Virscend Education Company Limited
成實外教育有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1565)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 AUGUST 2025

ANNUAL RESULTS HIGHLIGHTS

The Board has resolved to recommend the payment of a final dividend of HKD0.20 cents per share and a special dividend of HKD0.30 cents per share in respect of the year ended 31 August 2025.

	2025	2024	**Change**	**Percentage**
	RMB'000	*RMB'000*	***RMB'000***	**Change**
Revenue	**1,083,741**	955,107	**+128,634**	**+13.5%**
Gross profit	**338,617**	312,806	**+25,811**	**+8.3%**
Profit for the year	**57,601**	53,956	**+3,645**	**+6.8%**
Profit attributable to owners of the Company	**57,696**	45,009	**+12,687**	**+28.2%**
Adjusted net profit*	**71,543**	69,913	**+1,630**	**+2.3%**
Adjusted EBITDA**	**356,356**	343,091	**+13,265**	**+3.9%**
	RMB	*RMB*		
Basic and diluted earnings per share	**1.9 fen**	1.5 fen		
	HKD	*HKD*		
Interim dividend per share	**0.80 cents**	0.55 cents		
Final dividend per share	**0.20 cents**	0.25 cents		
Special dividend per share	**0.30 cents**	0.50 cents		
Total dividend per share	**1.30 cents**	1.30 cents		
Dividend payout ratio	**50.0%**	50.0%		

* Adjusted net profit was derived from the net profit after adjusting items which are not indicative of the Group's operating performance.

** Adjusted EBITDA is defined as adjusted net profit earnings before interest, tax, depreciation and amortisation ("EBITDA").

Students enrolled	**2025/2026**	2024/2025	2023/2024
High-schools	**9,551**	9,609	8,455
University	**24,967**	24,698	21,884
Total number of students enrolled	**34,518**	34,307	30,339
Network schools	**13,895**	11,534	9,903

	2025	2024
	RMB'000	*RMB'000*
Net profit	**57,601**	53,956
Adjustments for:		
Amortisation of other intangible assets arising from the acquisition of school	**9,479**	9,479
Foreign exchange loss	**4,463**	6,478
Adjusted net profit	**71,543**	69,913

The board (the "Board") of directors (the "Directors") of Virscend Education Company Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 August 2025 (the "Reporting Period") together with the comparative figures for the year ended 31 August 2024 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 AUGUST 2025

	Notes	**2025**	2024
		RMB'000	*RMB'000*
Revenue	4	**1,083,741**	955,107
Cost of sales		**(745,124)**	(642,301)
Gross profit		**338,617**	312,806
Other income and other gains	5	**19,677**	19,755
Selling and distribution expenses		**(8,507)**	(10,983)
Administrative expenses		**(147,995)**	(118,477)
Other expenses and other losses		**(22,044)**	(18,748)
(Provision for)/reversal of impairment losses on trade receivables, net		**(56)**	61
Reversal of impairment losses on other receivables, net		**5,325**	1,433
Finance costs	6	**(118,851)**	(126,254)
PROFIT BEFORE TAX	10	**66,166**	59,593
Income tax expense	7	**(8,565)**	(5,637)
PROFIT FOR THE YEAR		**57,601**	53,956
Profit/(loss) for the year attributable to:			
Owners of the Company		**57,696**	45,009
Non-controlling interests		**(95)**	8,947
		57,601	53,956
EARNINGS PER SHARE	9		
Basic		**RMB1.9 fen**	RMB1.5 fen
Diluted		**RMB1.9 fen**	RMB1.5 fen

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2025

	2025	2024
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**57,601**	53,956
OTHER COMPREHENSIVE INCOME		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**7**	105
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**7**	105
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**57,608**	54,061
Total comprehensive income/(expense) for the year attributable to:		
Owners of the Company	**57,703**	45,065
Non-controlling interests	**(95)**	8,996
	57,608	54,061

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 AUGUST 2025

	Notes	**2025**	2024
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**2,357,705**	2,427,683
Investment properties		**213,217**	223,370
Right-of-use assets		**554,213**	569,589
Other intangible assets		**77,415**	86,427
Goodwill		**104,298**	104,298
Long-term pledged deposits		**44,316**	49,876
Other non-current assets		**—**	36,589
Deferred tax assets		**317**	1,635
Total non-current assets		**3,351,481**	3,499,467
CURRENT ASSETS			
Inventories		**207**	228
Trade receivables	11	**6,001**	1,220
Prepayments and other receivables		**48,736**	115,603
Financial assets at fair value through profit or loss		**63,257**	38,346
Cash and cash equivalents		**954,998**	813,180
Total current assets		**1,073,199**	968,577
CURRENT LIABILITIES			
Trade payables	12	**1,863**	1,604
Other payables and accruals		**177,530**	178,700
Financial guarantee contracts		**12,352**	9,128
Interest-bearing bank and other borrowings		**892,519**	756,663
Leases liabilities		**11,932**	5,766
Tax payable		**28,313**	28,422
Contract liabilities	13	**680,844**	669,011
Deferred income		**75**	76
Total current liabilities		**1,805,428**	1,649,370
NET CURRENT LIABILITIES		**(732,229)**	(680,793)
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,619,252**	2,818,674

	Notes	2025	2024
		RMB'000	*RMB'000*
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,619,252**	2,818,674
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**1,247,636**	1,343,280
Lease liabilities		**1,905**	410
Contract liabilities	13	**62,373**	62,516
Other payables		**44,485**	44,485
Amounts due to related parties		**403,291**	527,640
Total non-current liabilities		**1,759,690**	1,978,331
Net assets		**859,562**	840,343
EQUITY			
Share capital		**26,051**	26,051
Reserves		**832,229**	812,915
Equity attributable to owners of the Company		**858,280**	838,966
Non-controlling interests		**1,282**	1,377
Total equity		**859,562**	840,343

1. GENERAL INFORMATION, BASIS OF PREPARATION AND PRESENTATION

The Company was incorporated in the Cayman Islands on 13 March 2015 as an exempted company with limited liability under the Companies Law (2013 Revision) of the Cayman Islands. Its parent is Virscend Holdings Company Limited, which is incorporated in the British Virgin Islands (the "BVI"), and its ultimate controlling shareholder is Mr. Yan Yude, who is also the director of the Company. The address of the registered office of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 15 January 2016 (the "Listing Date").

The principal activity of the Company is investment holding. The Group are principally engaged in providing private education services in the People's Republic of China (the "PRC").

The financial statements of the Group have been prepared in accordance with IFRS Accounting Standards. The financial statements are presented in Renminbi ("RMB").

2. GOING CONCERN BASIS

The Group had net current liabilities of approximately RMB732,229,000 as at 31 August 2025 and had provided financial guarantee contracts to Affilated Entities that could require the Group to pay if the guarantees were called upon in entirety amounted to approximately RMB2,384,921,000. At 31 August 2025, the Group recognised an amount of RMB12,352,000 in respect such liabilities.

Notwithstanding the aforesaid conditions, the consolidated financial statements have been prepared on a going concern basis on the assumption that the Group will be able to operate as a going concern for the foreseeable future based on the following assessment and remedial actions taken by the directors of the Company:

(i) the directors of the Company have reviewed the Group's cash flow forecast prepared by the management, which covered a period of not less than twelve months from 31 August 2025. In the opinion of the directors of the Company, the Group will have sufficient working capital to meet its financial obligation as and when they fall due and carry on its business without a significant curtailment of operation of not less than twelve months from 31 August 2025;

(ii) the short-term bank borrowings as at 31 August 2025 of RMB194,800,000 were secured and are highly probable that they can be renewed in the next twelve months;

(iii) the Group has a banking facility of unutilised amount of RMB940,000,000 as at 31 August 2025 which are available for drawdown and the banking facility will be automatically extended to 30 March 2028 if any party will not modify, cancel or terminate the strategic cooperation agreement between the Group and the bank; and

(iv) the Group shall implement cost-saving measures to maintain adequate cash flows for the Group's operations.

Based on the foregoing, the directors of the Company believe that the Group has adequate resources to continue operation for the foreseeable future of not less than twelve months from the end of the reporting period. The directors of the Company therefore are of the opinion that it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

3. APPLICATION OF AMENDMENTS TO IFRS ACCOUNTING STANDARDS

(i) New and amendments to IFRS Accounting Standards that are mandatorily effective for the current year

The Group has applied the following amendments to IFRS Accounting Standards as issued by the IASB for the first time, which are mandatorily effective for their annual reporting period commencing on or after 1 September 2024 for the preparation of consolidated financial statements:

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

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

(ii) Amendments to IFRS Accounting Standards that have been issued but not yet effective

Amendments to IAS 21	Lack of Exchangeability [1]
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments [2]
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IRFS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 [2]
IFRS 18	Presentation and Disclosure in Financial Statements [3]
IFRS 19	Subsidiaries without Public Accountability: Disclosures [3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [4]

1 Effective for annual periods beginning on or after 1 January 2025

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

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

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

Certain new and amendments to IFRS Accounting Standards have been published that are not mandatory for the Group's financial year beginning on 1 September 2025 and have not been early adopted by the Group. The Group has already commenced an assessment of the impact of these new amendments, certain of which are relevant to the Group's operation. According to the preliminary assessment made by the directors except for the new and amendments to the IFRS Accounting Standards the Group does not anticipate that the adoption when they become effective will result in any material impact on the Group's results of operations and financial position.

4. REVENUE

IFRS 8 *Operating Segments* requires operating segments to be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to segments and to assess their performance. The information reported to the directors of the Company, who are the chief operating decision-makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the directors review the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

An analysis of revenue from contracts with customers is as follows:

	2025	2024
	RMB'000	*RMB'000*
Tuition fees from:		
– University	**421,093**	366,759
– High School	**453,717**	393,359
School canteen operation fees	**90,731**	80,662
Boarding fees	**59,346**	52,582
Non-formal education services fees	**24,236**	22,492
Educational management and consultation services fees	**21,610**	21,747
Consultation services fees for overseas studies	**10,218**	14,496
Others	**2,790**	3,010
	1,083,741	955,107

5. OTHER INCOME AND OTHER GAINS

	2025	2024
	RMB'000	*RMB'000*
Bank interest income	**3,040**	3,055
Government grants	**434**	293
Rental income	**3,939**	6,131
Amortisation on financial guarantee contracts	**5,722**	6,086
Investment income	**2,558**	533
Training income	**2,470**	2,359
Others	**1,514**	1,298
	19,677	19,755

6. FINANCE COSTS

	2025	2024
	RMB'000	*RMB'000*
Interest on bank and other borrowings	**117,976**	125,963
Interest on lease liabilities	**875**	291
	118,851	126,254

7. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

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

Pursuant to the rules and regulations of the British Virgin Islands, the Group is not subject to any tax in the British Virgin Islands.

Hong Kong Profits Tax is calculated at 16.5% on the estimated profit for the year ended 31 August 2025 and 31 August 2024.

Hong Kong Profits Tax has not been provided as the Group did not derive any assessable profits in Hong Kong during the years ended 31 August 2025 and 2024.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for the years ended 31 August 2025 and 2024.

According to the Implementation Rules for the Law for Promoting Private Education, private schools for which the school sponsors do not require reasonable returns and non-profit making private schools are eligible to enjoy the same preferential tax treatments as public schools. The preferential tax treatment policies applicable to private schools either requiring reasonable returns are to be separately formulated by the relevant authorities under the State Council.

Except for the high schools registered as for-profit private schools, certain schools within the Group were exempted from corporate income tax for the years ended 31 August 2025 and 2024. Certain high schools registered as for-profit schools were subject to the PRC income tax at a statutory tax rate of 25%.

Taxes on profits assessable elsewhere have been calculated at the tax rate prevailing in the countries in which the Group operates. The income tax expenses of the Group for the year are analysed as follows:

	2025	2024
	RMB'000	*RMB'000*
Current — PRC EIT		
Tax charge for the year	**7,247**	5,264
Deferred tax	**1,318**	373
	8,565	5,637

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

8. DIVIDENDS

Subsequent to the end of the reporting period, a final dividend of HKD0.20 (equivalent to RMB0.18) cents per share and a special dividend of HKD0.30 (equivalent to RMB0.27) cents per share in respect of the year ended 31 August 2025 amounting to HKD15,444,000 (equivalent to RMB14,057,000) (2024: a final dividend of HKD0.25 (equivalent to RMB0.23) cents per share and a special dividend of HKD0.50 (equivalent to RMB0.46) cents per share) (amounting to HKD23,165,000 (equivalent to RMB21,132,000)) has been proposed by the Board and is subject to approval by the shareholders at the forthcoming annual general meeting of the Company.

9. EARNINGS PER SHARE

The calculation of the basic earnings per share amount is based on the profit for the year attributable to owners of the Company, and the weighted average number of ordinary shares of 3,043,111,000 (2024: 3,043,111,000) in issue during the year ended 31 August 2025.

There were no potential ordinary shares in issue during the years ended 31 August 2025 and 2024, and therefore the diluted earnings per share amounts were equivalent to the basic earnings per share amounts.

The calculations of basic and diluted earnings per share are based on:

	2025	2024
Earnings attributable to owners of the Company (RMB'000)	**57,696**	45,009
Shares		
Weighted average number of ordinary shares in issue (Note)	**3,043,111,000**	3,043,111,000
Basic and diluted earnings per share (expressed in RMB fen per share)	**1.9**	1.5

Note: The weighted average number of ordinary shares for the purpose of basic and diluted earnings per share for the years ended 31 August 2025 and 2024 has been arrived at after deducting the shares held in trust for the Company.

Diluted earnings per share amount was the same as basic earnings per share amount as there were no potential ordinary shares outstanding for the years ended 31 August 2025 and 2024.

10. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	2025	2024
	RMB'000	*RMB'000*
Cost of services provided	**299,415**	241,984
Employee benefit expense (excluding directors' and chief executive's remuneration):		
– Wages, salaries and other allowances	**338,103**	301,623
– Pension scheme contributions (defined contribution scheme)	**32,700**	29,066
Depreciation of property, plant and equipment	**118,793**	102,007
Amortisation of other intangible assets	**9,680**	9,753
Depreciation of right-of-use assets	**36,597**	34,490
Depreciation of investment properties	**10,153**	10,153
Auditor's remuneration	**880**	880
Foreign exchange loss, net	**4,463**	6,478
Professional fee	**17,177**	22,023
Office expenses	**4,211**	4,046
Loss allowance on financial guarantee contracts	**4,709**	4,812
Property, plant and equipment written off	**723**	149

11. TRADE RECEIVABLES

	2025	2024
	RMB'000	*RMB'000*
Trade receivables	**6,057**	1,220
Less: allowance for credit losses	**(56)**	—
	6,001	1,220

An ageing analysis of trade receivables net of allowance for credit losses as at the end of the reporting period, presented based on the invoice dates, is as follows:

	2025	2024
	RMB'000	*RMB'000*
Within 3 months	**6,001**	1,220

12. TRADE PAYABLES

An analysis of the trade payables as at the end of the reporting period, presented based on the invoice date, is as follows:

	2025	2024
	RMB'000	*RMB'000*
Within one year	**1,725**	1,604
Between one to two years	**138**	—
	1,863	1,604

The trade payables are interest-free and are normally settled on 90-day term.

13. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

	2025	2024
	RMB'000	*RMB'000*
Tuition fees	**564,304**	547,883
Boarding fees	**38,495**	40,753
School canteen operations fees	**40,442**	35,937
Non-formal education services fees, consultation services fees for overseas studies, and educational management and consultation services fees	**99,976**	106,954
	743,217	731,527
Current	**680,844**	669,011
Non-current	**62,373**	62,516
	743,217	731,527

Contract liabilities include short-term advances received from students in relation to the services not yet provided and the portion of consultation service fees for overseas studies that will be provided after one year. The Group receives tuition and boarding fees from students in advance prior to the beginning of each academic year. The Group receives school canteen operation fees from students in advance prior to the beginning of each semester. Tuition fees, boarding fees and school canteen operations fees are recognised proportionately over the relevant period of the applicable program.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group primarily engages in provision of formal private education services. PRC formal education industry primarily consists of fundamental education and higher education. The PRC fundamental education market can be further divided into four phases: pre-school, primary school, middle school and high school. Among the four phases of fundamental education, primary school and middle school constitute the nine-year compulsory education, while pre-school and high school constitute the non-compulsory education.

As at 31 August 2025, the Group conducted its business primarily through 15 entities providing high school, higher education and non-formal education services in five cities in Sichuan Province, China, Hong Kong SAR and Irvine, the United States. Those 15 entities are categorized based on the table disclosed on page 29 of this announcement. Through these schools, the Group primarily offers formal education with comprehensive education programs.

Besides, in 2024/2025, the Group offered educational management and consultation service to thirteen schools including seven kindergartens, two K9 schools, one K12 school, two compound middle and high schools, and one high school.

For academic year 2025-2026, the total student enrolment of the Group's self-operated schools was 34,518, with 9,551 students enrolled in the high schools and 24,967 students enrolled in the Chengdu International Studies University (the "University").

High School Student Placement

All the standalone high schools within the Group and the schools providing compulsory education being deconsolidated since 31 August 2021 (collectively as "Chengshiwai Schools") are stand-alone legal entities but still operating with the same brands as "branch campus" of Chengdu Foreign Languages School and Chengdu Experimental Foreign Languages School which are the two Flagship Schools.

For Gaokao administered in 2025 (the "2025 Gaokao"), approximately 90.1% (2024: 89.2%) of graduates from the Flagship Schools who achieved scores that allowed them to apply for and be accepted by first-tier universities in China. 34 of their graduating high school students received offers from Peking University or Tsinghua University (2024: 27) and 82 of their graduating high school students were recommended for admission into first-tier universities without taking the Gaokao (2024: 82). A student from the Group's Flagship Schools secured the highest score in the 2025 Gaokao Science (Physics) stream of Sichuan Province. Meanwhile, another student from the Flagship Schools ranked among the top 5 in 2025 Gaokao Arts (History) stream of Sichuan Province.

Other than the Flagship Schools, for 2025 Gaokao, approximately 80.4% (2024: 80.9%) of graduates from the rest Chengshiwai Schools achieved scores that allow them to apply for University admission. Such a ratio well exceeded the average University admission rate of schools in Sichuan Province of approximately 41.9% (2024: 36.5%). Notably, three students from the Group's newly founded high schools have been admitted to Tsinghua University and Peking University with remarkable Gaokao achievements respectively.

In 2025, the Group's international program continues to demonstrate solid results in University placements. The Class of 2025 has achieved unprecedented result to securing four Ivy League admissions offers while maintaining the Group's provincial leadership position in international education. Notably, over 70% of graduates from the Group's AP/A-Level program gained admission to institutions ranked within the top 50 universities in the QS World University Rankings, marking the highest achievement rate among all international schools/departments in Sichuan Province. In 2025 and 2024, 184 and 130 of students received offers from the top 100 universities in the QS World University Rankings respectively.

Besides, in 2025, 53 students from Chengshiwai Schools (2024: 58) won first prize in provincial academic contests including mathematics, physics, chemistry, biology and information science ("Five Academic Contests"). 6 of Chengshiwai Schools students (2024: 14) were elected into the Sichuan provincial contests teams. Furthermore, 3 of Chengshiwai Schools students (2024: 7) won the gold medal in national Five Academic Contests, 2 of Chengshiwai Schools students (2024: 5) were elected into the national team.

Chengdu International Studies University

Currently, the University offers 34 undergraduate programs and 35 diploma programs. In the 2025 edition of Wu Shulian's "China's Independent Colleges and Private Universities Rankings", benefiting from improved academic strength, its ranking rose by two positions to the 2nd place in the liberal arts category among all participating independent colleges and private universities nationwide.

Boasting strong strength in foreign language programs, the University has 30 foreign language-related majors covering 16 foreign languages ranked no. 1 in terms of number in Sichuan Province. In addition, the University also provides 35 (2024: 28) other language-related programs. It enrolls students from 27 provinces (2024: 27), municipalities directly under the Central Government and autonomous regions across the country, with a total of 24,967 full-time students as at 31 August 2025 (2024: 24,698).

In 2025, the University's key teaching developments are as follows: two of its courses were officially approved as National First-Class Undergraduate Courses, and another two courses were recognized as Sichuan Provincial Application-Oriented Brand Courses.

Tuition and other ancillary education fee

During the year ended 31 August 2025, the Group has witnessed growth of the schools operated by the Group in terms of revenue. Revenue increased from RMB955.1 million for the year ended 31 August 2024 to RMB1,083.7 million for the year ended 31 August 2025. The Group generated its revenue from student fees. Student fees are typically comprised of tuition fees, boarding fees and consultation services fees for overseas studies.

The following table sets forth the breakdown of the revenue of the Group:

	For the year ended 31 August 2025	For the year ended 31 August 2024	**Change**	**Percentage Change**
	RMB'000	*RMB'000*	***RMB'000***	
Tuition fees	**874,810**	760,118	+114,692	+15.1%
Boarding fees	**59,346**	52,582	+6,764	+12.9%
School canteen operations fees	**90,731**	80,662	+10,069	+12.5%
Educational management and consultation service fees	**21,610**	21,747	-137	-0.6%
Non-formal education services	**24,236**	22,492	+1,744	+7.8%
Consultation services fees for overseas studies	**10,218**	14,496	-4,278	-29.5%
Others	**2,790**	3,010	-220	-7.3%
	1,083,741	955,107	+128,634	+13.5%

The following table sets forth the revenue generated by each of the categories of the schools:

	For the year ended 31 August 2025	For the year ended 31 August 2024	**Change**	**Percentage Change**
	RMB'000	*RMB'000*	***RMB'000***	
High school	**453,717**	393,360	+60,357	+15.3%
University	**421,093**	366,758	+54,335	+14.8%
Total tuition fees	**874,810**	760,118	+114,692	+15.1%

The rise of the total revenue of the Group was mainly attributable to the combined effects: (i) the increase in tuition fees, boarding fees and canteen operations fees in line with the increase of the Group's student enrolment; and (ii) the increase in non-formal education service fees.

The following table sets forth the average tuition fees of each of the categories of the schools operated by the Group:

Categories of the schools	**2025/2026 Average Tuition Fees**	2024/2025 Average Tuition Fees	2023/2024 Average Tuition Fees
	RMB	*RMB*	*RMB*
High school – domestic program	**45,869**	44,101	44,020
High school – international program	**143,484**	141,769	133,374
University	**17,298**	17,028	16,767

Student Enrollment

The table below sets forth information relating to the student enrollment for each of the categories of schools operated by the Group:

	2025/2026	2024/2025	2023/2024
High school students – domestic program	**9,003**	9,080	8,019
High school students – international program	**548**	529	436
University students	**24,967**	24,698	21,884
Total number of students	**34,518**	34,307	30,339

Teachers

	2024/2025	2023/2024
Total number of teachers	**1,736**	1,513

The Group believes the quality of education provided is strongly tied to the quality of its teachers. The Group considers that teachers who are capable of and are dedicated to teaching will be instrumental in shaping the learning habits of students, which will be crucial to the Group's success and educational philosophy. The Group seeks to hire teachers who (i) demonstrate outstanding teaching track records; (ii) hold necessary academic credentials (i.e. bachelor and above); (iii) are passionate about education and improving students' academic performance and overall well-being; (iv) demonstrate competence in their subject areas; (v) possess strong communication and interpersonal skills; and (vi) are able to effectively use a variety of teaching tools and methods tailored to their students.

For academic year 2024/2025, the Group had 1,736 teachers, of which all hold a bachelor's degree or above, and approximately 54.6% hold a master's degree or above. Most of our teachers are full-time teachers. The Group also values the recognition bestowed upon teachers who have achieved teaching excellence. Approximately 19.8% of our teachers held the advanced teaching qualification, and 63 of our teachers were recognised as exceptional teachers. The Group offers mandatory and continuing training courses and seminars to our teachers and offers mandatory professional teaching technique training courses for newly hired teachers.

Future Development

The Group is optimistic about the strong demand for high-quality private education in Southwest China backed by the strong brand reputation and recognition of our schools. In order to solidify and strengthen its market-leading position in the region, the Group intends to achieve future growth by means of multiple expansion strategies. Specifically, the Group plans to undertake the following strategies:

(i) establishment of new high schools (primarily under asset-light model) by collaborating with third-party business partners;

(ii) increasing of utilisation rate of our existing school network and tuition fee;

(iii) establishment of international education programs within the Group's schools or third party owned schools and provision of overseas studies consulting services;

(iv) provision of non-formal education services:

   a. provide educational management and consultation services to K-12 schools and pre-schools;

   b. collaborate with certain commercial property owners to establish one-stop comprehensive education program; and

   c. student's local life services, after-class non-subject based activities and etc.

(*i*) *Establishment of new high schools (primarily under asset-light model) by collaborating with third-party business partners*

No new high school was established during the Reporting Period. The Group continuously evaluates potential business opportunity in setting up new high school in various cities.

(*ii*) *Increase in utilisation rate of our existing school network and tuition fee*

School Utilisation

Utilisation rate is calculated as total the number of students enrolled divided by the estimated capacity for a given school either already commenced operation or under construction. The Group's schools are generally boarding schools.

	2025/2026	2024/2025
Total number of students enrolled	**34,518**	34,307
Total student capacity	**46,520**	48,020
Overall utilisation rate	**74.2%**	71.4%

Tuition Fee

On 15 May 2020, the Education Department of Sichuan Province and two other departments issued the "Notice on Improving the Price Management of Private Higher Education Institution and Strengthening Operational and Post- operational Oversight in our Province" (《關於完善我省民辦高校價格管理方式加強事中事後監督的通知》), which set out opinions and requirements in respect of determining tuition fee of higher education institutions and permitted such institutions to adjust the tuition fee and related fees every three years since September 2020. Based on the new policies, the tuition fees for new undergraduate and diploma students of University increased to RMB18,000 and RMB15,900 since 2024/2025 academic year.

The following table sets forth the standard of current tuition fee:

Category of schools	Current tuition fee standard
High school	Range from RMB30,000 to RMB59,800
University	Range from RMB15,000 to RMB20,000 (diploma)
	Range from RMB17,000 to RMB20,000 (bachelor)
High-school international program	Range from RMB96,000 to RMB148,000

(iii) Establishment of international education programs within our schools and provision of overseas studies consulting services

In addition to traditional high-school programs, the Group also established the international department. Through nearly six years' development, the international department has managed several programs with elite international partners, mainly operating Advanced Placement (AP)/A-Level center.

The AP/A-Level Center claimed top honors in Southwest China in both of the 2022 and 2023 editions of the KingLead "China International School Competitiveness Ranking" — which covers admissions to universities in the UK and the US. Sustaining its outstanding performance, the Center retained its regional leading position by securing first place once again in 2025. Additionally, per the recently released Yixiao 2025 High School Rankings for Overseas Study, it has made ranked as the national top 100, ranking 34th nationwide and achieving the remarkable feat of topping the list in Sichuan Province.

Since 2022, the Group has expanded its layout of educational products. Beyond the traditional Anglo-American international programs, it has further extended its international education programs into Europe and Asia. Meanwhile, based on the school curriculum, the Group has developed matrix-based academic expansion projects and social practice projects. In addition, the Group provides diversified further education placement services, enabling students to secure offers from universities across the globe.

The international department also expanded its business by offering overseas study consulting services to our own students since later 2019 and recorded revenue of RMB10.2 million in 2024/2025 school year.

(*iv*) *Provision of non-formal education services*

a. Educational management and consultation services

Since 2019, the Group entered into school management cooperation agreements with certain K-12 public schools and kindergartens to provide education management and consultation services including, among others, education quality control, curriculum development, daily operation, teachers recruitment and training, branding, teaching methodology support and campus design. As at 31 August 2025, the Group provided education management and consultation services to totally thirteen schools including seven kindergartens, two K9 schools, one K12 school, two compound middle and high schools, and one high school.

In 2025, the Group has entered into cooperation agreements with two new kindergartens and one compound middle and high school.

b. One stop comprehensive education program

The Group has been cooperating with certain commercial property owners to establish one-stop comprehensive education program in commercial complex with a floor area of approximately 5,000 to 10,000 square meters where various types of tailor-made education services will be offered to both the parents and their children simultaneously. In addition, it provides curriculum and management output services for institutions and individuals who intend to invest in the education program. The high-quality education courses independently developed and iterated by the Group offered among others, Chinese traditional culture, STEAM (Science, Technology, Engineer, Arts and Mathematics), and sports. The daily management of enrollment, recruitment, teaching and research of all educational projects implements the operation mode of unified scheduling of the complex but relatively independently operation of sub-projects. The Group recorded revenue of RMB24.2 million in 2024/2025 academic year.

Building on this positive momentum, the Group has finalized plans to expand its presence in the district by opening a second site in 2025. This strategic expansion will effectively double the Group's service capacity while maintaining the proven operational model of the Group's flagship store, complemented by select new enhancements.

c. *Student's local life services, after-class non-subject based activities*

The Group is still seeking business opportunity to providing non-educational student's local life service such as accommodation, canteen and after-class caring to the students enrolled in schools within the affected entities that the Group lost control since 31 August 2021.

The following table shows a summary of the number of our schools by category as of the dates indicated:

Category of schools	**Self-owned schools established as at 31 August 2025**	**Schools under education management service established as at 31 August 2025**
High school	**8**	**1**
Kindergarten	**—**	**7**
University (China)	**1**	**—**
University (United States)	**1**	**—**
Schools providing non-formal education services	**5**	**—**
K9 schools	**—**	**2**
K12 schools	**—**	**1**
Compound middle and high school	**—**	**2**
	15	**13**

Category of schools	Self-owned schools established 2025/2026	Schools under education management service established 2025/2026
High school	**7**	**1**
Kindergarten	**—**	**7**
University (China)	**1**	**—**
University (United States)	**1**	**—**
Schools providing non-formal education services	**5**	**—**
K9 schools	**—**	**2**
K12 schools	**—**	**1**
Compound middle and high school	**—**	**2**
	14	**13**

Risk Management

The Group is exposed to various risks in the operations of the Group's business and the Group believes that risk management is important to the Group's success. Key operational risks faced by the Group include, among others, changes in general market conditions and perceptions of private education, changes in the regulatory environment in the PRC education industry, the ability of the Group to offer quality education to students, the ability of the Group to increase student enrollment and/or raise tuition fees, the potential expansion of the Group into other regions in Southwest China, availability of financing to fund the Group's expansion and business operations and competition from other school operators that offer similar quality of education and have similar scale.

In addition, the Group also faces numerous market risks, such as interest rate and liquidity risks that arise in the normal course of the Group's business.

Interest Rate Risk

The Group's fair value interest rate risk relates primarily to its fixed-rate bank borrowings. The Group is also exposed to cash flow interest rate risk through the impact of rate changes on interest bearing financial assets and liabilities, mainly bank balances and bank borrowings which carry interest at prevailing market interest rates. It is the Group's policy to keep certain borrowings at floating rates of interest so as to minimize the fair value interest rate risk. The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk. However, the Directors will consider hedging significant interest rate risk should the need arise.

Liquidity Risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

To properly manage these risks, the Group has established the following risk management structures and measures:

- the Board is responsible and has the general power to manage the Group's operations of the schools, and is in charge of managing the overall risks of the Group. It is responsible for considering, reviewing and approving any significant business decisions involving material risk exposures, such as the Group's decisions to expand its school network into new geographic areas, to raise the Group's tuition fees, and to enter into cooperative business relationships with third parties to establish new schools;

- the Group maintains insurance coverage, which the Group believes is in line with customary practice in the PRC education industry, including school liability insurance; and

- the Group has made arrangements with the Group's lenders to ensure that the Group will be able to obtain credit to support its business operation and expansion.

Environment, Health and Safety

The businesses of the Group are not in violation of the applicable PRC environmental laws and regulations in any material aspects.

The Group is dedicated to protecting the health and safety of the students. The Group has on-site medical staff or health care personnel at each of the schools the Group operates to handle routine medical situations involving students. In certain serious and medical emergency situations, the Group promptly sends the students to local hospitals for treatment. With respect to school safety, the Group engaged a qualified property management company to provide property security services at the Group's school premises.

As far as the Board and management of the Company are aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Reporting Period, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

Financial Review

Revenue

Revenue, which is also the Group's turnover, represents the value of services rendered, made to its students during the year ended 31 August 2025 and 2024. Revenue of the Group is primarily derived from tuition fees, boarding fees, school canteen operation fees and consultation services fees for overseas studies the Group's schools collected from students, as well as educational management and consultation service fees received by the Group from private schools and government owned schools.

For the year ended 31 August 2025, revenue of the Group amounted to RMB1,083.7 million. This represents an increase of RMB128.6 million or 13.5%, as compared with revenue of the Group for the year ended 31 August 2024. This increase was primarily attributed to the increase in revenue from tuition fees, school canteen operation fees and boarding fees, being the increase of RMB114.7 million, or 15.1% in revenue from tuition fees to RMB874.8 million for the year ended 31 August 2025, and the increase of RMB10.1 million, or 12.5% in revenue from school canteen operations fees to RMB90.7 million for the year ended 31 August 2025, and the increase of RMB6.8 million, or 12.9% in revenue from boarding fees to RMB59.3 million for the year ended 31 August 2025. The tuition fees, school canteen operation fees and boarding fees which the Group received increase mainly attributable to (i) the increase in the number of students enrolled in 2024/2025 school year, and (ii) the increase in the average tuition fee of schools of the Group.

Cost of Sales

Cost of sales primarily consists of staff costs, depreciation and amortization, utilities, cost of repairs, office expense, property management service fee, rent costs, student subsidies, student scholarship costs and other costs.

For the year ended 31 August 2025, cost of sales of the Group amounted to RMB745.1 million. This represents an increase of RMB102.8 million or 16.0%, as compared with cost of sales of the Group for the year ended 31 August 2024. This increase was primarily attributable to:

(1) staff costs increased by RMB26.4 million, or 9.7%, compared with that of the last year, which was attributable to the increase in the number of teachers recruited in 2024/2025 school year. The increase in the number of students enrolled in existed schools gave rise to the increase in the number of teachers recruited;

(2) direct material costs of canteen operation costs increased by RMB9.0 million, or 13.3%, compared with that of the last year, which was mainly due to the increase in the number of students and continuous improvements in quality of catering service in the year ended 31 August 2025; and

(3) student scholarship costs increased by RMB16.8 million, or 29.4%, compared with that of the last year, which was mainly due to in the increase in the number of students enrolled in 2024/2025 school year.

Gross Profit and Gross Profit Margin

For the year ended 31 August 2025, gross profit of the Group amounted to RMB338.6 million, with gross profit margin of 31.2%. For the year ended 31 August 2024, gross profit of the Group amounted to RMB312.8 million, with gross profit margin of 32.7%.

The gross profit margin of the Group has maintained a steady level, reflecting the Group's stable profitability.

Selling and Distribution Expenses

Selling and distribution expenses primarily consist of advertising expenses, student admission expenses and business entertainment expenses.

For the year ended 31 August 2025, selling and distribution expenses of the Group amounted to RMB8.5 million. This represents a decrease of RMB2.5 million or 22.5%, as compared with selling and distribution expenses of the Group for the year ended 31 August 2024. The decrease in selling and distribution expenses was primarily due to cost control measures.

Administrative Expenses

Administrative expenses primarily consist of the salaries and other benefits for general and administrative staff, consultation service fees for legal, audit, business development and evaluation services, office-related expenses, depreciation of office buildings and equipment, travel expenses, business advisory service fees and other expenses.

For the year ended 31 August 2025, administrative expenses of the Group amounted to RMB148.0 million. This represents an increase of RMB29.5 million or 24.9%, as compared with administrative expenses of the Group for the year ended 31 August 2024. This increase was primarily attributable to more expenses incurred with the increase in the number of students in the existing school.

Other Income and Gains

Other income and gains primarily consist of foreign exchange gain, bank interest income, other interest income, government grants and rental income from leasing certain of the Group's properties to independent third parties.

For the year ended 31 August 2025, other income and gains of the Group amounted to RMB19.7 million. Other income and gains were broadly in line with that of the last year.

Other Expenses and Other Losses

Other expenses and other losses consist primarily of allowance for credit losses on financial assets, foreign exchange loss, and disposal of various fixed assets.

For the year ended 31 August 2025, other expenses of the Group amounted to RMB22.0 million. This represents an increase of RMB3.3 million or 17.6%, as compared with other expenses of the Group for the year ended 31 August 2024. This increase was primarily attributable to the change in fair value of loss allowance related to financial guarantee contracts.

Finance Costs

Finance costs primarily consist of the interest expenses for bank and other borrowings.

For the year ended 31 August 2025, finance costs of the Group amounted to RMB118.9 million. This represents a decrease of RMB7.4 million or 5.9%, as compared with finance costs of the Group for the year ended 31 August 2024. The decrease was primarily attributable to the interest expenses for the bank and other borrowings of RMB118.0 million for the year ended 31 August 2025, representing a decrease of RMB8.0 million as compared to the interest expenses of RMB126.0 million for the year ended 31 August 2024.

Capital Commitments

The following table sets forth a summary of capital commitments as at the dates indicated:

	2025	2024
	RMB'000	*RMB'000*
Contracted, but not provided for:		
Land and buildings, equipment	**31,080**	197,241

Gearing Ratio

The gearing ratio of the Group, which was calculated as total bank and other borrowings divided by total equity as at the end of the period, decrease from approximately 249.9% as at 31 August 2024 to approximately 249.0% as at 31 August 2025, primarily due to the decrease in the Group's interest-bearing other loans.

Exposure to Fluctuations in Exchange Rates and Any Related Hedges

Almost all of the income and expenditure of the Group were denominated in Hong Kong Dollar and Renminbi. In view of the stability of the exchange rates among these two currencies, the Group has not been subject to exchange rate fluctuation exposure and thus no financial instruments have been adopted for hedging purpose.

Contingent Liabilities

As at 31 August 2025, the Group had no material contingent liabilities (31 August 2024: nil).

Significant Investments, Acquisitions and Disposals

There were no significant investments held as at 31 August 2025, nor other material acquisitions and disposals of subsidiaries and associated companies during the Reporting Period.

Pledge of Assets

As at 31 August 2025, RMB44.3 million (2024: RMB49.9 million) were paid to third party leasing companies as pledged deposits for certain borrowings, which will be repaid after settling those borrowings in 4 years.

Human Resources

As at 31 August 2025, the Group had 2,365 employees (2024: 2,000).

The remuneration policy and package of the Group's employees are periodically reviewed in accordance with industry practice and results performance of the Group. The Group provides external and internal training programs to its employees. The Group also participates in various employee social security plans for its employees that are administered by local governments, including housing, pension, medical insurance, occupational injury insurance, maternity insurance and unemployment insurance.

The total remuneration cost incurred by the Group for the year ended 31 August 2025 was approximately RMB375.3 million (2024: RMB335.1 million).

EVENTS AFTER THE REPORTING PERIOD

There was no event which has occurred after the year ended 31 August 2025 that would cause material impact on the Group.

FINAL DIVIDEND AND SPECIAL DIVIDEND

The Board recommended the payment of a final dividend of HKD0.20 cents per share and a special dividend of HKD0.30 cents per share in respect of the year ended 31 August 2025. The final dividend and special dividend are subject to the approval of the shareholders of the Company (the "Shareholders") at the forthcoming annual general meeting of the Company to be held on Friday, 23 January 2026 (the "AGM") and the final dividend and special dividend will be payable on Tuesday, 10 February 2026 to the Shareholders whose names appear on the register of members of the Company on Friday, 30 January 2026.

ANNUAL GENERAL MEETING AND CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 20 January 2026 to Friday, 23 January 2026, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the AGM to be held on Friday, 23 January 2026, during which period no share transfers will be registered. To be eligible to attend the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 19 January 2026.

The register of members of the Company will also be closed from Thursday, 29 January 2026 to Friday, 30 January 2026, both days inclusive, in order to determine the entitlement of the Shareholders to receive the final dividend and special dividend, during which period no share transfers will be registered. To qualify for the final dividend and special dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 28 January 2026.

CORPORATE GOVERNANCE

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 Corporate Governance Code (the "CG Code") as set out in part 2 of Appendix C1 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as its own code of corporate governance. The Company has complied with all applicable code provisions of the CG Code during the Reporting Period. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

NON-COMPLIANCE WITH RULES 3.10, 3.21, 3.25 AND 3.27A OF THE LISTING RULES

Immediately following the passing away of Mr. Wen Ruizheng as an independent non-executive Director and a member of the audit committee, remuneration committee and nomination committee of the Board on 25 November 2024, the Company did not meet the requirement of Rules 3.10, 3.21, 3.25 and 3.27A of the Listing Rules. On 16 January 2025, Mr. Yin Dajia was appointed as an independent non-executive Director and member of the audit committee, the remuneration committee and the nomination committee of the Company. Immediately following the appointment of Mr. Yin Dajia, the Company is in compliance with the requirements in relation to (i) the number of independent non-executive Directors under Rules 3.10(1) of the Listing Rules; (ii) the minimum number of members of the audit committee of the Company under Rule 3.21 of the Listing Rules; (iii) the proportion of independent non-executive Directors of the remuneration committee of the Company under Rule 3.25 of the Listing Rules; and (iv) the proportion of independent non-executive Directors of the nomination committee of the Company under Rule 3.27A of the Listing Rules. As such, the Company has fully complied with the requirements as set out in Rules 3.10(1), 3.21, 3.25 and 3.27A of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiries of all Directors, each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code during the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including the sale of treasury Shares).

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters. The Audit Committee, together with the Board and external auditor, has reviewed the Group's annual results announcement and the consolidated financial statements for the year ended 31 August 2025.

SCOPE OF WORK ON THE ANNUAL RESULTS ANNOUNCEMENT BY AUDITOR

The financial information set out in this announcement does not constitute the Group's audited consolidated financial statements for the year ended 31 August 2025, but represents an extract from those financial statements which have been agreed with KTC Partners CPA Limited ("KTC Partners"), the auditor of the Company. The work performed by KTC Partners in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by KTC Partners on the annual results announcement.

PUBLICATION OF THE ANNUAL RESULTS AND 2025 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.virscendeducation.com), and the 2025 annual report of the Company containing all the information required by the Listing Rules will be dispatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board
Virscend Education Company Limited
Wang Xiaoying
Chairwoman and Executive Director

Hong Kong, 27 November 2025

As at the date of this announcement, the executive Directors are Ms. Wang Xiaoying, Mr. Ye Jiayu, Mr. Yan Yude and Mr. Deng Bangkai; and the independent non-executive Directors are Mr. Sit Chiu Wing, Mr. Chan Kim Sun and Mr. Yin Dajia.