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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

HIGHLIGHTS

The Board is pleased to announce the unaudited consolidated interim results of the Group for the six months ended 30 June 2025. These interim results are unaudited but have been reviewed by the Company's audit committee.

FINANCIAL HIGHLIGHTS

	Unaudited For the six months ended 30 June			
	2025	2024	Change	Percentage change
	RMB'000	RMB'000	RMB'000	
Revenue	439,393	399,113	40,280	10.1%
Gross profit	150,558	177,138	(26,580)	(15.0)%
Profit for the period attributable to owners of the Company	62,933	82,652	(19,719)	(23.9)%
<i>Non-IFRS measure:</i>				
Adjusted profit for the period attributable to owners of the Company (Note 1)	81,312	93,542	(12,230)	(13.1)%
Earnings per Share				
	RMB cents	RMB cents	RMB cents	
Basic	11.42	15.21	(3.79)	(24.9)%
Diluted	11.18	14.76	(3.58)	(24.2)%
<i>Non-IFRS measure:</i>				
Adjusted earnings per Share (Note 2)				
Basic	14.75	17.21	(2.46)	(14.3)%
Diluted	14.45	16.71	(2.26)	(13.5)%

Note 1: The Company defined its adjusted profit attributable to owners of the Company as its profit for the period attributable to owners of the Company after adjusting for those items which were not indicative of the Company's operating performances, mainly including the share-based compensation expenses of approximately RMB18.4 million (six months ended 30 June 2024: RMB10.9 million) for the six months ended 30 June 2025.

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

Adjusted profit for the period 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 net profit attributable to owners of the Company and adjusted earnings per share as additional financial measures. The Company presents these financial measures 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. The use of 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 periods attributable to owners of the Company presented to the most directly comparable financial measure calculated and presented in accordance with IFRS:

	Unaudited		
	For the six months ended		
	30 June		Percentage
	2025	2024	Change
	RMB'000	RMB'000	
Profit for the period attributable to owners of the Company	62,933	82,652	(23.9)%
Add:			
Share-based compensation expenses (Note 1)	<u>18,379</u>	<u>10,890</u>	68.8%
Adjusted profit for the period attributable to owners of the Company	<u>81,312</u>	<u>93,542</u>	(13.1)%

Note:

- (1) Share-based compensation expenses: These expenses were incurred in connection with the share options and share awards 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.

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 period by the weighted average number of ordinary shares in issue during the period.

	Unaudited	
	For the six months ended	
	30 June	
	2025	2024
Adjusted earnings attributable to owners of the Company (in RMB thousands)	<u>81,312</u>	<u>93,542</u>
Weighted average number of ordinary shares in issue (thousand shares) (i)	551,171	543,391
Adjusted basic earnings per share (expressed in RMB cents per share)	<u><u>14.75</u></u>	<u><u>17.21</u></u>

- (i) Adjusted basic earnings per share is calculated by dividing the adjusted profit for the period attributable to the owners of the Company by the weighted average number of ordinary shares in issue for the six months ended 30 June 2025 and 2024.

(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.

	For the six months ended 30 June 2025		2024
Adjusted diluted earnings per share (expressed in RMB cents per share)	<u>14.45</u>		<u>16.71</u>
<i>Weighted average number of shares used as the denominator:</i>			
	For the six months ended 30 June 2025		2024
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	551,171,000		543,391,000
Adjustments for calculation of diluted earnings per share: Share options	<u>11,581,000</u>		<u>16,551,000</u>
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating adjusted diluted earnings per share	<u>562,752,000</u>		<u>559,942,000</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business overview

The Group recorded an operating profit of RMB77.4 million for the six months ended 30 June 2025. During the six months ended 30 June 2025, the Group's revenue increased to RMB439.4 million from RMB399.1 million, and its tutoring hours increased to 4,944,498 hours from 4,564,252 hours, as compared to the same period last year. The Group provides high quality educational services to students. Our programmes have placed more emphasis on training children's ability to take initiatives and enhancing their deep thinking skills to achieve their overall development through the integration of learning and thinking.

The Group continues to make progress in its strategic development in Guangdong Province. The programmes in Guangzhou have gained a high level of recognition from parents and students, and have initially shown encouraging results. The enrollment at the new learning centers in Guangzhou is currently strong, and overall operations are exceeding expectations. As the business in Guangzhou is undergoing a rapid ramp-up period, these new learning centers offer a large number of trial courses at lower tuition fees than regular courses, successfully attracting a large number of students who are interested in the educational services of the Group. These trial courses have subsequently converted students into paying students for the same courses. Therefore, the revenue from these new learning centers was relatively low in the first half of this year, while related costs (such as rental expenses and salaries and benefits) incurred in the usual course of business increased significantly compared with last period, resulting in a short-term negative impact on the Group's gross profit and net profit. For the six months ended 30 June 2025, the Group recorded a net profit attributable to owners of RMB62.9 million, compared to a net profit attributable to owners of RMB82.7 million for the six months ended 30 June 2024. Excluding the short-term strategic losses in Guangzhou, the Group's net profit for the first half of this year increased slightly compared with the same period last year.

The net profit attributable to owners of the Company for the six months ended 30 June 2025 has factored in share-based compensation expenses of approximately RMB18.4 million (last period: RMB10.9 million). Excluding the share-based compensation expenses, the Group record an adjusted net profit attributable to owners of the Company of RMB81.3 million, a decrease of 13.1% as compared to the adjusted net profit attributable to owners of the Company of RMB93.5 million last period.

Future prospects and development strategies

The Group has launched our educational tour business and international courses since July 2023. The Group believes these business initiatives has broadened and will continue to broaden the revenue base of the Group and contribute to its long-term development.

In addition, the Group will further consolidate the development of “Le Xue” (樂學), one of the Group's brands, which comprises of liberal education 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 enjoy 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 indifferent 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

	Unaudited		
	Six months ended	Six months ended	Percentage change
	30 June 2025	30 June 2024	
	RMB'000	RMB'000	
Non-academic literary programme and others	387,660	366,525	5.8%
Tutoring programme	<u>51,733</u>	<u>32,588</u>	58.7%
Total	<u>439,393</u>	<u>399,113</u>	10.1%

The following table sets forth the student enrolments and tutoring hours delivered by type of education services for the periods indicated based on the Group's internal records:

	Six months ended		Six months ended		Percentage change	
	30 June 2025		30 June 2024			
	Student enrolments	Tutoring hours	Student enrolments	Tutoring hours	Student enrolments	Tutoring hours
Non-academic literary programme	177,826	4,380,343	169,739	4,202,896	4.8%	4.2%
Tutoring programme	<u>22,962</u>	<u>564,155</u>	<u>14,666</u>	<u>361,356</u>	56.6%	56.1%
Total	<u>200,788</u>	<u>4,944,498</u>	<u>184,405</u>	<u>4,564,252</u>	8.9%	8.3%

The Group's revenue increased by 10.1% from RMB399.1 million for the six months ended 30 June 2024 to RMB439.4 million for the six months ended 30 June 2025. This increase was primarily due to increases in the total student enrolments, tutoring hours and average price per tutoring hour for the six months ended 30 June 2025.

2. *Cost of sales*

The cost of sales of the Group increased by 30.1% from RMB222.0 million for the six months ended 30 June 2024 to RMB288.8 million for the six months ended 30 June 2025. This increase was primarily due to an increase 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*

During the ramp-up period following the opening of each new learning center, it generated relatively limited revenue while the related costs, such as rental expenses and salaries and benefits, increased significantly due to the increased number of learning centers. As a result, the gross profit of the Group decreased by 15.0% from RMB177.1 million for the six months ended 30 June 2024 to RMB150.6 million for the six months ended 30 June 2025. The gross profit margin of the Group decreased from 44.4% for the six months ended 30 June 2024 to 34.3% for the six months ended 30 June 2025.

4. *Selling expenses*

The selling expenses of the Group slightly increased by 0.2% from RMB6.5 million for the six months ended 30 June 2024 to RMB6.5 million for the six months ended 30 June 2025. These expenses were primarily attributable to student activities.

5. *Administrative expenses*

The administrative expenses of the Group increased by 14.6% from RMB56.2 million for the six months ended 30 June 2024 to RMB64.4 million for the six months ended 30 June 2025. This increase was mainly due to the increase in administrative personnel expenses in line with the growth of the Group's business.

6. *Research and development expenses*

The research and development expenses of the Group slightly decreased by 2.6% from RMB10.6 million for the six months ended 30 June 2024 to RMB10.5 million for the six months ended 30 June 2025. These expenses were primarily attributable to research and development personnel expenses for the development of 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 13.9% from RMB6.5 million for the six months ended 30 June 2024 to RMB5.6 million for the six months ended 30 June 2025. This decrease was primarily due to decrease in finance income of RMB2.5 million. The decrease was partially offset by an increase of RMB1.3 million in government grant.

8. *Other gains — net*

The other net gains of the Group decreased by 21.8% from RMB3.5 million for the six months ended 30 June 2024 to RMB2.7 million for the six months ended 30 June 2025. The decrease was primarily due to the net losses on disposal of property, plant and equipment of RMB0.9 million recorded for the six months ended 30 June 2025 (for the six months ended 30 June 2024: net gains on disposal of property, plant and equipment of RMB0.04 million) and decrease in lease modification of RMB0.7 million.

9. *Finance costs*

The finance costs of the Group decreased by 11.6% from RMB4.8 million for the six months ended 30 June 2024 to RMB4.3 million for the six months ended 30 June 2025, primarily due to the decrease in interest expenses on lease liabilities.

10. *Profit before income tax*

As a result of the foregoing, the profit before income tax of the Group decreased by 33.8% from RMB109.0 million for the six months ended 30 June 2024 to RMB72.2 million for the six months ended 30 June 2025.

11. *Income tax expense*

The income tax expense of the Group decreased by 65.1% from RMB26.8 million for the six months ended 30 June 2024 to RMB9.3 million for the six months ended 30 June 2025. The decrease was primarily due to the decrease in assessable profit.

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

As a result of the foregoing, the profit for the period attributable to owners of the Company decreased by 23.9% from RMB82.7 million for the six months ended 30 June 2024 to RMB62.9 million for the six months ended 30 June 2025.

Liquidity, financial resources and capital structure

The total equity of the Group as at 30 June 2025 was RMB717.2 million (31 December 2024: RMB634.8 million). The Group generally finances its operation with internally generated cash flows. As at 30 June 2025, the Group's cash and cash equivalents and term deposits decreased by 30.9% from RMB390.7 million as at 31 December 2024 to RMB269.9 million. The decrease in cash and cash equivalents for the six months ended 30 June 2025 was primarily attributable to the payment for acquisition of property and repayment of bank borrowing. As at 30 June 2025, the current assets of the Group amounted to RMB562.3 million (31 December 2024: RMB556.0 million), including RMB220.6 million (31 December 2024: RMB111.8 million) in financial assets at fair value through profit or loss and other financial assets at amortised cost, and RMB272.2 million (31 December 2024: RMB392.4 million) in bank balances and restricted cash, and other current assets of RMB69.5 million (31 December 2024: RMB51.8 million). The current liabilities of the Group amounted to RMB374.9 million (31 December 2024: RMB480.3 million), of which RMB181.9 million (31 December 2024: RMB241.1 million) are contract liabilities, RMB93.2 million (31 December 2024: RMB83.2 million) are lease liabilities, RMB12.0 million (31 December 2024: RMB40.0 million) are bank borrowings and RMB87.7 million (31 December 2024: RMB116.0 million) are other current liabilities. As at 30 June 2025, the Group had RMB12.0 million (31 December 2024: RMB40.0 million) 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 30 June 2025 was 1.7% (31 December 2024: 6.3%), based on the bank borrowings divided by the equity attributable to the shareholders. As at 30 June 2025, the Group had net current assets of RMB187.5 million (31 December 2024: RMB75.8 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 30 June 2025 were denominated in RMB and HK\$. 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 interim results announcement, there was no significant investment held, material acquisition and disposal of subsidiaries, associates and joint ventures by the Company for the six months ended 30 June 2025. 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 30 June 2025, 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 30 June 2025.

Save as disclosed in this interim results announcement, the Group did not have any plans for significant investments as at 30 June 2025.

Dividends

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2025 (for the six months ended 30 June 2024: nil).

Contingent liabilities

As at 30 June 2025, the Group did not have material contingent liabilities, guarantees or litigations or claims of material importance, pending or threatened against any member of the Group (31 December 2024: nil).

Pledge of assets

The Group did not have any material pledge of assets as at 30 June 2025 and 31 December 2024.

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 workforce of 3,085 employees as at 30 June 2025 (31 December 2024: 2,973 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.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Unaudited	
		Six months ended 30 June	
		2025	2024
	Notes	RMB'000	RMB'000
Revenue	5	439,393	399,113
Cost of sales	8	<u>(288,835)</u>	<u>(221,975)</u>
Gross profit		150,558	177,138
Selling expenses	8	(6,512)	(6,498)
Administrative expenses	8	(64,420)	(56,213)
Research and development expenses	8	(10,484)	(10,557)
Other income	6	5,559	6,456
Other gains — net	7	<u>2,733</u>	<u>3,493</u>
Operating profit		77,434	113,819
Finance costs	9	(4,255)	(4,816)
Share of net loss of investments accounted for using equity method		<u>(1,019)</u>	<u>—</u>
Profit before income tax		72,160	109,003
Income tax expense	10	<u>(9,337)</u>	<u>(26,748)</u>
Profit for the period		<u>62,823</u>	<u>82,255</u>
Profit and total comprehensive income attributable to:			
— Owners of the Company		62,933	82,652
— Non-controlling interests		<u>(110)</u>	<u>(397)</u>
		<u>62,823</u>	<u>82,255</u>
Earnings per share (expressed in RMB cents per share)			
— Basic	11	<u>11.42</u>	<u>15.21</u>
— Diluted	11	<u>11.18</u>	<u>14.76</u>

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

		Unaudited As at 30 June 2025 RMB'000	Audited As at 31 December 2024 RMB'000
	Notes		
Assets			
Non-current assets			
Property, plant and equipment		105,992	110,746
Right-of-use assets	12	370,203	351,831
Investment properties		100,885	100,885
Intangible assets		10,618	10,791
Deferred tax assets		30,946	20,881
Prepayments and other receivables		62,179	28,826
Investments in associates		3,385	4,404
Financial assets at fair value through profit or loss		53,811	54,168
Other financial assets at amortised cost		—	88,852
Total non-current assets		738,019	771,384
Current assets			
Prepayments and other receivables		69,468	51,822
Other financial assets at amortised cost		102,743	10,321
Financial assets at fair value through profit or loss		117,885	101,519
Restricted cash		2,302	1,702
Cash and cash equivalents		269,938	390,677
Total current assets		562,336	556,041
Total assets		1,300,355	1,327,425
Equity			
Share capital	13	3,840	3,840
Share premium		107,941	107,941
Shares held for employee share scheme		(30,938)	(28,308)
Repurchased shares		(2,366)	(2,366)
Other reserves		91,937	69,779
Retained earnings		547,157	484,224
Capital and reserves attributable to owners of the Company		717,571	635,110
Non-controlling interests		(377)	(267)
Total equity		717,194	634,843

		Unaudited As at 30 June 2025 <i>RMB'000</i>	Audited As at 31 December 2024 <i>RMB'000</i>
	<i>Notes</i>		
Liabilities			
Non-current liabilities			
Lease liabilities		196,757	203,802
Deferred tax liabilities		<u>11,525</u>	<u>8,513</u>
Total non-current liabilities		<u>208,282</u>	<u>212,315</u>
Current liabilities			
Contract liabilities		181,941	241,092
Trade and other payables	15	48,634	74,557
Current income tax liabilities		39,070	41,428
Borrowings		12,000	40,000
Lease liabilities		<u>93,234</u>	<u>83,190</u>
Total current liabilities		<u>374,879</u>	<u>480,267</u>
Total liabilities		<u><u>583,161</u></u>	<u><u>692,582</u></u>
Total equity and liabilities		<u><u>1,300,355</u></u>	<u><u>1,327,425</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 (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”).

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

This interim condensed consolidated financial information was approved for issue by the board of directors of the Company on 20 August 2025 and has not been audited.

2. BASIS OF PREPARATION

This interim condensed consolidated financial information for the six-month reporting period ended 30 June 2025 has been prepared in accordance with International Accounting Standard (“ISA”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (“IASB”).

This interim condensed consolidated financial information does not include all the notes of the type normally included in an annual financial report. Accordingly, this interim condensed consolidated financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2024 (“2024 Financial Statements”) which have been prepared in accordance with IFRS Accounting Standards (“IFRSs”).

The Group will continue to implement measures before the Structured Contracts are unwound, with an aim to further enhance its control over the PRC Operating 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 structured contracts are legally enforceable and the Group did not violate existing PRC laws and regulations for the six months ended 30 June 2025 and up to the date of this announcement. 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 compliance with the new relevant policies. Based on cashflow projections for a period of not less than 12 months after 30 June 2025, the Directors are in the opinion that the Group’s available source of funds is sufficient to fulfil its financial obligations as and when fall due in the coming twelve months from 30 June 2025. The Group therefore continues to adopt the going concern basis in preparing its interim condensed consolidated financial information.

3. ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the 2024 Financial Statements, as described in those annual consolidated financial statements, except for the adoption of new and amended standards as set out below.

(a) New and amended standards adopted by the Group

The adoption of new and amended standards and interpretation as described below.

		Effective for annual periods beginning on or after
Amendments to IAS 21	Lack of Exchangeability	1 January 2025

The adoption of new and amended standards and interpretation did not have material impact on the interim condensed consolidated financial information.

(b) New standards, amendments to standards and interpretations not yet adopted

		Effective for annual periods beginning on or after
Annual Improvements	Annual Improvements to IFRS Accounting Standards — Volume 11	1 January 2026
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity	1 January 2026
Amendments to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint venture	To be determined

Certain new accounting standards and interpretations have been published that are not mandatory for the six months ended 30 June 2025 and have not been early adopted by the Group. These standards 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 30 June 2025 were as follows:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Wealth management products	—	9,770	103,992	113,762
Listed equity investments in Mainland China	4,123	—	—	4,123
Unlisted equity investments in Mainland China	—	—	53,811	53,811
	<u>4,123</u>	<u>9,770</u>	<u>157,803</u>	<u>171,696</u>

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

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
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>

5. REVENUE AND SEGMENT INFORMATION

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Non-academic literary programme and other	387,660	366,525
Tutoring programme	<u>51,733</u>	<u>32,588</u>
	<u><u>439,393</u></u>	<u><u>399,113</u></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 six months ended 30 June 2025.

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Recognised over time		
— Private education services and others	<u><u>439,393</u></u>	<u><u>399,113</u></u>

The Group has a large number of customers, and no single customer is accounted for more than 10% of the Group's total revenue during the period (for the six months ended 30 June 2024: nil).

6. OTHER INCOME

Six months ended 30 June

2025 2024

RMB'000 RMB'000

Sub-lease — net (a)	78	166
Rental income from operating leases	1,543	1,226
Finance income	2,186	4,645
Government grants	1,752	419
	<u>5,559</u>	<u>6,456</u>

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

7. OTHER GAINS — NET

Six months ended 30 June

2025 2024

RMB'000 RMB'000

Fair value gains on financial assets at FVPL	3,161	3,491
Lease modification	858	1,601
Net (losses)/gains on disposal of property, plant and equipment	(933)	41
Deposits losses	(832)	(361)
Compensation charges	(3)	(444)
Fair value losses on investment properties	—	(620)
Net foreign exchange losses	(20)	(501)
Others	502	286
	<u>2,733</u>	<u>3,493</u>

8. EXPENSES BY NATURE

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Employee benefit expenses	273,288	219,650
Depreciation and amortisation	56,639	36,153
Property management expense	8,064	6,372
Teaching materials	5,672	5,346
Advertising and exhibition expense	4,719	4,247
Maintenance cost	3,069	2,870
Professional service fees	2,414	2,393
Office expenses	3,003	2,321
Utilities	2,485	2,028
Other taxes	1,808	1,721
Auditor's remuneration	400	650
Allowance for impairment	35	398
Others	8,655	11,094
	<u>370,251</u>	<u>295,243</u>

9. FINANCE COSTS

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Interest expense on borrowings	400	350
Interest expense on leasing liabilities	3,855	4,466
	<u>4,255</u>	<u>4,816</u>

10. INCOME TAX EXPENSE

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax		
— Current tax on profit for the period	16,390	28,961
Deferred income tax		
— decrease in deferred income tax	(7,053)	(2,213)
	<u>9,337</u>	<u>26,748</u>

11. EARNINGS PER SHARE

(a) Basic earnings per share

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

	Six months ended 30 June	
	2025	2024
Earnings attributable to owners of the Company (in RMB thousands)	<u>62,933</u>	<u>82,652</u>
Weighted average number of ordinary shares in issue (thousand shares) (i)	551,171	543,391
Basic earnings per share (expressed in RMB cents per share)	<u>11.42</u>	<u>15.21</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 periods ended 30 June 2025 and 2024.

(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.

	Six months ended 30 June	
	2025	2024
Diluted earnings per share (expressed in RMB cents per share)	<u>11.18</u>	<u>14.76</u>

Weighted average number of shares used as the denominator

	Six months ended 30 June	
	2025	2024
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	551,171,000	543,391,000
Adjustments for calculation of diluted earnings per share: Share options	<u>11,581,000</u>	<u>16,551,000</u>
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	<u>562,752,000</u>	<u>559,942,000</u>

12. RIGHT OF USE ASSETS AND LEASES

(a) Amounts recognised in the interim condensed consolidated balance sheet

	As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
Right-of-use assets*		
Land use rights	91,011	80,079
Properties	<u>279,192</u>	<u>271,752</u>
	<u>370,203</u>	<u>351,831</u>
Lease liabilities		
Current	93,234	83,190
Non-current	<u>196,757</u>	<u>203,802</u>
	<u>289,991</u>	<u>286,992</u>

* Additions to the right-of-use assets during the six months ended 30 June 2025 was RMB68,044,000 (for the year ended 31 December 2024: RMB175,289,000).

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

	Six months ended 30 June 2025 RMB'000	2024 RMB'000
Depreciation charge of right-of-use assets		
— Properties	39,996	26,881
— Land use rights	<u>1,614</u>	<u>993</u>
	<u>41,610</u>	<u>27,874</u>
Finance costs on leases	<u>3,855</u>	<u>4,466</u>

13. SHARE CAPITAL

	Authorised			Issued		
	Number of ordinary shares	Nominal value		Number of ordinary shares	Nominal value	
		USD	RMB		USD	RMB
As at 1 January 2024 and 30 June 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>
As at 1 January 2025 and 30 June 2025	<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

The board does not recommend the payment of an interim dividend for the six months ended 30 June 2025 (for the six months ended 30 June 2024: nil).

15. TRADE AND OTHER PAYABLES

	As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
Current		
Trade payables (a)	1,632	3,723
Employee benefits payables	23,685	33,773
Other taxes payables	12,649	13,944
Interest payables	—	29
Other payables	<u>10,688</u>	<u>23,088</u>
	<u>48,634</u>	<u>74,557</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.

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

	As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
3 months or less	895	1,077
3 to 6 months	730	2,330
6 months to 1 year	<u>7</u>	<u>316</u>
	<u>1,632</u>	<u>3,723</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 shareholders and to enhance corporate value and accountability.

1. Compliance with the CG Code on corporate governance practices

For the six months ended 30 June 2025, the Company has complied with all applicable code provisions set out in the CG Code and Corporate Governance Report 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 six months ended 30 June 2025.

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, Ms. Yim Ka Man, Mr. Yang Xuezhi and Prof. Zhang Wenjun. Ms. Yim Ka Man is the chairman of the audit committee.

The audit committee has reviewed the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2025. The audit committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with the senior management members of the Group.

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

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.

As at 30 June 2025, a total of 1,088,000 Shares repurchased the Company 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.

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 six months ended 30 June 2025.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at <http://www.skledu.com>. The interim report of the Group for the six months ended 30 June 2025 will be published on the aforesaid websites and will be despatched 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, an exempted company incorporated in the Cayman Islands with limited liability 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 contained 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(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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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, 20 August 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. Yang Xuezhi

Ms. Yim Ka Man

Prof. Zhang Wenjun

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 Company’s independent auditor. Shareholders and potential investors should therefore not place undue reliance on such statements.