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China Xinhua Education Group Limited

中國新華教育集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2779)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

The Board is pleased to announce the unaudited interim consolidated financial results of the Group for the six months ended 30 June 2025, together with the comparative figures for the corresponding period in 2024. The unaudited interim consolidated financial results of the Group for the Reporting Period have been reviewed by the Audit Committee and the independent auditor of the Company.

In this announcement, “**we**”, “**us**”, “**our**” refer to the Company and where the context otherwise requires, the Group.

HIGHLIGHTS

	Six months ended 30 June		Percentage
	2025	2024	change
	<i>RMB'000</i>	<i>RMB'000</i>	<i>%</i>
	(unaudited)	(unaudited)	
Revenue	362,551	355,716	1.9
Gross profit	236,762	235,921	0.4
Profit for the period	256,334	213,119	20.3
Adjusted net profit ⁽¹⁾	241,516	224,779	7.4

Note:

- (1) The Group defines the adjusted net profit as the profit for the period after adjusting for those items which are not indicative of the Group's operating performances. This is not an IFRSs measure. For details, please refer to the section headed “Management Discussion and Analysis – Financial Review” in this announcement.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2025 – unaudited

(Expressed in Renminbi Yuan)

		Six months ended 30 June	
	Note	2025	2024
		RMB'000	RMB'000
Revenue	3	362,551	355,716
Cost of sales		<u>(125,789)</u>	<u>(119,795)</u>
Gross profit		<u>236,762</u>	<u>235,921</u>
Other income	4	48,267	24,057
Selling and distribution costs		(709)	(1,078)
Administrative expenses		<u>(16,608)</u>	<u>(36,661)</u>
Profit from operations		267,712	222,239
Finance costs	5(a)	<u>(6,407)</u>	<u>(6,375)</u>
Profit before taxation	5	261,305	215,864
Income tax	6	<u>(4,971)</u>	<u>(2,745)</u>
Profit for the period		<u>256,334</u>	<u>213,119</u>
Other comprehensive income for the period			
(after tax and reclassification adjustments)			
Item that will not be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of the Company		<u>(8,706)</u>	<u>4,539</u>
Other comprehensive income for the period		<u>(8,706)</u>	<u>4,539</u>
Total comprehensive income for the period		<u>247,628</u>	<u>217,658</u>
Earnings per share	7		
Basic and diluted (RMB cents)		<u>15.9</u>	<u>13.2</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025 – unaudited

(Expressed in Renminbi Yuan)

	Note	At 30 June 2025 <i>RMB'000</i> (unaudited)	At 31 December 2024 <i>RMB'000</i> (audited)
Non-current assets			
Property, plant and equipment		414,606	434,872
Right-of-use assets		71,255	72,535
Intangible assets		199,781	200,519
Other non-current assets	8	2,929,737	2,890,700
Long-term bank time deposits	11	240,000	330,000
		<u>3,855,379</u>	<u>3,928,626</u>
Current assets			
Trade receivables	9	1,150	2,137
Prepayments, deposits and other receivables	10	247,941	228,101
Cash and bank balances	11	616,332	689,882
		<u>865,423</u>	<u>920,120</u>
Current liabilities			
Loans and borrowings	12	51,610	50,020
Contract liabilities	13	10,987	362,045
Other payables	14	141,744	152,114
Current taxation		8,986	12,402
		<u>213,327</u>	<u>576,581</u>
Net current assets		<u>652,096</u>	<u>343,539</u>
Total assets less current liabilities		<u>4,507,475</u>	<u>4,272,165</u>
Non-current liabilities			
Loans and borrowings	12	537,800	551,829
NET ASSETS		<u>3,969,675</u>	<u>3,720,336</u>
Capital and reserves			
Share capital		12,952	12,952
Reserves	15	3,956,723	3,707,384
TOTAL EQUITY		<u>3,969,675</u>	<u>3,720,336</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

1 Basis of preparation

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (“IASB”). It was authorised for issue on 29 August 2025.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2025 annual financial statements. Details of any changes in accounting policies are set out in Note 2.

The preparation of the interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2024 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”).

The interim financial report is unaudited, but has been reviewed by KPMG 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 HKICPA. KPMG’s independent review report to the Board of Directors is included in the interim report.

2 Changes in accounting policies

The Group has applied the amendments to IAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the IASB to this interim financial report for the current accounting period. The amendments do not have a material impact on this interim report as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 Revenue and segment reporting

(a) Revenue

	Six months ended 30 June	
	2025	2024
	RMB’000	RMB’000
Revenue from contracts with customers within the scope of IFRS 15		
Tuition fees	335,862	328,607
Boarding fees	26,689	27,109
Total	<u>362,551</u>	<u>355,716</u>

Revenue represents the value of service rendered during the reporting period. No service provided to a single customer exceeds 10% or more of the total revenue of the Group during the reporting period.

During the six months ended 30 June 2025 and 2024, all of the Group's revenues were generated in the People's Republic of China ("PRC") and all of its non-current assets were located in the PRC.

The Group has applied the practical expedient in paragraph 121 of IFRS 15 to its tuition and boarding fees received by the university and school such that the Group does not include information about revenue that the Group will be entitled to when it satisfied the remaining performance obligations for tuition and boarding fees received by the university and school that had an original expected duration of one year or less.

(b) Segment Reporting

IFRS 8, Operating Segments, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the Group's chief operating decision maker for the purpose of resources allocation and performance assessment. The Group has determined that it only has one operating segment which is the provision of education services.

4 Other income

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Rental and property management income	14,951	12,345
Service income	11,941	7,270
Government grants	395	550
Interest income on financial assets measured at amortised cost	10,835	7,067
Surplus/(deficit) on operation of the Anhui school and Jiangsu school	10,167	(3,123)
Others	(22)	(52)
	48,267	24,057

5 Profit before taxation

Profit before taxation is arrived at after charging:

		Six months ended 30 June	
		2025	2024
		RMB'000	RMB'000
(a) Finance costs			
Interest expense on loans and borrowings		<u>6,407</u>	<u>6,375</u>
(b) Staff costs			
Salaries, wages and other benefits		84,620	78,645
Contributions to defined contribution retirement plan (i)		6,844	5,714
Equity settled share-based payment expenses		<u>1,711</u>	<u>4,102</u>
		<u>93,175</u>	<u>88,461</u>

- (i) Employees of the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

The Group's contributions to the defined contribution retirement plans are expensed as incurred and not reduced by contributions forfeited by those employees who leave the plans prior to vesting fully in the contributions.

The Group has no other material obligation for the payment of retirement benefits associated with the scheme beyond the annual contributions described above.

		Six months ended 30 June	
		2025	2024
		RMB'000	RMB'000
(c) Other items			
Depreciation of owned property, plant and equipment		30,057	24,281
Amortisation of intangible assets		1,159	1,127
Depreciation of right-of-use assets		1,278	1,278
Net foreign exchange (gain)/loss		(16,529)	7,558
Auditors' remuneration		<u>1,000</u>	<u>1,000</u>
		<u>16,965</u>	<u>35,244</u>

6 Income tax in the consolidated statement of profit or loss and other comprehensive income

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000

Current tax

Provision for PRC income tax for the period	<u>4,971</u>	<u>2,745</u>
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- (i) The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly is not subject to income tax.
- (ii) No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the reporting period.
- (iii) Pursuant to the PRC Income Tax Law and the respective regulations, the companies of the Group which operate in the PRC are subject to Corporate Income Tax (“CIT”) at a rate of 25% on its taxable income.
- (iv) According to the relevant provisions of Implementation Rules for the Law for Promoting Private Education (the “**Implementation Rules**”), private schools for which the school sponsors do not require reasonable returns/schools elected as not-for-profit schools are eligible to enjoy the same preferential tax treatment as public schools. After the Detailed Implementation Rules of Law for Promoting Private Education announced with effective from 1 September 2021, under the Implementation Opinions of the Anhui Provincial People’s Government on Encouraging Social Forces to Establish Education to Promote the Healthy Development of Private Education (the “**Implementation Opinions**”), the Group’s schools are required to register as either a for-profit or a not-for-profit organization by the end of 2022. Up to the date of this announcement, as no detail instructions have been issued yet, the Group has not commenced the registration process.

In accordance with the historical tax returns filed to the relevant tax authorities and the communication with local tax authorities, the Group’s schools which do not require reasonable returns have not been levied for income tax on the income from provision of formal educational services. Following the prevailing practice, management considered that no CIT would be imposed by the local tax bureau on the income from provision of formal educational services based on the PRC relevant tax collection administration circumstance. As a result, no income tax expense for the income from provision of formal educational services is thus recognised for the Group’s schools for the six months ended 30 June 2025.

Subject to the outcome of the registration and other policy update which cannot be determined at the moment, the preferential tax treatment previously enjoyed by the Group under the prevailing practice may be unfavorably affected and the Group may be subject to CIT for the income from provision of formal educational services as determined by the local tax bureau.

7 Earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2025 is based on the profit attributable to equity shareholders of the Company for the six months ended 30 June 2025 of RMB256,334,000 (six months ended 30 June 2024: RMB213,119,000) and the weighted average number of ordinary shares of 1,608,583,000 in issue during the reporting period (six months ended 30 June 2024: 1,608,583,000) shares.

For the six months ended 30 June 2025, the outstanding share options under the Company’s Share option scheme were not included in the calculation of diluted earnings per share as their inclusion would have been anti-dilutive. Accordingly, diluted earnings per share for the six months ended 30 June 2025 were the same as basic earnings per share.

8 Other non-current assets

	At 30 June 2025 <i>RMB'000</i> (unaudited)	At 31 December 2024 <i>RMB'000</i> (audited)
Prepayment for investments	660,000	660,000
Advance to the Anhui school and Jiangsu school	2,269,737	2,230,700
	<u>2,929,737</u>	<u>2,890,700</u>

As at 30 June 2025 and 31 December 2024, the prepayment for investments represents the down-payment for the acquisition of Jiangsu school with the amount of RMB660,000,000. The advance to the Anhui school and Jiangsu school represents the payment for their campus construction with the amount of RMB2,269,737,000 (31 December 2024: RMB2,230,700,000), which were unsecured and interest-free.

9 Trade receivables

As of the end of the reporting period, an ageing analysis of the Group's trade receivables, based on the transaction date, is as follows:

	At 30 June 2025 <i>RMB'000</i> (unaudited)	At 31 December 2024 <i>RMB'000</i> (audited)
Within 1 year	<u>1,150</u>	<u>2,137</u>

No allowance for doubtful debts was made as of the end of the reporting period.

10 Prepayments, deposits and other receivables

	At 30 June 2025 <i>RMB'000</i> (unaudited)	At 31 December 2024 <i>RMB'000</i> (audited)
Prepayments and deposits	202,530	201,838
Other receivables	45,411	26,263
	<u>247,941</u>	<u>228,101</u>

As at 30 June 2025 and 31 December 2024, prepayments and deposits mainly comprise the balance due from Jiangsu school with the amount of RMB200,000,000.

11 Long-term bank time deposits, cash and bank balances

	At 30 June 2025 <i>RMB'000</i> (unaudited)	At 31 December 2024 <i>RMB'000</i> (audited)
Long-term bank time deposits	240,000	330,000
Cash and bank balances		
– Bank time deposits	476,100	548,100
– Cash and cash equivalents	140,232	141,782
	616,332	689,882
Total	856,332	1,019,882

The interest rates on bank time deposits as at 30 June 2025 ranged from 1.85% to 3.31% per annum (31 December 2024: 1.45% to 3.55%).

12 Loans and borrowings

	At 30 June 2025 <i>RMB'000</i> (unaudited)	At 31 December 2024 <i>RMB'000</i> (audited)
Unsecured bank loans:		
Within 1 year or on demand	51,610	50,020
Over 1 year but within 2 years	56,290	62,880
	107,900	112,900
Loans from a related party:		
Over 1 year but within 2 years	216,132	–
Over 2 years but within 5 years	169,623	293,555
Over 5 years	95,755	195,394
	481,510	488,949
	589,410	601,849

As at 30 June 2025, the unsecured bank loans carried interest at annual rates of 2.70% (31 December 2024: 2.70%).

As at 30 June 2025, the Group has borrowed sum of HKD528 million from its related party Wu Junbao Company Limited, equivalent to RMB481.51 million, with an annual interest rate of 2.00%.

13 Contract liabilities

	At 30 June 2025 RMB'000 (unaudited)	At 31 December 2024 RMB'000 (audited)
Tuition fees	2,061	327,088
Boarding fees	8,926	34,957
	<u>10,987</u>	<u>362,045</u>

14 Other payables

	At 30 June 2025 RMB'000 (unaudited)	At 31 December 2024 RMB'000 (audited)
Payable to suppliers	67,664	62,055
Miscellaneous expenses received from students (i)	6,635	6,643
Accrued staff costs	19,802	25,381
Accrued expenses	4,986	4,274
Interest payable	28,008	23,535
Others	14,649	30,226
	<u>141,744</u>	<u>152,114</u>

- (i) The amount represents miscellaneous expenses received from students which will be paid out on behalf of students.

All other payables are expected to be settled within one year.

15 Capital, reserves and dividends

(a) Dividends payable to equity shareholders of the Company attributable to the interim period

The directors of the Company (the “**Directors**”) do not recommend the payment of an interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

(b) Dividends payable to equity shareholders attributable to the previous financial year, approved during the interim period

	Six months ended 30 June 2025 RMB'000	2024 RMB'000
Final dividend in respect of the previous financial year, approved during the following interim period, of HK0 cents per ordinary share (2024: HK6.32 cents per share)	<u>–</u>	<u>92,609</u>

(c) Equity settled share-based transactions

On 30 April 2019, 15,000,000 share options were granted to Mr. Zhang Ming, an executive Director, under the Company's employee share option scheme, with an exercise price of HK\$2.69 per share. Each option gives the holder the right to subscribe for one ordinary share of the Company.

On 15 July 2019, 52,900,000 share options were granted to certain employees, including two executive Directors Mr. Lu Zhen and Mr. Wang Yongkai, under the Company's employee share option scheme, with an exercise price of HK\$2.82 per share. Each option gives the holder the right to subscribe for one ordinary share of the Company.

On 5 June 2023, 71,900,000 share options were granted to certain employees, including three executive Directors Mr. Zhang Ming, Mr. Lu Zhen and Mr. Wang Yongkai, under the Company's employee share option scheme, with an exercise price of HK\$0.764 per share. Each option gives the holder the right to subscribe for one ordinary share of the Company.

No share options were exercised during the six months ended 30 June 2025 (2024: nil). During the reporting period, 21,600,000 share options were vested, and 3,000,000 share options granted on 30 April 2019 were expired. As at 30 June 2025, the Company has 134,800,000 outstanding share options (31 December 2024: 137,800,000).

(d) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of a debt-to-asset ratio. This ratio is calculated as total liabilities divided by total assets.

The debt-to-asset ratios at 30 June 2025 and 31 December 2024 were as follows:

	At 30 June 2025 RMB'000 (unaudited)	At 31 December 2024 RMB'000 (audited)
Total liabilities	751,127	1,128,410
Total assets	4,720,802	4,848,746
Debt-to-asset ratios	16%	23%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

The Group is a leading private higher education group in China. We are the largest private higher education provider in the Yangtze River Delta in terms of total student enrollment in the Yangtze River Delta region. Due to the implementation of the Strategic Cooperation Framework Agreement for the Integrated Development of Higher Quality Education in the Yangtze River Delta region and the Three-year Action Plan for the Integrated Development of Education in the Yangtze River Delta region, the Group's influence in terms of running schools will be further expanded, which will improve the quality and accelerate the development of the Group's education business in the future.

“A thriving education makes a thriving country, while a powerful education makes a powerful country.” General Secretary Xi Jinping stressed that building powerful education country is a basic project of the great rejuvenation of the Chinese nation, and we should give priority to education, deepen education reform, accelerate education modernization, properly provide satisfactory education, and train socialist builders and successors featuring an all-round development in morality, intelligence, physique, art and hardwork. The Group actively responds to the call of the party and the state, and firmly adheres to the lofty mission of “Rejuvenating the Country and Serving the People through Xinhua Education”, and the direction of schools under socialism, and focus on and offer good education. The Group vigorously promotes connotative construction, continuously improves the quality of schools, and plays a great role in improving the quality of workers, promoting employment, serving the upgrading and transformation of industries, etc.

We are committed to providing high-quality application-oriented formal education services to our students, including formal university education and secondary vocational education covering various mainstream subjects and areas of employment. Through continuous and efficient market research, we strive to design comprehensive and diversified courses to meet employers' preferences and labor market demands. Meanwhile, we actively adjust our major offerings, continuously optimize our teaching conditions by improving our tangible and intangible infrastructure, optimize the educational environment, and strengthen strategic cooperation with various private enterprises and public institutions, in order to help our students acquire useful skills and seek good employment opportunities. As a whole, our graduate employment rate is higher than the average graduate employment rate in the provinces and cities where we operate. The high employment rate will further consolidate our reputation, and to improve our image in the industry, and enable our schools to attract more talented students. With professional and high-quality education, the Group has continuously made outstanding contributions to students and their families, to employers, economic and social development.

BUSINESS REVIEW AND OPERATION UPDATE

Student Enrollment

In the 2024/25 academic year, the Group had a full-time student enrollment of approximately 43,014, representing a year-on-year decrease of approximately 1.48%. The number of registered students enrolled in continuing education reached 20,149, representing a year-on-year increase of approximately 1.88%. The student structure has been further optimized, the brand competitiveness has been further enhanced, and the high-quality development strategy has been steadily advanced.

OPERATION UPDATE AND HIGHLIGHTS

1. **Dynamic integration of industry and majors with significant improvement in educational capabilities.** The Group continued its efforts to enhance construction of majors based on the development needs of emerging industries and the transformation and upgrading of traditional industries. The colleges and universities of the Group currently have a total of 4 national-level first-class undergraduate programs and 14 provincial-level first-class undergraduate programs. The Group actively carried out curriculum construction, continuously created high-quality courses. Currently, Xinhua University has five national-level first-class undergraduate course and 71 provincial-level first-class courses, and the number of students winning awards at or above the provincial level in discipline competitions increased by 206.7% year-on-year.
2. **Organic combination of the introduction and nurturing of talents, achieving significant results in the teaching team building.** The Group implemented the strategy of “strengthening schools with talents”, continuously introduced doctors, and talents with an associate senior title and above and cultivated and introduced over 340 doctoral teachers to further optimize the structure of the teacher team. Xinhua University was approved as a postdoctoral research station of Anhui Province, enabling it to recruit postdoctoral jointly with a number of “double first-class” universities. The Group continued to strengthen the nurturing of applied teachers, while introducing experts and highly skilled talents from enterprises in the industry, and identified over 150 “dual-certificate” teachers.
3. **Continuing to expand exchanges and cooperation, and further conducting open schooling.** The Group actively promoted school-enterprise and school-local government cooperation. Together with leading enterprises, Xinhua University set up a music university in an innovative manner and established digitalized modern industrial colleges. A new provincial-level modern industrial college with “dual characteristics” was approved. Moreover, Xinhua University established internship bases and postgraduates’ training bases with those enterprises, improving the capabilities of synergetic nurturing talents. The Group deepened international exchanges and cooperation to enhance its international influence. Furthermore, the Group launched student recruitment for the university preparatory course project of University of Malaya, established an international examination center, with the TOEFL test center passing the acceptance inspection, and vigorously promoted the building of the brand “training camp to China”, with 63 people coming for research and study.

4. **Increasing investment in school operations with the campus environment continuously optimized.** The Group continued to increase investment, continuously improved the infrastructure on campus to provide a better working and learning environment for teachers and students. To better meet the needs of education and teaching, Xinhua University continued to build new laboratories, upgraded and modified smart classrooms, updated and upgraded laboratory equipment, and established AI Agents such as the intelligent student management system and the digital counsellor.
5. **Based on the development needs, social service skills have been continuously strengthened.** While achieving its own development, the Group actively performed social service value and vigorously promoted the application of scientific and technological innovations. The Group opened a new off-campus teaching site for higher academic continuing education of Northwestern Polytechnical University and introduced a new drone application technology project.

FUTURE PROSPECTS

I. Implementing the policy spirit and contributing to the construction of an education power

2025 marks the final year of the country's "14th Five-Year Plan" and also the year for formulating the "15th Five-Year Plan". In January, the Central Committee of the Communist Party of China and the State Council issued the Outline for the Construction Plan for Strengthening the Country with Education (2024-2035), which clearly proposed that "to achieve important milestones in the construction of an education power by 2027 and establish a powerful country in education by 2035, to shape a new pattern of fostering virtue and nurturing talent so as to foster new talents who can shoulder the responsibility for national rejuvenation, to strengthen the comprehensive strength of higher education, promote the reform and development of colleges and universities by category, optimize the layout of higher education, accelerate the construction of world-class universities and advantageous disciplines with Chinese characteristics, and improve the mechanism for discovering and nurturing top-notch innovative talents". Based on strong market demands and policy orientation, the Group will resolutely implement the fundamental task of fostering virtue and nurturing talent, actively practice the applied talent nurturing philosophy of "orientation towards students and output, and continuous improvement", so as to nurture high-quality applied talents with a sound personality, solid foundation, strong practical ability, international vision, innovative spirit and development potential.

II. Providing high-quality resources and services in line with talent cultivation

We will closely align with the needs of the transformation and upgrading of industries, continuously enhance the dynamic adjustment of disciplines and majors, and enhance the construction of distinctive and high-quality majors to cultivate more national-level first-class courses and first-class majors. We will deepen the reform and innovation of applied talent cultivation models, and enhance general education, specialized training, and vocational education to improve students' comprehensive quality and abilities as well as employment competitiveness. We will optimize and upgrade campus environments and hardware/software facilities, thereby improving service standards and quality to better meet the diverse needs of teachers and students.

III. Focusing on the cultivation of abilities to effectively give play to the role of “strengthening schools with talents”

We will continuously implement the development strategy of “strengthening schools with talents” and effectively leverage the empowerment effect of high-level talents. We will keep focusing on the growth and development of the talents and emphasize the cultivation of teachers' comprehensive abilities such as teaching ability, scientific research ability and practical ability. Through hierarchical and classified nurturing and training, we will build a professional and high-quality teaching team so as to lay a solid foundation for talent cultivating.

IV. Promoting technological applications and building a new intelligent education ecosystem

Focusing on the construction of the smart campus, we will strengthen the construction of data platforms and educational large-scale models, and promote the digital transformation and intelligent upgrading of curricula systems, textbook systems, and teaching systems. We will increase the application of artificial intelligence in professional development, teaching reform, quality assessment, and support systems. Leveraging educational digitalization to enhance the quality and efficiency of talent cultivation and foster new momentum for high-quality development.

V. Strengthening cooperative education and enhancing brand influence

We will deepen the school-enterprise and school-local government cooperation model, and achieve new breakthroughs in industry-academia-research collaborations in the construction of modern industry colleges and future technology colleges. With regard to the problems in the production process of the enterprise, the Company will intensify efforts on core technological issues, enhance the incubation of achievements and technology transfer, and elevate the level of social service capabilities. Centered on the “Belt and Road” Initiative, we will continuously expand the scale of international students, actively apply to establish Sino-foreign cooperative education programs, and consistently build an internationalized brand.

FINANCIAL REVIEW

Revenue

The Group's revenue consists of the tuition fees and boarding fees received from its students.

The Group's revenue slightly increased by 1.9% from RMB355.7 million for the six months ended 30 June 2024 to RMB362.6 million for the Reporting Period, primarily due to the increase of average tuition fees.

Other Income

Other income primarily consists of rental and property management income, service income, interest income and surplus on operation of Anhui School and Jiangsu School.

Other income increased by 100.4% from RMB24.1 million for the six months ended 30 June 2024 to RMB48.3 million for the Reporting Period, primarily due to the improvement on operation.

Cost of Sales

Cost of sales primarily consists of salaries and benefits paid to our teaching staffs, depreciation and amortization, cost of education-related activities, cost of repairs and student-related costs.

The Group's cost of sales increased by 5.0% from RMB119.8 million for the six months ended 30 June 2024 to RMB125.8 million for the Reporting Period, primarily due to the continuous increase in teaching investment.

Gross Profit

Our gross profit slightly increased by 0.4% from RMB235.9 million for the six months ended 30 June 2024 to RMB236.8 million for the Reporting Period, primarily due to the combined effect of the continuous improvement in our management level and the scale effect brought by the resource integration, which was in line with the growth of our business.

Selling and Distribution Costs

Selling and distribution costs primarily consist of student admission expenses, salaries and benefits paid to our sales staff, amortization and depreciation, and advertising expenses.

Selling and distribution costs decreased by 36.4% from RMB1.1 million for the six months ended 30 June 2024 to RMB0.7 million for the Reporting Period, mainly due to the decrease in student admission expenses and depreciation and amortization.

Administrative Expenses

Administrative expenses primarily consist of salaries and benefits paid to administrative staff, depreciation and amortization, and consultancy expenses.

Administrative expenses decreased by 54.8% from RMB36.7 million for the six months ended 30 June 2024 to RMB16.6 million for the Reporting Period, primarily due to the decrease in foreign exchange loss.

Finance Costs

Finance costs primarily consist of interest expenses on bank loans and borrowings.

The finance costs incurred for the Reporting Period amounted to RMB6.4 million, no significant difference from the same period of the previous year.

Profit before Taxation

The Group recognized a profit of RMB261.3 million before income tax for the Reporting Period, representing an increase of 21.0% as compared with a profit of RMB215.9 million before income tax for the six months ended 30 June 2024, primarily due to the increase of taxable profit in the PRC.

Income Tax

The Group's income tax increased by 85.2% from RMB2.7 million for the six months ended 30 June 2024 to RMB5.0 million for the Reporting Period, primarily due to the increase in taxable income in the PRC.

Profit for the Reporting Period

As a result of the combined effects of the foregoing, the Group recorded a profit of RMB256.3 million during the Reporting Period, representing an increase of 20.3% as compared with the RMB213.1 million for the six months ended 30 June 2024.

Adjusted net profit

Adjusted net profit was derived from the profit for the period after adjusting the net foreign exchange (gain)/loss and the share-based payment expenses, which are not indicative of the Group's operating performances (as presented in the table below). This is not an IFRSs measure. The Group has presented this item because the Group considers it is an important supplemental measure of the Group's operational performance used by the Group's management as well as analysts or investors. The following table shows profit and adjusted net profit of the Group for the periods indicated:

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Profit for the period	256,334	213,119
Add:		
Net foreign exchange (gain)/loss	(16,529)	7,558
Share-based payment expenses	1,711	4,102
Adjusted net profit	241,516	224,779

Net foreign exchange (gain)/loss arises from intra-group fundings with different functional currencies. According to IFRS, a similar amount of exchange gain or loss and other comprehensive income arises simultaneously as a result of change in the exchange rate.

Working Capital and Source of Capital

The Group's cash is mainly used to satisfy the needs of working capital and purchase of property, plant and equipment. During the Reporting Period, the Group has funded its operations primarily with cash and cash equivalents generated from operating activities. As at 30 June 2025, the Group recorded long-term bank time deposits and cash and bank balances of RMB856.3 million (31 December 2024: RMB1,019.9 million).

Net Current Assets

As at 30 June 2025, the Group recorded net current assets of RMB652.1 million, representing an increase of 89.8% as compared with RMB343.5 million as at 31 December 2024, which was primarily attributable to the change in contract liabilities and other payables and accruals exceeding the decrease in current assets.

Capital Expenditures

Capital expenditures consist of purchase or construction cost of property and equipment, prepayment of land lease outlay and other intangible assets. Since Anhui School and Jiangsu School have not yet been consolidated, the Group's capital expenditures do not include the scope of the two schools mentioned above. During the Reporting Period, the Group's capital expenditures were RMB49.2 million (30 June 2024: RMB101.7 million). The Group's capital expenditures for the Reporting Period were primarily related to the construction of buildings and school facilities and the purchase of equipment and software. The Group has funded these capital expenditures primarily with cash generated from operating activities.

Bank Loans and Other Borrowings

Bank loans and other borrowings of the Group were mainly working capital loans and specific loans. The bank loans and loan from a related party of the Group amounted to RMB589.4 million as at 30 June 2025.

Contingent Liabilities, Guarantees and Litigation

As at 30 June 2025, the Group did not have any unrecorded significant contingent liabilities, guarantees and any litigation against us.

Gearing Ratio

The gearing ratio of the Group, calculated as total liabilities divided by total assets was 15.9% as at 30 June 2025, compared to 23.3% as at 31 December 2024, which was primarily attributable to the decrease in total liabilities exceeding the decrease in total assets.

Future Plan for Material Investments and Capital Assets

The Group did not have any other plans for material investments and capital assets as at 30 June 2025 and up to the date of this announcement.

Material Acquisition and Disposal of Subsidiaries and Associated Companies

Save as disclosed herein, there was no material acquisition and disposal of subsidiaries and associated companies by the Company during the Reporting Period.

Significant Investment Held by the Group

Save as disclosed herein, there was no significant investment held by the Group during the Reporting Period.

Foreign Exchange Risk Management

The Group's functional currency is Renminbi, as most revenues and expenditures of the Group are denominated in Renminbi. As at 30 June 2025, balances of several banks were denominated in United States dollars or Hong Kong dollars. So far, the Group has not entered into any financial instruments used for hedging purpose. The management will continue to pay attention to foreign exchange risk, and will consider hedging against significant foreign currency risks by using financial instruments when necessary.

Pledge of Assets

As at 30 June 2025, no assets of the Group were pledged.

Human Resources

As at 30 June 2025, the Group has approximately 3,035 employees (as at 30 June 2024: 2,501). All of our employees are based in the PRC. In accordance with the applicable laws and regulations, the Group has participated in the employee social security programs managed by local governments, including housing provident fund, retirement pension, medical insurance, maternity insurance and unemployment insurance. The Board believes that the Group is maintaining a favorable working relationship with our employees, and we have experienced no major labor disputes during the Reporting Period.

Off-Balance Sheet Commitments and Arrangements

As at 30 June 2025, the Group has not conducted any off-balance sheet transaction.

EVENTS AFTER THE REPORTING PERIOD

There was no event which has occurred subsequent to 30 June 2025 and up to the date of this announcement that would cause material impact on the Group.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the Reporting Period (for the six months ended 30 June 2024: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any listed securities (including any sale or transfer of treasury shares (as defined under the Listing Rules)) of the Company during the Reporting Period.

The Company did not have any treasury shares (as defined under the Listing Rules) as at 30 June 2025.

REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE

The independent auditors of the Company, namely, KPMG, have carried out a review of the unaudited consolidated interim financial statements for the Reporting Period in accordance with the Hong Kong Standard on Review Engagement 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

The Audit Committee has jointly reviewed with the management and the independent auditors of the Company, the accounting principles and policies adopted by the Company and discussed internal control and financial reporting matters (including the review of the unaudited interim results for the Reporting Period) of the Group. The Audit Committee considered that the interim results are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof.

CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the code provisions set out in the CG Code as its own code of corporate governance. The Company has complied with all applicable code provisions under the CG Code during the Reporting Period. The Board will continue to review and monitor its corporate governance practices of the Group to ensure compliance with the CG Code from time to time, and to ensure that the Group is led by an effective Board with an independent view from the independent non-executive Directors, in order to optimize return for the Shareholders.

In response to the amended CG Code and the Listing Rules which came into effect on 1 July 2025, the Board has appointed each of Ms. Chen Ming, an executive Director, and Mr. Yao Heping, an independent non-executive Director, as a member of the nomination committee of the Company with effect from 27 June 2025.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct regarding Directors’ securities transactions. Having made specific enquiries to all the Directors, each of the Directors has confirmed that he or she has complied with the Model Code during the Reporting Period.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the websites of the Hong Kong Exchanges and Clearing Limited (<https://www.hkexnews.hk>) and the Company (<https://www.chinaxhedu.com>). The interim report of the Company for the Reporting Period will be made available on the above websites and dispatched to the Shareholders who request the printed copy in due course.

DEFINITION

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Audit Committee”	the audit committee of the Board
“Anhui School”	School of Clinical Medicine of Anhui Medical University* (安徽醫科大學臨床醫學院), an independent college established in 2003 and currently jointly operated by the Group and Anhui Medical University as further described in “Business – Planned Additional Schools – School of Clinical Medicine” in the Prospectus and the annual reports of the Company
“Board”	the board of Directors
“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“China” or “PRC”	the People’s Republic of China excluding for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Company”	China Xinhua Education Group Limited, an exempted company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Stock Exchange
“consolidated affiliated entities”	our school sponsor and our PRC operating schools
“Director(s)”	the director(s) of the Company
“Group”	the Company, its subsidiaries and consolidated affiliated entities
“HK\$” or “Hong Kong dollar(s)”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jiangsu School”	Hongshan College of Nanjing University of Finance and Economics* (南京財經大學紅山學院), an independent college established in 1999 and currently jointly operated by the Group and Nanjing University of Finance and Economics* (南京財經大學)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“Prospectus”	the prospectus of the Company dated 14 March 2018
“Reporting Period”	the six months ended 30 June 2025

“RMB” or “Renminbi”	Renminbi, the lawful currency for the time being of the PRC
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of our Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xinhua Group”	Anhui Xinhua Group Investment Co., Ltd.* (安徽新華集團投資有限公司), (previously known as Anhui Xinhua Investment Co., Ltd.* (安徽新華投資有限公司)), a limited liability company established under the laws of the PRC on 1 September 1999. It is the school sponsor of Xinhua University and Xinhua School, and a consolidated affiliated entity of the Company
“Xinhua School”	Anhui Xinhua School* (安徽新華學校), a private formal secondary vocational school that obtained approval from the Anhui Education Department for its establishment on 11 April 2002, of which the school sponsor’s interest is wholly owned by Xinhua Group. It is a consolidated affiliated entity of the Company
“Xinhua University”	Anhui Xinhua University* (安徽新華學院), a private formal higher education institution whose predecessor is Anhui Xinhua Vocational College* (安徽新華職業學院) which obtained approval from The People’s Government of Anhui Province* (安徽省人民政府) for its establishment on 18 June 2000, of which school sponsor’s interest is wholly owned by Xinhua Group. It is a consolidated affiliated entity of the Company
“Yangtze River Delta”	comprises Jiangsu Province, Zhejiang Province, Anhui Province and Shanghai in the PRC
“%”	percent

* The English translation of company names in Chinese is for identification purposes only. If there is any inconsistency between the Chinese names of entities or enterprises established in China and their English translations, the Chinese names shall prevail.

By order of the Board
China Xinhua Education Group Limited
Wu Junbao
Chairman

Hong Kong, 29 August 2025

As at the date of this announcement, the Board comprises one non-executive Director, namely Mr. Wu Junbao (Chairman); three executive Directors, namely Mr. Zhang Ming, Mr. Wang Yongkai and Ms. Chen Ming; and three independent non-executive Directors, namely Mr. Jiang Min, Mr. Yang Zhanjun and Mr. Yao Heping.