, it is the Company's investment strategy to select standard short-term financial products that had relatively low associated risk in order to secure a stable investment income. Prior to making an investment, the Group had also ensured that there remains sufficient working capital for the requirements of the Group's business, operating activities and capital expenditures even after making the significant investments.

Save as disclosed in this announcement, the Group had not made any significant investments, material acquisitions or disposals of subsidiaries, associates or joint ventures during the Reporting Period.

Contingent Liabilities

As of 31 December 2022, the Group did not have any unrecorded significant contingent liabilities, guarantees or any litigations against the Group.

Pledge of Assets

As at 31 December 2022, the Group did not have any unrecorded pledge of assets.

BANK LOANS AND OTHER BORROWINGS

As at 31 December 2022, the Group did not have any bank loans and other borrowings.

Foreign Exchange Exposure

Our Group's sales and purchases during the Reporting Period were mostly denominated in RMB. Therefore, foreign exchange exposures mainly arise from short-term equity investment at fair value through profit or loss denominated in HK\$. During the Reporting Period, the Group did not experience any significant difficulties in or impacts on its operations or liquidity due to fluctuations in currency exchange rates. The Group did not enter into any financial instrument for hedging purpose.

EVENTS AFTER THE REPORTING PERIOD

The Group does not have any significant events after the Reporting Period.

HUMAN RESOURCES

As at 31 December 2022, the Group had a total of 1,022 (31 December 2021: 3,043) employees. To ensure that the Group is able to attract and retain staff capable of attaining the best performance levels, remuneration packages are reviewed on a regular basis.

FINAL DIVIDEND

The Board does not recommend the distribution of dividend for the Reporting Period.

RSU SCHEME

The Company approved and adopted the RSU Scheme on 3 December 2018. The purpose of the RSU Scheme is to reward Directors, senior management and employees for their contribution to the Group and to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company.

As at 31 December 2022, the trustee of the Company, Ms. Shaoping Fu (the “**Trustee**”) has purchased 62,156,000 shares (representing approximately 7% of the total issued shares of the Company as at 31 December 2022) under the RSU Scheme. A total of 63,760,573 shares (representing approximately 8% of the total issued shares of the Company as at 31 December 2022) have been granted to grantees under the RSU Scheme.

CORPORATE GOVERNANCE PRACTICES

The Company recognised the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the Shareholders of the Company (the “**Shareholders**”) as a whole. The Company has adopted the code provisions as set out in the Corporate Governance Code (the “**CG Code**”) as contained in Appendix 14 to the Listing Rules, as its own code to govern its corporate governance practices.

Save as disclosed below, in the opinion of the Directors, the Company has complied with the relevant code provisions contained in the CG Code during the Reporting Period.

Under the code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and performed by different individuals. Under the current organisational structure of the Company, Mr. Junjing Tang is the chairman and chief executive officer of the Company. With extensive experience in the education industry, Mr. Junjing Tang is responsible for overall development, operation and management of the Company and is instrumental in the growth and business expansion since the establishment of the Group. The Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprises experienced individuals. The Board currently comprises four executive Directors (including Mr. Junjing Tang), two non-executive Directors and three independent non-executive Directors and therefore has a fairly strong independence element in its composition.

The Board will continue to review and monitor the practices of the Company with an aim to maintaining a high standard of corporate governance.

NON-COMPLIANCE WITH RULES 3.10(1), 3.10(2), 3.10A, 3.21 AND 3.25 OF THE LISTING RULES

On 4 July 2022, Mr. Peng Xue (“**Mr. Xue**”) resigned as an independent non-executive Director and ceased to act as the chairman of the audit committee of the Company (the “**Audit Committee**”) and a member of the remuneration committee of the Company (the “**Remuneration Committee**”). Following the resignation of Mr. Xue, the Company failed to meet the requirements under Rules 3.10(1), 3.10(2), 3.10A, 3.21 and 3.25 of the Listing Rules.

On 23 September 2022, Mr. Jun Gan (“**Mr. Gan**”) was appointed as an independent non-executive Director and acted, as a chairman of the Audit Committee and as a member of the Remuneration Committee. Upon the appointment of Mr. Gan:

- (i) the Board has a total of eight Directors, three of whom are independent non-executive Directors representing more than one-third of the Board and among them, one has appropriate professional qualifications or accounting or related financial management expertise. Accordingly, the Company complies with the requirements under Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules;
- (ii) The Audit Committee has three members, one of whom has appropriate professional qualifications or accounting or related financial management expertise. Two of the Audit Committee members are independent non-executive Directors, being the majority of the Audit Committee and one of whom is the chairman of the Audit Committee. Accordingly, the Company complies with the requirements under Rule 3.21 of the Listing Rules and the terms of reference of the Audit Committee; and
- (iii) The Remuneration Committee has three members, two of whom are independent non-executive Directors, being the majority of the Remuneration Committee. Accordingly, the Company complies with the requirements under Rule 3.25 of the Listing Rules and the terms of reference of the Remuneration Committee.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules, as its own code of conduct regarding dealings in the securities of the Company by the Directors and the Group’s senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Company or its securities.

Upon specific enquiry, all Directors confirmed that they have complied with the Model Code during the Reporting Period. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Group during the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Other than the Shares purchased by the Trustee under the RSU scheme, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the CG Code. The Audit Committee consists of Mr. Jun Gan, Ms. Yu Long and Mr. Wenhui Xu, with Mr. Jun Gan being the chairman of the Audit Committee.

The primary functions of the Audit Committee are to assist the Board in providing an independent view of our financial reporting process, internal control and risk management system, overseeing the audit process and performing other duties and responsibilities as assigned by our Board. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the consolidated financial statements of the Group for the Reporting Period and has opined that applicable accounting standards and requirements have been complied with and that adequate disclosures have been made by the Company.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in this announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the Reporting Period as approved by the Board on 28 March 2023. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

ANNUAL GENERAL MEETING

The 2023 annual general meeting (the “AGM”) will be held on 16 May 2023. Notice of the AGM and all other relevant documents will be published and despatched to the Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 11 May 2023 to 16 May 2023, both days inclusive and during that period no share transfer will be effected, for the purpose of ascertaining Shareholders’ entitlement to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company’s Hong Kong branch share registrar, 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 10 May 2023.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and on the website of the Company at www.beststudy.com. The annual report of the Company for the Reporting Period containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the above websites in due course.

APPRECIATION

On behalf of the Board, I would like to thank all our colleagues for their diligence, dedication, loyalty and integrity. I would also like to thank all our shareholders, customers, bankers and other business associates for their trust and support.

By Order of the Board

China Beststudy Education Group

Junjing Tang

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 28 March 2023

As at the date of this announcement, the executive Directors are Mr. Junjing Tang, Mr. Junying Tang, Mr. Gui Zhou and Ms. Weiyang Guan, the non-executive Directors are Mr. Wenhui Xu and Mr. Wai Ng, and the independent non-executive Directors are Ms. Yu Long, Mr. Caihe Lin and Mr. Jun Gan.