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China Science and Education Industry Group Limited

中國科教產業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1756)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED FEBRUARY 28, 2025

The Board is pleased to announce the unaudited consolidated interim results of the Group for the six months ended February 28, 2025, together with comparative figures for the corresponding period in 2024.

HIGHLIGHTS

	As at February 28, 2025	As at February 29, 2024	Change	Percentage change
Number of Schools	3	3	–	–
Student enrollment	56,056	54,077	1,979	3.7%
	Six months Ended February 28, 2025 (RMB'000)	Six months Ended February 29, 2024 (RMB'000)	Change (RMB'000)	Percentage change
Revenue	720,861	640,111	80,750	12.6%
Gross Profit	356,689	344,807	11,882	3.4%
Profit for the period	234,312	219,908	14,404	6.6%
Adjusted net profit ⁽¹⁾	240,984	228,690	12,294	5.4%
Earnings per share (RMB)	0.195	0.183	0.012	6.6%
Gross profit ratio	49.5%	53.9%	(4.4)	
Operating profit ratio	39.7%	44.9%	(5.2)	
Net Profit ratio	32.5%	34.4%	(1.9)	
Adjusted Net Profit ratio ⁽²⁾	33.4%	35.7%	(2.3)	

Notes:

- (1) Adjusted net profit is a non-HKFRSs financial measure, which is derived from the profit for the period after adjusting interest expenses on discount of long-term other borrowings and long-term interest payables due to a related party, interest expenses on discount of compensation payable for the Conversion of Huali College, net exchange gains/(losses) and net fair value gains on investment properties.
- (2) Adjusted net profit ratio under non-HKFRS financial measures for the period is calculated on adjusted net profit under non-HKFRS financial measures for the period divided by revenue for the respective period.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group's revenue mainly represents income derived from tuition fees and boarding fees for the education services provided in the normal course at its PRC operating schools and other education service fees. For the six months ended February 28, 2025, the Group's revenue was approximately RMB720.9 million, representing an increase of approximately 12.6% year-on-year from approximately RMB640.1 million for the corresponding period of last year, which was attributable to the increases in both student enrollment and average tuition fees during the Reporting Period.

Cost of Sales

Cost of sales consists primarily of staff costs, depreciation and amortization, joint tuition support fees, school consumables, property management and maintenance fees, utilities expenses and others. For the six months ended February 28, 2025, the Group's cost of sales amounted to approximately RMB364.2 million, increased by approximately 23.3% year-on-year from approximately RMB295.3 million for the six months ended February 29, 2024.

Gross Profit and Gross Profit Margin

For the six months ended February 28, 2025, the Group recorded a gross profit of approximately RMB356.7 million, representing an increase of approximately 3.4% year-on-year from approximately RMB344.8 million for the six months ended February 29, 2024. For the six months ended February 28, 2025, the Group achieved a gross profit margin of 49.5% representing a decrease of 4.4% year-on-year as compared with the corresponding period of last year. The reduction in gross profit was mainly attributable to the increase in cost of sales, while partially offset by the increasing student enrollment and average tuition fees for the six months ended February 28, 2025.

Selling Expenses

Selling expenses, primarily consisting of marketing staff costs, promotion expenses and other expenses, increased by approximately 33.0% from approximately RMB13.5 million for the six months ended February 29, 2024 to approximately RMB17.9 million for the six months ended February 28, 2025, which was due to an increase in marketing expense for the 2024/2025 academic year.

Administrative Expenses

Administrative expenses primarily consist of administrative staff costs, office expenses, traveling and activities expenses, depreciation of property, plant and equipment relating to office buildings and right-of-use assets, utilities expenses, auditors' remuneration and other miscellaneous expenses. Administrative expenses increased by approximately 39.4%, from RMB58.7 million for the six months ended February 29, 2024 to approximately RMB81.8 million for the six months ended February 28, 2025.

Other Income – Net

Other income – net primarily consists of rental income, catering and relevant service income – net, campus cleaning service income, site use and relevant service income – net, service income of school-enterprise cooperation projects, government subsidies and others. For the six months ended February 28, 2025, the Group recorded other income of approximately RMB27.8 million, representing an increase of approximately 73.6% year-on-year from approximately RMB16.0 million for the six months ended February 29, 2024. Such increase was mainly due to the increase of rental income, catering and relevant service income - net and campus cleaning service income.

Other Gains/(Losses) – Net

Other gains/(losses) – net primarily consists of net fair value gains on investment properties, net exchange gains/(losses), gains/(losses) on disposals of property, plant and equipment and others. For the six months ended February 28, 2025, the Group's other gains – net amounted to approximately RMB1.6 million, representing an increase of approximately RMB2.7 million year-on-year compared with approximately RMB1.1 million of other losses – net for the six months ended February 29, 2024.

Finance Expenses – Net

The Group's finance expenses – net include interest expenses on bank borrowings (after deducting amounts capitalized in the cost of property, plant and equipment), imputed interest expenses on discount of long-term other borrowings and long-term interest payables due to a related party, interest expenses on other borrowings due to the owner of the company, imputed interest expenses on discount of compensation payable for the Conversion of Huali College, interest income generated from bank deposits and others. For the six months ended February 28, 2025, the Group recorded finance expenses of approximately RMB39.7 million, representing a decrease of approximately 20.3% year-on-year as compared with approximately RMB49.8 million for the six months ended February 29, 2024, which was mainly attributable to the

decrease in interest expenses on bank borrowings and imputed interest expenses on discount of long-term payables for property, plant and equipment during the six months ended February 28, 2025. For the six months ended February 28, 2025, the Group recorded finance income of approximately RMB1.3 million, representing a decrease of approximately 53.8% year-on-year as compared with approximately RMB2.8 million for the six months ended February 29, 2024. Such decrease was mainly due to the decrease of interest income.

Profit Before Taxation

For the six months ended February 28, 2025, the Group recorded a profit before taxation of approximately RMB248.0 million, representing an increase of approximately 3.1% year-on-year from approximately RMB240.6 million for the six months ended February 29, 2024.

Taxation

For the six months ended February 28, 2025, the Group recorded approximately RMB13.7 million in taxation, representing a decrease of approximately 33.8% year-on-year from approximately RMB20.7 million for the six months ended February 29, 2024. As at February 28, 2025, the Group did not have any taxation related disputes with any authorities, or any other unresolved taxation issues.

Adjusted Net Profit

Adjusted net profit under non-HKFRSs financial measures is defined as profit for the year attributable to owners of the Company excluding net exchange gains/(losses), imputed interest expenses on discount of long-term other borrowings and long-term interest payables due to a related party, imputed interest expenses on discount of compensation payable for the Conversion of Huali College and net fair value gains on investment properties. As such items are non-recurring in nature and not related to the performance of the Group's operation, the Directors consider that the presentation of the Group's adjusted net profit under non-HKFRSs financial measures by eliminating the impact of certain non-recurring items can reflect the operational performance better during the respective years. Furthermore, the Group's management also uses the non-HKFRSs financial measures to assess the Group's operating performance and formulate business plans. The Group believes that the non-HKFRSs financial measures provide useful information to the investors about its core business operations, which they can use to evaluate the Group's operation.

Adjusted net profit is calculated by adjusting profit for the Reporting Period of approximately RMB234.3 million (six months ended February 29, 2024: approximately RMB219.9 million), including interest expenses on discount of other borrowings and interest payable due to a related party of approximately RMB8.0 million (six months ended February 29, 2024: RMB9.2 million), net exchange gains of approximately RMB26,000 (six months ended February 29, 2024: gains of approximately RMB849,000), interest expenses on discount of compensation payable for the Conversion of Huali College of nil (six months ended February 29, 2024: RMB416,000), and net fair value gains on investment properties of RMB1,319,000 (six months ended February 29, 2024: nil). The Group's adjusted net profit increased by approximately 5.4% from approximately RMB228.7 million for the six months ended February 29, 2024 to approximately RMB241.0 million for six months ended February 28, 2025.

Property, Plant and Equipment

As at February 28, 2025, the Group's property, plant and equipment amounted to approximately RMB5,057.9 million, representing an increase of approximately 3.0% from approximately RMB4,909.9 million recorded as at August 31, 2024. Such increase was a result of the establishment of new campuses in Jiangmen, Guangdong Province, the construction of Jiangmen campus of Huali College.

Capital Expenditures

For the six months ended February 28, 2025, the Group recorded approximately RMB210.6 million in capital expenditures, representing a decrease of approximately 39.0% from approximately RMB345.0 million for the six months ended February 29, 2024, which was mainly due to the decrease in the expenditure for constructing new campus buildings for the six months ended February 28, 2025 as compared with the corresponding period of last year.

Bank Balances and Cash

As at February 28, 2025, the Group had bank balances and cash of approximately RMB404.1 million, representing a decrease of approximately 52.0% from approximately RMB841.4 million as at August 31, 2024. The bank balances and cash level as at August 31 is generally significantly higher than that as at February 28, as the schools of our Group shall receive tuition fees before the commencement of academic year, which is usually in August of each year.

Liquidity, Financial Resources and Debt Ratio

As at February 28, 2025, the Group had liquid funds (representing bank balances and cash) of approximately RMB404.1 million (as at August 31, 2024: RMB841.4 million) and borrowings of approximately RMB1,963.9 million (as at August 31, 2024: RMB2,235.0 million). The Group's debt ratio as at February 28, 2025, represented by borrowings as a percentage of total assets, was 27.3% (as at August 31, 2024: 29.8%).

Foreign Exchange Risk Management

For the Group's operation in the PRC, the major revenue and expenses are denominated in RMB, while there are certain monetary assets and monetary liabilities that are denominated in Hong Kong dollars and United States dollars, which would expose the Group to foreign exchange risk. The Group currently does not have a foreign currency hedging policy. However, the management of the Company monitors foreign exchange exposure and will consider hedging significant foreign currency exposure when such need arises.

Material Acquisitions and Disposals

The Group did not have any material acquisitions or disposals for the six months ended February 28, 2025.

Charge on the Group's Assets

As at February 28, 2025, the Group pledged the charging right of the service fees from Huali Technician College, Huali Vocational College and Huali College, owned by a group entity according to the contractual arrangements and the equity interest of certain group entities as securities for the banking facilities granted to the Group. Save as disclosed above, there was no other material charge on the Group's assets as at February 28, 2025.

Contingent Liabilities

In September, 2024, Huali College and Huali Vocational College were accused by an independent third party, who claimed itself as the service provider of school-enterprise cooperation projects, for a compensation of a total amount of RMB6,930,000 for incurred service fees, corresponding default interests and expected reasonable returns associated with future operations of the school-enterprise cooperation projects. According to the order from the court, the Group's bank deposits of a total amount of RMB6,930,000 have been frozen as a guarantee to execute the potential claim in respect of the case. As at the date of this announcement, the lawsuits are pending for trial. Directors are of the view that the chance of paying such compensation is low based on the information available up to the date of this announcement. Thus, no provision has been made in the Group's interim condensed consolidated financial information during the Reporting Period.

BUSINESS OVERVIEW

We are a leading large-scale private higher education and vocational education group in South China, offering applied science-focused and practice-oriented programs and vocational education and training business. As at February 28, 2025, we had an aggregate of 56,056 students enrolled at our three schools, namely Huali College, Huali Vocational College and Huali Technician College.

Since the establishment of our first school, the Group has been adhering to the socialist modernisation construction of the country, and cultivating specialized talents with high technical skills, applied skills, and high quality on the front line of production and service, who are in great demand in China's economy and society. Our schools offer private higher education and private vocational education in a wide range of fields in applied sciences with an aim to prepare our students with the necessary knowledge base, skill sets and accreditations to secure jobs and pursue careers in particular professions, trades and industries.

Our Schools

We operate three schools in Guangdong Province, all of which grant government accredited degrees or certifications, including:

- Huali College (including Guangzhou campus and Jiangmen campus): an independently established private general undergraduate college, offering four- to five-year undergraduate programs⁽¹⁾ granting bachelor degrees accredited by the MOE;
- Huali Vocational College (including Guangzhou campus and Yunfu campus): a formal higher education institution, offering three-year vocational programs granting junior college diplomas accredited by the MOE; and
- Huali Technician College (including Guangzhou campus, Jiangmen campus and Yunfu campus): a private technician school primarily offering three-year, full-time vocational programs⁽²⁾ granting technician diplomas of Huali Technician College accredited by the Department of Human Resources and Social Security of Guangdong Province and short-term intensive vocational programs.

Notes:

- (1) Generally, Huali College offers four-year undergraduate programs and a five-year undergraduate program in architecture.
- (2) Generally, Huali Technician College offers three-year vocational programs as well as two-, four- and five-year programs to students of different education levels pursuing different types of technician diplomas.

Student Enrollment

As at February 28, 2025, we had an aggregate of 56,056 students⁽¹⁾ enrolled in our three schools, comprising 25,353 students at Huali College, 25,171 students at Huali Vocational College and 5,532 students at Huali Technician College.

School	As at February 28, 2025	As at February 29, 2024	Change	Percentage change
Huali College	25,353	25,183	170	0.7%
– Guangzhou campus	18,987	21,092	(2,105)	(10.0%)
– Jiangmen campus	6,366	4,091	2,275	55.6%
Huali Vocational College	25,171	21,331	3,840	18.0%
– Guangzhou campus	15,630⁽²⁾	13,146 ⁽³⁾⁽⁴⁾	2,484	18.9%
– Yunfu campus	9,541	8,185	1,356	16.6%
Huali Technician College	5,532	7,563	(2,031)	(26.9%)
– Guangzhou campus	4,438	6,784	(2,346)	(34.6%)
– Yunfu campus	153	644	(491)	(76.2%)
– Jiangmen campus	941	135	806	597.0%
Total	56,056	54,077	1,979	3.7%

Notes:

- (1) Including 269 students of Huali Technician College who also take junior college courses at Huali Vocational College (the “**Continuing Education Program**”) and obtain a junior college diploma awarded by Huali Vocational College, subject to, among other things, passing the National Higher Education Entrance Exam for Adults. Each student participating in the Continuing Education Program is required to pay additional tuition fee of RMB3,000 to Huali Vocational College. In order to reflect such business practice, the number of students of Huali Technician College who also participate in the Continuing Education Program was included in the number of students of Huali Vocational College, and the revenue from the additional tuition fees paid for the Continuing Education Program was fully included in the revenue from tuition fees of Huali Vocational College and Huali Technician college.
- (2) Including 269 students of Huali Technician College who also participate in the Continuing Education Program.
- (3) Including 207 students of Huali Technician College who also participate in the Continuing Education Program.
- (4) Including 1,492 students who are social personnel enrolled under the national policy of enrollment expansion of Higher Vocational Education, having passed the exam designed independently by Huali Vocational College. These students shall pay tuition fee of RMB8,000 per academic year to Huali Vocational College, and take junior college courses mainly through on-line and obtain a junior college diploma awarded by Huali Vocational College upon graduation (the “**Enrollment Expansion Program**”).

Tuition Fees, Boarding Fees and other Education Service Fees

For the six months ended February 28, 2025, the Group's schools recorded revenue growth, which was in line with the expansion of its business and student enrollment. Revenue increased from RMB640.1 million for the six months ended February 29, 2024 to RMB720.9 million for the six months ended February 28, 2025. The Group typically charges students fees comprising tuition fees, boarding fees and other education service fees. Tuition fees remained as the Group's major revenue for the six months ended February 28, 2025, accounting for approximately 89.6% of the total revenue of the Group for the six months ended February 28, 2025.

The table below summarizes the amount of revenue generated from the tuition fees and boarding fees charged by the Group for the periods indicated:

	Six months ended February 28, 2025 (RMB'000)	Six months ended February 29, 2024 (RMB'000)	Change (RMB'000)	Percentage change
Tuition fees				
Huali College	401,109	383,872	17,239	4.5%
Huali Vocational College	208,313	161,056	47,256	29.3%
Huali Technician College	36,479	43,004	(6,526)	(15.2%)
	<u>645,901</u>	<u>587,932</u>	57,969	9.9%
Boarding fees				
Huali College	21,767	20,058	1,709	8.5%
Huali Vocational College	5,047	6,125	(1,078)	(17.6%)
Huali Technician College	1,826	266	1,560	586.5%
Huali Investment				
– Huali College	12,057	12,925	(868)	(6.7%)
– Huali Vocational College	12,039	9,165	2,874	31.4%
– Huali Technician College	2,971	3,640	(669)	(18.4%)
	<u>55,707</u>	<u>52,179</u>	3,528	6.8%
Other education service fees	19,253	–	19,253	N/A
Total Revenue	<u>720,861</u>	<u>640,111</u>	80,750	12.6%

The increase in the total revenue of the Group for the six months ended February 28, 2025 was mainly due to the increase in the number of student enrollment and average tuition fees.

The following table sets out the tuition fee rates of our schools for the 2023/2024 and 2024/2025 academic years:

School	Tuition fee rates ⁽¹⁾ in academic year	
	2024/2025	2023/2024
	(RMB)	(RMB)
Huali College		
Four-to five-year undergraduate program ⁽²⁾	30,800-37,800	30,800-37,800
– Guangzhou campus	30,800-37,800	30,800-37,800
– Jiangmen campus	30,800-35,800	30,800-35,800
International program	40,800	40,800
Huali Vocational College		
Three-year junior college program	12,880-23,800	13,800-22,800
– Guangzhou campus	16,880-23,800	17,800-22,800
– Yunfu campus	12,880-19,800	13,800-19,800
Huali Technician College		
Three-year vocational program ⁽³⁾	8,800-15,800	11,500-18,000
– Guangzhou campus	13,500-15,800	11,500-18,000
– Jiangmen campus	8,800-10,800	12,300-13,500

Notes:

- (1) Tuition fee rates shown above for all of our schools are applicable to students admitted in the relevant academic year only.
- (2) Generally, Huali College offers four-year undergraduate programs, and a five-year undergraduate program in architecture.
- (3) Generally, Huali Technician College offers three-year vocational programs, as well as two-, four- and five-year programs to students of different education levels pursuing different types of technician diplomas of Huali Technician College. In addition, we offer students at Huali Technician College a dual-diploma program, in which students are permitted to take junior college courses at Huali Vocational College and obtain a junior college diploma awarded by Huali Vocational College, subject to, among other things, passing the National Higher Education Entrance Exam for adults.

During the six months ended February 28, 2025, our boarding fee rates ranged from RMB1,300 to RMB7,100 per academic year depending on the location, room size and number of students housed in each room.

School Utilization Rate

School utilization rate is calculated by dividing the number of boarding student enrollment in a particular academic year by the school capacity in the same academic year. The school capacity of each campus is calculated by the number of beds available in student dormitories. The following table sets out the school utilization rate of our schools for the 2023/2024 and 2024/2025 academic years:

	School capacity		School utilization rate	
	2024/2025	2023/2024	2024/2025	2023/2024
Total	49,441	51,444	82.2%	81.2%

Awards and Recognitions Received During the Reporting Period

The Company and the three schools received numerous awards and recognitions during the six months ended February 28, 2025 in recognition of the quality of education we provide and the outstanding achievements of our operations. The following table sets forth some of the awards and recognitions we have received:

	Award/Recognition	Awarding Organization(s)	Awarded Entity
December, 2024	2024 Advanced Unit for National Defense Education (2024年國防教育工作先進單位)	Guangdong National Defense Education Society (廣東省國防教育學會)	Huali College
December, 2024	2024 Advanced Unit for National Defense Education (2024年國防教育工作先進單位)	Guangdong National Defense Education Society (廣東省國防教育學會)	Huali Vocational College
December, 2024	2024 Advanced Unit of Vocational Capacity Building in Guangdong Province (2024年度廣東省職業能力建設先進單位)	Guangdong Vocational Capacity Building Association (廣東省職業能力建設協會)	Huali Technician College

OUTLOOK

In light of the new development opportunities in the future of vocational education, the Group must remain steadfast in upholding the founding mission of building a “century-old university” and steadfastly follow the road of high-quality, distinctive development supported by national policies. We will emphasize the “Three Focuses” development strategy:

Optimizing Discipline Planning and Major Integration – Realizing close connection between professional settings and industry needs and cultivate local regional economic-oriented applied talents with high-quality.

Expanding Campus Capacity – Continuously promoting campus construction, upgrading facilities, improving high-quality teaching services, and strengthening brand effect to sustain growth in student enrollment.

Exploring the Second Curve of Vocational Education – Developing diversified non-formal vocational education business to achieve sustainable long-term development.

SIGNIFICANT EVENT AFTER REPORTING PERIOD

There was no significant event affecting the Company nor any of its subsidiaries after the Reporting Period and up to the date of this announcement.

EMPLOYEES AND REMUNERATION POLICIES

Recruitment

We strictly comply with the PRC Labor Law, the PRC Labor Contract Law, the PRC Employment Promotion Law, the PRC Labor Dispute Mediation and Arbitration Law as well as other applicable provincial and local labor laws and regulations in our recruitment process. We prohibit discrimination of staff by age, sex, race, nationality, religion or disability to ensure that everyone has equal employment opportunities and prospects.

We recruit teachers based on the size of our current student enrollment and the number of newly admitted students at the beginning of each academic year. We primarily seek to recruit (i) high quality and experienced teachers who are knowledgeable in both theory and practice and hold the necessary academic credentials and professional qualifications (i.e. diplomas and professional certificates); and (ii) teachers who have work experience in the relevant industries. We also invite industry experts from entities with which we have cooperative relationships to give lectures or teach classes as adjunct faculty members of our schools.

Our schools carry out their recruitment works based on our employee manual and our teachers' recruitment policy, and continuously improve and refine their recruitment processes. We actively approach talents through participating in talent recruitment fairs and industry conferences, and encourage our staff to take advantage of social media to refer and recommend talented candidates to join us. In addition, we provide continuing trainings to our teachers so that they can stay abreast of the changes in market demand, new teaching theories and/or methodologies, changing teaching and testing standards.

Remuneration

As at February 28, 2025, the Group had 3,498 employees (as at February 29, 2024: 2,765). The remuneration packages of the employees of the Group are determined with reference to individual qualification, experience and performance, contribution to the Group, prevailing market rate and our remuneration policy.

The remuneration policy of our schools is formulated under the guidance of PRC laws and is based on industry characteristics as well as various market factors. The staff congress, president's office and board of directors of our schools collectively approve the compensation range of their employees. Our schools determine their respective compensation standards based on employment by function (teachers and administrative personnel) and position. Our schools pay a fixed annual salary to senior management and top talents such as directors, deans/departments heads, administrative heads and professors. Our schools participate in social insurance plans (pension, medical, unemployment, work injury and maternity insurance) under the guidance of the relevant national, provincial and municipalities policies, and provide a variety of benefits for their employees.

INTERIM DIVIDEND

The Board resolves not to declare the payment of any interim dividend for the six months ended February 28, 2025 (six months ended February 29, 2024: Nil).

CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles of the code provisions set out in the CG Code. During the six months ended February 28, 2025, the Company had complied with all the code provisions set out in the CG Code, except for the deviation from code provision C.2.1 of part 2 of the CG Code as described below.

Under code provision C.2.1 of part 2 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Zhang Zhifeng is the chairman of the Board and Chief Executive Officer of the Company. The Board considers that Mr. Zhang Zhifeng is the founder of the Group and has extensive experience in the private higher education industry in the PRC and is responsible for the overall strategic planning and business development of the Group, the Board believes that vesting the roles of both chairman of the Board and Chief Executive Officer in Mr. Zhang Zhifeng provides the Group with strong and consistent leadership to improve the Company's efficiency in decision-making and execution, and effectively capture business opportunities. The Board believes that the balance of power and authority is adequately ensured by the operations of the Board which comprises highly experienced individuals. There are three independent non-executive Directors in the Board. All of them possess adequate independence and therefore the Board considers the Company has achieved balance and provided sufficient protection of its interests.

The Board believes that good corporate governance is essential in enhancing the confidence of the Shareholders, potential investors and business partners and is consistent with the Board's pursuit of value creation for the Shareholders. The Company is committed to enhancing its corporate governance practices appropriate to the conduct and growth of its business and to reviewing such practices from time to time to ensure that the Company complies with the statutory and professional standards and is aligned with the latest development.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as the Group's code of conduct to regulate the securities transactions of the Directors and the relevant employees of the Group who, because of his/her office or employment, is likely to possess inside information in relation to the Group or the Company's securities. Having made specific enquiries, all Directors confirmed that they had complied with the required standards set out in the Model Code throughout the six months ended February 28, 2025. In addition, the Company is not aware of any non-compliance of the Model Code by the relevant employees of the Group during the six months ended February 28, 2025.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including treasury shares (as defined under the Listing Rules)) during the six months ended February 28, 2025.

AUDIT COMMITTEE AND REVIEW OF UNAUDITED CONSOLIDATED FINANCIAL INFORMATION

The Audit Committee consists of three independent non-executive Directors, namely Ms. Chiu Lai Kuen Susanna MH JP (Chairperson), Mr. Yang Ying and Mr. Ding Yi. The main duties of the Audit Committee are to assist the Board in providing an independent review of the completeness, accuracy and fairness of the financial information of the Group, as well as the efficiency and effectiveness of the Group's operations and internal controls. The Audit Committee has reviewed the unaudited consolidated financial statements of the Group for the six months ended February 28, 2025, including the accounting principles and practices adopted by the Group.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cseindustry.com). The interim report of the Company for the six months ended February 28, 2025 will be dispatched to the Shareholders (if requested) and made available on the same websites in due course.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended	
	<i>Note</i>	February 28, 2025 RMB'000 (Unaudited)	February 29, 2024 RMB'000 (Unaudited)
Revenue	6	720,861	640,111
Cost of sales	9	<u>(364,172)</u>	<u>(295,304)</u>
Gross profit		356,689	344,807
Selling expenses	9	(17,912)	(13,471)
Administrative expenses	9	(81,791)	(58,681)
Other income – net	7	27,750	15,985
Other gains/(losses) – net	8	<u>1,629</u>	<u>(1,075)</u>
Operating profit		286,365	287,565
Finance income		1,289	2,788
Finance expenses		<u>(39,658)</u>	<u>(49,782)</u>
Finance expenses – net	10	<u>(38,369)</u>	<u>(46,994)</u>
Profit before income tax		247,996	240,571
Income tax expenses	11	<u>(13,684)</u>	<u>(20,663)</u>
Profit for the period		234,312	219,908
Other comprehensive income		1,953	–
Total comprehensive income for the period		236,265	219,908
Profit and other comprehensive income attributable to:			
– Owners of the Company		<u>236,265</u>	<u>219,908</u>
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)			
Basic and diluted	12	<u>0.195</u>	<u>0.183</u>

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	<i>Note</i>	As at February 28, 2025 <i>RMB'000</i> (Unaudited)	As at August 31, 2024 <i>RMB'000</i> (Audited)
ASSETS			
Non-current assets			
Right-of-use assets		1,346,523	1,369,868
Property, plant and equipment		5,057,859	4,909,887
Investment properties		231,000	223,800
Intangible assets		8,579	10,984
Deferred income tax assets		20	12
Prepayments		69,178	91,467
		<u>6,713,159</u>	<u>6,606,018</u>
Current assets			
Prepayments		6,241	4,693
Trade and other receivables	13	35,270	31,765
Amounts due from related parties		23,836	16,931
Restricted cash		8,470	498
Cash and cash equivalents		395,654	840,875
		<u>469,471</u>	<u>894,762</u>
Total assets		<u><u>7,182,630</u></u>	<u><u>7,500,780</u></u>
EQUITY			
Share capital and share premium		603,188	603,188
Statutory surplus reserves		140,765	140,765
Other reserves		414,352	416,362
Retained earnings		2,892,051	2,657,739
Total equity		<u><u>4,050,356</u></u>	<u><u>3,818,054</u></u>

		As at February 28, 2025 RMB'000 (Unaudited)	As at August 31, 2024 RMB'000 (Audited)
	<i>Note</i>		
LIABILITIES			
Non-current liabilities			
Borrowings		1,831,529	1,944,161
Lease liabilities		3,204	3,195
Accruals and other payables	14	30,521	29,821
Deferred income tax liabilities		62,931	58,433
		<u>1,928,185</u>	<u>2,035,610</u>
Current liabilities			
Accruals and other payables	14	321,503	336,017
Amounts due to related parties	14	22,581	20,277
Contract liabilities		716,415	981,505
Current income tax liabilities		10,376	17,656
Deferred revenue		279	279
Lease liabilities		555	532
Borrowings		132,380	290,850
		<u>1,204,089</u>	<u>1,647,116</u>
Total liabilities		<u>3,132,274</u>	<u>3,682,726</u>
Total equity and liabilities		<u>7,182,630</u>	<u>7,500,780</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 GENERAL INFORMATION

China Science and Education Industry Group Limited (the “**Company**”, formerly known as China Vocational Education Holdings Limited) was incorporated in the Cayman Islands on May 24, 2016, as an exempted company with limited liability under the Companies Act (as revised) of the Cayman Islands. The address of the Company’s registered office is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, the Cayman Islands. The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in providing private tertiary education services, including tuition services and student accommodation services in the People’s Republic of China (the “**PRC**”).

The ultimate holding company of the Company is HL-Diamond Limited. The directors of the Company (“**Directors**”) consider the ultimate controlling party to be Mr. Zhang Zhifeng, who is also an executive director, the chairman of the board of Directors and chief executive officer of the Company (the “**Owner**”).

The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since November 25, 2019.

This interim condensed consolidated financial information (the “**Interim Financial Information**”) is presented in Renminbi (“**RMB**”), unless otherwise stated. The Interim Financial Information was approved for issue by the board of Directors on April 28, 2025 and has not been audited.

2 BASIS OF PREPARATION

This Interim Financial Information for the six months ended February 28, 2025 has been prepared in accordance with Hong Kong Accounting Standard 34, “Interim financial reporting” issued by Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). This Interim Financial Information should be read in conjunction with the annual consolidated financial statements for the year ended August 31, 2024 (“**2024 Financial Statements**”) and any public announcement made by the Company during the six months ended February 28, 2025.

As at February 28, 2025, the Group’s current liabilities exceeded its current assets by RMB734,618,000. The Group’s total borrowings as at February 28, 2025 amounted to RMB1,963,909,000, and RMB132,380,000 was repayable within the coming twelve months (included in current liabilities) and interest payable amounting to RMB59,006,000 is expected to be accrued and paid within the coming twelve months, while its cash and cash equivalents amounted to RMB395,654,000 as at the same date. The Group also had significant capital commitment in relation to construction of property, plant and equipment out of which RMB314,893,000 was expected to be incurred within the coming twelve months.

In view of such circumstances, the Directors have given careful consideration to the future liquidity and operating performance of the Group and its available source of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. The Directors have reviewed a cash flow projection of the Group prepared by management covering a period of not less than twelve months from February 28, 2025 taking into account of (1) the Group's unutilised long-term bank facilities of approximately RMB417,583,000 for its capital expenditure and RMB200,000,000 for its working capital respectively as at February 28, 2025; and (2) the Group's unutilised uncommitted general and revolving facilities of totalling RMB250,000,000 which will be valid till February 16, 2027 as at February 28, 2025.

The Group maintains regular communication with its banks and the Directors are confident that the Group is able to comply with the bank covenants of its existing bank facilities and such bank facilities will continue to be available to the Group.

The Directors are of the opinion that, taking into account the Group's available internal financial resources, the Group's expected net cash inflows from its operating activities and the continuous availability of the Group's bank facilities, the Group will have sufficient financial resources to fulfil its financial obligations as and when they fall due in the coming twelve months from February 28, 2025. Accordingly, the interim condensed consolidated financial information has been prepared on a going concern basis.

3 MATERIAL ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the previous financial year and corresponding interim reporting period, except for the estimation of income tax as disclosed in Note 11.

(a) New and amended standards adopted by the Group

The Group has applied the following amendments or annual improvements for the first time for their annual reporting period commencing September 1, 2024:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants
Amendments to Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKFRS 16	Lease Liability in Sale and Leaseback
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

- (b) Certain new accounting standards and interpretations have been published that are not mandatory for February 28, 2025 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions:

		Effective for accounting periods beginning on or after
Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability	January 1, 2025
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	January 1, 2026
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards — Volume 11	January 1, 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027
Amendments to HK Int 5	Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	January 1, 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	January 1, 2027
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

HKFRS 18 will replace HKAS 1 Presentation of Financial Statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the consolidated statements of profit or loss and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements. The Group expects to apply the new standard from its mandatory effective date of January 1, 2027. Retrospective application is required, and so the comparative information for the financial year ending August 31, 2027 will be restated in accordance with HKFRS 18.

Except for the abovementioned changes in presentation and disclosure, these pronouncements are not expected to have a material impact on the results or the financial position of the Group.

4 ESTIMATES AND ASSUMPTION

The preparation of the Interim Financial Information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this Interim Financial Information, the significant judgments were made by management in applying the Group's accounting policies and the key sources of estimation. Estimates and assumption were the same as those that applied to the 2024 Financial Statements.

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow interest rate risk and fair value interest rate risk) and liquidity risk.

This Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the 2024 Financial Statements.

There have been no changes in any risk management policies during the six months ended February 28, 2025.

5.2 Liquidity risk

To manage the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group expects continue to fund its future cash flow needs through internally generated cash flows from operations and borrowings from financial institutions.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year <i>RMB'000</i>	Between 1 and 2 years <i>RMB'000</i>	Between 2 and 5 years <i>RMB'000</i>	Over 5 years <i>RMB'000</i>	Total <i>RMB'000</i>
As at February 28, 2025 (Unaudited)					
Borrowings (principal plus interests)	191,386	483,475	781,991	853,909	2,310,761
Accruals and other payables (excluding non-financial liabilities)	292,462	–	34,945	–	327,407
Amounts due to related parties	22,581	–	–	–	22,581
Lease liabilities	866	810	1,265	1,509	4,450
Total	507,295	484,285	818,201	855,418	2,665,199
As at August 31, 2024 (Audited)					
Borrowings (principal plus interests)	371,319	269,116	1,046,234	940,167	2,626,836
Accruals and other payables (excluding non-financial liabilities)	297,265	–	34,945	–	332,210
Amounts due to related parties	20,277	–	–	–	20,277
Lease liabilities	670	674	1,422	1,724	4,490
Total	689,531	269,790	1,082,601	941,891	2,983,813

5.3 Fair value estimation

Financial instruments carried at fair value or where fair value was disclosed can be categorised by levels of the inputs to valuation techniques used to measure fair value. The inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The carrying amounts of the Group's financial assets including cash and cash equivalents, restricted cash, trade and other receivables, amounts due from related parties and financial liabilities including current accruals and other payables, current amounts due to related parties, and current borrowings, approximate their fair values due to their short maturities. The fair values of non-current bank borrowings and other borrowings due to the controlling shareholder of the Company are estimated based on discounted cash flow using the prevailing market rates of interest available to the Group for financial instruments with substantially the same terms and characteristics at the respective balance sheet dates. The carrying amount of the Group's non-current accruals and other payables and non-current other borrowings due to a related party also approximate their fair values because they are recognised by taking into account the imputed interest rates.

6 SEGMENT INFORMATION

The Group is principally engaged in provision of private tertiary education and ancillary services in the PRC. The Group's chief operating decision-maker ("CODM") has been identified as the executive directors who consider the business from the service perspective.

Information reported to the CODM, for the purpose of resource allocation and assessment of segment performance, is on a school-by-school basis. Each individual school constitutes an operating segment. The services provided and type of customers are similar in each operating segment, and each operating segment is subject to similar regulatory environment. Accordingly, their segment information is aggregated as a single reportable segment. CODM assesses the performance of the reportable segment based on the revenue and gross profit for the period of the Group as presented in the consolidated statements of comprehensive income. No analysis of the Group's assets and liabilities is regularly provided to the management of the Group for review.

Approximately 99.8% of the carrying values of the Group's assets are situated in the PRC mainland. All of the Group's revenue are derived from activities in, and from customers located in the PRC mainland and no geographical segment analysis is prepared.

Revenues for the six months ended February 28, 2025 and February 29, 2024 are as follows:

	Six months ended	
	February 28, 2025	February 29, 2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Recognised over time		
– Tuition fees (i)	645,901	587,932
– Boarding fees (i)	55,707	52,179
– Other education service fees (ii)	19,253	–
	<u>720,861</u>	<u>640,111</u>

- (i) Tuition fees and boarding fees are recognised proportionately over each school year.
- (ii) Other education service fees mainly represented the income received from the provision of other education services including training services to students, which was recognised overtime, i.e., during the training periods, of the services rendered.
- (iii) No customers individually accounted for more than 10% of the Group's revenue during the six months ended February 28, 2025 and February 29, 2024.

7 OTHER INCOME – NET

	Six months ended	
	February 28, 2025	February 29, 2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Rental income	17,264	5,445
Catering and relevant service income – net	3,085	–
Campus cleaning service income	3,167	–
Site use and relevant service income – net	1,400	7,716
Service income of school-enterprise cooperation projects	885	1,728
Government subsidies	576	283
Others – net	1,373	813
	<u>27,750</u>	<u>15,985</u>

8 OTHER GAINS/(LOSSES) – NET

	Six months ended	
	February 28, 2025	February 29, 2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Net fair value gains on investment properties	1,319	–
Gains/(losses) on disposals of property, plant and equipment	104	(701)
Net exchange gains/(losses)	26	(93)
Others	180	(281)
	<u>1,629</u>	<u>(1,075)</u>

9 EXPENSES BY NATURE

	Six months ended	
	February 28, 2025	February 29, 2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Employee benefit expenses	229,445	165,849
Depreciation of property, plant and equipment	101,577	82,523
Depreciation of right-of-use assets	22,067	21,239
School consumables	14,156	16,188
Property management fees	17,160	15,530
Marketing expenses	4,038	8,459
Utilities expenses	10,389	8,129
Office expenses	9,185	7,761
Joint tuition support fees (Note a)	175	7,205
Travel and activities expenses	9,073	7,469
Training expenses	3,566	5,271
Maintenance fees	10,595	3,465
Amortization of intangible assets	3,162	3,217
Other taxes	2,942	2,057
Allowance granted to students	6,463	2,007
Consultancy and professional service fees	2,532	1,610
Insurance expenses	1,247	1,176
Rental expenses	2,663	372
Other expenses	13,440	7,929
	<u>463,875</u>	<u>367,456</u>
Total cost of sales, selling expenses and administrative expenses	463,875	367,456

- (a) Huali College entered into an agreement of Cooperation with Guangdong University of Technology, the joint sponsor of Huali College, under which the Group would pay joint tuition support fees to Guangdong University of Technology in each academic year based on 17% of the tuition income from students covered by the agreement of Huali College. The Group expects that the agreement will remain enforceable until the completion of the Transitional Cooperation Agreement of Huali College, which has set out certain arrangements in relation to the management of Huali College during the transitional period of Conversion of Huali College.

10 FINANCE EXPENSES – NET

	Six months ended	
	February 28, 2025 RMB'000 (Unaudited)	February 29, 2024 RMB'000 (Unaudited)
Finance income:		
– Bank interest income	1,289	2,788
Finance expenses:		
– Interest expenses on bank borrowings	(29,860)	(44,234)
– Imputed interest expenses on discount of long-term other borrowings and long-term interest payables due to a related party	(8,017)	(9,215)
– Interest expenses on discount of long-term payable for property, plant and equipment	(700)	(2,184)
– Net exchange gains on bank borrowings	–	942
Less: interest expenses capitalised in property, plant and equipment	2,208	5,405
– Imputed interest expenses on discount of compensation payable for the Conversion of Huali College	–	(416)
– Interest expense for lease liabilities	(88)	(80)
– Interest expenses on other borrowings due to the owner of the company	(3,201)	–
	<u>(39,658)</u>	<u>(49,782)</u>
Net finance expenses	<u>(38,369)</u>	<u>(46,994)</u>

11 INCOME TAX EXPENSES

(a) Cayman Islands profits tax

The Company and its direct subsidiary were incorporated in the Cayman Islands as exempted companies with limited liability under the Companies Act as revised of the Cayman Islands and accordingly, are exempted from income tax.

(b) Hong Kong profits tax

No provision for Hong Kong profits tax was provided as the Group did not have assessable profits in Hong Kong during the six months ended February 28, 2025 and February 29, 2024.

(c) PRC corporate income tax (“CIT”)

The CIT rate applicable to the Group’s entities located in the Mainland China (the “**PRC entities**”) is 25% according to the Corporate Income Tax Law of the People’s Republic of China effective on January 1, 2008.

According to the Implementation Rules for the Law for Promoting Private Education (the “**Implementing Rules**”), private schools, whether requiring reasonable returns or not, may enjoy preferential tax treatment. The Implementing Rules provide that the private schools for which the sponsors do not require reasonable returns are eligible to enjoy the same preferential tax treatment as public schools, and relevant authorities under the State Council may introduce preferential tax treatments and related policies applicable to private schools requiring reasonable returns. Despite the fact that no separate policies, regulations or rules have been introduced by the authorities during the period and up to date of this announcement, based on the historical tax returns filed to the relevant tax authorities, the colleges within the Group have historically enjoyed preferential tax treatment since their establishment.

Management considered that no CIT would be imposed by the local tax bureau on the income from provision of formal educational services based on the PRC relevant tax regulation. As a result, no income tax expense was recognised for the income from the provision of educational services in respect of the PRC Operating Entities during the period.

Certain wholly-owned subsidiaries of the Group in the PRC enjoy the preferential income tax treatment for Small and Micro Enterprise with the income tax rate of 20% and are eligible to have their tax calculated based on 25% of their taxable income. Guangdong Shengli Technology Company Limited and Guangdong Huashi Education Support Service Company Limited enjoy the preferential income tax rate of 15% based on the relevant tax preferential policy granted to Ruyuan Yao Autonomous County. The applicable tax rate for Guangdong Huali Technology Company Limited is 12% as they enjoy both preferential income tax treatment for Small and Micro Enterprise and preferential policy granted to Ruyuan Yao Autonomous County at the same time.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. The Group is liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated in the periods subsequent to January 1, 2008.

(d) United States of America (“USA”) corporate income tax

No provision for USA corporate income tax was provided as the Group did not have assessable profits in USA during the period.

- (e)** Income tax expenses recognised based on management’s estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the six months ended February 28, 2025 is 4.1% (six months ended February 29, 2024: 9.1%).

Analysis of the Group’s Income tax expenses:

	Six months ended	
	February 28, 2025	February 29, 2024
	RMB’000	RMB’000
	(Unaudited)	(Unaudited)
Current tax on profits for the period (i)	9,845	21,728
Current withholding tax (iii)	–	1,500
Deferred income tax (ii)	395	183
Deferred withholding tax (iii)	3,444	(2,748)
	<u>13,684</u>	<u>20,663</u>

- (i) Current tax on profits for the year mainly represent tax imposed on other education service fees, site-use service income, rental income and joint tuition income earned by the colleges of the Group and service income earned by wholly foreign owned subsidiaries of the Group from the PRC Operating Entities and dormitory management fee earned by Huali Investment from the PRC Operating Entities.
- (ii) Deferred income tax mainly represents tax on the revaluation gains of investment properties, right-of-use assets and lease liabilities and temporary differences on the recognition of rental income.

- (iii) During the six months ended February 28, 2025, certain wholly foreign owned subsidiaries of the Company (“WFOEs”) realised profits and RMB3,444,000 on the deferred income tax liabilities was recognised accordingly. As at February 28, 2025, deferred income tax liabilities of RMB10,006,000 (August 31, 2024: RMB6,562,000) was recognised on the temporary differences arising from the earnings earned by WFOEs from the PRC Operating Entities.

As at February 28, 2025 and August 31, 2024, deferred income tax liabilities of RMB228,735,000 and RMB212,646,000 have not been recognised for the withholding tax that would be payable on the unremitted earnings amounted to RMB3,049,804,000 and RMB2,835,280,000 of the PRC Operating Entities, respectively. Such earnings are expected to be retained by the PRC Operating Entities for reinvestment purposes and would not be remitted to the school sponsor in the foreseeable future based on management’s estimation of overseas funding requirements.

12 EARNINGS PER SHARE

(a) Basic

The basic earnings per share is calculated on the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six months ended February 28, 2025 and February 29, 2024.

	Six months ended	
	February 28, 2025 (Unaudited)	February 29, 2024 (Unaudited)
Profit attributable to owners of the Company (RMB’000)	234,312	219,908
Weighted average number of ordinary shares in issue (thousands shares)	1,200,000	1,200,000
Basic earnings per share (expressed in RMB per share)	<u>0.195</u>	<u>0.183</u>

(b) Diluted

Diluted earnings per share presented is the same as the basic earnings per share as there were no potentially dilutive ordinary shares issued during the six months ended February 28, 2025 and February 29, 2024.

13 TRADE AND OTHER RECEIVABLES

	As at February 28, 2025 <i>RMB'000</i> (Unaudited)	As at August 31, 2024 <i>RMB'000</i> (Audited)
Trade receivables		
– Tuition fees receivables from students	9,436	4,747
– Government subsidies receivables granted to students for tuition fees deduction	7,449	–
– Boarding fees receivables from students	128	91
	<u>17,013</u>	<u>4,838</u>
Other receivables		
– Receivables for rental income	6,396	3,087
– Utilities receivables from campus logistics service providers	4,379	5,378
– Other tax deductible	1,429	–
– Tuition fees receivables from financial institution	11	6,341
– Catering fees receivable	299	7,068
– Others	5,743	5,053
	<u>18,257</u>	<u>26,927</u>
	<u>35,270</u>	<u>31,765</u>

As at February 28, 2025 and August 31, 2024, the aging analysis of the trade receivables based on the revenue recognition date is as followings:

	As at February 28, 2025 <i>RMB'000</i> (Unaudited)	As at August 31, 2024 <i>RMB'000</i> (Audited)
Less than 1 year	16,563	4,629
1 to 2 years	378	181
2 to 3 years	72	28
	<u>17,013</u>	<u>4,838</u>

All trade and other receivables of the Group were denominated in RMB as at February 28, 2025 and August 31, 2024.

As at February 28, 2025 and August 31, 2024, the Group's maximum exposure to credit risk was the carrying value of each class of trade and other receivables mentioned above. The Group does not hold any other collateral as security.

Management has closely monitored the credit qualities and the collectability of these receivables and considers that the expected credit risks of them are minimal in view of the history of cooperation with them and forward looking information. The loss allowance provision for these balances was not material and no provision was recorded during the six months ended February 28, 2025 and the year ended August 31, 2024.

As at February 28, 2025 and August 31, 2024, the fair values of trade and other receivables approximate their carrying amounts.

14 ACCRUALS AND OTHER PAYABLES AND AMOUNTS DUE TO RELATED PARTIES

	As at February 28, 2025 <i>RMB'000</i> (Unaudited)	As at August 31, 2024 <i>RMB'000</i> (Audited)
Payables for construction and purchase of non-current assets	223,513	205,797
Government subsidies payable to students	50,055	52,276
Payable for joint tuition support fees (Note a)	5,934	14,386
Employee benefits payables	23,532	33,631
Interest payable	8,785	9,641
Payables for canteen suppliers	6,099	6,081
Other taxes payable	5,509	5,121
Miscellaneous fee received from students	4,139	15,624
Payables for utilities expenses	5,433	5,728
Payables for property management service	6,684	6,317
Others	12,341	11,236
	<u>352,024</u>	<u>365,838</u>
Less: non-current portion		
Payable for construction of non-current assets	<u>(30,521)</u>	<u>(29,821)</u>
Current portion	<u>321,503</u>	<u>336,017</u>
Amounts due to related parties		
– Current	<u>22,581</u>	<u>20,277</u>

- (a) As at February 28, 2025 and February 29, 2024, the aging of the payable for joint tuition support fees was within one year.

15 CAPITAL COMMITMENTS

As at February 28, 2025 and August 31, 2024, the Group had the following capital commitments on construction and purchase of property, plant and equipment:

	As at February 28, 2025 <i>RMB'000</i> (Unaudited)	As at August 31, 2024 <i>RMB'000</i> (Audited)
Contracted but not provided for	<u>314,893</u>	<u>457,587</u>

DEFINITIONS

“academic year(s)”	the academic year for all our school, which generally starts on September 1 of each calendar year and ends on August 31, of the next calendar year
“Audit Committee”	the audit committee of the Board
“Board”	the board of directors of the Company
“BVI”	The British Virgin Islands
“CG Code”	the Corporate Governance Code contained in Appendix C1 to the Listing Rules
“China” or “PRC”	the People’s Republic of China and for the purposes of this announcement only, except where the context requires otherwise, references to China or the PRC exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“Company”	China Science and Education Industry Group Limited (中國科教產業集團有限公司, formerly known as China Vocational Education Holdings Limited (中國職業教育控股有限公司)), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board (stock code: 1756)
“consolidated affiliated entities”	the entities the Company controls through the structured contracts as further elaborated in the section headed “Structured Contracts” in the Prospectus, namely Huali Investment, Huali College, Huali Vocational College and Huali Technician College, and each a “consolidated affiliated entity”
“Conversion of Huali College”	the conversion of Huali College from a private independent college into an independently established private general undergraduate college in the PRC
“Director(s)”	the director(s) of the Company

“Group”, “We”, “us”, or “our”	the Company, its subsidiaries and its consolidated affiliated entities
“HKFRSs”	Hong Kong Financial Reporting Standards
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Huali College”	Guangzhou Huali College (廣州華立學院) (formerly known as Huali College Guangdong University of Technology (廣東工業大學華立學院)), a private independent college established under the laws of the PRC on January 1, 2006, was converted into an independently established private general undergraduate college with the official approval by MOE in May 2021, and a consolidated affiliated entity of the Company
“Huali Education”	Huali Education Holdings Limited, a limited liability company incorporated in BVI and wholly owned by Trust Co
“Huali Investment”	Guangzhou Huali Investment Company Limited (廣州華立投資有限公司), being the School Sponsor of each of the PRC Operating Entities, a company established in the PRC with limited liability on June 15, 1999 and a consolidated entity of the Company
“Huali Technician College”	Guangdong Province Huali Technician College (廣東省華立技師學院), a private tertiary vocational school established under the laws of the PRC on August 20, 2003, of which the School Sponsor’s interest is wholly owned by Huali Investment, and a consolidated affiliated entity of the Company
“Huali Vocational College”	Guangzhou Huali Science and Technology Vocational College (廣州華立科技職業學院), a formal higher education institution established under the laws of the PRC on July 19, 2005, of which the School Sponsor’s interest is wholly owned by Huali Investment, and a consolidated affiliated entity of the Company

“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the Main Board of the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
“MOE”	the Ministry of Education of the PRC (中華人民共和國教育部)
“PRC Operating Entities”	the Company’s consolidated affiliated entities, namely, Huali College, Huali Vocational College and Huali Technician College
“Prospectus”	the prospectus of the Company dated November 14, 2019
“Reporting Period”	the six months ended February 28, 2025
“RMB”	Renminbi, the lawful currency of the PRC
“School Sponsor(s)”	the individual(s) or entity(ies) that funds or holds interests in an educational institution
“Shareholder(s)”	holder(s) of the Share(s)
“Shares”	ordinary shares in the Company of par value US\$0.0001 each
“South China”	Guangdong Province, Guangxi Province and Hainan Province of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto in section 15 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)

“Trust Co”	Huali-Diamond Limited, a holding vehicle incorporated in BVI indirectly controlled by UBS Trustee (B.V.I.) Limited, the trustee of HL-Diamond Trust, to hold the entire issued share capital of Huali Education
“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent

The English names of the PRC entities (including schools), PRC laws or regulations, and the PRC government authorities referred to in this announcement are merely translations from their Chinese names and are for identification purposes. If there is any inconsistency, the Chinese names shall prevail.

By order of the Board
China Science and Education Industry Group Limited
Zhang Zhifeng
Chairman

Hong Kong, April 28, 2025

As at the date of this announcement, the executive directors of the Company are Mr. Zhang Zhifeng, Mr. Ye Yaming, Mr. Zhang Yude and Mr. Zou Kang; and the independent non-executive directors of the Company are Ms. Chiu Lai Kuen Susanna MH JP, Mr. Yang Ying and Mr. Ding Yi.