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China Beststudy Education Group

卓越教育集團*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3978)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

	For the year ended 31 December		
	2025	2024	Change
	RMB'000	RMB'000	%
Revenue	1,904,430	1,102,001	72.8
Gross Profit	863,855	510,118	69.3
Net Profit	302,464	192,339	57.3
Adjusted Net Profit	304,502	192,787	57.9

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**” or “**Beststudy**” and, together with its subsidiaries, collectively the “**Group**”) announces the audited consolidated financial results of the Group for the year ended 31 December 2025 (the “**Reporting Period**”), together with the comparative figures for the corresponding period in 2024 as follows:

* For identification purposes only

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	NOTES	2025 RMB'000	2024 RMB'000
Revenue	4 & 5	1,904,430	1,102,001
Cost of sales		<u>(1,040,575)</u>	<u>(591,883)</u>
Gross profit		863,855	510,118
Other income		26,322	32,413
Other gains and losses		(13,814)	(10,658)
Selling expenses		(135,781)	(76,005)
Administrative expenses		(236,794)	(140,285)
Other operating expenses		(99,645)	(47,494)
Fair value changes on financial assets at fair value through profit or loss (“FVTPL”)	11	(5,709)	(878)
Gain on disposal and deregistration of investments in subsidiaries		–	581
Impairment losses (including reversals of impairment losses or impairment gains) on financial assets	6	(2,627)	(7,411)
Share of results of associates		(1,412)	(171)
Share of results of joint ventures		(512)	–
Finance costs		<u>(13,543)</u>	<u>(11,737)</u>
Profit before tax		380,340	248,473
Income tax expense	7	<u>(77,876)</u>	<u>(56,134)</u>
Profit and total comprehensive income for the year	8	<u>302,464</u>	<u>192,339</u>
Profit (loss) and total comprehensive income (expense) for the year attributable to			
– owners of the Company		301,468	192,451
– non-controlling interests		<u>996</u>	<u>(112)</u>
		<u>302,464</u>	<u>192,339</u>
EARNINGS PER SHARE			
– Basic	10	<u>RMB39.56 cents</u>	<u>RMB25.61 cents</u>
– Diluted	10	<u>RMB38.78 cents</u>	<u>RMB25.56 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	<i>NOTES</i>	2025	2024
		RMB'000	RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		89,738	78,426
Right-of-use assets		313,393	265,976
Investment properties		11,500	–
Intangible assets		75,273	22,407
Investments in associates		14,630	16,042
Investments in joint ventures		–	5,366
Financial assets at FVTPL	<i>11</i>	8,074	9,043
Long-term time deposits		300,000	483,000
Deferred tax assets		39,128	46,096
Prepayments for purchases of non-current assets		9,717	30,340
		<hr/> 861,453	<hr/> 956,696
CURRENT ASSETS			
Financial assets at FVTPL	<i>11</i>	205,316	108,876
Debt instruments measured at amortised cost	<i>12</i>	11,249	19,386
Prepayments, deposits and other receivables		125,224	113,777
Amounts due from an associate		363	363
Amounts due from a joint venture		–	1,450
Amounts due from related parties		160	1,964
Other current assets		493	489
Short-term time deposits		183,000	100,000
Restricted bank deposits		73,034	22,396
Cash and cash equivalents		823,835	512,011
		<hr/> 1,422,674	<hr/> 880,712

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 31 December 2025

	NOTE	2025 RMB'000	2024 RMB'000
CURRENT LIABILITIES			
Other payables and accruals		334,336	221,604
Contract liabilities		675,878	602,017
Amounts due to related parties		–	200
Income tax liabilities		88,482	69,768
Lease liabilities		97,714	75,163
		<u>1,196,410</u>	<u>968,752</u>
NET CURRENT ASSETS (LIABILITIES)		<u>226,264</u>	<u>(88,040)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>1,087,717</u>	<u>868,656</u>
NON-CURRENT LIABILITY			
Deferred tax liabilities		7,000	4,813
Lease liabilities		238,365	210,134
		<u>245,365</u>	<u>214,947</u>
NET ASSETS		<u>842,352</u>	<u>653,709</u>
CAPITAL AND RESERVES			
Share capital	13	303	303
Reserves		833,857	653,406
		<u>834,160</u>	<u>653,709</u>
Equity attributable to owners of the Company		834,160	653,709
Non-controlling interests		8,192	–
		<u>842,352</u>	<u>653,709</u>
TOTAL EQUITY		<u>842,352</u>	<u>653,709</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 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. As at 31 December 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 or at the general meetings in accordance with the shareholding percentage, the articles of association of the Company or any agreement. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The Company is an investment holding company. The principal activities of the Group are engaged in providing education related courses including comprehensive talent business, tutoring programs, full-time test preparation programs and other services.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

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

3. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

Amendments to IFRS Accounting Standards that are mandatorily effective for the current year

In the current year, 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 consolidated financial statements:

Amendments to IAS 21	Lack of Exchangeability
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The application of the amendments to IFRS Accounting Standards in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3.1 New or revised standards to IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new or revised standards to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency ³
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11 ²
IFRS 18	Presentation and Disclosure in Financial Statements ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

Except for the new or revised standards to IFRS Accounting Standards mentioned below, the Directors of the Company anticipate that the application of all new or revised standards to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

3.2 IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 *Presentation of Financial Statements*. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. IFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss.

4. REVENUE

(i) Disaggregation of revenue from contracts with customers

	For the year ended 31 December 2025				
	Comprehensive talent business <i>RMB'000</i>	Tutoring programs <i>RMB'000</i>	Full-time test preparation programs <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Timing of revenue recognition					
Services transferred at a point in time	7,145	-	-	64	7,209
Services transferred over time	1,501,814	222,911	163,179	9,317	1,897,221
	<u>1,508,959</u>	<u>222,911</u>	<u>163,179</u>	<u>9,381</u>	<u>1,904,430</u>
	For the year ended 31 December 2024				
	Comprehensive talent business <i>RMB'000</i>	Tutoring programs <i>RMB'000</i>	Full-time test preparation programs <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Timing of revenue recognition					
Services transferred at a point in time	-	-	-	363	363
Services transferred over time	713,434	181,443	206,761	-	1,101,638
	<u>713,434</u>	<u>181,443</u>	<u>206,761</u>	<u>363</u>	<u>1,102,001</u>

(ii) Performance obligations for contracts with customers

a) *Revenue from comprehensive talent business, tutoring programs and full-time test preparation programs*

The Group is providing comprehensive talent business, tutoring programs and full-time test preparation programs for students, i.e., customers, in the Chinese Mainland. Comprehensive talent business includes a diverse range of training programs to promote the all-round development of students. Tutoring programs include high-school academic class tutoring program and after-school tutoring program. Full-time test preparation programs are provided to help middle school and high school graduates to be admitted to their preferred schools through Junior High School Academic Proficiency Examination (“**Zhongkao**”) and National College Entrance Examination (“**Gaokao**”).

Revenue from provision of education services of comprehensive talent business, tutoring programs and full-time test preparation programs is recognised as a performance obligation satisfied over time as the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs. Revenue from sales of talent education materials under comprehensive talent business, is recognised at a point in time when the control of goods has been transferred, being the time when the goods are accepted by the customers.

Comprehensive talent business, tutoring programs and full-time test preparation programs are usually conduct over a specific period of time, such as school terms. Revenue from these services is recognised based on the output method, which is to recognise revenue on the basis of direct measurements of the value of the services transferred to the customer to date relative to the remaining services promised under the contract, that best depict the Group’s performance in transferring control of the education services.

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

b) *Revenue from others*

Revenue from others include education technology service and vocational education in an innovative model with the support of public vocational colleges. Revenue from provision of education technology service is recognised on a straight-line basis over the service period as performance obligation is satisfied continuously. Revenue from provision of vocational education is recognised at a point in time upon completion of each program, when performance obligation of the Group is fulfilled and the customer receives the service.

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

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

5. OPERATING SEGMENTS

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

The Group is principally engaged in the provision of comprehensive talent business, tutoring programs and full-time test preparation programs for students.

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

Revenue from major products and services

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

	2025	2024
	<i>RMB’000</i>	<i>RMB’000</i>
Comprehensive talent business	1,501,814	713,434
Tutoring programs	222,911	181,443
Full-time test preparation programs	163,179	206,761
Sales of talent education materials	7,145	–
Others	9,381	363
	<u>1,904,430</u>	<u>1,102,001</u>

Geographical information

The Group’s operations are substantially located in the Chinese Mainland and most of significant non-current assets of the Group are located in the Chinese Mainland. Over 99% of total revenue of the Group is contributed from the subsidiaries located in the Chinese Mainland. Therefore, no further geographical segment information is presented.

Information about major customers

No revenue from services provided to a single customer accounted for 10% or more of total revenue of the Group during the years ended 31 December 2025 and 2024.

6. IMPAIRMENT LOSSES (INCLUDING REVERSALS OF IMPAIRMENT LOSSES OR IMPAIRMENT GAINS) ON FINANCIAL ASSETS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Impairment loss (recognised) reversed in respect of		
– debt instruments measured at amortised cost	(8,137)	(8,361)
– loan receivables, deposits and other receivables	<u>5,510</u>	<u>950</u>
	<u><u>(2,627)</u></u>	<u><u>(7,411)</u></u>

7. INCOME TAX EXPENSE

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current tax:		
PRC Enterprise Income Tax (“EIT”)	40,210	56,048
PRC withholding income tax on profits earned from PRC subsidiaries	23,250	2,250
Under (over) provision in prior year	<u>5,261</u>	<u>(6,536)</u>
	68,721	51,762
Deferred tax expense	<u>9,155</u>	<u>4,372</u>
	<u><u>77,876</u></u>	<u><u>56,134</u></u>

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

Hong Kong profits tax

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

No provision for income tax in Hong Kong has been made as the Group incurred tax losses in Hong Kong for the year ended 31 December 2025. No provision for income tax in Hong Kong for the year ended 31 December 2024 as the assessable profits were absorbed by unrecognised tax losses carried forward.

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 group entities in the Chinese Mainland is 25% (2024: 25%) during the Reporting Period.

The group entities operating in the Chinese Mainland are eligible for certain tax concessions and were entitled to reduce partial PRC income taxes for the year. During the year ended 31 December 2025, 52 (2024: 18) group entities in the Chinese Mainland were certified as small and micro-sized enterprises (“SMEs”).

From 1 January 2023 to 31 December 2027, the group entities certified as SMEs enjoy a 75% reduction of taxable income and the preferential EIT rate of 20%.

EIT of the group entities in Chinese Mainland has been provided at the applicable tax rates on the estimated taxable profits of the group entities during the year.

8. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Auditor’s remuneration	<u>2,540</u>	<u>2,020</u>
Depreciation of property, plant and equipment	31,171	20,786
Depreciation of right-of-use assets	103,124	67,223
Amortisation of intangible assets	<u>5,348</u>	<u>3,620</u>
Total depreciation and amortisation (<i>note a</i>)	<u>139,643</u>	<u>91,629</u>
Research and development costs recognised as an expense (included in other operating expenses) (<i>note b</i>)	99,580	46,987
Directors’ and chief executive’s emoluments	8,722	8,046
Staff salaries and benefits	908,242	491,408
Staff retirement benefits schemes contributions	46,124	19,723
Recognition of share-based payments	<u>2,038</u>	<u>448</u>
Total staff costs (<i>note a</i>)	965,126	519,625
Less: capitalised in intangible assets	<u>(4,915)</u>	<u>–</u>
	<u>960,211</u>	<u>519,625</u>

Notes:

- (a) The staff costs of RMB705,963,000 (2024: RMB387,307,000) and depreciation and amortisation expense of RMB124,172,000 (2024: RMB81,908,000) are included in “Cost of sales” in the consolidated statement of profit or loss.
- (b) Included in the research and development costs are staff costs of RMB84,822,000 (2024: RMB36,519,000) and depreciation and amortisation expense of RMB2,671,000 (2024: RMB1,603,000).

9. DIVIDEND

The Board has approved dividend distribution plan for the three financial years 2024, 2025 and 2026 (the “**Three-Year Dividend Distribution Plan**”) on 3 January 2025. Under the Three-Year Dividend Distribution Plan, 60% of the net profit attributable to the Company’s owners in respect of the second half of the year ended 31 December 2025 will be distributed. A final dividend in respect of the year ended 31 December 2025 of RMB10.6 cents per share (equivalent to HK\$11.7 cents per share) amounting to RMB90,128,000 (equivalent to HK\$99,156,000) will be distributed, subject to the approval at the forthcoming annual general meeting.

An interim dividend in respect of the period ended 30 June 2025 of RMB10.7 cents per share (equivalent to HK\$11.8 cents per share) amounting to RMB90,653,000 (equivalent to HK\$99,972,000), has been approved by the directors of the Company. The dividends have been distributed in October 2025 amounting to RMB83,011,000.

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) (2023: RMB3.2 cents per share (equivalent to HK\$3.5 cents per share)) amounting to RMB96,226,000 (equivalent to HK\$104,227,000) (2023: RMB26,894,000 (equivalent to HK\$29,653,000)), has been approved by the shareholders at the annual general meeting held on 16 May 2025. The dividends have been distributed in June 2025 amounting to RMB86,563,000 (2024: RMB24,398,000).

The difference between dividends recognised as a distribution disclosed in consolidated statement of changes in equity represented the dividends paid to the Group’s RSU scheme, which was adapted to hold the shares held for the RSU scheme in the consolidated statement of changes in equity.

10. 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:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Earnings		
Profit for the purpose of basic earnings per share and dilutive earnings per share	<u>301,468</u>	<u>192,451</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	762,091,523	751,415,651
Effect of dilutive potential shares: Unvested share awards	<u>15,301,005</u>	<u>1,443,559</u>
Weighted average number of ordinary shares for the purpose of dilutive earnings per share	<u>777,392,528</u>	<u>752,859,210</u>
Basic earnings per share	<u>RMB39.56 cents</u>	<u>RMB25.61 cents</u>
Diluted earnings per share	<u>RMB38.78 cents</u>	<u>RMB25.56 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 for the year ended 31 December 2025 and 2024.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

		2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Equity investments:			
– unlisted equity investments		8,074	9,043
– listed equity investments	<i>(i), (iv)</i>	–	23,333
– funds issued by financial institutions	<i>(ii), (iv)</i>	<u>138,775</u>	<u>–</u>
		<u>146,849</u>	<u>32,376</u>
Debt instruments:			
– funds	<i>(iii), (iv)</i>	13,445	22,445
– wealth management products issued by financial institutions	<i>(iii), (iv)</i>	45,600	50,585
– unlisted trust plans and asset management plans	<i>(iii), (iv)</i>	<u>7,496</u>	<u>12,513</u>
		<u>66,541</u>	<u>85,543</u>
		<u>213,390</u>	<u>117,919</u>
Analysed for reporting purposes as:			
– current assets		205,316	108,876
– non-current assets		<u>8,074</u>	<u>9,043</u>
		<u>213,390</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 investment is determined based on the quoted market bid price (Level 1: quoted price (unadjusted) in active markets). These listed equity investments were disposed of during the year ended 31 December 2025.
- (ii) The funds issued by financial institutions represents pooled investment vehicles with underlying investments including mutual funds and financial products. The fair values of the funds are determined based on the quoted valuation by the financial institutions.
- (iii) Funds, wealth management products issued by financial institutions, unlisted trust plans and asset management plans, were denominated in RMB at aggregate amounts of RMB66,541,000 (2024: RMB85,543,000), with rate of return ranging from 2.5% to 7% (2024: 3% to 7%) per annum. As at 31 December 2025, unlisted trust plans and asset management plans and funds are pledged with collaterals of properties with a carrying amount of RMB20,941,000 (2024: RMB34,958,000) were overdue without being redeemed pursuant to the terms of the subscription agreements.

(iv) Amounts recognised in profit or loss:

	2025	2024
	RMB'000	RMB'000
Fair value changes in equity investments at FVTPL		
– unlisted equity investments	(969)	1,349
– listed equity investments	(135)	330
– funds issued by financial institutions	8,775	–
	<u>7,671</u>	<u>1,679</u>
Fair value changes in debt instruments at FVTPL		
– funds (<i>note</i>)	(9,000)	(2,327)
– wealth management products issued by financial institutions	637	585
– unlisted trust plans and asset management plans (<i>note</i>)	(5,017)	(815)
	<u>(13,380)</u>	<u>(2,557)</u>
	<u>(5,709)</u>	<u>(878)</u>

Note: The management of the Group has engaged an external valuation specialist to assist in the valuation of the Level 3 debt instruments measured at FVTPL. Included in the debt instruments of RMB20,941,000 (2024: RMB34,958,000) are unlisted trust plans and asset management plans and funds with the underlying assets mainly being properties of hotels, commercial and office buildings, as collateral. The fair value of the Level 3 debt instruments is determined by a complex proprietary model with a probability-weighted approach of recovery scenarios, on its proportionate shares of the discounted cash flow from the underlying assets or the estimated rapid realised value of the underlying assets. For the year ended 31 December 2025, the Group recognised fair value losses of RMB14,017,000 (2024: RMB3,142,000), respectively through profit or loss for these level 3 debt instruments.

12. DEBT INSTRUMENTS MEASURED AT AMORTISED COST

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Corporate debts	<u>11,249</u>	<u>19,386</u>
Analysed for reporting purposes as:		
– current assets	<u>11,249</u>	<u>19,386</u>

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

As at 31 December 2025, debt instruments with gross carrying amount of RMB85,184,000 (2024: RMB85,184,000) are past due and among which, RMB56,209,000 (2024: RMB56,209,000) are pledged with collaterals of equity instruments (2024: equity instruments). Included in the carrying amount of debt instruments measured at amortised cost as at 31 December 2025 is accumulated impairment losses of RMB73,935,000 (2024: RMB65,798,000).

The management of the Group has engaged an external valuation specialist to assist in the impairment assessment of debt instruments measured at amortised cost by adopting ECL model. The PD is by reference to expected maturity date of the instruments and the debtors' ability to meet its debt obligations. The LGD is by reference to internal credit rating assessed by the management with available financial information of the debtors, historical repayment and estimated recovery rate. For the year ended 31 December 2025, the Group recognised impairment losses of RMB8,137,000 (2024: recognised impairment losses of RMB8,361,000), respectively through profit or loss for the debt instruments.

13. SHARE CAPITAL OF THE COMPANY

Ordinary shares of United States dollars (“US\$”) 0.00005 each	Number of shares		Share capital	
	2025 <i>'000</i>	2024 <i>'000</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Authorised				
At beginning and end of year	<u>3,000,000</u>	<u>3,000,000</u>	<u>1,070</u>	<u>1,070</u>
Issued and fully paid				
At beginning and end of year	<u>847,221</u>	<u>847,221</u>	<u>303</u>	<u>303</u>

During the year ended 31 December 2025, the Company repurchased 4,010,000 of its own ordinary shares through the Stock Exchange of Hong Kong Limited with an aggregate consideration of HK\$18,677,000 (approximately RMB16,979,000) (2024: HK\$12,138,000 (approximately RMB11,115,000)) paid under the RSU scheme. 4,010,000 (2024: 4,507,000) shares repurchased during the reporting period were not cancelled and will be used as share awards. None of the Company's subsidiaries sold or redeemed any of the Company's listed securities during the year.

MANAGEMENT DISCUSSION AND ANALYSIS

Company Profile and Overview

As a leading comprehensive K12 education service provider in South China, the Group has been consistently providing high-quality and diversified educational products and services to students and parents since our establishment 28 years ago. In recent years, the Group has actively embraced technology. While continuing to improve its innovation capabilities, the Group has also kept pace with the times by utilising artificial intelligence technology to improve product quality and services, thus promoting the transformation and upgrading of its products and services to high-quality development.

Our Group mainly offers education related products and services, including but not limited to comprehensive talent business, tutoring programs and full-time test preparation business. Our comprehensive talent business is designed to promote the all-round development of our students, allowing a more engaging and enjoyable learning process. Our tutoring programs target to help students establish a sound learning mindset and knowledge system and develop good learning habits. Our full-time test preparation business aims to help students to be admitted to their preferred schools through Zhongkao (中考) and Gaokao (高考) upon their failed first attempt.

The Group has been focusing on developing in South China. Through 28 years of efforts and development, our “Zhuoyue Education” (卓越教育) brand and reputation have also been recognised and welcomed by students, parents and all sectors of the community. In 2025, we actively participated in social welfare and Party building undertakings, and won the awards and honours of “Guangzhou Party Organisation with Double Strength and Six Excellence – Non-public Economic Organisation” (廣州市非公有制經濟組織“雙強六好”黨組織), “Guangdong Top Brand” (廣東知名品牌), and “KPMG China 5th Consumer 50 List” (畢馬威中國第五屆消費50榜單).

RESULTS OVERVIEW

During the Reporting Period, the Company's overall operations remained stable, achieving revenue of approximately RMB1.90 billion, net profit of approximately RMB300 million, and a net cash inflow from operating activities for the year of approximately RMB644 million. In terms of key financial indicators, the Company achieved net profit per share of RMB0.36 for the year, net assets per share of RMB0.99 at the end of the year, and a return on total equity of 36%. In terms of shareholder returns, the Company actively rewards its shareholders. Based on the operating results for the year 2025, the Company has declared a total cash dividend of RMB180 million and repurchased shares totaling approximately RMB17 million, sharing the results of its operations and development with shareholders.

PERFORMANCE REVIEW

I. Upholding high-quality teaching and winning recognition for products and services

Adhering to the core value of “all for the sake of children’s healthy growth”, the Company always puts teaching quality and reputation first, becoming an education brand in the Greater Bay Area trusted by parents and loved by children.

The Company implements closed-loop management of the entire process of “before class-during class-after class”, and strictly guarantees teaching quality. Before class, the Company 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, the Company assigns 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, the Company uses 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 year, the Company achieved outstanding results across the three key dimensions of teaching effectiveness, operational performance, and brand influence. The teaching effectiveness of its “i01 Programming” products is significant: in CSP competitions, the winning rate of students has remained stable at over 90% for four consecutive years; in provincial-level and above white-listed competitions, the number of award-winning students has grown steadily for three consecutive years, with a winning rate of 83% this year. At the same time, the Company’s overall business achieved steady growth, with operating indicators, for example, number of enrolment and renewal rates reaching record highs for the year, fully demonstrating users’ high recognition for the Company’s teaching quality and service capabilities. The widespread recognition from users and the steady development of the business have also further promoted the enhancement of the Company’s brand influence. During the year, the Company was honored as “Guangdong Top Brand” and was listed on the “KPMG China 5th Consumer 50 List”, underscoring the market’s deep recognition of the Company’s development philosophy, brand value, and comprehensive operational strength.

II. Deepening our presence in the Greater Bay Area and achieving cross-regional growth

In terms of market layout in Guangzhou, thanks to years of continued efforts in Guangzhou, the Company’s teaching quality has earned widespread recognition from parents and students, building a robust brand moat. Leveraging premium offerings and good reputation, the Company has achieved significant improvements in various operational metrics in Guangzhou, including renewal rates and student enrolment.

Moreover, the Company has strategically accelerated its expansion in Shenzhen and Foshan markets. Relying on years of accumulated experience in teaching and research, teacher training and management in Guangzhou, the Company has provided solid talent support for the rapid expansion of Shenzhen and Foshan markets. In line with the unique cultural characteristics and educational policies of Shenzhen and Foshan, the Company has developed locally adapted course systems by delivering high-quality, region-specific 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. Advancing the “ALL IN AI” strategy, with initial results in teaching and operations

During the year, the Company continued to advance the “ALL IN AI” strategy by focusing on the intelligent transformation of educational scenarios. Steady progress was made in the two main areas of empowering personalised teaching and improving efficiency across the full-chain operations, with initial results achieved at an early stage.

On the teaching side, the “Whale Education” was recognised as an “Outstanding Case of High-Quality Development of Private Education in Guangzhou for 2025” in March for its innovative, AI-empowered practices. In August, the Company held an AI offerings launch conference, unveiling offerings including AI learning companions, AI reading, and adaptive learning through the “Whale Education”, initiating a new “teacher-machine-student” education model. Moreover, the Company, together with the School of Artificial Intelligence of South China Normal University, jointly established a practical teaching base to strengthen the foundation for the integration of industry, academia, and research. In December, the academic paper on “Whale Education” titled “Human-Machine Collaboration, Inspiring Thinking and Promoting Learning: Construction and Empirical Research of an Intelligent Tutoring System for English Reading Based on Large Language Models” was presented at the 1st International Conference on New Liberal Arts at The Education University of Hong Kong. The Company, along with experts and scholars from 69 universities and institutions, explored how digital technology is profoundly reshaping academic research paradigms, teaching practices, and social service pathways. During the year, a number of private schools in Guangdong Province have introduced the “Whale Education” system to empower personalised teaching.

On the operation side, the Company has focused on building an organisational culture centered on AI applications, encouraging all employees to learn and apply AI skills in practice, thereby progressively enhancing our AI application capabilities. During the year, the Company launched and applied various tools such as the “AI Diagnostic Tool”, “AI Sales Partner”, and “AI Comprehensive Evaluation for Hong Kong and Macao”, which enhanced the efficiency of the Company’s operation and services while providing users and parents with more personalised, high-quality, and efficient services.

IV. Strengthening talent development to reinforce core competitiveness

In terms of teachers' training, the Company enhances the capabilities of its teaching staff through a comprehensive series of training programs. For new teachers' training, the Company facilitates their rapid development into qualified instructors who possess the Company's core teaching competencies through systematic course delivery, practical teaching exercises, and standardised assessments. For in-service teachers' training, the Company focuses on enhancing professional skills and broadening teaching perspectives, continuously empowering teachers to expand their professional horizons. Meanwhile, the Company adopts the model of "promoting teaching and research through competitions" to facilitate the continuous improvement of teachers' professional competence and teaching standards by organising competitions such as the "17th Problem-Solving Competition" and the "3rd X Factor Competition".

In terms of operational training, the Company provides comprehensive training support for its operational personnel. On the one hand, it involves strengthening the leadership and management capabilities of current and prospective principals. On the other hand, it enhances the professional business expertise of other operational personnel, thereby continuously optimising the service experience at our campus and effectively driving business growth.

In 2024, the Company also launched an equity incentive scheme targeting core talent. The first tranche vesting of granting shares has been completed during the year, effectively stabilising the core talent team and providing talent assurance for long-term development.

V. Focusing on shareholder returns and enhancing investment value

The Company attaches importance to enhancing shareholder returns and investment value. According to the announcement regarding the three-year dividend distribution plan published on 3 January 2025, under which the Company plans to distribute 50%, 60% and 70% of the net profit attributable to the Company's owners for the years 2024 to 2026, respectively, in two installments through final and interim dividends.

During the year, the Company has declared a final dividend of HK\$12.3 cents per share for the year ended 31 December 2024 and an interim dividend of HK\$11.8 cents per share for the six months ended 30 June 2025. Based on the financial position in the second half of 2025, the Board has resolved to pay the final dividend of HK\$11.7 cents per share for the year ended 31 December 2025.

In addition to the stable and sustainable dividend distribution plan, the Company has also proactively repurchased its shares for the purpose of the restricted share unit scheme, conveying its firm confidence in future development to the market. The total amount of share repurchases for the year was approximately HK\$18.68 million.

The Company highly values investor relations management and information disclosure. It maintains close dialogues with investors through various channels, such as results conferences, investor seminars, and offline campus surveys, to provide timely, accurate, and transparent information about the Company, actively responds to investors' concerns, and earnestly listened to opinions and suggestions of shareholders. During the year, the Company's investor relations work was honored with numerous awards such as the "Best Capital Market Communication Award" (最佳資本市場溝通獎), "Best Investor Relations Program" (最佳投資者關係項目), "Most Investment Value Award" (最具投資價值獎) and "Top 100 IRM Companies" (百佳IRM公司).

VI. Fulfilling social responsibility and demonstrating corporate commitment

During the year, the Company actively fulfilled its social responsibilities and carried out various public welfare practices to convey corporate compassion through practical actions. Through its sustained investment in public welfare, the Company was honored on the "2025 Guangzhou Charity Service (2025年廣州慈善服務)" commendation list.

In terms of educational philanthropy, the Company collaborated with charitable organisations on "Happy Day (繽紛同樂日)" volunteer services to help families of children with special needs integrate into the community. Through the "Moss Flower Bloom (苔花開)" charity running project, which operates on the mode of "employee running and corporate donation", we supported the implementation of esthetic education courses for children in rural areas. At the same time, the Company has launched the Beststudy AI innovation practice course and AI general knowledge public lectures for public school students, as well as AI skills training workshops for public school teachers, leveraging the Company's AI technology reserves to empower educational philanthropy in public schools. In terms of emergency responsibility, the Company swiftly responded to the sudden fire disaster in Tai Po, Hong Kong, donating HK\$1 million to support the post-fire relief work.

FUTURE PROSPECTS

I. Focusing on high-quality development and delivering exceptional quality for price

As the industry gradually enters a development stage of standardisation and maturation, market supply is becoming increasingly abundant, while parents' educational needs are growing clearer and more diverse, and the dynamics of the industry is changing accordingly. The core competitiveness of enterprises has gradually focused on teaching and service quality. In response to changes in the industry's development stage, the Company has proactively adapted to trends and established high-quality development as the central theme for future development, addressing market challenges and consolidating the foundation of corporate development through long-term strategic positioning.

Delivering educational services that offer exceptional quality for price is a key driver for the Company in promoting high-quality development. Compared to the traditional concept of "value for price", our "quality for price" consistently prioritises product and service quality. In the future, the Company will focus its efforts in two directions: on one hand, we will increase investment in teaching research and teaching staff, applying AI technology to empower personalised teaching and continuously improve teaching quality; on the other hand, we will deepen the application of AI technology in our operations to continuously enhance organisational efficiency.

II. Promoting the implementation and application of AI in educational scenarios

The Company will continue to promote the application of AI across all business functions, including teaching research, development, and management; marketing; operations management; and talent recruitment and training. For our future development, on one hand, the Company will further upgrade the "Whale Education" with AI, launching more products centered on the new "teacher-machine-student" educational model and exploring their application in our comprehensive talent business. On the other hand, the Company will promote the deep integration of AI into our marketing and operational processes to provide personalised services for users and parents, achieving a dual enhancement of quality and efficiency. At the same time, the Company will proactively foster a positive atmosphere for AI learning and application, continuously enhance the AI learning and application capabilities of all employees, and deepen the implementation of internal intelligent agents and AI assistants.

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

According to the Statistical Communique of the People's Republic of China on the 2024 National Economic and Social Development, Guangdong Province has been the largest province in the PRC in terms of permanent population for 18 consecutive years, with an increase in 740,000 permanent residents. 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 Company will anchor its operations in the core position of the Greater Bay Area, leveraging its existing market foundation and brand advantages to continuously strengthen resource allocation and strategic development in key cities such as Guangzhou, Shenzhen and Foshan. On this basis, the Company will adhere to the principle of prudent and orderly expansion, aligning regional market demands with its overall strategic planning to extend the business coverage in a timely manner, and steadily enhance its overall market position and brand influence in the Greater Bay Area.

IV. Adhering to long-termism to create long-term value

Long-termism is the core philosophy that enables the Company to navigate economic cycles and achieve steady, and it is also the key path through which we create sustainable value. The Company will adhere to long-termism, anchor its effort to the main line of high-quality development, and practice the mission of value creation in all directions.

We will deeply cultivate the essence of education, providing users and parents with products and services that offer exceptional quality for price, while solidifying our core advantages in teaching and service quality. Adhering to a people-oriented approach, we will improve our talent cultivation and development system, build a growth platform for employees and share the achievements of our development to foster a dedicated team with warmth and dynamic. We will uphold a principle of prudent operation, continuously optimising operational quality and efficiency to create long-term value for shareholders through outstanding performance and stable returns. We will earnestly fulfill our social responsibilities, actively participating in philanthropic initiatives to promote balanced educational development and contribute to social progress.

Looking ahead, the Company will embrace long-termism as its core with value creation, innovating while persevering and growing through steady practice, joining hands with all partners to build a bright future of sustainable development.

FINANCIAL REVIEW

Revenue

The following table sets forth a breakdown of the Group's revenue by type of education services we provided in 2025 and 2024:

	For the year ended 31 December		
	2025	2024	Change
	<i>RMB'000</i>	<i>RMB'000</i>	%
Comprehensive talent business	1,501,814	713,434	111.5
Tutoring programs	222,911	181,443	22.9
Full-time test preparation programs	163,179	206,761	(21.1)
Sales of talent education materials	7,145	–	100.0
Others	9,381	363	2,484.3
Total	<u>1,904,430</u>	<u>1,102,001</u>	<u>72.8</u>

During the Reporting Period, the Group's revenue was generated from our principal business amounted to approximately RMB1,904.4 million, representing an increase of 72.8% from approximately RMB1,102.0 million in 2024. Such increase was primarily attributed to: (1) the Company's teaching quality and service capabilities have earned high recognition from clients; and (2) the Company's brand influence in the Greater Bay Area was steadily rising, and remarkable results have been achieved in its cross-regional development.

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 75.8% from approximately RMB591.9 million in 2024 to approximately RMB1,040.6 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 RMB863.9 million, representing an increase of RMB353.8 million from approximately RMB510.1 million in 2024. The Group's gross profit margin in 2024 and during the Reporting Period was 46.3% and 45.4%, respectively.

Other Income

During the Reporting Period, the Group recorded other income in the amount of approximately RMB26.3 million, representing a decrease of 18.8% year-on-year. Other income during the Reporting Period mainly included interest income of approximately RMB22.9 million.

Other Gains and Losses

During the Reporting Period, the Group recorded other losses in the amount of approximately RMB13.8 million, representing an increase of 29.0% year-on-year, which was mainly due to the increased recognition of impairment loss on non-current assets of approximately RMB9.0 million.

Selling Expenses

During the Reporting Period, the Group's total selling expenses increased by 78.7% from approximately RMB76.0 million in 2024 to approximately RMB135.8 million, 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 RMB236.8 million, representing an increase of 68.8% as compared to approximately RMB140.3 million in 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 RMB99.6 million, representing a year-on-year increase of 109.7% as compared to approximately RMB47.5 million in 2024, primarily due to an increase in remuneration of research and development as well as teaching staff with our business expansion.

Impairment Losses (including reversals of impairment losses or impairment gains) on Financial Assets

Such accounting item represents impairment provided for or reversed on financial assets. During the Reporting Period, the Group recognised impairment loss of approximately RMB2.6 million because the recovery of overdue debt instruments fell short of our expectations.

Fair Value Changes on Financial Assets at Fair Value Through Profit or Loss

Loss arising from fair value change on financial assets at fair value through profit or loss of approximately RMB5.7 million in the Reporting Period, such accounting item mainly represented gains and losses from fair value change on debt and equity investments.

Finance Costs

During the Reporting Period, the Group recorded finance costs in the amount of approximately RMB13.5 million, which were primarily attributable to the interest expenses under International Financial Reporting Standards (IFRSs) 16 – Lease.

Income Tax Expense

During the Reporting Period, the Group's income tax expense was approximately RMB77.9 million.

Profit for the Reporting Period

The Group's profit increased from approximately RMB192.3 million in 2024 to approximately RMB302.5 million for the Reporting Period, representing an increase of 57.3%.

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 57.9% from approximately RMB192.8 million in 2024 to approximately RMB304.5 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 IFRSs:

	For the year ended 31 December		
	2025	2024	Change
	RMB'000	RMB'000	%
Net profit	302,464	192,339	57.3
Add:			
Equity-settled share-based compensation costs	2,038	448	354.9
Adjusted net profit	304,502	192,787	57.9

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 31 December 2025, cash and cash equivalents of the Group amounted to RMB823.8 million. Cash at banks bears interest at floating rates based on daily bank deposit rates. Cash and cash equivalents are deposited in creditworthy banks with no recent history of default.

Current and Gearing Ratios

As at 31 December 2025, the current ratio of the Group was approximately 1.19, representing an increase as compared to 0.91 as at 31 December 2024.

As at 31 December 2025, the gearing ratio of the Group was 0.63, which remained stable compared to 0.64 as at 31 December 2024. Gearing ratio is calculated as total liabilities divided by the sum of total equity and total liabilities.

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

As at 31 December 2025, the Group held financial assets comprising (i) debt investments of approximately RMB77.8 million (31 December 2024: approximately RMB104.9 million), in aggregate accounting for 3.4% of the Group's total assets as at 31 December 2025, representing investments in various types of short-term wealth management products issued by financial institutions, unlisted trust plans, asset management plans, funds and corporate debts; and (ii) equity investments of approximately RMB146.8 million (31 December 2024: approximately RMB32.4 million), in aggregate accounting for 6.4% of the Group's total assets as at 31 December 2025, representing investment portfolio of unlisted companies and funds issued by financial institutions.

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

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

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

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

Contingent Liabilities

As at 31 December 2025, the Group did not have material contingent liabilities, guarantees or litigations against the Group.

Pledge of Assets

As at 31 December 2025, the Group did not have any material pledge of assets.

Bank Loans and Other Borrowings

As at 31 December 2025, the Group did not have any bank loans and other borrowings.

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 highly liquid investments of one month time deposits denominated in HK\$. During the Reporting Period, the Group did not experience any significant difficulties in or impacts on its operations or liquidity due to fluctuations in currency exchange rates. The Group did not enter into any financial instrument for hedging purpose.

EVENTS AFTER THE REPORTING PERIOD

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 31 December 2025, the Group had a total of 4,768 (31 December 2024: 3,072) employees. To ensure that the Group is able to attract and retain staff capable of attaining the best performance levels, remuneration packages are reviewed on a regular basis.

We provide regular trainings to the employees in order to improve their skills and knowledge. We also provide on-going trainings 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.

FINAL DIVIDEND

Based on the healthy and stable condition of operation and cash flow, the Board is pleased to recommend the payment of a final dividend of HK\$11.7 cents (2024: HK\$12.3 cents) per ordinary share for the year ended 31 December 2025, accounting for approximately 60.0% of the net profit attributable to owners of the Company for the second half of 2025, with an aggregate amount of approximately RMB90.1 million (2024: approximately RMB96.2 million). Subject to approval at the annual general meeting to be held on 6 May 2026, the said final dividend will be paid on or around 28 May 2026 to shareholders of the Company (the “**Shareholders**”) whose names appear on the register of members of the Company on 18 May 2026.

RESTRICTED SHARE UNIT 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 contributions 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 (the “**Grantees**”), 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, the granted RSUs had been vested 50% in May 2025 and 50% to be vested in May 2026. Based on individual performance and the achievement of the Group’s annual performance, 23,378,046 shares had been actually vested during the Reporting Period (representing approximately 2.76% of the total issued shares of the Company as at 31 December 2025).

During the Reporting Period, Ms. Shaoping Fu (the “**Trustee**”) of the Company purchased a total of 4,010,000 shares in the open market under the RSU Scheme, representing approximately 0.47% of the total issued shares of the Company as at 31 December 2025, at an average consideration of approximately HK\$4.66 per share, totalling approximately HK\$18,677,000 (equivalent to RMB16,979,000). As at 31 December 2025, the Trustee of the Company has held 106,720,909 shares (representing approximately 12.60% of the total issued shares of the Company as at 31 December 2025) under the RSU Scheme, of which 27,550,290 shares (representing approximately 3.25% of the issued shares of the Company as at 31 December 2025) have been vested, pending transfer to the relevant grantees.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a stringent corporate governance standard and recognised the importance of it for enhancing the management of the Company as well as preserving the interests of the Shareholders of the Company 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 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 the 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 of the Company by the Directors and the Group’s senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Company or its securities.

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

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

Other than the shares purchased by the Trustee under the RSU Scheme, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities (including the sale of treasury shares as defined in the Listing Rules) during the Reporting Period. As at 31 December 2025, the Company did not hold any treasury shares as defined in the Listing Rules.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the CG Code. The Audit Committee (the “**Audit Committee**”) of the Company consists of Mr. Jun Gan, Ms. Yu Long and Mr. Wai Ng, with Mr. Jun Gan being the chairman of the Audit Committee.

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

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in this announcement have been agreed by the Group’s auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the Reporting Period as approved by the board of directors on 19 March 2026. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

ANNUAL GENERAL MEETING

The 2026 annual general meeting (the “**AGM**”) will be held on 6 May 2026. Notice of the AGM and all other relevant documents will be published in due course.

CLOSURE OF REGISTER OF MEMBERS

(a) Attending the AGM

The register of members of the Company will be closed from 30 April 2026 to 6 May 2026, both days inclusive, during which period no share transfer will be effected, for the purpose of ascertaining Shareholders' entitlement to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong 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 29 April 2026. The record date is 6 May 2026.

(b) Determining the entitlement to the proposed final dividend

The register of members of the Company will be closed from 13 May 2026 to 18 May 2026, both days inclusive, during which period no share transfer will be effected, for the purpose of determining the Shareholders' entitlement to the proposed final dividend for the year ended 31 December 2025. In order to qualify for the proposed final dividend, all share transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong 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 12 May 2026. The record date is 18 May 2026.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and on the website of the Company at www.zy.com. The annual 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.

APPRECIATION

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

By order of the Board
China Beststudy Education Group
Junjing Tang

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 19 March 2026

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