中國教育集團控股有限公司
CHINA EDUCATION GROUP HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

Stock Code : 839

INTERIM REPORT 2024/2025

To Pioneer Excellence and Innovation In Education

Our Mission

Preparing students for success through Excellence and Innovation in Education

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Dr. Yu Kai *(Co-chairman and Chief Executive Officer)*
Mr. Wang Rui *(Co-chairman)*

Independent Non-Executive Directors

Dr. Gerard A. Postiglione
Dr. Rui Meng
Dr. Wu Kin Bing

AUDIT COMMITTEE

Dr. Rui Meng *(Chairman)*
Dr. Gerard A. Postiglione
Dr. Wu Kin Bing

REMUNERATION COMMITTEE

Dr. Gerard A. Postiglione *(Chairman)*
Dr. Yu Kai
Dr. Rui Meng

NOMINATION COMMITTEE

Dr. Yu Kai *(Chairman)*
Dr. Gerard A. Postiglione
Dr. Wu Kin Bing

COMPANY SECRETARY

Mr. Chan Yuen Fung

AUTHORISED REPRESENTATIVES

Dr. Yu Kai
Mr. Chan Yuen Fung

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors
35/F, One Pacific Place
88 Queensway
Hong Kong

REGISTERED OFFICE IN CAYMAN ISLANDS

Walkers Corporate Limited
190 Elgin Avenue
George Town
Grand Cayman KY1–9008
Cayman Islands

PRINCIPAL OFFICE IN HONG KONG

Unit 1202, 12/F, Standard Chartered Bank Building
4–4A Des Voeux Road Central
Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Walkers Corporate Limited
190 Elgin Avenue
George Town
Grand Cayman KY1–9008
Cayman Islands

Corporate Information

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor
Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East, Wanchai
Hong Kong

COMPANY WEBSITE

www.chinaeducation.hk

STOCK CODE

839

To Pioneer
Excellence and Innovation
In Education

Management Discussion and Analysis

BUSINESS OVERVIEW

The Group is a leading provider of vocational education services. The Group is committed to developing more high-quality skilled professionals and enhancing the core competencies of vocational schools by cultivating a "dual-qualified" teaching workforce, establishing open regional academia-industry practice centers, expanding student development pathways, and innovating international exchange and cooperation mechanisms. The Group's education management system has received ISO-9001 certification, and Deloitte has named the Group one of China's "Best Managed Companies" for six consecutive years. The Group operates in China, Australia, and the United Kingdom and has been listed on the main board of the Hong Kong Stock Exchange since 2017. The World Bank Group has designated the Group as an "inclusive business" due to its successful promotion of social equity.

During the reporting period, the Group closely aligned with national strategic requirements, committed itself to high-quality education and internal development, and enhanced the ecosystem of industry-education integration, thus continuously strengthening its core competitiveness. Through initiatives such as enhancing the development of a "dual-qualified" teaching workforce, modernizing curriculum frameworks, comprehensively promoting the deep integration of artificial intelligence and education and teaching, constructing open regional centers for industry-education integration, broadening pathways for student development, and innovating mechanisms for international exchange and cooperation, the Group has systematically upgraded the key competencies of its vocational institutions, consistently delivering highly skilled technical talents to society. Furthermore, the Group has continuously increased investments in campus infrastructure and research, actively supporting its undergraduate institutions in their applications for master's degree awarding rights, thereby further enhancing their academic reputation and attractiveness.

Looking ahead, the Group remains optimistic about the long-term prospects of the education industry. The ongoing demand for high-quality education and vocational training aligns closely with national development strategies and individual career aspirations. Guided by the philosophy of "leading excellence and innovation in education" and driven by clear strategic planning, continuous innovation, and exceptional adaptability, the Group is confident it will maintain its leadership position in the evolving educational landscape. The Group aims to achieve transformative growth, cultivate strategic emerging talents aligned with contemporary development needs, and create sustained long-term value for students, faculty, shareholders, and all stakeholders.

Financing from the Asian Development Bank (ADB) and the Asian Infrastructure Investment Bank (AIIB)

On 28 November 2024, the Company as borrower entered into a loan agreement and related financing documents with ADB as lender in relation to a facility of up to RMB284,900,000 with a term of up to 60 months; and Yantai Institute of Science and Technology ("Yantai Institute"), a subsidiary of the Company, as borrower entered into a loan agreement and related financing documents with ADB as lender in relation to a facility of up to RMB569,800,000 with a term of up to 84 months (the "ADB Facilities").

On 28 November 2024, Yantai Institute as borrower entered into a loan agreement and related financing documents with AIIB as lender in relation to a facility of up to RMB574,728,000 with a term of up to 84 months (the "AIIB Facility").

Further details of the ADB Facilities and AIIB Facility are set out in the announcement of the Company dated 28 November 2024.

Management Discussion and Analysis

FINANCIAL REVIEW

The financial results for the six months ended 28 February 2025 and 29 February 2024 are as follows:

	Six months ended		
	28 February 2025 *RMB million*	29 February 2024 *RMB million*	**Change** *Percentage*
Revenue	**3,673**	3,284	+11.8%
Cost of revenue	**(1,695)**	(1,445)	+17.3%
Gross profit	**1,978**	1,839	+7.6%
Other income	**207**	201	+3.0%
Selling expenses	**(95)**	(89)	+6.7%
Administrative expenses	**(566)**	(476)	+18.9%
Operating profit	**1,524**	1,475	+3.3%
Investment income	**53**	54	–1.9%
Other gains and losses	**(92)**	(21)	+338.1%
Finance costs	**(237)**	(225)	+5.3%
Profit before taxation	**1,248**	1,283	–2.7%
Taxation	**(157)**	(95)	+65.3%
Net profit	**1,091**	1,188	–8.2%
Adjusted net profit	**1,182**	1,217	–2.9%
Net profit attributable to owners of the Company	**967**	1,071	–9.7%
Adjusted net profit attributable to owners of the Company	**1,048**	1,092	–4.0%

Non-IFRS Measures

To supplement the condensed consolidated financial statements, which are presented in accordance with International Financial Reporting Standards ("IFRS"), the Company also uses adjusted net profit, adjusted net profit attributable to owners of the Company and adjusted earnings before interest, tax, depreciation and amortisation ("EBITDA") as additional financial measures.

The Company presents these financial measures because they are used by the management to evaluate the Group's financial performance by eliminating the impact of items that the management does not consider indicative of the performance of the Group's business. The Company believes that the non-IFRS measures presented provide additional information to the Company's management and investors to better understand and evaluate the Group's consolidated operational performance. These measures assist both management and investors in comparing financial results across periods and with peer companies. However, the presentation of these non-IFRS measures have limitations as analytical tools because they exclude certain items that impact the Group's financial results. Therefore, when assessing the Group's financial and operational performance, non-IFRS measures should not be considered in isolation or as substitutes for profit for the period or any other performance measure calculated in accordance with IFRS. Furthermore, because other companies may calculate non-IFRS measures differently, they may not be directly comparable to similarly titled measures used by other companies.

Management Discussion and Analysis

The calculations of adjusted net profit, adjusted net profit attributable to owners of the Company and adjusted EBITDA are as follows:

Calculation of Adjusted Net Profit

		Six months ended	
		28 February 2025 ***RMB million***	29 February 2024 *RMB million*
Net profit		**1,091**	1,188
Adjustments for:	Foreign exchange gain/loss	**66**	5
	Expenses related to converting independent colleges into private universities[i]	**–**	4
	Fair value change on construction cost payables for school premises[ii]	**25**	20
Adjusted net profit		**1,182**	1,217

Calculation of Adjusted Net Profit Attributable to Owners of the Company

		Six months ended	
		28 February 2025 ***RMB million***	29 February 2024 *RMB million*
Net profit attributable to owners of the Company		**967**	1,071
Adjustments for:	Foreign exchange gain/loss	**66**	5
	Expenses related to converting independent colleges into private universities[i]	**–**	4
	Fair value change on construction cost payables for school premises[ii]	**15**	12
Adjusted net profit attributable to owners of the Company		**1,048**	1,092

Management Discussion and Analysis

Calculation of Adjusted EBITDA

		Six months ended	
		28 February 2025 *RMB million*	29 February 2024 *RMB million*
Profit for the period		**1,091**	1,188
Add:	Finance costs	**237**	225
	Taxation	**157**	95
	Depreciation of property, plant and equipment	**478**	380
	Depreciation of right-of-use assets	**46**	39
EBITDA		**2,009**	1,927
Adjustments for:	Foreign exchange gain/loss	**66**	5
	Expenses related to converting independent colleges into private universities(i)	**–**	4
	Fair value change on construction cost payables for school premises(ii)	**25**	20
Adjusted EBITDA		**2,100**	1,956

Notes:

i. The Group's independent colleges pay partnership fees to their public school co-sponsors. All independent colleges of our Group have been converted into private universities during the year ended 31 August 2021. The partnership fees ceased to exist during the current period because all students enrolled by the independent college had graduated prior to the current period.

ii. Non-cash fair value change on long-term construction cost payables for school premises, which are measured at fair value through profit or loss, which did not result in cash outflow.

Revenue

The Group's revenue reached RMB3,673 million for the six months ended 28 February 2025, increased by 11.8% as compared to RMB3,284 million for the six months ended 29 February 2024.

Domestic Market Segment

Revenue from domestic market segment increased from RMB3,179 million for the six months ended 29 February 2024 to RMB3,544 million for the six months ended 28 February 2025, representing an 11.5% increase. The increase in revenue was mainly driven by the growth in student number and revenue per student in the domestic market.

International Market Segment

Revenue from international market segment amounted to RMB129 million for the six months ended 28 February 2025, up 22.9% as compared to the RMB105 million generated in the six months ended 29 February 2024. The increase in revenue was mainly driven by a rise in student enrollment.

Management Discussion and Analysis

Cost of Revenue

The cost of revenue increased from RMB1,445 million for the six months ended 29 February 2024 to RMB1,695 million for the six months ended 28 February 2025, representing a 17.3% increase. The increase was mainly due to the growth of student number. Furthermore, with the expansion of the campus and the increase in curriculum, the investment in teachers and teaching were increased.

Gross Profit

The Group's gross profit was RMB1,978 million for the six months ended 28 February 2025, representing a 7.6% increase as compared to RMB1,839 million for the six months ended 29 February 2024.

Other Income

Other income mainly included income from on-campus management and service to venders and government grants. The income from on-campus management and service to venders and government grants were RMB87 million and RMB49 million, respectively, for the six months ended 28 February 2025 as compared to RMB61 million and RMB63 million, respectively, for the six months ended 29 February 2024.

Selling Expenses

The Group's selling expenses were RMB95 million for the six months ended 28 February 2025 as compared to RMB89 million for the six months ended 29 February 2024. The selling expenses represented about 2.6% of revenue for six months ended 28 February 2025, which was comparable to 2.7% for the six months ended 29 February 2024.

Administrative Expenses

The Group's administrative expenses were RMB566 million for the six months ended 28 February 2025, increased by 18.9% as compared to RMB476 million for the six months ended 29 February 2024. The increase was mainly attributable to the increase of student enrollment and the new campuses and buildings commencing to use and starting to recognise depreciation.

Operating Profit

The operating profit amounted to RMB1,524 million for the six months ended 28 February 2025, increased by 3.3% as compared to RMB1,475 million for the six months ended 29 February 2024.

Other Gains and Losses

The other gains and losses were recorded at net losses of RMB92 million for the six months ended 28 February 2025 which was mainly attributable to the foreign exchange loss of RMB66 million. During the six months ended 28 February 2025, no impairment indicators were identified for the Group's cash-generating units and no impairment losses were recognised on goodwill or intangible assets.

Finance Costs

The finance costs were RMB237 million for the six months ended 28 February 2025, increased by 5.3% as compared to RMB225 million for the six months ended 29 February 2024. For the six months ended 28 February 2025, the finance costs mainly represented i) the interest expenses on bank and other borrowings and bonds of RMB271 million (2024: RMB257 million) and ii) deduction of interest expenses capitalised in the cost of property, plant and equipment of RMB41 million (2024: RMB35 million).

Management Discussion and Analysis

Net Profit and Return on Equity

The Group's net profit was RMB1,091 million for the six months ended 28 February 2025 as compared to RMB1,188 million for the six months ended 29 February 2024. The adjusted net profit decreased slightly by 2.9% to RMB1,182 million for the six months ended 28 February 2025 from RMB1,217 million for the six months ended 29 February 2024, after adjusting for the foreign exchange gain/loss, expenses related to converting independent colleges into private universities and fair value change on construction cost payables for school premises. The adjusted net profit attributable to owners of the Company decreased by 4.0% to RMB1,048 million for the six months ended 28 February 2025.

The decrease in net profit, adjusted net profit, and adjusted net profit attributable to owners of the Company was attributable to increased investments in teachers and teaching for the expansion of the campus and the increase in curriculum, and the increased depreciation related to campuses and buildings that commenced to use during the period.

The adjusted return on equity (which is calculated on the basis of annualised adjusted net profit attributable to owners of the Company to the average of the beginning and ending balance of equity attributable to owners of the Company) of the Group was 12.9% for the six months ended 28 February 2025 and remained sound and fair.

EBITDA

EBITDA was RMB2,009 million for the six months ended 28 February 2025, increase 4.3% as compared to RMB1,927 million for the six months ended 29 February 2024. Adjusting for the foreign exchange gain/loss, expenses related to converting independent colleges into private universities and fair value change on construction cost payables for school premises, the adjusted EBITDA was increased by 7.4% from RMB1,956 million for the six months ended 29 February 2024 to RMB2,100 million for the six months ended 28 February 2025.

Despite a decline in net profit, EBITDA and adjusted EBITDA rose compared to the same period of last year, indicating an improvement in core operating performance.

Property, Plant and Equipment

Property, plant and equipment as at 28 February 2025 increased by 3.3% to RMB22,425 million from RMB21,706 million as at 31 August 2024. Increase in property, plant and equipment was mainly due to the construction of new buildings at existing campuses.

Capital Expenditures

Our capital expenditures for the six months ended 28 February 2025 were RMB1,207 million (2024: RMB2,032 million) and were primarily related to the construction of new buildings at existing campuses.

Cash Reserve

Including cash and cash equivalents, restricted bank deposits and structured deposits recognised in financial assets at fair value through profit or loss, the cash reserve amounted to RMB5,092 million as at 28 February 2025 (31 August 2024: RMB6,626 million).

Liquidity, Financial Resources and Gearing Ratio

As at 28 February 2025, the Group had bank and other borrowings and bonds of RMB9,853 million (31 August 2024: RMB10,237 million).

As at 28 February 2025, the net gearing ratio (which is calculated on the basis of total amount of bank and other borrowings and bonds, net of cash reserve, to total equity of the Group) was 24.6% (31 August 2024: 19.5%). As at 28 February 2025, the debt to asset ratio (which is calculated on the basis of total amount of bank and other borrowings and bonds to total assets) of 25.9% (31 August 2024: 26.4%). Certain borrowings and proceeds from placement were not yet fully utilised. In order to have a better use of our financial resources, the Group placed certain structured deposits during the six months ended 28 February 2025. The structured deposits were short-term liquidity management products with minimal risk exposure and the Group held these investments for short-term cash management purpose.

Management Discussion and Analysis

Treasury Policy

During the six months ended 28 February 2025, the Group has adopted a prudent treasury policy and maintained a robust liquidity structure. In the management of the liquidity risk, the Group monitors and maintains appropriate levels of financial resources to meet its funding needs.

Foreign Exchange Risk Management

The primary functional currency of the Group is RMB. For the Group's operation in the PRC, the major revenue and expenditures are denominated in RMB. For the Group's operations outside the PRC, the major revenue and expenditures are denominated in functional currencies of the relevant territories. The Group also has certain foreign currency bank balances, structured deposits and bank and other borrowings denominated in US Dollars, Hong Kong Dollars and Australian Dollars, which would expose the Group to foreign exchange risk. After assessing the cost and benefit, the Group did not use any financial instruments for hedging purposes. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure when the need arises.

Contingent Liabilities

As at 28 February 2025, the Group had no significant contingent liability.

Charges on the Group's Assets

As at 28 February 2025, the bank and other borrowings of the Group amounting to RMB7,152 million (31 August 2024: RMB7,440 million) were secured by tolling right of tuition fee, boarding fee and ancillary income, fixed assets under sale and leaseback arrangements and equity interest of certain subsidiaries of the Group.

Subsequent Events after the Reporting Period

Save as disclosed in this report, there was no important event affecting the Group which occurred after 28 February 2025 up to the date of this report.

TOP-UP PLACING AND SUBSCRIPTION

January 2021

The net proceeds amounted to approximately HK$2,012.6 million (net of related costs, professional fees and out-of-pocket expenses) from the subscription completed on 3 February 2021 have been partly utilised, and are expect to be fully utilised for (1) potential acquisitions; and/or (2) expansion and development of the Group's new campuses in the Greater Bay Area. The Group did not have material acquisition during the six months ended 28 February 2025, and therefore results in delay in the use of proceeds. The Company expects that such unutilised proceeds shall be fully utilised by April 2026. The purposes for the use of proceeds are consistent with the intentions previously disclosed in the Company's announcements.

Management Discussion and Analysis

The following sets forth a summary of the utilisation of the net proceeds during the six months ended 28 February 2025:

Purpose	Percentage to total amount	Net proceeds amount *RMB million*	Unutilised proceeds as at 1 September 2024 *RMB million*	Utilised proceeds during the period *RMB million*	Unutilised proceeds as at 28 February 2025 *RMB million*	Expected timeline for using the unutilized proceeds *RMB million*
Expansion and development of the Group's new campuses in the Greater Bay Area	70%	1,177.0	–	–	–	–
Potential acquisitions	30%	504.4	93.3	–	93.3	By April 2026
	100%	1,681.4	93.3	–	93.3	By April 2026

Further details of the top-up placing and the subscription are set out in the Company's announcements dated 26 January 2021 and 3 February 2021.

October 2021

The net proceeds amounted to approximately HK$1,170.0 million (net of related costs, professional fees and out-of-pocket expenses) from the subscription completed on 27 October 2021 are expect to be fully utilised for potential acquisitions in the modern-vocational education space. The Group did not have material acquisition during the six months ended 28 February 2025, and therefore results in delay in the use of proceeds. The Company expects that such unutilised proceeds shall be fully utilised by April 2026. The purposes for the use of proceeds are consistent with the intentions previously disclosed in the Company's announcements. As at 28 February 2025, none of the net proceeds has been utilised.

Further details of the top-up placing and the subscription are set out in the Company's announcements dated 19 October 2021 and 27 October 2021.

EMPLOYEES AND REMUNERATION POLICIES

Remuneration

As at 28 February 2025, the Group had 19,149 employees (29 February 2024: 17,810), a 8% increase from 2024's due to organic growth in employees in our existing schools and new campuses.

The remuneration packages of the employees of the Group are determined with reference to individual qualification, experience, performance, and prevailing market rate.

Remuneration policy of our schools is formulated under the guidance of the relevant laws and regulations of the local jurisdictions of our member schools and is also based on the industry characteristics as well as various market factors. Our schools determine their respective compensation standards based on the employment by function and by position. Schools participate in social insurance plans under the guidance of relevant policies and provide a variety of benefits for employees. Our employees are also members of retirement benefits schemes administrated by their respective jurisdictions.

Management Discussion and Analysis

Recruitment

The Group follows the Labour Law, Labour Contract Law, Employment Promotion Law, Labour Dispute Mediation and Arbitration Law as well as other relevant laws and regulations of its respective local jurisdictions in the recruitment process. We prohibit discrimination of staff by age, sex, race, nationality, religion or disability, ensuring everyone has equal employment opportunities and respects.

Our schools recruit talents based on business development and operational needs, as well as candidate's integrity and professionalism. Our talent selection policy does not only focus on candidate's academic qualification, relevant work experience, past performance and professionalism, but also on candidate's morality, professional ethics and discipline.

We actively attract talents through contacting the target colleges, participating in talent recruitment fairs and industry conferences, and encourage employee referral through social media or various means. In addition, we provide pre-employment and on-the-job trainings such as assigning coaches (experienced teachers) for newly hired teachers to ensure they have faster and smoother transitions and integrations.

To Pioneer Excellence and Innovation In Education

Other Information

INTERIM DIVIDEND

The Board does not declare an interim dividend for the six months ended 28 February 2025 (for the six months ended 29 February 2024: RMB18.77 cents).

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

During the six months ended 28 February 2025, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

CORPORATE GOVERNANCE PRACTICES

During the six months ended 28 February 2025, the Company has complied with the applicable code provisions set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules (the "CG Code"), save and except for code provision C.2.1 of the CG Code.

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Dr. Yu Kai currently serves as both the Co-chairman and the Chief Executive Officer of the Company. Although such practice deviates from code provision C.2.1 of the CG Code, the Board believes that vesting the roles of both the Chairman and the Chief Executive Officer in the same person has the benefit of ensuring consistent leadership to advance long-term strategy, and allowing for further deepening the monetization capabilities and optimizing operating efficiency of the Group. In addition, the Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively, given that (i) decisions to be made by the Board requires approval by at least a majority of the Directors; (ii) all the Directors are aware of and undertake to fulfil their fiduciary duties as Directors, which require, among others, that he/she acts for the benefit and in the best interests of the Company as a whole and will make decisions for the Company accordingly; (iii) the balance of power and authority is ensured by the operations of the Board, which consists of two executive Directors and three INEDs and has a fairly strong independence element; and (iv) the overall strategic and other key business, financial, and operational policies of the Company are made collectively after thorough discussion at both the Board and senior management levels.

The Board will continue to review and consider segregating the roles of Co-chairman and Chief Executive Officer at an appropriate time, taking into account the circumstances of the Group as a whole.

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 the growth of its business and to reviewing such practices from time to time to ensure that the Company complies with statutory and professional standards and align with the latest development.

Other Information

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the Group's code of conduct to regulate the securities transactions of the Directors. Having made specific enquiries, all Directors confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 28 February 2025. The Company has also established written guidelines no less exacting than the Model Code (the "Employees Written Guidelines") for securities transactions by employees who are likely to be in possession of inside information of the Company.

No incident of non-compliance with the Employees Written Guidelines by the employees was noted by the Company for the six months ended 28 February 2025.

AUDIT COMMITTEE

The Audit Committee consists of three independent non-executive Directors and its main duties 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 28 February 2025.

Deloitte Touche Tohmatsu, the Company's auditor, had carried out review of the unaudited interim results of the Group for the six months ended 28 February 2025 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.chinaeducation.hk). The interim report of the Company for the six months ended 28 February 2025 will be dispatched to the shareholders by post or by electronic means and published on the same websites in due course.

CHANGES IN INFORMATION OF DIRECTORS

Since the date of the latest published 2023/2024 Annual Report of the Company, there has not been any change in the information of the Directors of the Company that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 28 February 2025, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Other Information

Interests and Short Positions in Shares and Underlying Shares

Name of Directors	Number of Shares/Underlying Shares Held			Approximate % of all Shares in Issue[(1)]
	Personal Interests	Other Interests	Total	
Yu Kai	(L)6,500,000[(2)]	(L)841,770,608[(3)]	(L)848,270,608	(L)31.26%

L — long position

Notes:

1. The calculation is based on the total number of 2,713,791,221 Shares in issue as at 28 February 2025.

2. These are long position interests in underlying Shares (being physically settled unlisted derivatives) and represent the maximum number of share options which may be vested with the Directors under the Pre-IPO Share Option Scheme of the Company. Details of each of their share options are set out in the section headed "SHARE OPTION SCHEMES AND SHARE AWARD SCHEME" in this report.

3. Blue Sky, a company wholly owned by Passionate Jade Holding Limited and which in turn is wholly owned by Cantrust (Far East) Limited as the trustee of Blue Sky Trust (a discretionary trust with Mr. Yu as the settlor), is the beneficial owner of 841,770,608 Shares of the Company. Dr. Yu Kai is a beneficiary of the Blue Sky Trust.

Directors' Interest in Associated Corporation

Name of Directors	Nature of Interests	Name of Associated Corporations	Percentage of Shareholding in the Associated Corporation
Yu Kai	Beneficial owner	Nanchang Jiangke	99%

Directors' Interest in Debentures of the Company

Name of Directors	Capacity	Amount of Debentures Held *CNY*	Approximate % to the Total Amount of Debentures in issue
Yu Kai	Beneficiary of a discretionary trust	12,500,000	1%

Save as disclosed above, as at 28 February 2025, none of the Directors or the chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Other Information

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 28 February 2025, so far as the Directors are aware, the following persons (other than the Directors and the chief executives of the Company) had interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Substantial Shareholders	Capacity	Total Number of Shares	Approximate % of all Shares in Issue[1]
Mr. Yu	Beneficial Owner	(L)6,500,000[2]	(L)0.24%
	Founder of a discretionary trust	(L)841,770,608	(L)31.02%
	Other interest[5]	(L)848,270,608	(L)31.26%
		(L)1,696,541,216	(L)62.52%
Mr. Xie	Beneficial Owner	(L)6,500,000[2]	(L)0.24%
	Founder of a discretionary trust	(L)841,770,608	(L)31.02%
	Other interest[5]	(L)848,270,608	(L)31.26%
		(L)1,696,541,216	(L)62.52%
Blue Sky	Beneficial Owner[3]	(L)841,770,608	(L)31.02%
	Other interest[5]	(L)854,770,608	(L)31.50%
		(L)1,696,541,216	(L)62.52%
White Clouds	Beneficial Owner[4]	(L)841,770,608	(L)31.02%
	Other interest[5]	(L)854,770,608	(L)31.50%
		(L)1,696,541,216	(L)62.52%
Passionate Jade Holding Limited	Interests in controlled corporation[3]	(L)841,770,608	(L)31.02%
Shimmery Diamond Holding Limited	Interests in controlled corporation[4]	(L)841,770,608	(L)31.02%
Cantrust (Far East) Limited	Trustee[3][4]	(L)1,683,541,216	(L)62.04%

L — long position

Other Information

Notes:

1. The calculation is based on the total number of 2,713,791,221 Shares in issue as at 28 February 2025.

2. These are long position interests in underlying Shares (being physically settled unlisted derivatives) and represent the maximum number of share options which may be vested under the Pre-IPO Share Option Scheme of the Company.

3. Blue Sky is the beneficial owner of the long position interests in 841,770,608 Shares. Blue Sky is a company wholly-owned by Passionate Jade Holding Limited and which in turn is wholly owned by Cantrust (Far East) Limited as the trustee of a discretionary trust, namely Blue Sky Trust. Mr. Yu is the settlor and a beneficiary of the Blue Sky Trust.

4. White Clouds is the beneficial owner of the long position interests in 841,770,608 Shares. White Clouds is a company wholly-owned by Shimmery Diamond Holding Limited and which in turn is wholly owned by Cantrust (Far East) Limited as the trustee of a discretionary trust, namely White Clouds Trust. Mr. Xie is the settlor and a beneficiary of the White Clouds Trust.

5. Mr. Yu, Mr. Xie, Blue Sky and White Clouds entered into the concert party agreement to align their shareholding interests in the Company. Accordingly, each of Mr. Yu, Mr. Xie, Blue Sky and White Clouds is deemed to be interested in the Shares/underlying Shares held by other parties to the concert party agreement. The interests of Blue Sky and White Clouds were duplicated with the interests of Mr. Yu and Mr. Xie as disclosed under the section headed "DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES' in this report.

Save as disclosed above, as at 28 February 2025, the Directors were not aware of any other persons (other than the Directors and the chief executives of the Company) who had an interest or short position in the Shares or underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO.

Other Information

SHARE OPTION SCHEMES AND SHARE AWARD SCHEME

Pre-IPO Share Option Scheme

The Pre-IPO Share Option Scheme was adopted and effective on 27 November 2017 and valid up to 27 November 2017. A summary of the movements of the share options granted under the Pre-IPO Share Option Scheme during the period under review is as follows:

	Date of grant (dd/mm/yyyy)	Exercise price (HK$)	Vesting date (dd/mm/yyyy)	Exercise period (dd/mm/yyyy)	Number of share options				
					At 01/09/2024[1]	Granted	Exercised	Lapsed	At 28/02/2025[1]
Directors									
Yu Kai	14/12/2017	6.45	15/12/2018	15/12/2018 – 14/12/2027	2,000,000	–	–	–	2,000,000
			15/12/2020	15/12/2020 – 14/12/2027	500,000	–	–	–	500,000
			15/12/2021	15/12/2021 – 14/12/2027	2,000,000	–	–	–	2,000,000
			15/12/2022	15/12/2022 – 14/12/2027	2,000,000	–	–	–	2,000,000
Employees	14/12/2017	6.45	15/12/2018	15/12/2018 – 14/12/2027	2,200,000	–	–	–	2,200,000
			15/12/2020	15/12/2020 – 14/12/2027	775,000	–	–	–	775,000
			15/12/2021	15/12/2021 – 14/12/2027	3,100,000	–	–	–	3,100,000
			15/12/2022	15/12/2022 – 14/12/2027	3,100,000	–	–	–	3,100,000
Total					15,675,000	–	–	–	15,675,000

Notes:

1. These figures (except those relating to the vested share options) represent the maximum number of underlying Shares that may be vested with the grantee on vesting of his/her relevant share options. The actual number of underlying Shares that will finally vest with each relevant grantee may range from zero to such maximum number subject to the satisfaction of performance condition.

2. No share option was cancelled during the period under review.

Other Information

Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme adopted on 29 November 2017 is valid and effective during the period commencing on 15 December 2017 and ending on 14 December 2027, being the date falling 10 years from the listing date of the Company. A summary of the movements of the share options granted under the Post-IPO Share Option Scheme during the period under review is as follows:

	Date of grant (dd/mm/yyyy)	Exercise price (HK$)	Vesting date (dd/mm/yyyy)	Exercise period (dd/mm/yyyy)	Number of share options				
					At 01/09/2024[1]	Granted	Exercised	Lapsed	At 28/02/2025[1]
Employees	08/03/2019	12.48	08/03/2020	08/03/2020 – 07/03/2029	315,000	–	–	–	315,000
			08/03/2021	08/03/2021 – 07/03/2029	492,500	–	–	–	492,500
			08/03/2022	08/03/2022 – 07/03/2029	610,000	–	–	–	610,000
			08/03/2023	08/03/2023 – 07/03/2029	762,500	–	–	–	762,500
			08/03/2024	08/03/2024 – 07/03/2029	915,000	–	–	–	915,000
	16/12/2019	10.76	16/12/2020	16/12/2020 – 15/12/2029	20,000	–	–	–	20,000
			16/12/2021	16/12/2021 – 15/12/2029	30,000	–	–	–	30,000
			16/12/2022	16/12/2022 – 15/12/2029	40,000	–	–	–	40,000
			16/12/2023	16/12/2023 – 15/12/2029	50,000	–	–	–	50,000
			16/12/2024	16/12/2024 – 15/12/2029	60,000	–	–	–	60,000
Total					3,295,000	–	–	–	3,295,000

Notes:

1. These figures (except those relating to the vested share options) represent the maximum number of underlying Shares that may be vested with the grantee on vesting of his/her relevant share options. The actual number of underlying Shares that will finally vest with each relevant grantee may range from zero to such maximum number subject to the satisfaction of performance condition.

2. No share option was cancelled during the period under review.

Reference is made to the Company's announcement dated 30 April 2025 and together with the latest data presented in this interim report; as at the beginning of the period (i.e. 1 September 2024) and of the previous 2023/2024 financial year (i.e. 1 September 2023), the number of share options available for future grant (which represents the scheme mandate limit less total share options granted and adding back total share options lapsed) under the Post-IPO Share Option Scheme, were 196,505,000 and 196,100,000 shares of the Company ("Shares") respectively.

As at the end of the period (i.e. 28 February 2025) and of the previous 2023/2024 financial year (i.e. 31 August 2024), the number of share options available for future grant under the Post-IPO Share Option Scheme, both were 196,505,000 Shares.

Other Information

No Post-IPO share options have been granted or agreed to be granted by the Company during the period and the previous 2023/2024 financial year. As at 28 February 2025 and 31 August 2024, the total number of Shares available for issue (which represents the aggregate of all outstanding share options (i.e. granted and not yet exercised, cancelled nor lapsed) and the share options available for future grant) under the Post-IPO Share Option Scheme, both were 199,800,000 Shares which represent approximately 7.36% of the total issued Shares (excluding treasury shares) as at the 28 February 2025 and 31 August 2024 respectively.

Share Award Scheme

The Share Award Scheme adopted on 29 November 2017 is valid and effective for the period of 10 years commencing from the listing date of the Company, i.e. from 15 December 2017 to 14 December 2027. No award has been granted or agreed to be granted under the Share Award Scheme since its adoption.

As at the beginning of the period (i.e. 1 September 2024) and of the previous 2023/2024 financial year (i.e. 1 September 2023), the number of share awards available for future grant pursuant to the scheme mandate limit under the Share Award Scheme, both were 40,000,000 Shares.

As at the end of the period (i.e. 28 February 2025) and of the previous 2023/2024 financial year (i.e. 31 August 2024), the number of share awards available for future grant pursuant to the scheme mandate limit under the Share Award Scheme both were 40,000,000 Shares.

Reference is made to the Company's announcement dated 30 April 2025 and together with the latest data presented in this interim report; no share awards have been granted or agreed to be granted by the Company since the conditional adoption of the Share Award Scheme. As at 28 February 2025 and 31 August 2024, the total number of Shares available for issue (which represents the share awards available for future grant) under the Share Award Scheme, both were 40,000,000 Shares which represent approximately 1.47% of the total issued Shares (excluding treasury shares) as at the 28 February 2025 and 31 August 2024 respectively.

UPDATES IN RELATION TO QUALIFICATION REQUIREMENT

On 6 September 2024, National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會) and Ministry of Commerce of the PRC (中華人民共和國商務部) jointly promulgated the Special Administrative Measures for Access of Foreign Investment (Negative List) (2024) (《外商投資准入特別管理措施（負面清單）》(2024年版), the "Negative List"), which became effective on 1 November 2024. Pursuant to the Negative List, higher education in the PRC is a "restricted" industry. In particular, the Negative List explicitly restricts higher education institutions to Sino-Foreign cooperation, meaning that foreign investors may only operate higher education institutions through cooperating with PRC incorporated entities that are in compliance with the Regulations on Sino-Foreign Cooperative Education of the PRC (《中華人民共和國中外合作辦學條例》, which was promulgated by the State Council on 1 March 2003, taking effect as from 1 September 2003, amended on 18 July 2013, and further amended on 2 March 2019, the "Sino-Foreign Regulation"). In addition, the Negative List also provides that the domestic party shall play a dominant role in the Sino-Foreign cooperation, meaning that (a) the principal or other chief executive officer of the schools shall be a PRC national, and (b) the representative of the domestic party shall account for no less than 50% of the total members of the board of directors, the executive council or the joint administration committee of the Sino-Foreign cooperative educational institution. Pursuant to the Negative List, vocational education in the PRC is the "permitted" industry. However, the Administrative Measures for the Sino-Foreign Cooperative Education on Vocational Skills Training (《中外合作職業技能培訓辦學管理辦法》) (the "Sino-Foreign Vocational Skills Training Measures") explicitly restrict vocational education to Sino-Foreign cooperation, meaning that foreign investors may only operate vocational training schools through joint ventures with PRC incorporated entities that are in compliance with the Sino-Foreign Regulation.

Other Information

In relation to the interpretation of Sino-Foreign cooperation, pursuant to the Implementing Rules for the Regulations on Operating Sino-Foreign Schools (《中華人民共和國中外合作辦學條例實施辦法》, issued by the MOE on 2 June 2004 and became effective on 1 July 2004) (the "Implementing Rules"), the foreign investor in a Sino-Foreign Joint Venture Private Higher Education School must be a foreign educational institution with relevant qualification and high quality of education (the "Higher Education Qualification Requirement"). Similarly, pursuant to the Sino-Foreign Vocational Skills Training Measures, the foreign investor in a Sino-Foreign Joint Venture Private Vocational Education School must be a foreign education institution with relevant qualification and high quality of education (the "Vocational Education Qualification Requirement") (Higher Education Qualification Requirement and Vocational Education Qualification Requirement are collectively referred as "Qualification Requirement"). Furthermore, pursuant to the Implementation Opinions of the MOE on Encouraging and Guiding the Entry of Private Capital in the Fields of Education and Promoting the Healthy Development of Private Education (《教育部關於鼓勵和引導民間資金進入教育領域促進民辦教育健康發展的實施意見》)(the "Implementation Opinions"), which was issued by the MOE on 28 June 2012, the foreign portion of the total investment in a Sino-Foreign School should be below 50% (the "Foreign Ownership Restriction") and the establishment of these schools is subject to approval of education authorities at the provincial or national level.

Currently, laws and regulations are uncertain as to what specific criteria must be met by a foreign investor (such as length of experience and form and extent of ownership in the foreign jurisdiction) in order to demonstrate to the relevant authority that it meets the Qualification Requirement. Notwithstanding the foregoing, the Company is committed to working towards meeting the Qualification Requirement and has implemented a business plan to ensure our compliance with Qualification Requirement and with a view to expanding our education operations overseas. In 2019, the Company acquired King's Own Institute in Sydney, Australia, a higher education institute that is accredited in Australia to award both bachelor's and master's degrees and is recognised by the MOE. We will continue to disclose our progress in the implementation of our overseas expansion plans and updates to the Qualification Requirement in our annual and interim reports.

LAND USE RIGHT CERTIFICATE, BUILDING OWNERSHIP CERTIFICATES AND FIRE CONTROL ASSESSMENT REQUIREMENTS

As disclosed in the section headed "Business — Properties" in the prospectus of the Company dated 5 December 2017, land use right certificate for a parcel of land has not been obtained (the "Land Issue"), and building ownership certificates for certain buildings have not been obtained and the relevant fire control assessment requirements have not been complied with (the "Building and Fire Control Issues"). We have been in discussion with the relevant parties and in the process of applying for re-compliance of the relevant certificates, permits and fire control assessment procedures (the "Rectification"). Such rectification would involve protracted discussions with various government authorities and time-consuming government administrative processes. As at the date of this report, the application is in progress and we have not obtained any formal approvals from the relevant government authorities for the submissions that we made in relation to the Rectification.

We commissioned qualified independent third parties to undertake a seismic resistance assessment and fire safety assessment on the buildings that do not have building ownership certificates. According to the assessment reports, no material safety issues were identified and the relevant buildings had passed the assessments; buildings can be operated normally as long as they maintain their existing safety conditions.

Other Information

Furthermore, as disclosed in the prospectus, we acquired the land use right certificate for the first phase of the site of Zhongluotan Land with a site area of 188,666 sq.m. which would be developed into a new campus of Guangdong School. The new campus would have ample capacity to accommodate the expansion of the school and to facilitate the relocation of the existing operations of the buildings (the "Old Buildings") affected by the Land Issue, and the Building and Fire Control Issues. The new campus commenced operation in the 2019/2020 academic year and the operations in the Old Buildings would also be gradually relocated to the new campus. We will continue to disclose our progress in the rectification and the relocation of the existing operations of the Old Buildings in our annual and interim report.

In view of the mitigating actions that have been taken by the Group, the Directors considered that the Land Issue, and the Building and Fire Control Issues of the Old Buildings would not have a material adverse effect on the operation of the schools.

LOAN AGREEMENTS WITH COVENANT RELATING TO SPECIFIC PERFORMANCE OF THE CONTROLLING SHAREHOLDERS

2018 IFC Loan

On 31 May 2018, the Company and certain of its wholly-owned subsidiaries as borrowers entered into a loan agreement and related financing documents (the "2018 IFC Loan Agreement") with International Finance Corporation ("IFC"), a member of the World Bank Group, as lender in relation to a long-term loan facility up to US$200,000,000 (the "2018 IFC Loan") and with a term of up to seven years. The 2018 IFC Loan Agreement imposes, among other things, specific performance obligations on the controlling shareholders of the Company, namely Mr. Yu and Mr. Xie (collectively referred to as the "Controlling Shareholders").

Pursuant to the 2018 IFC Loan Agreement, so long as any of the 2018 IFC Loan remains available or outstanding, the Controlling Shareholders shall collectively maintain:

(i) at all times, effective control of the Company; and

(ii) directly or indirectly, at all times (a) on or before 15 December 2018, at least 60%; and (b) after 15 December 2018, at least 50% of the beneficial ownership of the issued Shares.

Failure of the Controlling Shareholders to comply with the aforesaid obligations could constitute an event of default under the 2018 IFC Loan Agreement. Nevertheless, it will not be an event of default in respect of the above shareholding requirement to the extent that the failure to comply is not a result of a direct or indirect transfer of the Shares by the Controlling Shareholders.

In addition, it is also an event of default should there be a change of control of the Company or any of its relevant subsidiaries or consolidated affiliated entities, to the extent (amongst other things) any person other than the Controlling Shareholders obtains effective control (including such person having obtained directly or indirectly ownership of 20% or more of the voting share or equity in such entities) of any of them. Nevertheless, if the Controlling Shareholders collectively (whether directly or indirectly) remain as the single largest shareholder of such entity, it would not be a change of control in the context of the above requirement.

Other Information

If an event of default under the 2018 IFC Loan Agreement occurs and is continuing, the lender may, by notice to the borrowers, require the borrowers to immediately repay the 2018 IFC Loan (or such part of the 2018 IFC Loan) and any other payments pursuant to the 2018 IFC Loan Agreement.

Facility Agreement

On 6 September 2021, Admiral One International Limited (an indirect wholly-owned subsidiary of the Company) as borrower, the Company as guarantor and certain wholly-owned subsidiaries of the Company entered into a facility agreement (the "Facility Agreement") with certain banks as lenders, pursuant to which the lenders agreed to provide a term loan facility of US$189,500,000 (the "Facility") with a term up to seven years.

Pursuant to the terms of the Facility Agreement, the Controlling Shareholders shall remain the single largest direct or indirect shareholder of the Company. A breach of such undertaking will constitute an event of default under the Facility Agreement and the agent of the lenders may, by notice to the borrower, declare that all or part of the outstanding loan, together with accrued interest and all other amounts accrued or outstanding under the Facility Agreement be immediately due and payable by the borrower.

2021 IFC Loan

On 13 September 2021, the Company and certain of its wholly-owned subsidiaries as borrowers entered into a loan agreement and related financing documents (the "2021 IFC Loan Agreement") with IFC as lender in relation to a long-term loan facility up to US$150,000,000 (the "2021 IFC Loan") and with a term of up to seven years. The 2021 IFC Loan Agreement imposes, among other things, specific performance obligations on the Controlling Shareholders.

Pursuant to the 2021 IFC Loan Agreement, so long as the 2021 IFC Loan remains available or outstanding, the Controlling Shareholders shall collectively maintain at all times:

(1) directly or indirectly at least 50% of the beneficial ownership of the shares of the Company; and

(2) effective control of the Company.

Failure of the Controlling Shareholders to comply with the aforesaid obligations could constitute an event of default under the 2021 IFC Loan Agreement.

In addition, it could also constitute an event of default should there be a change of control of the Company or any of its relevant subsidiaries or consolidated affiliated entities, to the extent (amongst other things) any person other than the Controlling Shareholders obtains effective control (including such person having obtained directly or indirectly ownership of 50% or more of the voting shares or equity in such entities) of any of them.

If an event of default under the 2021 IFC Loan Agreement occurs and is continuing, the Lender may, by notice to the borrowers, require the borrowers to immediately repay the 2021 IFC Loan (or such part of the 2021 IFC Loan) and any other payments pursuant to the 2021 IFC Loan Agreement.

Other Information

2024 ADB Facilities

On 28 November 2024, the Company as borrower entered into a loan agreement and related financing documents (collectively, the "ADB Finance Documents") with Asian Development Bank ("ADB") as lender in relation to a facility of up to RMB284,900,000 (the "ADB Loan") with a term of up to 60 months; and Yantai Institute of Science and Technology ("Yantai Institute"), a subsidiary of the Company, as borrower entered into a loan agreement and related financing documents (collectively, the "ADB Yantai Finance Documents") with ADB as lender in relation to a facility of up to RMB569,800,000 (the "ADB Yantai Loan") with a term of up to 84 months. The ADB Finance Documents and the ADB Yantai Finance Documents impose, among others, specific performance obligations on the Controlling Shareholders.

Pursuant to the ADB Finance Documents, the Controlling Shareholders shall:

(i) directly or indirectly maintain control over 50% or more of the Shares of the Company; and

(ii) collectively remain the single largest shareholder of the Company; and

(iii) directly or indirectly maintain 100% shareholding over the sole sponsor of Yantai Institute (collectively, the "Specific Performance Obligations").

Failure to observe any of these obligations would entitle ADB to cancel the ADB Loan and declare the whole or any part of the outstanding ADB loan together with accrued interest and any other amounts accrued under the ADB Finance Documents immediately due and payable.

Pursuant to the ADB Yantai Finance Documents, the Controlling Shareholders shall observe the Specific Performance Obligations and also directly or indirectly maintain control over Yantai Institute (together with the Specific Performance Obligations, the "Yantai Specific Performance Obligations"), and failure to observe any of such obligations would entitle ADB to cancel the ADB Yantai Loan and declare the whole or any part of the outstanding ADB Yantai Loan together with accrued interest and any other amounts accrued under the ADB Yantai Finance Documents immediately due and payable.

Other Information

2024 AIIB Facility

On 28 November 2024, Yantai Institute as borrower entered into a loan agreement and related financing documents (collectively, the "AIIB Yantai Finance Documents") with Asian Infrastructure Investment Bank ("AIIB") as lender in relation to a facility of up to RMB574,728,000 (the "AIIB Yantai Loan") with a term of up to 84 months. The AIIB Yantai Finance Documents impose, among others, specific performance obligations on the Controlling Shareholders, i.e., the Yantai Specific Performance Obligations, and failure to observe any of such obligations would entitle AIIB to cancel the AIIB Yantai Loan and declare the whole or any part of the outstanding AIIB Yantai Loan together with accrued interest and any other amounts accrued under the AIIB Yantai Finance Documents immediately due and payable.

On behalf of the Board

Yu Kai and **Wang Rui**
Co-Chairmen

Hong Kong, 30 April 2025

Report on Review of Condensed Consolidated Financial Statements

Deloitte. 德勤

TO THE BOARD OF DIRECTORS OF CHINA EDUCATION GROUP HOLDINGS LIMITED
(incorporated in Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of China Education Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 29 to 52, which comprise the condensed consolidated statement of financial position as of 28 February 2025 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and IAS 34 "Interim Financial Reporting" issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
30 April 2025

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 28 February 2025

	NOTES	Six months ended 28 February 2025 RMB million (unaudited)	Six months ended 29 February 2024 RMB million (unaudited)
Revenue	3	**3,673**	3,284
Cost of revenue		**(1,695)**	(1,445)
Gross profit		**1,978**	1,839
Investment income		**53**	54
Other income	4	**207**	201
Other gains and losses		**(92)**	(21)
Selling expenses		**(95)**	(89)
Administrative expenses		**(566)**	(476)
Finance costs		**(237)**	(225)
Profit before taxation		**1,248**	1,283
Taxation	5	**(157)**	(95)
Profit for the period	6	**1,091**	1,188
Other comprehensive income (expense)			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**3**	(2)
Total comprehensive income for the period		**1,094**	1,186
Profit for the period attributable to:			
Owners of the Company		**967**	1,071
Non-controlling interests		**124**	117
		1,091	1,188
Total comprehensive income attributable to:			
Owners of the Company		**970**	1,069
Non-controlling interests		**124**	117
		1,094	1,186
Earnings per share	8		
Basic (RMB cents)		**35.63**	41.97
Diluted (RMB cents)		**35.63**	41.97

Condensed Consolidated Statement of Financial Position

At 28 February 2025

	NOTES	At 28 February 2025 RMB million (unaudited)	At 31 August 2024 RMB million (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	**22,425**	21,706
Right-of-use assets	9	**2,444**	2,476
Goodwill		**2,492**	2,494
Other intangible assets		**4,045**	4,084
Deposits paid for acquisition of property, plant and equipment/right-of-use assets		**272**	210
Contract costs		**65**	59
Deferred tax asset		**15**	18
Restricted bank deposits		**–**	12
		31,758	31,059
CURRENT ASSETS			
Trade receivables, deposits, prepayments and other receivables	10	**1,108**	1,092
Financial assets at fair value through profit or loss	11	**1,221**	295
Contract costs		**51**	58
Restricted bank deposits		**57**	81
Cash and cash equivalents		**3,814**	6,238
		6,251	7,764
CURRENT LIABILITIES			
Trade payables	12	**29**	41
Contract liabilities		**3,623**	4,635
Other payables and accrued expenses	13	**2,627**	2,787
Deferred income		**53**	52
Provisions	14	**267**	278
Lease liabilities		**31**	19
Income tax payable		**67**	79
Bank and other borrowings and bonds	15	**2,205**	2,497
		8,902	10,388
NET CURRENT LIABILITIES		**(2,651)**	(2,624)
TOTAL ASSETS LESS CURRENT LIABILITIES		**29,107**	28,435

Condensed Consolidated Statement of Financial Position

At 28 February 2025

	NOTES	At 28 February 2025 RMB million (unaudited)	At 31 August 2024 RMB million (audited)
NON-CURRENT LIABILITIES			
Other payables	13	**567**	597
Deferred income		**62**	70
Lease liabilities		**102**	109
Deferred tax liability		**1,380**	1,386
Bank and other borrowings and bonds	15	**7,648**	7,740
		9,759	9,902
		19,348	18,533
CAPITAL AND RESERVES			
Share capital	16	**–***	–*
Reserves		**16,539**	15,848
Equity attributable to owners of the Company		**16,539**	15,848
Non-controlling interests		**2,809**	2,685
		19,348	18,533

* Less than RMB1 million

Condensed Consolidated Statement of Changes in Equity

For the six months ended 28 February 2025

	Attributable to owners of the Company											
	Share capital RMB million	**Share premium** RMB million	**Merger reserve** RMB million (Note i)	**Other reserve** RMB million (Note ii)	**Deferred consideration shares** RMB million	**Share options reserve** RMB million	**Statutory surplus reserve** RMB million (Note iii)	**Exchange reserve** RMB million	**Retained profits** RMB million	**Sub-total** RMB million	**Non-controlling interests** RMB million	**Total** RMB million
At 1 September 2023 (audited)	–*	6,411	182	(339)	–	109	2,443	(44)	6,812	15,574	2,730	18,304
Profit for the period	–	–	–	–	–	–	–	–	1,071	1,071	117	1,188
Other comprehensive expense for the period	–	–	–	–	–	–	–	(2)	–	(2)	–	(2)
Profit and total comprehensive income for the period	–	–	–	–	–	–	–	(2)	1,071	1,069	117	1,186
Dividends recognised as distribution *(note 7)*	–	(342)	–	–	–	–	–	–	–	(342)	–	(342)
Transfer	–	–	–	–	–	–	213	–	(213)	–	–	–
At 29 February 2024 (unaudited)	–*	6,069	182	(339)	–	109	2,656	(46)	7,670	16,301	2,847	19,148
At 1 September 2024 (audited)	–*	6,172	182	(334)	–	109	2,776	(41)	6,984	15,848	2,685	18,533
Profit for the period	-	-	-	-	-	-	-	-	967	967	124	1,091
Other comprehensive income for the period	-	-	-	-	-	-	-	3	-	3	-	3
Profit and total comprehensive income for the period	-	-	-	-	-	-	-	3	967	970	124	1,094
Dividends recognised as distribution *(note 7)*	-	(279)	-	-	-	-	-	-	-	(279)	-	(279)
Transfer	-	-	-	-	-	-	249	-	(249)	-	-	-
At 28 February 2025 (unaudited)	-*	5,893	182	(334)	-	109	3,025	(38)	7,702	16,539	2,809	19,348

* Less than RMB1 million

Condensed Consolidated Statement of Changes in Equity

For the six months ended 28 February 2025

Notes:

i. Amounts represent the transfer of the combined paid-in capital of the subsidiaries comprising the Group to the merger reserve upon the Company became the holding company of the Group upon the reorganisation in 2017.

ii. The other reserve represents (i) the difference between the principal amounts of consideration paid and the relevant share of carrying value of the subsidiary's net assets acquired from/disposed to the non-controlling interests in prior years; (ii) the deemed distribution to equity holders which represents the differences between the fair value of the lower-than-market interest rate advances to Mr. Yu Guo ("Mr. Yu") and Mr. Xie Ketao ("Mr. Xie"), the controlling equity holders, and an entity controlled by Mr. Xie and the principal amount of the advances at initial recognition in prior years; (iii) the deemed distributions to equity holders which represents the differences between the carrying amount of the lower-than-market interest rate advances to Mr. Yu and Mr. Xie and the amount received for the settlement in prior years; (iv) capital contribution from Mr. Yu through a company controlled by him in prior years, and (v) the difference between the fair value of consideration paid for further acquisition of subsidiaries in prior years and the amount by which the non-controlling interests are adjusted, after reattribution of relevant reserve.

iii. Pursuant to the relevant laws in the People's Republic of China (the "PRC"), the Company's subsidiaries in the Mainland China shall make appropriations from after-tax profit to non-distributable reserve funds as determined by the board of directors of the relevant Mainland China subsidiaries. These reserves include (i) general reserve of the limited liabilities companies and (ii) the development fund of schools.

For PRC subsidiaries with limited liability, they are required to make annual appropriations to general reserve of 10% of after-tax profits as determined under the PRC laws and regulations at each year-end until the balance reaches 50% of the relevant Mainland China entity's registered capital.

According to the relevant PRC laws and regulations, for private school of which the school sponsor does not require reasonable return, it is required to appropriate to development fund of not less than 10% of the annual increase in non-restricted net assets of the relevant school as determined in accordance with generally accepted accounting principles in the PRC. The development fund shall be used for the construction or maintenance of the schools or procurement or upgrading of educational equipment.

Condensed Consolidated Statement of Cash Flows

For the six months ended 28 February 2025

	Six months ended	
	28 February 2025 ***RMB million*** **(unaudited)**	29 February 2024 *RMB million* (unaudited)
NET CASH FROM OPERATING ACTIVITIES	**663**	1,097
INVESTING ACTIVITIES		
Payments/deposits paid for acquisition of property, plant and equipment/right of use assets	**(1,446)**	(2,403)
Purchase of structured deposits	**(1,144)**	(503)
Redemption of structured deposits	**226**	426
Purchase of money market funds	**–**	(675)
Withdrawal of money market funds	**–**	901
Other investing cash flows	**(51)**	(16)
NET CASH USED IN INVESTING ACTIVITIES	**(2,415)**	(2,270)
FINANCING ACTIVITIES		
Repayment of bank borrowings	**(731)**	(718)
Repayment of other borrowings	**(537)**	(625)
Interest paid	**(228)**	(237)
New other borrowings raised	**62**	790
New bank borrowings raised	**807**	868
Other financing cash flows	**(45)**	(34)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(672)**	44
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(2,424)**	(1,129)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**6,238**	5,177
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**3,814**	4,048

Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2025

1. BASIS OF PREPARATION

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

In preparing the condensed consolidated financial statements, the directors of the Company have given careful consideration of the future liquidity of the Group in light of the fact that its current liabilities exceeded its current assets of RMB 2,651 million as at 28 February 2025. The directors of the Company have, at the time of approving the condensed consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The directors of the Company consider that after taking into account the internal fund resources, the Group will have sufficient working capital to satisfy its present requirements for at least twelve months from the date of approval of the condensed consolidated financial statements. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

2. ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 28 February 2025 are the same as those presented in the Group's annual financial statements for the year ended 31August 2024.

In the current interim period, the Group has applied the following amendments to IFRS Accounting Standards issued by the International Accounting Standard Board which are mandatory effective for the Group’s annual period beginning on 1 September 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2025

3. REVENUE AND SEGMENT INFORMATION

The Group mainly engages in the provision of vocational education services.

Revenue represents services income from education and ancillary services in the domestic and international markets.

Information reported to the Group's chief operating decision maker ("CODM"), being the directors of the Company, for the purpose of resource allocation and assessment of segment performance, was based on the geographical locations of the customers. Specifically, the Group's reportable segments under IFRS 8 "Operating Segments" are as follows:

- Domestic Market segment focuses in the domestic Mainland China market, comprising education services (including tuition fees and boarding fees) delivered by higher vocational education institutions and secondary vocational education institutions as well as ancillary services; and
- International Market segment focuses in the international market, comprising education services (including tuition fees and boarding fees) delivered by institutions outside of the Mainland China.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable and operating segments:

	Domestic Market *RMB million*	International Market *RMB million*	Total *RMB million*
For the six months ended 28 February 2025 (unaudited)			
Revenue	3,544	129	3,673
Segment results	1,518	23	1,541
Investment income			53
Other gains and losses			(92)
Finance costs			(237)
Unallocated corporate income and expenses			(17)
Profit before taxation			1,248

Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2025

3. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenues and results (Continued)

	Domestic Market *RMB million*	International Market *RMB million*	Total *RMB million*
For the six months ended 29 February 2024 (unaudited)			
Revenue	3,179	105	3,284
Segment results	1,455	15	1,470
Investment income			54
Other gains and losses			(21)
Finance costs			(225)
Unallocated corporate income and expenses			5
Profit before taxation			1,283

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment results represent the profit earned by each segment without allocation of investment income, other gains and losses, finance costs and unallocated corporate income and expenses. This is the measure reported to the CODM of the Group for the purpose of resource allocation and performance assessment. No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the CODM.

Revenue from major services

The following is an analysis of the Group's revenue by types of services:

	Six months ended	
	28 February 2025 ***RMB million*** **(unaudited)**	29 February 2024 *RMB million* (unaudited)
Education services recognised over time	**3,646**	3,263
Ancillary services recognised over time	**27**	21
	3,673	3,284

Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2025

3. REVENUE AND SEGMENT INFORMATION (Continued)

Geographical information

The Group mainly operates in the Mainland China and Australia.

Information about the Group's revenue from customers is presented based on the location of operations and the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from customers Six months ended		**Non-current assets** *(Note)*	
	28 February 2025 ***RMB million*** **(unaudited)**	29 February 2024 *RMB million* (unaudited)	**At 28 February 2025** ***RMB million*** **(unaudited)**	At 31 August 2024 *RMB million* (audited)
Mainland China	**3,544**	3,179	**31,058**	30,291
Australia	**129**	105	**683**	736
Hong Kong, China	**–**	–	**2**	2
	3,673	3,284	**31,743**	31,029

Note: Non-current assets exclude financial instruments and deferred tax assets.

4. OTHER INCOME

	Six months ended 28 February 2025 ***RMB million*** **(unaudited)**	Six months ended 29 February 2024 *RMB million* (unaudited)
Income from on-campus management and service to venders	**87**	61
Other service income	**18**	21
Government grants *(Note)*	**49**	63
Others	**53**	56
	207	201

Note: Government grants mainly represent subsidies for procurement of laboratory apparatus and equipment and conducting educational programmes for both periods.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2025

5. TAXATION

	Six months ended	
	28 February 2025 ***RMB million*** **(unaudited)**	29 February 2024 *RMB million* (unaudited)
Income tax charge (credit):		
Current tax		
— Enterprise Income Tax ("EIT")	**159**	91
— Australian Corporate Income Tax	**1**	1
Deferred tax	**(3)**	3
	157	95

According to the relevant provisions of the Law for Promoting Private Education and the relevant implementation rules issued from time to time, private schools providing academic qualification education for which the school sponsors do not require reasonable returns or schools elected to be not-for-profit are eligible to enjoy the same preferential tax treatment as public schools.

As at 28 February 2025, the Group submitted the applications for the conversion into for-profit private schools (the "Conversion"), which were still in process for three (31 August 2024: three) schools and their tax positions have not been changed. Other eight (31 August 2024: eight) schools have not yet elected to be for-profit or not-for-profit since it was not compulsory to elect up to the end of the current reporting period. During the six months ended 28 February 2025, except for one (six months ended 29 February 2024: one) school which is chargeable at the standard EIT rate based on the local practice of the region where the school is located, all other schools, including the three in the process of Conversion, followed previous EIT preferential treatments for the tuition and certain related incomes according to the current tax practice.

Should any school elected and be approved to be for-profit upon completion of the Conversion, the relevant school may not be able to follow previous EIT preferential treatments for the tuition and certain related incomes. Consequently, the discontinuation of the preferential tax treatment would cause an increase in the tax expense in the future. The Group has considered all relevant facts and circumstances, including the executions and local practices of the relevant provisions of the Law for Promoting Private Education and the relevant implementation rules issued from time to time, the plans for election, progress and results of the Conversion for individual schools of the Group, as well as other relevant tax rules and regulations, when assessing the effect of the estimation uncertainty by using the most likely amounts.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2025

6. PROFIT FOR THE PERIOD

	Six months ended	
	28 February 2025 ***RMB million*** **(unaudited)**	29 February 2024 *RMB million* (unaudited)
Profit for the period has been arrived at after charging:		
Staff costs, including directors' remuneration		
— salaries and other allowances	**1,033**	879
— retirement benefit scheme contributions	**160**	141
Total staff costs	**1,193**	1,020
Depreciation of property, plant and equipment	**478**	380
Depreciation of right-of-use assets (net of capitalised as cost of construction in progress)	**46**	39
Foreign exchange losses, net (included in other gains and losses)	**66**	5

7. DIVIDENDS

During the current interim period, the Company recognised the following dividend as distribution:

	Six months ended	
	28 February 2025 ***RMB million*** **(unaudited)**	29 February 2024 *RMB million* (unaudited)
Final dividend for the year ended 31 August 2024 of RMB10.28 cents (six months ended 29 February 2024: RMB13.53 cents final dividend for the year ended 31 August 2023) per ordinary share	**279**	342

The 2024 final dividend was settled in cash, with an alternative to receive the dividend (or part thereof) in form of scrip shares. Subsequent to 28 February 2025, the 2024 final dividend has been settled by cash of HK$89 million (equivalent to RMB82 million) and the issue of 86,521,644 ordinary shares of the Company.

No dividend has been proposed since the end of the reporting period ended 28 February 2025 (six months ended 29 February 2024: RMB18.77 cents).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2025

8. EARNINGS PER SHARE

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

	Six months ended	
	28 February 2025 ***RMB million*** **(unaudited)**	29 February 2024 *RMB million* (unaudited)
Earnings:		
Profit for the period attributable to owners of the Company for the purposes of calculating basic and diluted earnings per share	**967**	1,071
	million	*million*
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share	**2,714**	2,552

The computation of diluted earnings per share for each of the six months ended 28 February 2025 and 29 February 2024 did not assume the exercise of the Company's share options granted under the Company's share option schemes as the adjusted exercise prices of those share options were higher than the average market prices of the shares of the Company for these periods.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2025

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the six months ended 28 February 2025, the Group made additions of RMB812 million (six months ended 29 February 2024: RMB1,648 million) for construction costs for new school premises and student dormitories and RMB330 million (six months ended 29 February 2024: RMB323 million) for acquisition of office equipment, furniture and fixtures and motor vehicles.

The Group also made additions of right-of-use assets of RMB23 million (six months ended 29 February 2024: RMB142 million) during the current interim period.

10. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	At 28 February 2025 *RMB million* **(unaudited)**	At 31 August 2024 *RMB million* (audited)
Trade receivables *(Notes (i) and (vi))*	**115**	60
Less: allowance for credit losses	**(29)**	(28)
	86	32
Receivables from education bureaus *(Note (i))*	**30**	31
Loan receivables, net of allowance *(Notes (ii) and (vi))*	**339**	318
Indemnification assets *(Note (iii))*	**239**	250
Amounts due from a vendor of acquired school *(Note (iv))*	**67**	187
Deposits	**47**	70
Other prepayments and receivables, net of allowance	**300**	204
	1,108	1,092

Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2025

10. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES (Continued)

Notes:

i. For schools in the Mainland China, the students are required to pay tuition fees and boarding fees in advance for the upcoming school years, which normally commences in September except for adult education which normally commences in January, February or March. Meanwhile, for higher education institution of the Group outside the Mainland China, the students are required to pay tuition fees in advance for the upcoming trimesters, which normally commences in March, July and November. The outstanding receivables represent amounts related to students who have applied for the delayed payments of tuition fees and boarding fees. There is no fixed term for delayed payments. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of individual students, there is no significant concentration of credit risk. The Group does not hold any collaterals or other credit enhancements over its trade receivable balances.

   The following is an analysis of trade receivables and receivables from education bureaus, net of allowance for credit losses, by age, presented based on debit note.

	At 28 February 2025 ***RMB million*** **(unaudited)**	At 31 August 2024 *RMB million* (audited)
0–90 days	**39**	28
Over 90 days	**77**	35
	116	63

ii. The loan receivables are non-trade in nature, interest bearing 12% (31 August 2024: 12%) per annum, unsecured and repayable within twelve months from the end of the reporting period.

iii. Indemnification assets are recognised upon business combination as assets of the Group and on the same basis as the indemnified items, representing provisions for certain compliance matters, which are recognised as liabilities of certain acquisition targets in prior years. The indemnification assets are subject to impairment assessment at the end of the reporting period based on the evaluation of collectability.

iv. The amounts represent payments made by the Group for settlement of litigation of acquired schools that are recoverable from a vendor pursuant to an acquisition agreement. The amounts are interest-free, unsecured and the management of the Group expects that the amounts would be settled together with deferred consideration payable to the vendor.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2025

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 28 February 2025 ***RMB million*** **(unaudited)**	At 31 August 2024 *RMB million* (audited)
Structured deposits *(Note)*	**1,221**	295

Note: As at 28 February 2025 and 31 August 2024, the structured deposits were issued by banks and financial institutions in the Mainland China and Hong Kong. The expected rates of return (not guaranteed) of the structured deposits depend on the foreign exchange rates and market price of underlying financial instruments, including listed shares, bonds, debentures and other financial assets.

At 28 February 2025, structured deposits of carrying amount of RMB819 million (31 August 2024: RMB221 million) are restricted to redeem from 21 to 188 days (31 August 2024: from 35 to 360 days) from the relevant dates of issuances. Other than these amounts, all of the other structured deposits are redeemable at any time with prior notice.

12. TRADE PAYABLES

The credit period granted by suppliers on purchase of consumables and provision of services ranged from 30 days to 60 days.

The following is an aged analysis of trade payables presented based on invoice date at the end of reporting period.

	At 28 February 2025 ***RMB million*** **(unaudited)**	At 31 August 2024 *RMB million* (audited)
0–30 days	**4**	5
31–90 days	**20**	31
Over 90 days	**5**	5
	29	41

Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2025

13. OTHER PAYABLES AND ACCRUED EXPENSES

	At 28 February 2025 RMB million (unaudited)	At 31 August 2024 RMB million (audited)
Discretionary government subsidies receipt in advance *(Note (i))*	155	204
Receipt on behalf of ancillary services providers	363	420
Long term construction cost payables for school premises *(Note (ii))*	549	564
Construction cost payables and retention money payables for school premises	954	1,132
Accrued staff benefits and payroll	164	177
Fees payable for conversion of certain independent colleges into private universities *(Note (iii))*	49	59
Deferred cash consideration *(Note (iv))*	275	366
Amount due to connected entities of a non-controlling interest *(Note (v))*	2	14
Dividend payables *(note 7)*	279	–
Other payables and accruals *(Note (vi))*	404	448
	3,194	3,384
Current	2,627	2,787
Non-current	567	597
	3,194	3,384
Financial liabilities at amortised cost	2,445	2,586
Accruals and others	200	234
Financial liabilities at FVTPL	549	564
	3,194	3,384

Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2025

13. OTHER PAYABLES AND ACCRUED EXPENSES (Continued)

Notes:

i. The amounts represent scholarships and government subsidies to be distributed from time to time or upon demand to eligible students and teachers of the schools based mainly on the financial conditions or academic achievements of students and teachers, on behalf of the government.

ii. Long term construction cost payables for school premises arose from arrangements between the Group and other constructors for building student dormitories and academic building, pursuant to which the constructors are entitled to future cash payments with payment terms ranging from 39 to 42 years (31 August 2024: from 39 to 42 years) after completion of construction, typically with guaranteed amounts and variable premium proportionate to boarding fees and tuition fees earned by respective buildings they constructed and are designated as at FVTPL calculated by discounting the expected future cash flow, with change in fair value recognised in profit or loss. Included in long term construction cost payables for school premises are amounts of RMB489 million (31 August 2024: RMB512 million) which are payable beyond twelve months after the end of the reporting period and are presented as non-current liabilities as at 28 February 2025 and 31 August 2024.

iii. The amount includes fees payable for conversions of two schools from independent colleges into full private universities. Included in the amount is RMB10 million (31 August 2024: RMB20 million) which is payable beyond twelve months after the end of the reporting period and is presented as non-current liabilities as at 28 February 2025 and 31 August 2024.

iv. The amounts represent consideration payables for the acquisitions of certain schools in prior years.

v. The entire amounts as at 28 February 2025 and 31 August 2024 represent payables to entities controlled by a substantial shareholder of a non-controlling interest of a subsidiary of the Company, and are interest-free, unsecured and repayable within twelve months from the end of reporting period.

vi. Other payables include an amount of RMB68 million (31 August 2024: RMB65 million) payable beyond twelve months after the end of the reporting period and is therefore presented as non-current liabilities as at 28 February 2025 and 31 August 2024.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2025

14. PROVISIONS

The amount of provisions assumed through acquisitions of businesses, representing (a) provisions for compliance matters, mainly on social insurance benefit, housing provident fund, lack of building ownership certificates for certain school premises and idle lands, and (b) provisions for legal cases, is the best estimate of the considerations required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. The aforementioned compliance matters and legal cases are indemnified by respective vendors. Indemnification assets as set out in note 10 are recognised upon acquisitions of businesses in prior years and adjusted according to subsequent development of the indemnified matters.

	Compliance matters *RMB million*	**Legal cases** *RMB million*	**Total** *RMB million*
At 28 February 2025 (unaudited)	**253**	**14**	**267**
At 31 August 2024 (audited)	253	25	278

15. BANK AND OTHER BORROWINGS AND BONDS

	At 28 February 2025 *RMB million* **(unaudited)**	At 31 August 2024 *RMB million* (audited)
Bank borrowings		
— secured	**5,999**	5,898
— unsecured	**1,686**	1,703
Other borrowings		
— secured	**1,153**	1,542
— unsecured	**6**	89
Guaranteed bonds due in 2025 and 2026		
— guaranteed and unsecured	**1,009**	1,005
Total	**9,853**	10,237
Current	**2,205**	2,497
Non-current	**7,648**	7,740
	9,853	10,237
Variable-rate borrowings	**7,493**	7,294
Fixed-rate borrowings	**2,360**	2,943
	9,853	10,237

Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2025

15. BANK AND OTHER BORROWINGS AND BONDS (Continued)

As at 28 February 2025 and 31 August 2024, secured bank borrowings are secured by tolling right of tuition fee, boarding fee and ancillary income of certain schools of the Group and equity interest of several subsidiaries and consolidated affiliated entities of the Company while secured other borrowings are secured by tolling rights of tuition fee, boarding fee and ancillary income of certain schools of the Group and property, plant and equipment under sale and leaseback arrangements and equity interest of a subsidiary of the Company.

The variable-rate bank and other borrowings as at 28 February 2025 and 31 August 2024 carry interest with reference to the Benchmark Borrowing Rate of The People's Bank of the PRC, Loan Prime Rate of The People's Bank of the PRC or the Secured Overnight Financing Rate.

Guaranteed bonds due in 2025 amounted to RMB500 million has been redeemed in full subsequent to 28 February 2025.

16. SHARE CAPITAL

	Number of shares	Share capital *HK$*
Ordinary shares of HK$0.00001 each		
Authorised		
At 1 September 2023, 29 February 2024, 1 September 2024 and 28 February 2025	50,000,000,000	500,000
Issued and fully paid		
At 1 September 2023 and 29 February 2024	2,551,540,490	25,515
At 1 September 2024 and 28 February 2025	2,713,791,221	27,138

17. CAPITAL COMMITMENTS

	At 28 February 2025 ***RMB million*** **(unaudited)**	At 31 August 2024 *RMB million* (audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of the acquisition of property, plant and equipment and right-of-use assets	**814**	1,044

Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2025

18. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets and liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are quoted prices (unadjusted) in active market for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial instruments	Fair value		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	At 28 February 2025 *RMB million* **(unaudited)**	At 31 August 2024 *RMB million* (audited)				
Financial asset						
Financial assets at FVTPL (Structured deposits)	**1,221**	295	Level 3	Discounted cash flow — Future cash flows are estimated based on estimated return, and discounted at a rate that reflects the credit risk of various counterparties.	Estimated return and discount rate	The higher the estimated return, the higher the fair value, vice versa *(Note (i))* The higher the discount rate, the lower the fair value, vice versa *(Note (i))*

Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2025

18. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Fair value of the Group's financial assets and liabilities that are measured at fair value on a recurring basis (Continued)

Financial instruments	Fair value		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	At 28 February 2025 ***RMB million*** **(unaudited)**	At 31 August 2024 *RMB million* (audited)				
Financial liability						
Long term construction cost payables for school premises	**549**	564	Level 3	Discounted cash flow — Future cash flows are estimated based on estimated cash outflow and discounted at an appropriate rate.	Expected cash outflow and discount rate	The higher the expected cash outflow, the higher the fair value, vice versa *(Note (ii))* The higher the discount rate, the lower the fair value, vice versa *(Note (iii))*

Notes:

i. No sensitivity analysis has been presented as changes in fair values due to changes in the unobservable inputs above are insignificant.

ii. As at 28 February 2025, if the expected variable cash outflow was 5% higher/lower and the other variables were held constant, the total carrying amount of long term construction costs payables for school premises would increase/decrease by RMB9 million/RMB6 million (31 August 2024: RMB8 million/RMB8 million), respectively.

iii. As at 28 February 2025, if the discount rate was 5% higher/lower and the other variables were held constant, the total carrying amount of long term construction costs payables for school premises would decrease/increase by RMB21 million/RMB27 million (31 August 2024: RMB24 million/RMB25 million), respectively.

There were no transfers into or out of Level 3 during both periods.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2025

18. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Fair value of the Group's financial assets and liabilities that are measured at fair value on a recurring basis (Continued)

The following table presents the reconciliation of Level 3 measurements of the financial assets (liabilities) during both periods:

	Structured deposits *RMB million*	Convertible bonds *RMB million*	Long term construction cost payables for school premises *RMB million*	Total *RMB million*
At 1 September 2023 (audited)	307	(3)	(385)	(81)
Fair value change	6	–	(20)	(14)
Settlement of long-term construction cost payables for school premises	–	–	20	20
Purchase of structured deposits	503	–	–	503
Redemption of structured deposits	(426)	–	–	(426)
At 29 February 2024 (unaudited)	390	(3)	(385)	2
At 1 September 2024 (audited)	**295**	**–**	**(564)**	**(269)**
Fair value change	**8**	**–**	**(25)**	**(17)**
Settlement of long-term construction cost payables for school premises	**–**	**–**	**40**	**40**
Purchase of structured deposits	**1,144**	**–**	**–**	**1,144**
Redemption of structured deposits	**(226)**	**–**	**–**	**(226)**
At 28 February 2025 (unaudited)	**1,221**	**–**	**(549)**	**672**

Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2025

18. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Fair value of the Group's financial assets and liabilities that are measured at fair value on a recurring basis (Continued)

Fair value changes on structured deposits and long-term construction cost payables for school premises are presented in "other gains and losses" line item.

The board of directors of the Company designates a team headed up by the chief financial officer of the Company to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The finance team of the Group works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The chief financial officer reports to the board of directors of the Company when needed to explain the cause of fluctuations in the fair value of the assets and liabilities.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed above.

Fair value of the Group's financial assets and liabilities that are recorded at amortised cost

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values at the end of the reporting period.

19. RELATED PARTY DISCLOSURES

Compensation of key management personnel

The remuneration of directors of the Company and other members of key management of the Group during the period are as follows:

	Six months ended	
	28 February 2025 *RMB million* **(unaudited)**	29 February 2024 *RMB million* (unaudited)
Short-term benefits	**6**	6

The remuneration of directors and key executives are determined having regard to the performance of individuals and market trends.

Glossary

"affiliate"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"Blue Sky"	Blue Sky Education International Limited (藍天教育國際有限公司), a controlling shareholder of the Company
"Board"	the board of directors of the Company
"China" or "PRC"	the People's Republic of China and for the purposes of this document only, except where the context requires otherwise, references to China or the PRC exclude Hong Kong, Macau and Taiwan
"Company"	China Education Group Holdings Limited (中國教育集團控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
"controlling shareholders"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"Group", "we", "us", or "our"	the Company, its subsidiaries and its consolidated affiliated entities from time to time
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Model Code"	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)
"Mr. Xie"	Mr. Xie Ketao (謝可滔), a controlling shareholder of the Company
"Mr. Yu"	Mr. Yu Guo (于果), a controlling shareholder of the Company
"Nanchang Jiangke"	Nanchang Jiangke Education Investment Co., Ltd. (南昌江科教育投資有限公司), a company established in the PRC with limited liability and one of our consolidated affiliated entities

Glossary

"RMB" or "Renminbi"	Renminbi, the lawful currency of China
"Shareholder(s)"	holder(s) of our Share(s)
"Shares"	the ordinary share(s) in the capital of the Company with a par value of HK$0.00001 each
"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)
"United States" or "US"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US dollars"	United States dollars, the lawful currency of the United States
"White Clouds"	White Clouds Education International Limited (白雲教育國際有限公司), a controlling shareholder of the Company
"%"	per cent

The English names of the PRC entities, PRC laws or regulations, PRC awards/accreditations, and the PRC governmental authorities referred to in this report are merely translations from their Chinese names and are for identification purposes. If there is any inconsistency, the Chinese names shall prevail.