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思考乐教育
SCHOLAR
EDUCATION

SCHOLAR EDUCATION GROUP

思考樂教育集團

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1769)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

HIGHLIGHTS

The Board is pleased to announce the consolidated results of the Group for the year ended 31 December 2024. These results have been reviewed by the Company's audit committee.

FINANCIAL HIGHLIGHTS

	For the year ended 31 December		Change RMB'000	Percentage change
	2024 RMB'000	2023 RMB'000		
Revenue	852,327	570,614	281,713	49.4%
Gross profit	333,392	238,551	94,841	39.8%
Profit for the year attributable to owners of the Company	145,645	85,988	59,657	69.4%

Non-IFRS measure:

Adjusted profit for the year attributable to owners of the Company (Note 1)	<u>175,716</u>	<u>107,999</u>	<u>67,717</u>	<u>62.7%</u>
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Earnings per Share

	RMB cents	RMB cents	RMB cents	
Basic	26.68	15.58	11.10	71.2%
Diluted	26.08	15.42	10.66	69.1%

Non-IFRS measure:

Adjusted earnings per Share (Note 2)				
Basic	32.19	19.56	12.63	64.6%
Diluted	<u>31.47</u>	<u>19.37</u>	<u>12.10</u>	<u>62.5%</u>

Note 1: The Company defined its adjusted profit attributable to owners of the Company as its profit for the year attributable to owners of the Company after adjusting for those items which were not indicative of the Company's operating performances, including the share-based compensation expenses in 2024 of approximately RMB30.0 million (2023: RMB8.1 million) and net loss from the live commerce business of approximately RMB13.9 million in 2023 (no expenses related to the live commerce business were incurred in 2024 as the live commerce business had ceased by the end of 2023).

Note 2: The Company defines the adjusted earnings per share as earnings per share calculated by using adjusted profit for the year attributable to owners of the Company.

Adjusted profit for the year attributable to owners of the Company

Non-IFRS Measures

To supplement the Group's consolidated financial statements that are presented in accordance with IFRS, the Company also uses adjusted profit for the year attributable to owners of the Company and adjusted earnings per share as additional financial measures. The Company presents these financial measure because they are used by the Company's management to evaluate the Group's financial performance by eliminating the impact of items that the management does not consider to be indicative of the Group's underlying performance. The management of the Company also believes that such non-IFRS measures provide Shareholders and investors of the Company with additional information in understanding and evaluating the Group's consolidated results of operations in the same manner as the management of the Company does and in comparing financial results across accounting periods and to those of the Company's peer companies. Such non-IFRS measures have limitations as an analytical tool, and Shareholders and investors of the Company should not consider them in isolation from, or as substitute for the analysis of, the Company's results of operations or financial condition as reported under IFRS.

The following table reconciles the Group's adjusted profit for the year attributable to owners of the Company presented to the most directly comparable financial measure calculated and presented in accordance with IFRS:

	Year ended 31 December		Percentage Change
	2024	2023	
	RMB'000	RMB'000	
Profit for the year attributable to owners of the Company	145,645	85,988	69.4%
Add:			
Share-based compensation expenses (<i>Note 1</i>)	30,071	8,125	270.1%
Net loss from the live commerce business (<i>Note 2</i>)	<u>—</u>	<u>13,886</u>	(100.0)%
Adjusted profit for the year attributable to owners of the Company	<u>175,716</u>	<u>107,999</u>	62.7%

Notes:

- (1) Share-based compensation expenses: These expenses were incurred in connection with the share options and shares award granted to the employees of the Group, which are recognised over the share options' and share awards' respective vesting period starting from the grant date to the vesting date. These expenses are non-cash and are not directly relevant to the Group's operating performance.
- (2) Net loss from the live commerce business: These losses were incurred in connection with the live commerce business for the year ended 31 December 2023 and no expenses related to the live commerce business were incurred in 2024 as the live commerce business had ceased by the end of 2023.

Adjusted earnings per Share

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

(a) *Adjusted basic earnings per share*

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

	2024	2023
Adjusted earnings attributable to owners of the Company (in RMB thousands)	<u>175,716</u>	<u>107,999</u>
Weighted average number of ordinary shares in issue (thousand shares) (i)	545,893	552,033
Adjusted basic earnings per share (expressed in RMB cents per share)	<u>32.19</u>	<u>19.56</u>

- (i) Adjusted basic earnings per share is calculated by dividing the adjusted profit for the year attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the years ended 31 December 2024 and 2023.

(b) *Adjusted diluted earnings per share*

Adjusted diluted earnings per share adjusts the figures used in the determination of adjusted basic earnings per share to take into account:

- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

	2024	2023
Adjusted diluted earnings per share (expressed in RMB cents per share)	<u>31.47</u>	<u>19.37</u>
Weighted average number of shares used as the denominator:		
	2024	2023
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	545,893,000	552,033,000
Adjustments for calculation of adjusted diluted earnings per share:		
Share options	<u>12,470,000</u>	<u>5,653,000</u>
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating adjusted diluted earnings per share	<u>558,363,000</u>	<u>557,686,000</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business overview

The principal business of the Group maintained sustained growth and the Group recorded an operating profit of RMB191.5 million for the year ended 31 December 2024. The Group's various non-academic literacy programmes, including science literacy, Le Xue and Guo Xue (樂學國學), logic training, Miaowei international literacy (妙維國際素養) and other courses, are in strong demand. During the year ended 31 December 2024, the Group's revenue from literacy programmes increased to RMB766.8 million from RMB518.9 million, and its tutoring hours increased to 8,692,591 hours from 5,973,028 hours, as compared to last year. Our programmes have gained a high level of recognition from students and parents as they continue to place more emphasis on nurturing children's ability to take initiatives and enhancing their deep thinking skills to achieve their overall development through the integration of learning and thinking. During the year ended 31 December 2024, the Group's total revenue had increased to RMB852.3 million, representing an increase of 49.4% as compared to last year. For the year ended 31 December 2024, the Group's net profit for the year attributable to owners of the Company increased by 69.4% from RMB86.0 million for the year ended 31 December 2023 to RMB145.6 million for the year ended 31 December 2024. It was mainly attributable to (i) an increase in total tutoring hours, which in turn contributed to an increase in revenue and (ii) the Group's continued efforts in improving operation efficiency.

The net profit attributable to owners of the Company for the year ended 31 December 2024 has factored in share-based compensation expenses of approximately RMB30.0 million (last year: RMB8.1 million) and net loss from the live commerce business of RMB13.9 million in last year. No expenses related to the live commerce business were incurred in 2024 as the live commerce business had ceased by the end of 2023. Excluding the share-based compensation expenses and net loss from the live commerce business, the Group record an adjusted net profit attributable to owners of the Company of RMB175.7 million, which is a remarkable increase of 62.7% as compared to the adjusted net profit attributable to owners of the Company of RMB108.0 million last year.

The revenue, net profit, and adjusted net profit attributable to the owners of the Company for the year ended 31 December 2024 have reached record highs since the Group's establishment, which reflects the success of the Group's business initiatives.

Future Prospects and Development Strategies

The Group continues to make progress in its strategic development in Guangdong Province. The Group had begun preparations to restart its business in the Guangzhou market in mid-2024. The programmes in Guangzhou have gained recognition from parents and students, and have initially shown promising results.

The Group has also been exploring new business opportunities and launched the educational tour business and international courses in July 2023. The Group believes that these business initiatives will broaden the revenue base of the Group and contribute to its long-term development.

In addition, we will further accelerate the business development of the Group in respect of art, sports, painting, performance art, calligraphy, scientific literacy, Guo Xue (國學), logic training and international literacy with a view to fulfilling various needs of students and encouraging students to develop their hobbies and talents. By providing them with quality services, children can achieve a balanced development in the five aspects of “ethics, intellect, physique, aesthetics and hard-work” and benefit from a healthy and all-rounded development.

Going forward, we will strive to promote the diversified development of the Group and utilise our brand influence and reputation, as well as the extensive management experience and industry knowledge of the management team, to actively explore new business opportunities in different fields, expand the revenue base and maximise returns for the shareholders of the Company. In addition, we will continue to employ stringent cost control measures to maintain a healthy cash flow of the Company. We will also develop technology and make appropriate use of the technological development of artificial intelligence to continuously enhance the quality of our services and operational efficiency to support the long-term development of the Group.

Financial review

1. Revenue

	Year ended 31 December		Percentage
	2024	2023	Change
	RMB'000	RMB'000	
Non-academic literacy programme and others	766,817	518,860	47.8%
Tutoring programme	<u>85,510</u>	<u>51,754</u>	65.2%
Total	<u>852,327</u>	<u>570,614</u>	49.4%

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

	Year ended 31 December				Percentage Change	
	2024		2023			
	Student enrollments	Tutoring hours	Student enrollments	Tutoring hours		
Non-academic literacy programme	348,523	8,692,591	239,020	5,973,028	45.8%	45.5%
Tutoring programme	<u>37,483</u>	<u>935,748</u>	<u>23,162</u>	<u>580,010</u>	61.8%	61.3%
Total	<u>386,006</u>	<u>9,628,339</u>	<u>262,182</u>	<u>6,553,038</u>	47.2%	46.9%

The Group's revenue increased by 49.4% from RMB570.6 million for the year ended 31 December 2023 to RMB852.3 million for the year ended 31 December 2024. This increase was primarily due to increases in the total student enrolments and tutoring hours for the year ended 31 December 2024.

2. *Cost of sales*

The Group's cost of sales increased by 56.3% from RMB332.1 million for the year ended 31 December 2023 to RMB518.9 million for the year ended 31 December 2024. This increase was primarily due to increases in teacher compensation and amortisation of right-of-use assets, primarily contributed by the increase of the total number of the Group's learning centres as a result of the expansion of the Group's learning centre network and growth of the Group's business.

3. *Gross profit and gross profit margin*

As a result of the foregoing, the gross profit of the Group increased by 39.8% from RMB238.6 million for the year ended 31 December 2023 to RMB333.4 million for the year ended 31 December 2024. The gross profit margin of the Group slightly decreased from 41.8% for the year ended 31 December 2023 to 39.1% for the year ended 31 December 2024.

4. *Selling expenses*

The selling expenses of the Group increased by 10.4% from RMB11.4 million for the year ended 31 December 2023 to RMB12.6 million for the year ended 31 December 2024. The increase was primarily due to the increases in student activities expenses.

5. *Administrative expenses*

The administrative expenses of the Group increased by 4.7% from RMB122.6 million for the year ended 31 December 2023 to RMB128.4 million for the year ended 31 December 2024. This increase was mainly due to increase in administrative personnel expenses, in line with the growth of the Group's business. This increase was partially offset by the fact that no expenses related to the live commerce business were incurred in 2024.

6. *Research and development expenses*

The research and development expenses of the Group increased by 76.2% from RMB15.0 million for the year ended 31 December 2023 to RMB26.5 million for the year ended 31 December 2024. The increase was primarily due to the increase in research and development personnel expenses relating to the development of its teaching materials and learning products and market research for a range of literacy subjects and levels.

7. *Other income*

The other income of the Group decreased by 5.1% from RMB11.7 million for the year ended 31 December 2023 to RMB11.1 million for the year ended 31 December 2024. The decrease was primarily due to a decrease in sales of goods of RMB2.8 million and a decrease in government grants of RMB0.7 million. The decrease was partially offset by an increase of RMB3.2 million in finance income.

8. *Other gains — net*

The other net gains of the Group decreased by 32.3% from RMB21.4 million for the year ended 31 December 2023 to RMB14.5 million for the year ended 31 December 2024, primarily attributable to a decrease in fair value gain on financial assets at fair value through profit or loss of RMB5.5 million and the net exchange losses of RMB0.5 million recorded for the year ended 31 December 2024 (2023: net exchange gains of RMB0.8 million). The decrease was partially offset by an increase of RMB1.4 million in lease modification.

9. *Finance costs*

The finance costs of the Group increased by 75.6% from RMB5.9 million for the year ended 31 December 2023 to RMB10.3 million for the year ended 31 December 2024, primarily due to the increases in interest expenses on lease liabilities and borrowings.

10. *Profit before income tax*

As a result of the foregoing, the profit before income tax of the Group increased by 55.0% from RMB116.7 million for the year ended 31 December 2023 to RMB181.0 million for the year ended 31 December 2024.

11. *Income tax expense*

The income tax expense of the Group increased by 10.0% from RMB32.2 million for year ended 31 December 2023 to RMB35.5 million for the year ended 31 December 2024. The increase was primarily due to the increases in assessable profit and withholding tax.

12. *Profit for the year attributable to owners of the Company*

As a result of the foregoing, the Group's profit for the year attributable to owners of the Company increased by 69.4% from RMB86.0 million for the year ended 31 December 2023 to RMB145.6 million for the year ended 31 December 2024.

Liquidity, financial resources and capital structure

The total equity of the Group as at 31 December 2024 was RMB634.8 million (2023: RMB453.4 million). The Group generally finances its operation with internally generated cash flows. As at 31 December 2024, the Group's cash and cash equivalents and term deposits increased by 7.9% from RMB362.0 million as at 31 December 2023 to RMB390.7 million. The increase in cash and cash equivalents for the year ended 31 December 2024 was primarily attributable to the net cash inflow from operating activities. As at 31 December 2024, the current assets of the Group amounted to RMB556.0 million (2023: RMB497.1 million), including RMB111.8 million (2023: RMB111.7 million) in financial assets at fair value through profit or loss and other financial assets at amortised cost, and RMB392.4 million (2023: RMB364.9 million) in bank balances, term deposits, and restricted cash, and other current assets of RMB51.8 million (2023: RMB20.5 million). The current liabilities of the Group amounted to RMB480.3 million (2023: RMB450.8 million), of which RMB241.1 million (2023: RMB276.3 million) are contract liabilities, RMB83.2 million (2023: RMB50.9 million) are lease liabilities, RMB40.0 million (2023: nil) are bank borrowings and RMB116.0 million (2023: RMB123.5 million) are other current liabilities. As at 31 December 2024, the Group had RMB40.0 million (2023: nil) of bank borrowings, all of which were variable rate borrowings, denominated in RMB and wholly repayable within one year. The gearing ratio of the Group as at 31 December 2024 was 6.3% (2023: 0%), based on the bank borrowings divided by the equity attributable to the shareholders. As at 31 December 2024, the Group had net current assets of RMB75.8 million (2023: RMB46.4 million).

Treasury management policy

The treasury management policy of the Group is to utilise surplus cash reserves to invest in low-risk wealth management products to generate income without interfering with the Group's business operations or capital expenditures. With the aim of controlling risks to the Group, the Group generally invests in low and medium risk and short-term (generally with maturity periods not more than one year) wealth management products, including but not limited to: (i) low-risk, principal-protected unit trusts, structured deposits and other financial instruments issued by trust companies and commercial banks based in the PRC and the United States of America; (ii) money market instruments such as certified deposits and currency funds; (iii) debt instruments such as sovereign debt, central bank-issued debts and various debt funds; and (iv) listed and unlisted securities. The chairman of the Board is mandated by the Board to make investment decisions within the pre-determined limit. Subject to the approval of the chairman of the Board, who approves all investment contracts, the treasury department of the Group is responsible for the overall execution of the Group's investment decisions. The treasury department is also responsible for tracking the underlying investments of the wealth management products held by the Group and analysing the performance of the investments of the Group. If the treasury department identifies any risk associated with the wealth management products, the Group will take immediate action to manage its risk exposure. The investments of the Group are monitored from time to time, and professional agencies will be appointed to perform review and audit of such investments if deemed necessary. The treasury department also reviews the Group's cash position, operating cash requirements and potential investment opportunities on a monthly basis, and is also responsible for preparing monthly investment plans and cash budgets. The monthly investment plans and cash budgets are approved by the vice president of treasury department of the Group, the chairman of the Board, and, if necessary, the Board, taking into account whether the proposed investment plans would have any negative impact on the Group's cash position and operating cash requirements. The personnel of the treasury department of the Group are required to strictly follow the approved monthly investment plans to execute the Group's treasury management policy.

Foreign exchange exposure

The majority of the Group's revenue and expenditures are denominated in RMB. Most of the cash and bank deposits of the Group as at 31 December 2024 and 2023 were denominated in RMB. The Group currently does not have any foreign currency hedging policies. The management will continue to monitor the Group's foreign exchange risk exposure and consider adopting prudent measures as appropriate.

Material acquisitions and disposals and significant investment

Save as disclosed in this announcement, there was no significant investment held, material acquisition and disposal of subsidiaries, associates and joint ventures by the Company for the year ended 31 December 2024. The Group will endeavour to keep abreast of the changing market conditions and proactively identify investment opportunities with a view to broadening its revenue base and enhancing its future financial performance and profitability. The Directors are confident in the future growth of the Company. As at 31 December 2024, none of the investments held by the Group were direct equity investments in any investee company nor individually exceeds 5% of the total assets of the Group as at 31 December 2024.

Save as disclosed in this announcement, the Group did not have any plans for significant investments as at 31 December 2024.

Contingencies

As at 31 December 2024, 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 (2023: nil).

Pledge of assets

The Group did not have any material pledge of assets as at 31 December 2024 and 2023.

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 2,973 employees as at 31 December 2024 (2023: 2,319 employees). The Group's remuneration policies are in line with the prevailing market practices and are determined on the basis of performance and experience of the individual concerned. The Group has been constantly reviewing staff remuneration package to ensure it is competitive in the market.

Dividends

The Board recommended the payment of a final dividend of HK\$0.07 per Share for the year ended 31 December 2024 (for the year ended 31 December 2023: nil). The final dividend is subject to the approval of the Shareholders at the forthcoming annual general meeting of the Company to be held on or around 20 May 2025 and the final dividend is expected to be payable on 29 August 2025 to the Shareholders whose names appear on the register of members of the Company on 20 August 2025.

Subsequent events

Purchase of Shares pursuant to the Share Award Scheme

During the period from 7 January 2025 to 17 January 2025 (both days inclusive), the trustee of the Group's Share Award Scheme bought a total of 700,000 Shares of the Company from the market at a total consideration of HK\$2,847,000 (equivalent to RMB2,630,000) which are currently held for the purpose of satisfying share awards that may be granted under the Share Award Scheme.

Acquisition of office space in the PRC

As disclosed in the announcement of the Company dated 21 March 2025, the Group entered into sales and purchase agreements to acquire an entire floor of a mixed-use commercial tower (the “**Property**”) in Luohu District, Shenzhen, Guangdong Province from an independent third party at an aggregate consideration of RMB75,000,000 in cash to cope for the continued expansion of the Group. The Group will utilise the Property as its corporate headquarters and the existing corporate office space will be repurposed for use as learning centers.

Save as disclosed above, there were no other material events that occurred subsequent to 31 December 2024.

Pre-emptive Rights

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

Public Float

Based on the information publicly available to the Company, the Company continues to meet the prescribed public float under the Listing Rules.

SCOPE OF WORK ON THIS ANNUAL RESULTS ANNOUNCEMENT BY AUDITOR

The figures in respect of the Group's consolidated balance sheet, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in this annual results announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on this annual results announcement.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2024	2023
	Notes	RMB'000	RMB'000
Revenue	5	852,327	570,614
Cost of sales	8	<u>(518,935)</u>	<u>(332,063)</u>
Gross profit		333,392	238,551
Selling expenses	8	(12,626)	(11,437)
Administrative expenses	8	(128,367)	(122,586)
Research and development expenses	8	(26,471)	(15,021)
Other income	6	11,115	11,714
Other gains — net	7	<u>14,503</u>	<u>21,411</u>
Operating profit		191,546	122,632
Finance costs	9	(10,333)	(5,883)
Share of net loss of investments accounted for using the equity method		<u>(256)</u>	<u>—</u>
Profit before income tax		180,957	116,749
Income tax expense	10	<u>(35,451)</u>	<u>(32,236)</u>
Profit for the year		<u>145,506</u>	<u>84,513</u>
Profit and total comprehensive income for the year attributable to:			
— Owners of the Company		145,645	85,988
— Non-controlling interests		<u>(139)</u>	<u>(1,475)</u>
		<u>145,506</u>	<u>84,513</u>
Earnings per share (expressed in RMB cents per share)			
— Basic	11	<u>26.68</u>	<u>15.58</u>
— Diluted	11	<u>26.08</u>	<u>15.42</u>

CONSOLIDATED BALANCE SHEET

	<i>Notes</i>	As at 31 December	
		2024	2023
		RMB'000	RMB'000
Assets			
Non-current assets			
Property, plant and equipment		110,746	55,781
Right-of-use assets	12	351,831	200,586
Investment properties		100,885	81,335
Intangible assets		10,791	11,601
Deferred tax assets		20,881	23,956
Prepayments and other receivables		28,826	19,082
Investments in associates		4,404	—
Financial assets at fair value through profit or loss		54,168	47,769
Other financial assets at amortised cost		88,852	96,000
Total non-current assets		771,384	536,110
Current assets			
Prepayments and other receivables		51,822	20,507
Other financial assets at amortised cost		10,321	10,000
Financial assets at fair value through profit or loss		101,519	101,651
Term deposits with original maturity over three months		—	105,504
Restricted cash		1,702	2,967
Cash and cash equivalents		390,677	256,476
Total current assets		556,041	497,105
Total assets		1,327,425	1,033,215
Equity			
Share capital	13	3,840	3,775
Share premium		107,941	82,698
Shares held for employee share scheme		(28,308)	(12,496)
Treasury shares		(2,366)	(266)
Other reserves		69,779	42,535
Retained earnings		484,224	338,579
Capital and reserves attributable to owners of the Company		635,110	454,825
Non-controlling interests		(267)	(1,475)
Total equity		634,843	453,350

	<i>Notes</i>	As at 31 December	
		2024	2023
		<i>RMB'000</i>	<i>RMB'000</i>
Liabilities			
Non-current liabilities			
Lease liabilities		203,802	124,186
Deferred tax liabilities		<u>8,513</u>	<u>4,926</u>
Total non-current liabilities		<u>212,315</u>	<u>129,112</u>
Current liabilities			
Contract liabilities		241,092	276,316
Trade and other payables	15	74,557	94,192
Current income tax liabilities		41,428	29,346
Borrowings		40,000	—
Lease liabilities		<u>83,190</u>	<u>50,899</u>
Total current liabilities		<u>480,267</u>	<u>450,753</u>
Total liabilities		<u><u>692,582</u></u>	<u><u>579,865</u></u>
Total equity and liabilities		<u><u>1,327,425</u></u>	<u><u>1,033,215</u></u>

1. GENERAL INFORMATION

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

The Company is an investment holding company. The Company and its subsidiaries and PRC Consolidated Affiliated Entities (as defined below) (collectively referred to as the “**Group**”) are principally engaged in the provision of private education services in the People’s Republic of China (the “**PRC**” or “**China**”).

Mr. Chen Qiyuan is the ultimate controlling shareholder of the Company.

The Company’s ordinary shares have been listed on The Stock Exchange of Hong Kong Limited since 21 June 2019 (the “**Listing**”).

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

The consolidated financial statements were approved for issue by the Board of Directors of the Company on 21 March 2025.

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 established in Shenzhen, the PRC, and its subsidiaries (the “**PRC Consolidated Affiliated Entities**”).

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

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

IFRS Accounting Standards comprise the following authoritative literature:

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

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

The preparation of consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies.

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

The Group will continue to implement measures before the Structured Contracts are unwound, with an aim to further enhance its control over the PRC Consolidated Affiliated Entities. The Company is not aware of any non-performance of the Structured Contracts or non-compliance with such aforementioned measures as at the date of this report. As advised by the Group’s PRC legal counsel, the Group did not violate existing PRC laws and regulations and the Structured Contracts are legally enforceable for the year ended 31 December 2024 and up to the date of this report. The directors will continue to closely monitor the development of laws and regulations and will make further appropriate adjustment of its business model whenever needed to ensure comply with the new relevant policies. Based on cashflow projections for a period of not less than 12 months after 31 December 2024, the directors are in the opinion that the Group’s available source of funds is sufficient to fulfil its financial obligations as when fall due in the coming twelve months from 31 December 2024. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

3. ACCOUNTING POLICIES

(a) Amended standards adopted by the Group

The Group has applied the following amended standards for its annual reporting period commencing 1 January 2024:

Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current liabilities with covenants
Amendments to IFRS 16	Lease liability on sale and leaseback
Amendments to IAS 7 and IFRS 7	Supplier finance arrangements

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

(b) New standards and interpretations not yet adopted

Certain new and amendments to standards and interpretations have been issued but are not yet effective and have not been early adopted for 31 December 2024 reporting period by the Group. These new standards, amendments to standards and interpretation are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

4 FAIR VALUE ESTIMATION

The table below analyses the Group's financial instruments carried at fair value by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities, which already incorporate the market's assumptions with respect to changes in economic climate such as rising interest rates and inflation, as well as changes due to ESG risk (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 or ESG risk gives rise to a significant unobservable adjustment) (Level 3).

Financial instruments at fair value as at 31 December 2024 and 2023 were as follows:

2024	Level 1	Level 2	Level 3	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Assets				
Wealth management products	—	9,734	86,565	96,299
Listed equity investments in Mainland China	5,220	—	—	5,220
Unlisted equity investments in Mainland China	—	—	54,168	54,168
	<u>5,220</u>	<u>9,734</u>	<u>140,733</u>	<u>155,687</u>
2023	Level 1	Level 2	Level 3	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Asset				
Wealth management products	—	—	98,672	98,672
Listed equity investments in Mainland China	2,979	—	—	2,979
Unlisted equity investments in Mainland China	—	—	47,769	47,769
	<u>2,979</u>	<u>—</u>	<u>146,441</u>	<u>149,420</u>

5. REVENUE AND SEGMENT INFORMATION

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Non-academic literary programme and other	766,817	518,860
Tutoring programme	<u>85,510</u>	<u>51,754</u>
	<u>852,327</u>	<u>570,614</u>

Operating segments are defined as components of an enterprise engaging in business activities for which separate financial information is available that is regularly evaluated by the Group's chief operating decision makers ("CODM") in deciding how to allocate resources and assess performance. The Group's CODM has been identified as the Board of Directors, who reviews consolidated results when making decisions about allocating resources and assessing performance of the Group.

The Group's principal market is in Guangdong Province of the PRC. Most of the Group's revenue and operating profit are derived within Guangdong Province, and most of the Group's operations and non-current assets are located in Guangdong Province. Accordingly, no geographical segment information is presented.

As a result of evaluation by CODM, the CODM considers that the Group is operated and managed as a single operating segment of private education services for the year ended 31 December 2024.

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Recognised over time		
— Private education services and others	<u>852,327</u>	<u>570,614</u>

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

6. OTHER INCOME

	2024 RMB'000	2023 RMB'000
Sub-lease — net ^(a)	440	646
Rental income from operating leases	2,634	2,689
Goods sales	—	2,794
Finance income	7,202	3,999
Government grants	839	1,586
	<u>11,115</u>	<u>11,714</u>

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

7. OTHER GAINS — NET

	2024 RMB'000	2023 RMB'000
Fair value gains on financial assets at FVPL	14,238	19,747
Fair value losses on investment properties	(1,043)	(1,040)
Lease modification	1,942	560
Net losses on disposals of property, plant and equipment	(151)	(40)
Deposits losses	(361)	(280)
Compensation charges	(176)	(604)
Net foreign exchange (losses)/gains	(481)	756
Others	535	2,312
	<u>14,503</u>	<u>21,411</u>

8. EXPENSES BY NATURE

	2024 RMB'000	2023 RMB'000
Employee benefit expenses	493,131	335,583
Depreciation and amortisation	97,672	56,189
Property management expenses	13,498	8,230
Teaching materials	12,981	8,234
Advertising and exhibition expenses	10,349	9,199
Maintenance cost	7,169	4,239
Utilities	6,388	4,540
Entertainment and activities expenses	5,656	2,181
Office expenses	5,553	4,600
Other taxes	5,364	3,964
Professional service fees	5,176	5,448
Rental expenses	5,035	8,925
Auditors' remuneration		
— Audit services	1,530	1,830
— Non-audit services	903	915
Travel and transportation	1,511	2,873
Recruitment expenses	1,191	883
Allowance for impairment	433	4,833
Others	12,859	18,441
	686,399	481,107

9. FINANCE COSTS

	2024 RMB'000	2023 RMB'000
Interest expenses on bank borrowings	949	—
Interest expenses on lease liabilities	9,384	5,883
	10,333	5,883

10. INCOME TAX EXPENSE

	2024 RMB'000	2023 RMB'000
Current tax		
— Current tax on profits for the year	28,789	31,002
Deferred income tax		
— Increase in deferred income tax	<u>6,662</u>	<u>1,234</u>
Income tax expense	<u>35,451</u>	<u>32,236</u>

11. EARNINGS PER SHARE

(a) Basic earnings per share

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

	2024	2023
Earnings attributable to owners of the Company (in RMB thousands)	<u>145,645</u>	<u>85,988</u>
Weighted average number of ordinary shares in issue (thousand shares) ⁽ⁱ⁾	545,893	552,033
Basic earnings per share (expressed in RMB cents per share)	<u>26.68</u>	<u>15.58</u>

- (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 years ended 31 December 2024 and 2023.

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

	2024	2023
Diluted earnings per share (expressed in RMB cents per share)	<u>26.08</u>	<u>15.42</u>

Weighted average number of shares used as the denominator:

	2024	2023
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	545,893,000	552,033,000
Adjustments for calculation of diluted earnings per share: Share options	<u>12,470,000</u>	<u>5,653,000</u>
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	<u>558,363,000</u>	<u>557,686,000</u>

12. RIGHT-OF-USE ASSETS AND LEASES

(a) Amounts recognised in the consolidated balance sheet

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Right-of-use assets*		
Land use rights	80,079	43,594
Properties	<u>271,752</u>	<u>156,992</u>
	<u>351,831</u>	<u>200,586</u>
Lease liabilities		
Current	83,190	50,899
Non-current	<u>203,802</u>	<u>124,186</u>
	<u>286,992</u>	<u>175,085</u>

* Additions to the right-of-use assets during the year ended 31 December 2024 was RMB175,289,000 (for the year ended 31 December 2023: RMB125,012,000).

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

	2024 RMB'000	2023 RMB'000
Depreciation charge of right-of-use assets		
— Properties	74,727	36,667
— Land use rights	<u>2,533</u>	<u>1,706</u>
	<u>77,260</u>	<u>38,373</u>
Interest expense (included in finance costs)	9,384	5,883
Expense relating to short-term leases (included in administrative expenses and cost of sales)	<u>5,035</u>	<u>8,925</u>

13. SHARE CAPITAL

	Authorised			Issued		
	Number of ordinary shares	Nominal value		Number of ordinary shares	Nominal value	
		USD	RMB		USD	RMB
Balance at 1 January 2023 and 31 December 2023	<u>1,000,000,000</u>	<u>1,000,000</u>	<u>6,860,633</u>	<u>555,700,000</u>	<u>555,700</u>	<u>3,774,897</u>
Balance at 1 January 2024	<u>1,000,000,000</u>	<u>1,000,000</u>	<u>6,860,633</u>	<u>555,700,000</u>	<u>555,700</u>	<u>3,774,897</u>
Share option scheme-exercise of option	<u>—</u>	<u>—</u>	<u>—</u>	<u>9,169,050</u>	<u>9,169</u>	<u>65,414</u>
Balance at 31 December 2024	<u>1,000,000,000</u>	<u>1,000,000</u>	<u>6,860,633</u>	<u>564,869,050</u>	<u>564,869</u>	<u>3,840,311</u>

14. DIVIDENDS

	2024 RMB'000	2023 RMB'000
Proposed final dividend per share: HK\$0.07	<u>36,507,000</u>	<u>—</u>

A final dividend in respect of the year ended 31 December 2024 of HK\$0.07 per share, amounting to HK\$39,541,000 is to be proposed at the forthcoming annual general meeting (“AGM”) (for the year ended 31 December 2023: nil). The proposed dividend is not reflected as dividend payable in the Group’s consolidated financial statements.

15. TRADE AND OTHER PAYABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade payables ^(a)	3,723	2,967
Employee benefits payables	33,773	61,236
Other taxes payables	13,944	15,794
Interest payables	29	—
Other payables	<u>23,088</u>	<u>14,195</u>
	<u>74,557</u>	<u>94,192</u>

(a) Trade payables are primarily related to the purchase of books and other teaching materials for education. The credit terms of trade payables granted to the Group are usually 3 months.

As at 31 December 2024 and 2023, the aging analysis of trade payables based on the invoice date was as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
3 months or less	1,077	792
3 to 6 months	2,330	477
6 months to 1 year	<u>316</u>	<u>1,698</u>
	<u>3,723</u>	<u>2,967</u>

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 the Shareholders and to enhance corporate value and accountability.

1. Compliance with the CG Code on Corporate Governance Practices

For the year ended 31 December 2024, the Company had complied with all applicable code provisions set out in the CG Code contained in Appendix C1 to the Listing Rules. The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the CG Code, and maintain a high standard of corporate governance practices.

2. Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as set out in Appendix C3 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 for the year ended 31 December 2024.

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, Mr. Yang Xuezhi and Ms. Yim Ka Man. Mr. Huang Victor is the chairman of the audit committee. The audit committee of the Board has reviewed the accounting principles and practices adopted by the Group and discussed risk management, internal control and financial reporting matters with management including a review of the consolidated financial statements and annual results for the year ended 31 December 2024 of the Group.

4. Purchase, Sale or Redemption of the Company's Listed Securities

As at 31 December 2024, the Company repurchased a total of 1,088,000 Shares on the Stock Exchange, all of which have yet to be cancelled. The Directors considered that such repurchases would enhance the earnings per share and increase the net asset value per share attributable to the Shareholders.

The Trustee also made share purchase on the Stock Exchange pursuant to the Share Award Scheme Rules and the Trust Deed. During the year ended 31 December 2024, the Trustee purchased 6,550,000 Shares on the market at a total consideration of HK\$30,347,000.

Save as disclosed above, neither the Company nor any of its subsidiaries or consolidated affiliated entities purchased, sold or redeemed any listed securities of the Company for the year ended 31 December 2024.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual 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 annual report of the Group for the year ended 31 December 2024 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 C1 to the Listing Rules
“Company”	Scholar Education Group, a company incorporated in the Cayman Islands on 7 February 2018
“Director(s)”	the director(s) of the Company
“Group”	the Company with its subsidiaries and consolidated affiliated entities
“IFRS”	International Financial Reporting Standards
“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 as set out in Appendix C3 to the Listing Rules
“Share Award Scheme”	the share award scheme of the Company adopted by the Board on 28 December 2020 constituted by the Share Award Scheme Rules
“Share Award Scheme Rules”	the rules relating to the Share Award Scheme, as approved and adopted by the Board on the Adoption Date in its present form or as amended from time to time
“Share(s)”	ordinary share(s) of US\$0.001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)

“Share Option Scheme”	the share option scheme approved and adopted by the Company on 3 June 2019, which was terminated immediately upon the adoption of the Company’s Share Scheme on 27 February 2024, provided that any granted and unexercised options made under the Share Option Scheme immediately before its termination shall continue to be valid and exercisable in accordance with the terms of the grant and the Share Option Scheme Rules
“Share Option Scheme Rules”	the rules relating to the Share Option Scheme in its present form or as amended from time to time
“Share Scheme”	the share scheme of the Company approved by the Shareholders on 27 February 2024
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trust Deed”	a trust deed dated 28 December 2020 and entered into between the Company as settlor and the Trustee as trustee (as restated, supplemented and amended from time to time)
“Trustee”	Kastle Limited, and any additional or replacement trustees, being the trustee or trustees for the time being declared in the Trust Deed

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

Hong Kong, 21 March 2025

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

Executive Directors

Mr. Chen Qiyuan (*chairman*)
Mr. Qi Mingzhi (*chief executive officer*)
Ms. Li Ailing
Ms. Leng Xinlan

Independent Non-executive Directors

Mr. Huang Victor
Mr. Yang Xuezhi
Ms. Yim Ka Man

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.