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China Beststudy Education Group

卓越教育集團*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3978)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

FINANCIAL HIGHLIGHTS

	For the six month ended 30 June		
	2025	2024	Change
	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Unaudited)	%
Revenue	917,139	317,444	188.9%
Gross Profit	413,139	142,723	189.5%
Net Profit	151,537	54,415	178.5%
Adjusted Net Profit	151,780	54,415	178.9%

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

The board (the “**Board**”) of directors (the “**Director(s)**”) of China Beststudy Education Group (the “**Company**”, and together with its subsidiaries, collectively the “**Group**”) announces the unaudited interim condensed consolidated financial results of the Group for the six months ended 30 June 2025 (the “**Reporting Period**”), together with the comparative figures for the corresponding period in 2024 as follows:

* For identification purposes only

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

		For the six months ended 30 June	
		2025	2024
	Notes	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Revenue	3&4	917,139	317,444
Cost of sales		<u>(504,000)</u>	<u>(174,721)</u>
Gross profit		413,139	142,723
Other income		13,666	10,347
Other gains and losses		5,111	1,902
Selling expenses		(62,456)	(22,724)
Administrative expenses		(114,656)	(40,946)
Other operating expenses		(54,128)	(14,231)
Fair value changes on financial assets at fair value through profit or loss (“FVTPL”)	9	3,729	2,889
Impairment losses reversed (recognised) under expected credit loss model, net		525	(530)
Share of results of associates		(971)	(74)
Share of results of joint ventures		(512)	–
Finance costs		<u>(7,151)</u>	<u>(5,189)</u>
Profit before tax		196,296	74,167
Income tax expense	5	<u>(44,759)</u>	<u>(19,752)</u>
Profit for the period		<u>151,537</u>	<u>54,415</u>
Profit for the period attributable to:			
– owners of the Company		151,255	54,527
– non-controlling interests		<u>282</u>	<u>(112)</u>
		<u>151,537</u>	<u>54,415</u>
EARNINGS PER SHARE			
– Basic	8	<u>RMB19.92 cents</u>	<u>RMB7.25 cents</u>
– Diluted	8	<u>RMB19.57 cents</u>	<u>RMB7.23 cents</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

		30 June 2025	31 December 2024
	<i>Notes</i>	RMB'000	RMB'000
		(Unaudited)	(Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		92,283	78,426
Right-of-use assets		320,648	265,976
Intangible assets		29,265	22,407
Investments in associates		15,153	16,042
Investments in joint ventures		5,366	5,366
Financial assets at FVTPL	9	9,714	9,043
Long-term time deposits		311,425	483,000
Deferred tax assets		53,520	46,096
Prepayments for purchases of property, plant and equipment		30,340	30,340
		867,714	956,696
CURRENT ASSETS			
Financial assets at FVTPL	9	149,914	108,876
Debt instruments measured at amortised cost	10	19,386	19,386
Prepayments, deposits and other receivables		140,368	113,777
Amounts due from associates		363	363
Amounts due from joint ventures		–	1,450
Amounts due from related parties		160	1,964
Other current assets		563	489
Short-term time deposits		321,575	100,000
Restricted bank deposits		65,029	22,396
Cash and cash equivalents		472,984	512,011
		1,170,342	880,712
CURRENT LIABILITIES			
Other payables and accruals		237,530	221,604
Contract liabilities		587,016	602,017
Amounts due to related parties		113	200
Income tax liabilities		68,050	69,768
Lease liabilities		101,061	75,163
		993,770	968,752

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 30 June 2025

	<i>Notes</i>	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
NET CURRENT ASSETS (LIABILITIES)		176,572	(88,040)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,044,286	868,656
NON-CURRENT LIABILITIES			
Deferred tax liabilities		18,502	4,813
Lease liabilities		240,055	210,134
		258,557	214,947
NET ASSETS		785,729	653,709
CAPITAL AND RESERVES			
Share capital	<i>11</i>	303	303
Reserves		778,061	653,406
Equity attributable to owners of the Company		778,364	653,709
Non-controlling interests		7,365	–
TOTAL EQUITY		785,729	653,709

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 27 August 2010 as an exempted company with limited liability under the laws of the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited. Prior to the termination of the acting in concert agreement among Mr. Junjing Tang, Mr. Junying Tang and Mr. Gui Zhou (the “**Concerted Parties**”) on 9 November 2023, the ultimate controlling parties are the Concerted Parties. As at 30 June 2025, the Company does not have any controlling shareholder or ultimate controlling shareholder as there was no shareholder who could control more than half of the voting rights of the board of directors of the Company or at the general meetings in accordance with the shareholding percentage, the articles of association of the Company or any agreements. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the 2025 interim report.

The Company is an investment holding company. The principal activities of the Group are providing comprehensive talent business, full-time revision business (equivalent to full-time test preparation programs), tutoring program and other services.

2.1 BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 (“**IAS 34**”) “Interim Financial Reporting” issued by the International Accounting Standard Board (“**IASB**”) as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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

2.2 PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Other than change in accounting policies resulting from application of new and amendments to International Financial Reporting Standards (“IFRS”) Accounting Standards, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2024.

Application of amendments to IFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to IFRS Accounting Standards issued by the IASB, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2025 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to IAS 21

Lack of Exchangeability

The application of the amendments to IFRS Accounting Standards in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. REVENUE

Disaggregation of revenue from contracts with customers

For the six months ended 30 June 2025					
	Comprehensive talent business <i>RMB'000</i> (Unaudited)	Full-time test preparation programs <i>RMB'000</i> (Unaudited)	Tutoring programs <i>RMB'000</i> (Unaudited)	Others <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Timing of revenue recognition					
Services transferred over time	<u>723,324</u>	<u>101,269</u>	<u>88,864</u>	<u>3,682</u>	<u>917,139</u>
	<u>723,324</u>	<u>101,269</u>	<u>88,864</u>	<u>3,682</u>	<u>917,139</u>

For the six months ended 30 June 2024					
	Comprehensive talent business	Full-time test preparation programs	Tutoring programs	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Timing of revenue recognition					
Services transferred over time	<u>117,969</u>	<u>123,927</u>	<u>75,548</u>	<u>-</u>	<u>317,444</u>
	<u>117,969</u>	<u>123,927</u>	<u>75,548</u>	<u>-</u>	<u>317,444</u>

4. OPERATING SEGMENTS

The following is an analysis of the Group's entity-wide revenue and results as the chief operating decision makers currently regularly review the consolidated financial results of the Group. Therefore, the Group has one single operating and reportable segment.

Revenue from major products and services

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

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Comprehensive talent business	723,324	117,969
Full-time test preparation programs	101,269	123,927
Tutoring programs	88,864	75,548
Others	3,682	—
	917,139	317,444

5. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax:		
PRC Enterprise Income Tax (“EIT”)	50,477	19,949
PRC withholding income tax on profits earned from PRC subsidiaries	5,000	—
Over provision in prior period	(16,984)	(117)
	38,493	19,832
Deferred tax expense (credit)	6,266	(80)
	44,759	19,752

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

Hong Kong profits tax

For the six months ended 30 June 2025 and 2024, Hong Kong profits tax is calculated at 16.5% on the estimated assessable profit.

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the Reporting Period.

PRC EIT

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% during the Reporting Period (six months ended 30 June 2024: 25%).

The group entities operating in the Mainland China are eligible for certain tax concessions and were entitled to reduce partial PRC income taxes during the Reporting Period. From 1 January 2023 to 31 December 2027, the group entities certified as small and micro-sized enterprises enjoy a 25% reduction of taxable income and the preferential EIT rate of 20%.

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

6. PROFIT FOR THE REPORTING PERIOD

Profit for the Reporting Period has been arrived at after charging:

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Auditor's remuneration	<u>1,270</u>	<u>1,076</u>
Depreciation of property, plant and equipment	11,906	10,151
Depreciation of right-of-use assets	49,185	32,824
Amortisation of other intangible assets	<u>1,874</u>	<u>1,796</u>
Total depreciation and amortisation (<i>note</i>)	<u>62,965</u>	<u>44,771</u>
Research and development costs recognised as an expense (included in other operating expenses) (<i>note (ii)</i>)	54,095	13,912
Directors' and chief executive's emoluments	4,792	5,438
Staff salaries and benefits	433,343	120,990
Staff retirement benefits schemes contributions	20,786	5,310
Recognition of share-based payments	<u>243</u>	<u>–</u>
Total staff costs (<i>note</i>)	<u>459,164</u>	<u>131,738</u>

Notes:

- (i) Staff costs of RMB319,982,000 (six months ended 30 June 2024: RMB87,801,000) and depreciation and amortisation expenses of RMB57,538,000 (six months ended 30 June 2024: RMB39,879,000) were included in “**cost of sales**” in the interim condensed consolidated statement of profit or loss and other comprehensive income.
- (ii) Staff costs of RMB43,339,000 (six months ended 30 June 2024: RMB10,245,000) and depreciation and amortisation expenses of RMB920,000 (six months ended 30 June 2024: RMB745,000) were included in research and development costs.

7. DIVIDEND

The Board resolved to declare an interim dividend of RMB10.7 cents per share (equivalent to HK\$11.8 cents per share) for the six months ended 30 June 2025 (six months ended 30 June 2024: nil).

A final dividend in respect of the year ended 31 December 2024 of RMB11.4 cents per share (equivalent to HK\$12.3 cents per share) amounting to RMB96,226,000 (equivalent to HK\$104,227,000) was proposed by the Board on 20 March 2025 and has been approved by the shareholders at the annual general meeting held on 16 May 2025. The dividend was paid on 16 June 2025. As at 30 June 2025, the Group paid dividends amounting to approximately RMB87,554,000 (2024: RMB24,379,000). The difference between dividends recognised as a distribution disclosed in consolidated statement of changes in equity represented the dividends paid to the Group's restricted share unit ("RSU(s)") scheme ("RSU Scheme"), which was adapted to hold the shares held for the RSU scheme in the condensed consolidated statement of changes in equity.

8. EARNINGS PER SHARE

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

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Profit for the purpose of basic earnings per share and dilutive earnings per share	<u>151,255</u>	<u>54,527</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	759,287,754	752,270,882
Effect of dilutive potential shares:		
Weighted average number of unvested share awards	<u>13,428,778</u>	<u>2,394,783</u>
Weighted average number of ordinary shares for the purpose of dilutive earnings per share	<u>772,716,532</u>	<u>754,665,665</u>
Basic earnings per share	<u>RMB19.92 cents</u>	<u>RMB7.25 cents</u>
Diluted earnings per share	<u>RMB19.57 cents</u>	<u>RMB7.23 cents</u>

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

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

		As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
	Notes		
Financial assets mandatory measured at FVTPL:			
Equity investments – unlisted equity investments		<u>9,714</u>	<u>9,043</u>
Financial assets designated at FVTPL:			
Equity investments – listed equity investments	(i)	–	23,333
Debt instruments			
– funds	(ii)	105,164	22,445
– wealth management products issued by banks	(ii)	32,237	50,585
– unlisted trust plans and asset management plans	(ii)	<u>12,513</u>	<u>12,513</u>
		<u>149,914</u>	<u>108,876</u>
		<u>159,628</u>	<u>117,919</u>
Analysed for reporting purposes as:			
– current assets		149,914	108,876
– non-current assets		<u>9,714</u>	<u>9,043</u>
		<u>159,628</u>	<u>117,919</u>

Notes:

- (i) The above listed equity investments represent ordinary shares of an entity listed in Hong Kong. The fair value of listed equity investments is determined based on the quoted market bid price (Level 1: quoted price (unadjusted) in active markets).
- (ii) Wealth management products issued by banks, unlisted trust plans, asset management plans and funds issued by financial institutions were denominated in RMB at aggregate amounts of RMB149,914,000 (31 December 2024: RMB85,543,000), with rate of return ranging from 2% to 7% (31 December 2024: 3% to 7%) per annum. As at 30 June 2025, unlisted trust plans and funds pledged with collaterals of properties with a carrying amount of RMB34,958,000 (31 December 2024: RMB34,958,000) were overdue without being redeemed pursuant to the terms of the subscription agreements.

(iii) Amounts recognised in profit or loss:

	For the six months ended	
	30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Fair value changes in equity investments at FVTPL		
– unlisted equity investments	671	–
– listed equity investments	(135)	2,889
	536	2,889
Fair value changes in debt investments at FVTPL		
– wealth management products issued by banks	474	–
– funds	2,719	–
	3,193	–
	3,729	2,889

10. DEBT INSTRUMENTS MEASURED AT AMORTISED COST

	As at	As at
	30 June	31 December
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Corporate debts	19,386	19,386
Analysed for reporting purposes as:		
– current assets	19,386	19,386

Debt instruments measured at amortised cost are debt assets with guaranteed returns using interest rates per annum ranging from 5% to 7% (31 December 2024: 5% to 7%). They are denominated in RMB.

As at 30 June 2025, debt instruments with gross carrying amount of RMB85,184,000 (31 December 2024: RMB85,184,000) were past due and among which, RMB56,209,000 (31 December 2024: RMB56,209,000) were pledged with collaterals of equity instruments (31 December 2024: equity instruments). Included in the carrying amount of debt instruments measured at amortised cost as at 30 June 2025 is accumulated impairment losses of RMB65,798,000 (31 December 2024: RMB65,798,000).

11. SHARE CAPITAL OF THE COMPANY

Ordinary shares of United States dollars ("US\$") 0.00005 each	Number of shares		Share capital	
	30 June 2025	31 December 2024	30 June 2025	31 December 2024
	'000	'000	RMB'000	RMB'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Authorised				
At beginning and end of period	<u>3,000,000</u>	<u>3,000,000</u>	<u>1,070</u>	<u>1,070</u>
Issued and fully paid				
At beginning and end of period	<u>847,221</u>	<u>847,221</u>	<u>303</u>	<u>303</u>

Note:

During the six months ended 30 June 2025, the Company repurchased 719,000 shares of its own ordinary shares on The Stock Exchange of Hong Kong Limited for equity incentive purposes under the RSU Scheme, with the total consideration paid of HK\$3,132,000 (approximately RMB2,869,000) (for the six months ended 30 June 2024: HK\$2,422,000 (approximately RMB2,206,000)). The 719,000 (for the six months ended 30 June 2024: 1,231,000) shares repurchased during the reporting period and not cancelled will be used for equity incentive purposes. During the Reporting Period, none of the Company's subsidiaries sold or redeemed any of the Company's listed securities.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OVERVIEW

During the Reporting Period, the Group achieved revenue of approximately RMB917 million, a year-on-year increase of 188.9%; and achieved net profit of approximately RMB152 million, an increase of 178.5% over the same period last year.

PERFORMANCE REVIEW

I. Create high-quality products and improve the quality of teaching services

In the first half of 2025, the Group continued to enrich its comprehensive talent business product system based on the nine quality products and the “Beststudy Kunpeng Youth Growth Camp Project” (卓越教育鯤鵬少年生長營項目) and launched the “AI Picture Book Parent-Child Co-creation Course” (AI繪本親子共創課). In the class, children use AI tools to complete creative poster design and create picture book videos. While improving children’s reading ability, language expression and creativity, the course stimulates children’s interest in AI, improves their ability to use AI tools, and cultivates children’s ability to adapt to the future world.

The Group makes full use of AI technology to optimise service experience. We use AI simulated dialogue, virtual experiments and other technologies to create a “Virtual and Real Class” (虛實共生課堂) to enhance the immersion and experience of classroom learning, and improve children’s interest in learning and perception of knowledge. In April, we launched the AI adaptive learning tool “AI · Love Reading 1.0” (AI · 愛閱讀1.0), with “precise matching + scientific guidance + timely feedback” as the core, and through three different reading modes to match the needs of different children, so that each child has an exclusive reading assistant who “understands needs, provides guidance and provides motivations”.

The Group always puts teaching quality and reputation first, implements closed-loop management of the entire process of “before class-during class-after class”, and strictly guarantees teaching quality. Before class, the Group implements the “three standardisations” (三統一) standardised lesson preparation system, standardised teaching and research goals, standardised lesson preparation, and standardised lesson polishing process. Each course is developed through a unified process, with a team of lead teachers who have many years of frontline teaching experience, ensuring that knowledge is conveyed accurately and in an engaging manner. Before presenting to students in class, each teacher must go through a strict lesson polishing and lesson review process. The teacher must go through multiple “lesson preparation-trial teaching-review” cycles to polish every detail of the class. The teacher’s language, logic, interaction, and blackboard writing must all be strictly assessed by the review teacher. Only after all of them are successfully passed can a mature standardised class be presented to students, eliminating fluctuations in teaching quality from the source. During the class, we assign a dedicated consultant teacher responsible for “listening to and evaluating the class”. The consultant teacher pays attention to specific aspects, for example, teacher’s teaching, student’s reactions, class process, time allocation, etc., and develops a teaching improvement plan with the instructed teacher, and regularly tracks and reviews to continuously ensure the teaching quality and user experience. After class, we use the “X Factor Assessment System” (X因子測評系統) to accurately analyse personality characteristics through multi-dimensional learning situation analysis, generate scientific growth maps, and provide class feedback and professional analysis suggestions to parents and students to visualise the growth path.

During the Reporting Period, the Group’s operating indicators, for example, number of enrolment and renewal rates have repeatedly hit new highs, maintaining a good trend of steady growth. The positive result fully demonstrates the Group’s remarkable achievements in continuously optimising the quality of comprehensive talent business products and improving service experience, and also strongly confirms the users’ high recognition of our teaching quality.

II. Deepening market presence in Guangzhou and setting sail in Shenzhen and Foshan markets

In terms of market layout in Guangzhou, the Group remains committed to deepening its presence, with a focus on revitalising suburban markets in the first half of the year. Thanks to years of continued efforts in Guangzhou, the Group's teaching quality has earned widespread recognition from parents and students, building a robust brand moat. Leveraging premium offerings and good reputation, the Group has achieved significant improvements in various operational metrics on suburban markets in Guangzhou, including single-store ramp-up, renewal rate and student enrolment.

Moreover, the Group has strategically accelerated its expansion in the Shenzhen and Foshan markets this year. Relying on years of accumulated experience in teaching and research, teacher training and management in Guangzhou, the Group has provided solid talent support for the rapid expansion of Shenzhen and Foshan markets. In line with the unique cultural characteristics and market needs of Shenzhen and Foshan, the Group has developed locally adapted course systems by delivering high-quality, region-specific comprehensive talent business products, which achieved remarkable results. The brand's influence in the Greater Bay Area has therefore been further expanded, laying a solid foundation for deepening its presence in the future.

III. AI empowering the improvement of organisational effectiveness

The Company is fully advancing the "ALL IN AI" strategy to enhance organisational efficiency by leveraging AI technology. Currently, AI technology has been extensively applied in key links, including teaching, marketing, training, operations, finance, procurement and recruitment, which helped streamline processes and improve operational efficiency.

In terms of teaching, this February, the Whale Education System (鯨准教系統) was integrated with the DeepSeek R1 model. The enhanced system demonstrates superior performance in logical rigor and content accuracy, delivering full coverage across all teaching scenarios from crafting lesson plans and designing instructional activities to analysing student performance and proposing personalised learning pathways. During the first half of this year, the upgraded AI-powered grading system and parent-teacher communication tools further boosted teacher efficiency, enabling teachers to focus more on the essence of teaching and nurturing students.

In terms of marketing, the Company used AI-powered outbound calling to conduct preliminary screening of massive resources during the year, liberating manpower from 70% of low-value dormant resources. This allowed them to focus on the precise conversion of high-intention customers, effectively reducing the overall outbound calling cost and improving conversion accuracy. In addition, during the year, the Company deployed AI-powered customer service to extract key information and conduct quality checks from interactions with students and parents, enabling smarter and more targeted marketing.

In terms of training, during the Reporting Period, the Company has comprehensively improved the efficiency and quality of teacher training through AI-powered tools such as AI judge, enabling the teaching staff to rapidly upskill in alignment with business development.

IV. Continuously attracting talents and stimulating their vitality

The Group adopts a dual-track talent strategy of “social recruitment + campus recruitment,” offering diverse job opportunities to actively attract outstanding professionals and expand its faculty team. To support newly recruited teachers, Beststudy University has established targeted training programs. For teachers newly recruited under our campus recruitment, we have launched specialised training programs such as the Bud Program (英魁計劃), N Program and Star Teacher Training Camp (星師訓練營), helping new teachers quickly master teaching skills and methods, shorten the adaptation period, and smoothly embark on their teaching careers. Through the Sun Program (扶光計劃), the Group focuses on the sustainable growth of the teachers recruited under our social recruitment by integrating external high-quality resources and services of Beststudy, assisting teachers to broaden their horizons and enrich their thinking. In addition, the Group continuously explores innovative teaching practices, thereby enhancing teaching quality. Additionally, the Company provides comprehensive AIGC training for all employees to continuously improve their AI application capabilities.

Moreover, in order to fully stimulate our people’s vitality, the Company has granted RSUs to eligible participants under RSU Scheme in 2024, and the first tranche of RSUs granted has vested in the first half of this year, which has effectively strengthened the sense of belonging and cohesion of the core talents, thereby providing secured talent pool for the Group’s long-term development.

V. Staying committed to shareholder returns by enhancing investment value

The Company attaches great importance to enhancing shareholder returns and investment value. On 3 January 2025, the Company released an announcement relating to the “Three-Year Dividend Distribution Plan”, under which it plans to gradually increase the dividend payout ratios for the next three years to 50%, 60% and 70% of the net profit attributable to the owners of the Company for the preceding year, and to make the payment in two installments by way of final and interim dividend. A final dividend of HK\$0.123 per share for the year ended 31 December 2024 has been declared by the Company in the first half of the year. Based on the financial position of the first half of the year, the Board has resolved to pay an interim dividend of HK\$0.118 per share for the six months ended 30 June 2025. In addition to the stable and continuous dividend distribution plan, the Company has proactively repurchased shares under the RSU Scheme in the first half of 2025, which conveys to the market the Company’s strong confidence in its future development.

The Company highly values investor relations management and information disclosure. It maintains close communication with investors through result announcements, investor exchange meetings, online teleconferences, offline campus research and other means, to deliver information about the Company on a timely, accurate and transparent basis, with efficient response to investors’ concerns, and fully-opened channels to shareholders’ views and suggestions.

VI. Proactively fulfilling social responsibility as a responsible educator

Under the leadership of the Party building activities, the Group firmly adheres to the mission of “Cultivating Excellent Talents to Power the Country’s Future” by actively devoting itself in various party building and public welfare activities, to fulfil its social responsibility with practical actions. In the first half of the year, we joined hands with certain caring organisations to organise the “Happy Day (繽紛同樂日)” volunteer service activity at Huiling Farm, to care for families of children with special needs and help special groups integrate into society. The Company also sponsored the “Spring Farming Experiential Camp (春耕體驗營)” targeted for the youth in Guangdong-Hong Kong-Macao Greater Bay Area to help young people grow up with practice. In addition, the Group participated in the first Donghaochong Community Sports Charity Games under the theme “Join Hands for the National Games, Step Forward for Health (益起迎全運, 攜手健康行)” and was honoured with the title of “Charity Partner”. With the commitment of educators, we are dedicated to contributing to the harmonious development of the society.

FUTURE PROSPECTS

I. Deepening AI empowerment and accelerating its application in educational scenarios

Looking ahead, the Group will further explore the practical AI applications in the educational scenarios. On one hand, for the AI adaptive learning product line, we will roll out functions with “personalised exercises”, construct the precise hierarchical learning system based on AI data analysis and ability modelling, and match the best learning path for children and provide targeted explanations. On the other hand, we care about the mental health and growth motivation of children. The Company will invest in research and development of AI-driven learning and energy systems, create AI learning companions that fit the psychological characteristics of children at different age groups, give them warmer emotional support and companionship with more personality.

The Company will continue to embrace the “All IN AI” strategy to accelerate deep integration and deployment of AI technology in various business and management processes including corporate teaching and operation. The Company is committed to further improving teaching quality, operational efficiency and service experience through technological innovation, and leading the transformation of the education industry.

II. Relying on the Bay Area dividend to expand business growth

According to the Statistical Communiqué of Guangzhou on the 2024 National Economic and Social Development released by the Guangdong Provincial Bureau of Statistics, Guangdong Province has been the largest province in the PRC in terms of permanent population for 18 consecutive years, with a total permanent population of 130 million, an increase in 740,000 permanent residents and 1.13 million births. It ranks first in total population, increase in permanent population, and births. The proportion of the residents’ education, culture and entertainment consumption expenditure in the province over the residents’ total consumption expenditure has increased from 8.6% in 2020 to 11.1% in 2024. For Guangdong Province, the continued strong population attraction, high-quality talent aggregation effect and strong willingness to invest in education have provided a solid development foundation and strong demand for high-quality education for the regional education market.

The Group will rely on the foundation and brand influence established in Guangzhou, Shenzhen and Foshan to further increase its resource investment in the Greater Bay Area market. By deepening the local cultural characteristics of the products, setting up additional teaching outlets, strengthening the teaching staff and other means, the Group will be able to continuously enhance its brand awareness and market competitiveness, gain recognition from more children and parents through high-quality education services, and contribute to the local education cause.

III. Following policy guidance and enhancing core competitiveness

The Company closely follows the national policy orientation of encouraging childbirth, promoting consumption and boosting high-quality development of education. The Company considers such policy orientation as a positive driving force for the long-term development of the industry, creating potential market expansion opportunities for the education industry. The Company will remain committed to its educational aspiration to “All for the sake of children’s healthy growth” and prioritise teaching quality and reputation among users. Subject to the bottom line of compliance operations, the Company will promote the integration of quality education and AI technology with strategic determination, improve teaching quality, optimise service experience, provide education solutions with higher quality and more diversification, enhance its core competitiveness, seize the industry development opportunities, achieve sustainable growth, and contribute to the development of the national education.

FINANCIAL REVIEW

Revenue

The following table sets forth a breakdown of the Group's revenue by type of businesses we provided during the Reporting Period and the first half of 2024:

	For the six months ended 30 June		
	2025 <i>RMB'000</i> (Unaudited)	2024 <i>RMB'000</i> (Unaudited)	Change (%)
Comprehensive talent business	723,324	117,969	513.1%
Full-time test preparation programs	101,269	123,927	(18.3%)
Tutoring programs	88,864	75,548	17.6%
Others	3,682	—	N/A
Total	<u>917,139</u>	<u>317,444</u>	188.9%

During the Reporting Period, the Group's revenue generated from our principal business amounted to approximately RMB917.1 million, representing an increase of 188.9% from approximately RMB317.4 million in the first half of 2024. Such increase was primarily attributed to continuous improvement of the quality of comprehensive talent business products and services and the significant progress in market expansion in Guangzhou, Shenzhen and Foshan.

Cost of Sales

Cost of sales primarily consists of salary and cost of benefits, rentals and utilities management expense, depreciation and amortisation and others. Cost of sales increased by 188.5% from approximately RMB174.7 million in the first half of 2024 to approximately RMB504.0 million for the Reporting Period, which moved upwards mainly in line with business expansion.

Gross Profit and Gross Profit Margin

As a result of the above factors, the Group recorded gross profit of approximately RMB413.1 million during the Reporting Period, representing an increase of RMB270.4 million from approximately RMB142.7 million in the first half of 2024. During the Reporting Period, the Group's gross profit margin was 45.0%, remained basically flat as compared with the first half of 2024.

Other Income

During the Reporting Period, the Group recorded other income in the amount of approximately RMB13.7 million, representing an increase of 32.1% as compared with the same period of last year. The other income during the Reporting Period was mainly interest income of approximately RMB12.3 million.

Other Gains and Losses

During the Reporting Period, the Group recorded other gains and losses in the amount of approximately RMB5.1 million. Other gains and losses during the Reporting Period were mainly due to the recognition of gains of approximately RMB1.9 million from changes in venue lease contracts under IFRS Accounting Standards 16.

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

During the Reporting Period, the Group recorded change in fair value of investments at fair value through profit or loss in the amount of approximately RMB3.7 million.

Selling Expenses

The Group's total selling expenses increased by approximately 174.8% from approximately RMB22.7 million in the first half of 2024 to approximately RMB62.5 million during the Reporting Period, primarily attributable to the increase in students recruitment expenses following business expansion.

Administrative Expenses

Administrative expenses included the compensation for administrative staff, office rentals and daily operational expenses. During the Reporting Period, the Group's total administrative expenses amounted to approximately RMB114.7 million, representing an increase of 180.0% as compared to approximately RMB40.9 million in the first half of 2024, principally due to the increase in remuneration of the administrative staff and office overheads to cater to our business expansion.

Other Operating Expenses

During the Reporting Period, the Group recorded other operating expenses of approximately RMB54.1 million, representing a year-on-year increase of 280.3%, primarily due to an increase in remuneration of research and development as well as teaching staff to cater to our business expansion.

Finance Costs

During the Reporting Period, the Group recorded finance costs in the amount of approximately RMB7.2 million, which were primarily attributable to the recognition of interest expenses under IFRS Accounting Standards 16 – Lease.

Income Tax Expense

During the Reporting Period, the Group's income tax expense was approximately RMB44.8 million.

Profit for the Reporting Period

The Group's profit increased from approximately RMB54.4 million in the first half of 2024 to approximately RMB151.5 million for the Reporting Period, representing an increase of 178.5%.

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

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

Our adjusted net profit increased by 178.9% from approximately RMB54.4 million in the first half of 2024 to approximately RMB151.8 million for the Reporting Period.

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

	For the six months ended 30 June		
	2025	2024	Change
	RMB'000	RMB'000	(%)
Net profit	151,537	54,415	178.5%
Add:			
Equity-settled share-based compensation costs	243	–	N/A
Adjusted net profit	151,780	54,415	178.9%

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

Liquidity and Financial Resources

As at 30 June 2025, cash and cash equivalents of the Group amounted to approximately RMB473.0 million. Cash at banks bears interest at floating rates based on daily bank deposit rates. The cash and cash equivalents are deposited in credit-worthy banks with no recent history of default.

Current and Gearing Ratios

As at 30 June 2025, the current ratio of the Group was approximately 1.18, representing an increase as compared to approximately 0.91 as at 31 December 2024. The current ratio is equal to total current assets divided by the total current liabilities.

As at 30 June 2025, the gearing ratio of the Group was 0.61, representing a decrease as compared to 0.64 as at 31 December 2024. The gearing ratio is equal to total debts divided by the sum of total equity and total debts.

Future Plans for Significant Investments or Capital Assets

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

Significant Investments, Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures

As at 30 June 2025, the Group held financial assets comprising (i) debt investments of approximately RMB169.3 million (31 December 2024: approximately RMB104.9 million), in aggregate accounted for 8.3% of the Group's total assets as at 30 June 2025, representing investments in various types of short-term wealth management products issued by licensed banks, unlisted trust plans, asset management plans, funds and corporate debts; and (ii) equity investments of approximately RMB9.7 million (31 December 2024: approximately RMB32.4 million), in aggregate accounted for 0.5% of the Group's total assets as at 30 June 2025, representing investments in unlisted companies (31 December 2024: representing investment portfolio of unlisted companies and a listed company).

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

Prior to making an investment, the Group had also ensured that there remains sufficient working capital for the requirements of the Group's business, operating activities and capital expenditures even after making the significant investments.

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

Contingent Liabilities

As at 30 June 2025, the Group did not have material contingent liabilities, guarantees or litigations against the Group.

Pledge of Assets

As at 30 June 2025, the Group did not have any material pledge of assets.

Foreign Exchange Exposure

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

Bank Loans

As at 30 June 2025, the Group did not have any bank loans and other borrowings.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to the Reporting Period and up to the date of this announcement, the Group has no material events which are required to be disclosed.

HUMAN RESOURCES

As at 30 June 2025, the Group had a total of 3,592 (31 December 2024: 3,072) employees. To ensure that the Group is able to attract and retain employees capable of attaining the best performance levels, remuneration packages are reviewed on a regular basis.

We provide regular training to the employees in order to improve their skills and knowledge. We also provide on-going training to our teachers so that they can stay abreast of changes in market needs, student demands and other key trends necessary to effectively teach their respective courses.

OTHER INFORMATION

Interim Dividend

The Board has resolved to declare an interim dividend of HK\$11.8 cents (corresponding period in 2024: nil) per ordinary share for the six months ended 30 June 2025, with an aggregate amount of approximately RMB90,753,000 (corresponding period in 2024: nil). The said interim dividend will be paid on or around 16 October 2025 to shareholders of the Company (the “**Shareholders**”) whose names appear on the register of members of the Company on 26 September 2025.

The register of members of the Company will be closed from 22 September 2025 to 26 September 2025, both days inclusive, during which period no share transfer will be effected, for the purpose of determining the Shareholders’ entitlement to the interim dividend. The record date is 26 September 2025. In order to qualify for the interim dividend, all share transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 19 September 2025.

RSU Scheme

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

On 23 June 2025, the Board resolved to grant 1,912,875 RSUs at a consideration of HK\$2.97 per share to 54 employees of the Group, subject to acceptance of the grantees. The purpose of the grant is to provide our employees with an opportunity to own equity interests in the Company and to reward them for their contributions to the Group and to motivate them to strive for the future development and expansion of the Group. For details, please refer to the announcement of the Company dated 23 June 2025.

On 30 April 2024 and 28 October 2024, the Board resolved to grant a total of 60,767,390 RSUs to 621 employees of the Group at a consideration of HK\$2.97 per share. Based on individual performance during the assessment period and the achievement of the Group's annual performance, 50% of the RSUs had been vested on 7 April 2025, and 23,329,946 shares had been actually vested in the current period (representing approximately 2.75% of the total issued shares of the Company as at 30 June 2025).

As at 30 June 2025, Ms. Shaoping Fu, the trustee of the Company (the “**Trustee**”) held 107,411,469 Shares (representing approximately 12.68% of the total issued shares of the Company as at 30 June 2025) under the RSU Scheme, of which 31,483,750 Shares (representing approximately 3.72% of the total issued shares of the Company as at 30 June 2025) have been vested, pending transfer to the relevant grantees.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a stringent corporate governance practices and recognised the importance of it for enhancing the management of the Company as well as preserving the interests of the Shareholders as a whole. The Company has adopted the code provisions as set out in part 2 of the Corporate Governance Code (the “**CG Code**”) as contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The Company has complied with code provisions contained in the CG Code during the Reporting Period, save and except for code provision C.2.1 which states that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The Board believes that with extensive experience in the education industry, Mr. Junjing Tang is responsible for overall development, operation and management of the Company and has been playing an instrumental role in our growth and business expansion since the establishment of the Group. The Board considers that vesting the roles of chairman and chief executive officer of the Company in Mr. Junjing Tang is beneficial to the consistency of leadership within the Group and the efficiency of the overall strategic planning and execution of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprise experienced individuals.

The Company will continue to review its corporate governance practices and strive to enhance its compatibility with its business operations and development to ensure compliance with the provisions of the CG Code and the latest development of business. The Board will continue to review and monitor the operation of the Company with an aim of maintaining a high standard of corporate governance.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding dealings in the securities by the Directors. The Company’s relevant employees who, because of his/her office or employment, are likely to possess inside information of the Company, are also subject to the Model Code. Upon specific enquiry of the Company, all Directors confirmed that they have complied with the Model Code during the Reporting Period.

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

Other than the shares purchased by the Trustee under the RSU Scheme, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities (including sale of treasury shares as defined under the Listing Rules) during the Reporting Period. The Company did not hold any treasury shares as defined under the Listing Rules as at 30 June 2025.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) currently comprises Mr. Jun Gan, Ms. Yu Long and Mr. Wai Ng with Mr. Jun Gan being the chairman of the Audit Committee. The Audit Committee had discussed with the management and reviewed the unaudited interim financial information of the Group for the Reporting Period, and considered that the Company had complied with all applicable accounting standards and requirements and made adequate disclosures.

The Audit Committee had reviewed the interim results and confirms that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made.

PUBLICATION OF 2025 INTERIM RESULTS AND INTERIM REPORT

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

By order of the Board
China Beststudy Education Group
Junjing Tang

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 21 August 2025

As at the date of this announcement, the executive Directors are Mr. Junjing Tang, Mr. Junying Tang, Mr. Gui Zhou and Ms. Weiying Guan, the non-executive Director is Mr. Wai Ng, and the independent non-executive Directors are Ms. Yu Long, Mr. Jun Gan and Mr. Haipeng Shen.

* *For identification purposes only*