

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

读书郎

Readboy Education Holding Company Limited

讀書郎教育控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2385)

PROFIT WARNING

This announcement is made by Readboy Education Holding Company Limited (the “**Company**”, together with its subsidiaries and consolidated affiliated entities, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the year ended 31 December 2022 (the “**Relevant Year**”) prepared by the Company’s management and other information currently available to the Board, it is expected that the Group will record a profit attributable to owners of the Company of not more than RMB5.3 million as compared to a profit attributable to owners of the Company of approximately RMB82.1 million for the year ended 31 December 2021, which was primarily attributable to:

- (a) a decrease in revenue of approximately RMB208.0 million or 25.6% for the Relevant Year as compared to the corresponding year in 2021, which was primarily resulted from the decrease in sales of personal student tablets and wearable products due to (i) the intensified COVID-19 pandemic control restrictions in place during the year, affecting our production schedule and the business of our offline distributors; and (ii) the increase of the Group’s investment in digital educational resources, which has increased the content licensing fees, staff cost and bandwidth cost of our costs of sales during the Relevant Year. As a result, our gross profit decreased from approximately RMB169.2 million for the year ended 31 December 2021 to approximately RMB134.2 million for the Relevant Year; and

- (b) an increase in selling and distribution expenses of approximately RMB23.3 million or 32.0% for the Relevant Year as compared to the corresponding year in 2021, which was mainly due to the increased online sales promotion efforts to enhance brand recognition and exposure in conjunction with the launch of new products and the expansion of marketing channels such as social media under the Group's strategy.

An adjusted net profit (as detailed below) amounting to approximately RMB6.3 million was recorded for the Relevant Year as compared to an adjusted net profit of approximately RMB77.0 million for the corresponding year in 2021. Such significant decrease was primarily attributable to the reasons as discussed in (a) and (b) above.

The Board wishes to highlight that “adjusted net profit” is not defined under Hong Kong Financial Reporting Standards (“**HKFRS**”). It is presented the by the Group as profit or loss for the year adjusted by adding back the listing expenses and deducting the changes in fair value of financial assets/liabilities at fair value through profit or loss in connection with shares issued to pre-IPO investors. The management of the Company believes that the presentation of such non-HKFRS measure when shown in conjunction with the corresponding HKFRS measures provides useful information to investors and management.

The use of the non-HKFRS measure has limitations as an analytical tool, and Shareholders and potential investors of the Company should not consider it in isolation or construed as a substitute for analysis of HKFRSs financial measures. In addition, such non-HKFRS measure may not be calculated in the same manner by all companies, and therefore may not be comparable to the same or similarly titled measures presented by other companies.

As at the date of this announcement, the Group is still in the process of finalising the results of the Group for the Relevant Year. The information contained in this announcement is based on a preliminary review of the latest unaudited consolidated management accounts of the Group and the information currently available to the Board, and is not based on any figure or information which has been audited or reviewed by the independent auditors of the Company or the audit committee of the Board, which is subject to finalisation and adjustments, if any. The actual results of the Group for the Relevant Year may differ from the information contained in this announcement.

Shareholders and potential investors are advised to read carefully the Company's announcement regarding the annual financial results of the Group for the Relevant Year, which is expected to be published on or before 28 March 2023.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Readboy Education Holding Company Limited
Qin Shuguang
Chairman

Hong Kong, 22 March 2023

As at the date of this announcement, the Board comprises Mr. Qin Shuguang, Ms. Liu Zhilan and Mr. Deng Denghui as executive Directors; Mr. Chen Zhiyong and Mr. Shen Jianfei as non-executive Directors; and Mr. Li Xinshou, Ms. Kong Fanhua and Prof. Li Renfa as independent non-executive Directors.