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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

HIGHLIGHTS

	Year ended 31 December		Percentage change %
	2025 RMB'000	2024 RMB'000	
Revenue	658,033	648,078	1.5%
Gross profit	335,923	392,261	-14.4%
Profit for the year	338,053	330,219	2.4%
Adjusted net profit ⁽¹⁾	313,924	359,406	-12.7%

Note:

- (1) The Group defines the adjusted net profit as the profit for the year 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
FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Renminbi Yuan)

	<i>Note</i>	2025 RMB'000	2024 <i>RMB'000</i>
Revenue	<i>3</i>	658,033	648,078
Cost of sales		<u>(322,110)</u>	<u>(255,817)</u>
Gross profit		<u>335,923</u>	392,261
Other income	<i>4</i>	65,074	48,927
Selling and distribution costs		(3,224)	(3,897)
Administrative expenses		<u>(39,543)</u>	<u>(86,522)</u>
Profit from operations		358,230	350,769
Finance costs	<i>5(a)</i>	<u>(12,171)</u>	<u>(13,309)</u>
Profit before taxation	<i>5</i>	346,059	337,460
Income tax	<i>6</i>	<u>(8,006)</u>	<u>(7,241)</u>
Profit for the year		<u>338,053</u>	330,219
Attributable to:			
Equity shareholders of the Company		<u>338,053</u>	<u>330,219</u>
Earnings per share	<i>7</i>		
Basic and diluted (RMB cents)		<u>21.02</u>	<u>20.53</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

(Expressed in Renminbi Yuan)

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Other comprehensive income for the year (after tax and reclassification adjustments)		
<i>Item that will not be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of the Company	<u>(13,858)</u>	<u>12,730</u>
Other comprehensive income for the year	<u>(13,858)</u>	<u>12,730</u>
Total comprehensive income for the year	<u>324,195</u>	<u>342,949</u>
Attributable to:		
Equity shareholders of the Company	<u>324,195</u>	<u>342,949</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025
(Expressed in Renminbi Yuan)

	<i>Note</i>	2025 RMB'000	2024 RMB'000
Non-current assets			
Property, plant and equipment		423,172	434,872
Right-of-use assets		69,978	72,535
Intangible assets		199,391	200,519
Other non-current assets	<i>8</i>	2,911,231	2,890,700
Long-term bank time deposits	<i>12</i>	575,000	330,000
		<u>4,178,772</u>	<u>3,928,626</u>
Current assets			
Trade receivables	<i>9</i>	1,525	2,137
Prepayments, deposits and other receivables	<i>10</i>	247,888	228,101
Financial assets at fair value through profit or loss ("FVPL")	<i>11</i>	150,000	–
Cash and bank balances	<i>12</i>	551,871	689,882
		<u>951,284</u>	<u>920,120</u>
Current liabilities			
Loans and borrowings	<i>13</i>	62,880	50,020
Contract liabilities	<i>14</i>	373,753	362,045
Other payables	<i>15</i>	157,622	152,114
Current taxation		11,907	12,402
		<u>606,162</u>	<u>576,581</u>
Net current assets		<u>345,122</u>	<u>343,539</u>
Total assets less current liabilities		4,523,894	4,272,165
Non-current liabilities			
Loans and borrowings	<i>13</i>	476,900	551,829
NET ASSETS		<u>4,046,994</u>	<u>3,720,336</u>
CAPITAL AND RESERVES			
Share capital	<i>16</i>	12,952	12,952
Reserves		4,034,042	3,707,384
TOTAL EQUITY		<u>4,046,994</u>	<u>3,720,336</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

1 General information

China Xinhua Education Group Limited (the “**Company**”) was incorporated in the Cayman Islands on 30 August 2017 as an exempted company with limited liability under the Companies Law of the 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 26 March 2018.

The Company and its subsidiaries (together, the “**Group**”) are principally engaged in the formal higher and secondary vocational education business in the People’s Republic of China (the “**PRC**”).

2 Material accounting policies

(a) Statement of compliance

The financial statements have been prepared in accordance with IFRS Accounting Standards, which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (“**IASs**”) and Interpretations issued by the International Accounting Standards Board (“**IASB**”), and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the Group are disclosed below.

The IASB has issued certain new or amended IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2025 comprise the Group.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that financial assets at fair value through profit or loss are stated at fair value.

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Changes in accounting policies

The Group has applied amendments to IAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the IASB to these financial statements for the current accounting period. The amendments do not have a material impact on these financial statements 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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue from contracts with customers within the scope of IFRS 15		
Tuition fees	604,506	596,626
Boarding fees	53,527	51,452
Total	<u>658,033</u>	<u>648,078</u>

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

During 2025 and 2024, all of the Group's revenues were generated in the 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 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 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. On this basis, the Group has determined that it only has one operating segment which is the provision of education services.

4 Other income

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Rental and property management income	28,743	26,124
Service income	25,924	23,512
Government grants	2,248	1,578
Interest income on financial assets measured at amortised cost	22,795	14,347
Deficit on operation of the Anhui school and Jiangsu school	(14,644)	(17,105)
Others	8	471
	<u>65,074</u>	<u>48,927</u>

5 Profit before taxation

Profit before taxation is arrived at after charging:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
(a) Finance costs		
Interest expenses on loans and borrowings	<u>12,171</u>	<u>13,309</u>
(b) Staff costs		
Salaries, wages and other benefits	213,403	161,959
Contributions to defined contribution retirement plan (i)	17,856	13,256
Share-based payment expenses	<u>2,463</u>	<u>6,070</u>
	<u>233,722</u>	<u>181,285</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.

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
(c) Other items		
Depreciation of property, plant and equipment	55,380	49,378
Amortisation of intangible assets	2,296	2,299
Depreciation of right-of-use assets	2,557	2,557
Net foreign exchange (gain)/loss	(26,592)	23,117
Auditors' remuneration	<u>1,850</u>	<u>1,900</u>
	<u>35,491</u>	<u>79,251</u>

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

(a) *Income tax in the consolidated statement of profit or loss and other comprehensive income represents:*

	2025 RMB'000	2024 RMB'000
Current tax		
Provision for PRC income tax for the year	<u>8,006</u>	<u>7,241</u>

- (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 year.
- (iii) Pursuant to the PRC Income Tax Law and the respective regulations, the Companies of the Group which operate in Mainland China 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 Implementation Rules for the 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 report, 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 year ended 31 December 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 corporate income tax 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 year ended 31 December 2025 is based on the profit attributable to equity shareholders of the Company for the year ended 31 December 2025 of RMB338,053,000 (2024: RMB330,219,000) and the weighted average number of ordinary shares of 1,608,583,000 in issue during the year (2024: 1,608,583,000 shares).

For the year ended 31 December 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 year ended 31 December 2025 were the same as basic earnings per share.

8 Other non-current assets

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Prepayment for investments	660,000	660,000
Advance to the Anhui school and Jiangsu school	<u>2,251,231</u>	<u>2,230,700</u>
	<u><u>2,911,231</u></u>	<u><u>2,890,700</u></u>

As at 31 December 2025, the prepayment for investments represents the 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 RMB2,251,231,000 (31 December 2024: RMB2,230,700,000), which were unsecured and interest-free. For backgrounds of establishing a new campus for the Anhui school and Jiangsu school, please refer to the Company's prospectus dated 14 March 2018 and announcement dated 29 April 2019, respectively.

9 Trade receivables

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 1 year	<u>1,525</u>	<u>2,137</u>

No allowance for doubtful debts was made as at the end of the year.

10 Prepayments, deposits and other receivables

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Prepayments and deposits	200,972	201,838
Other receivables	<u>46,916</u>	<u>26,263</u>
	<u><u>247,888</u></u>	<u><u>228,101</u></u>

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

11 Financial assets at FVPL

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Financial assets measured at FVPL	<u>150,000</u>	—

Financial assets measured at FVPL comprise the structured deposits purchased from banks in the PRC.

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Long-term bank time deposits	575,000	330,000
Cash and bank balances		
– Bank time deposits	186,100	548,100
– Cash and cash equivalents	365,771	141,782
	551,871	689,882
	1,126,871	1,019,882

The interest rate on bank time deposits as at 31 December 2025 were ranged from 1.79% to 3.31% per annum (31 December 2024: 1.45% to 3.55%).

13 Loans and borrowings

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Unsecured bank loan:		
Within 1 year or on demand	62,880	50,020
Over 1 year but within 2 years	–	62,880
	62,880	112,900
Loans from a related party:		
Over 2 years but within 5 years	476,900	293,555
Over 5 years	–	195,394
	539,780	601,849

As at 31 December 2025, the unsecured bank loans carried interest at annual rates of 2.35% (2024: 2.70%).

As at 31 December 2025, all the loans from a related party were borrowed from Wu Junbao Company Limited, with an annual interest rate of 2.00%.

14 Contract liabilities

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Tuition fees	334,336	327,088
Boarding fees	35,574	34,957
Training fees	3,843	–
	373,753	362,045

14 Contract liabilities (Continued)

Movements in contract liabilities

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Balance at 1 January	362,045	339,995
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(361,722)	(339,782)
Decrease in contract liabilities as a result of the boarding fee refund during the year	(323)	(213)
Net increase in contract liabilities as a result of receipts in advance of performance	373,753	362,045
Balance at 31 December	<u>373,753</u>	<u>362,045</u>

15 Other payables

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Miscellaneous expenses received from students (i)	9,006	6,643
Accrued expenses	1,162	4,274
Payables to suppliers	70,988	62,055
Accrued staff costs	34,336	25,381
Interest payable	32,587	23,535
Others	9,543	30,226
	<u>157,622</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.

16 Capital, reserves and dividends

(a) Dividends

- (i) Dividends payable to equity shareholders of the Company attributable to the year

No dividend has been proposed by the Company in respect of the years ended 31 December 2025 and 2024.

- (ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the years:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Final dividend in respect of the previous financial year, approved and paid during the year, of HK0 cents per share (2024: HK6.32 cents)	<u>-</u>	<u>92,609</u>

16 Capital, reserves and dividends (Continued)

(b) *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. 3,000,000 options granted on 15 July 2019 were expired during year 2025.

On 15 July 2019, 52,900,000 share options to subscribe for the ordinary shares of HK\$0.01 each in the share capital of the Company were granted to certain employees, including two executive directors Mr. Lu Zhen and Mr. Wang Yongkai, 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. 2,000,000 options granted on 15 July 2019 were expired during year 2024. 17,500,000 options granted on 15 July 2019 were expired during year 2025.

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\$0.76 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 year ended 31 December 2025 (2024: nil).

(c) *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 ratio at 31 December 2025 and 2024 were as follows:

	2025	2024
	RMB'000	RMB'000
Total liabilities	1,083,062	1,128,410
Total assets	5,130,056	4,848,746
Debt-to-asset ratio	21%	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 number of full-time 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 strong education makes a strong country.” General Secretary Xi Jinping stressed that building a 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 quality 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, and upgrading and transforming the service industry.

We are committed to providing high-quality application-oriented formal university education services to our students, 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, 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, employers, as well as economic and social development.

BUSINESS REVIEW AND OPERATION UPDATE

Student Enrollment

In the 2025/2026 academic year, the Group had a full-time student enrollment of approximately 43,213, representing a year-on-year increase of approximately 1.55%. The brand competitiveness has been further enhanced, and the high-quality development strategy has been steadily advanced.

OPERATION UPDATE AND HIGHLIGHTS

1. Focus on the needs of emerging industries, major and curriculum construction has achieved remarkable results

The Group has been continuously strengthening its professional development based on the needs of the development of emerging industries and the transformation and upgrading of traditional industries. 4 national-level first-class undergraduate programs, 4 national-level (National Social Science Foundation and National Natural Science Foundation) scientific research projects, and 2 provincial-level scientific research platforms were newly added. Xinhua University was approved to establish an Anhui Provincial Postdoctoral Research Station and was designated as a pilot institution for the comprehensive reform of the “Fostering Virtue and Nurturing Talent” mechanism in Anhui Province; Anhui school was awarded the Provincial-level First Prize for Teaching Achievements.

2. Focus on the introduction and cultivation of talents to build a high-caliber faculty

The Group implemented the strategy of “strengthening the school with talents” and continued to attract talents with doctoral degrees or senior professional titles or above, thus further optimizing the structure of the teaching staff. At the same time, the Group introduced experts and high-skilled talents from industry enterprises to further enrich the team of “dual-qualified” teachers, continuously improved teachers’ teaching capabilities, strengthened talent development and training, and carried out a series of trainings of 1,174 sessions for different levels and categories, covering business skills, career growth, teamwork management, etc. The number of national-level projects won by teachers increased by 240% year-on-year, the number of honors and awards increased by 68.1% year-on-year, and the number of high-level scientific research papers published (Category II and above) increased by 18.8% year-on-year.

3. Continue to expand exchanges and cooperation to effectively leverage the synergistic effects of collaborative education

The Group actively promotes school-enterprise and school-local cooperation. Xinhua University has jointly established a number of practical education bases and rural revitalization colleges, and Anhui School has been approved as a provincial-level practical education base and a provincial-level modern industrial college. The Group has deepened international exchanges and cooperation and held international forums to enhance its international presence. The Group has jointly established the Anhui Provincial Preparatory Center with the University of Malaya; and the Group piloted the construction of the Xinhua University Laos Branch, which was approved as the only “International Chinese Language Teacher Examination Center” in Anhui Province, further enhancing the level of internationalization of education.

4. Increase investment to take the construction of modern campus to a new level

The Group continued to increase investment in improving campus infrastructure, and continuously updated its laboratory equipment to better meet the needs of education and teaching; it also actively promotes the application of AI in education scenarios and has launched the “Xinhua Gravity” AI platform, which has continuously improved the learning and working environment. We have continuously optimized the campus environment and facilities, improved the quality of logistical services, and responded efficiently to the needs of teachers and students, resulting in a steady increase in the satisfaction of teachers and students.

5. Continue to enhance social service capabilities based on development needs

While achieving our own development, the Group actively performed our social service value. During the year, 283 cooperative projects and 66 practical education bases were newly added, and 223 social service projects were undertaken, the funding received for horizontal scientific research projects increased by 370% year-on-year, significantly enhancing the ability to serve regional development.

FUTURE PROSPECTS

I. Anchor the enhancement of educational capacities and address core development tasks

In January 2025, the Outline for the Construction Plan for Strengthening the Country with Education (2024-2035) was issued, setting forth the “two-step” goal of the construction of an education power. Following the general principle of building China into a powerhouse of education, the Group will strive to enhance educational capacities for high-quality development during the “15th Five-Year Plan” period and devote our efforts to address challenges in the forthcoming critical development period. We will actively facilitate Xinhua University to become an eligible unit to issue master’s degrees; we will precisely determine educational orientations and development paths, so as to fully improve the Group’s overall educational level and comprehensive competitiveness, and consolidate its foundation for high-quality development as well.

II. Focus on connotative construction to continuously drive high-quality development

1. Deepen the construction of disciplines and majors and establish an industry-education integration ecology

Continuously optimize and adjust the setting of disciplines and majors to promote the cross-integration of traditional disciplines and emerging technologies, deepen the industry-education integration and school-enterprise cooperation mechanism. We will construct a “discipline-industry-region” coordinated development ecology, build more modern industrial colleges and future technology colleges, so as to promote the precise connection between professional discipline resources and industrial needs. We will improve the integrated system of recruitment, cultivation and employment, build a benchmark for cultivation of applied talent, so as to substantially improve the high-quality employment level of students and most full use of education’s important role in promoting employment and the upgrade and transformation of the service industry.

2. *Build and strengthen a high-level teaching faculty and improve the teaching training system*

Continue to strengthen the introduction of high-calibre and high-quality teachers, continuously improve the classified training system for teachers, and deepen the cultivation of “dual-qualified teachers’ quality”; we will establish and improve the talent evaluation and incentive mechanism, explore the implementation of a classified evaluation system, and build a growth channel for various talents, striving to build a professional and high-quality teaching team.

3. *Drive the digital transformation of education and deepen the application in AI education*

Comprehensively promote the development of digitally empowered education, increase the research and implementation of new technologies and methods such as AI and big data, and establish an interactive, intelligent, and open smart teaching platform. We will establish an AI research institution to carry out in-depth research and practice on the development of AI-enabled education, continuously improve the AI literacy of teachers and students, and promote the innovation of education and teaching models, so that digitalization and intelligence will become an important engine for improving the quality of running schools and management efficiency.

4. *Intensify efforts in opening up and integration and improve the level of internationalized education*

Further enhance international exchanges and cooperation, promote the implementation of high-quality projects and the output of results and experience, and manage Sino-foreign cooperative education initiatives; bolster the construction of overseas campuses and expand the international business layout; and further promote international exchange programs for teachers and students, broaden their international horizons, and enhance the Group’s international influence and competitiveness in education.

FINANCIAL REVIEW

Revenue

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

The Group's revenue increased by 1.5% from RMB648.1 million for the year ended 31 December 2024 to RMB658.0 million for the Reporting Period. This increase was mainly 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 33.1% from RMB48.9 million for the year ended 31 December 2024 to RMB65.1 million for the Reporting Period, primarily due to the increase of interest income on financial assets measured at amortised cost and the improvement on operation of Jiangsu School.

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.

Our cost of sales increased by 25.9% from RMB255.8 million for the year ended 31 December 2024 to RMB322.1 million for the Reporting Period, primarily due to the increase in staff costs for our teaching staff.

Gross Profit

Our gross profit decreased by 14.4% from RMB392.3 million for the year ended 31 December 2024 to RMB335.9 million for the Reporting Period, primarily due to the increase in staff costs.

Selling and Distribution Costs

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

Selling and distribution costs decreased by 17.9% from RMB3.9 million for the year ended 31 December 2024 to RMB3.2 million for the Reporting Period, primarily due to the decrease in admissions activities and advertising expenses.

Administrative Expenses

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

Administrative expenses decreased by 54.3% from RMB86.5 million for the year ended 31 December 2024 to RMB39.5 million for the Reporting Period, primarily due to the increase in foreign exchange gain.

Finance Costs

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

The finance costs incurred for the Reporting Period amounted to approximately RMB12.2 million (31 December 2024: RMB13.3 million), primarily due to the decrease in the bank loans and interest rate of bank loans during the Reporting Period.

Profit before Taxation

The Group's profit before taxation recognised for the Reporting Period was RMB346.1 million, as compared with RMB337.5 million for the year ended 31 December 2024, representing a year-on-year increase of 2.5% which was primarily due to the increase of taxable profit in the PRC.

Income Tax

The Group's income tax increased by 11.1% from RMB7.2 million for the year ended 31 December 2024 to RMB8.0 million for the Reporting Period, which was primarily due to the increase in taxable income in the PRC.

Profit for the Year

As a result of the combined effects of the foregoing, the Group recorded a profit of RMB338.1 million for the Reporting Period, representing a year-on-year increase of 2.4% as compared with RMB330.2 million for the year ended 31 December 2024.

Adjusted Net Profit

Adjusted net profit was derived from the profit for the year 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 that 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 years indicated:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the year	338,053	330,219
Add:		
Net foreign exchange (gain)/loss	(26,592)	23,117
Share-based payment expenses	2,463	6,070
Adjusted net profit	<u>313,924</u>	<u>359,406</u>

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 31 December 2025, the Group recorded long-term bank time deposits and cash and bank balances of RMB1,126.9 million (31 December 2024: RMB1,019.9 million).

Net Current Assets

As at 31 December 2025, the Group recorded net current assets of RMB345.1 million representing an increase of 0.5% as compared with the RMB343.5 million as at 31 December 2024, which was primarily attributable to the increase in current assets exceeding the change in contract liabilities and other payables and accruals.

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 into the financial statements of the Group, 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 RMB64.8 million (31 December 2024: RMB93.7 million). The Group's capital expenditures 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 loans from a related party of the Group amounted to RMB539.8 million as at 31 December 2025 (31 December 2024: RMB601.8 million).

Contingent Liabilities and Guarantees

As at 31 December 2025, the Group did not have any unrecorded significant contingent liabilities, guarantees or any litigation against us.

Gearing Ratio

The gearing ratio of the Group, calculated as total liabilities divided by total assets, was 21.1% as at 31 December 2025, compared to the figure of 23.3% as at 31 December 2024. This decrease was primarily attributable to the increase in total assets and the decrease in total liabilities.

Future Plan for Material Investments and Capital Assets

The Group did not have other plans for material investments and capital assets as at 31 December 2025 and up to date of this announcement.

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

There was no material acquisition and disposal of subsidiaries and associated companies by the Company during the Reporting Period.

Significant Investments Held by the Group

There was no significant investment held by the Group during the Reporting Period.

Foreign Exchange Risk Management

The Group's presentation currency is RMB, as most revenues and expenditures of the Group are denominated in RMB. As at 31 December 2025, balances of several banks were denominated in USD or HKD. 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 31 December 2025, no assets of the Group were pledged.

Human Resources

As at 31 December 2025, the Group has approximately 3,055 employees (31 December 2024: 2,559). All of our employees are based in the PRC. In accordance with the relevant laws and regulations in the PRC, the Group has participated in the employee social security programs managed by local governments, including housing, 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 31 December 2025, the Group has not conducted any off-balance sheet transaction.

EVENTS AFTER THE REPORTING PERIOD

There was no event occurred subsequent to 31 December 2025 and up to the date of this announcement that would cause material impact on the Group.

ANNUAL GENERAL MEETING

The AGM will be held on Tuesday, 16 June 2026 and a notice convening the AGM will be published and despatched to the Shareholders on or before 30 April 2026.

FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for the Reporting Period (2024: Nil).

CLOSURE OF THE REGISTER OF MEMBERS

For Determining the Eligibility to Attend and Vote at the AGM

The register of members of the Company will be closed from Thursday, 11 June 2026 to Tuesday, 16 June 2026, both days inclusive, in order to determine the identity of the Shareholders who are eligible to attend and vote at the AGM to be held on Tuesday, 16 June 2026, during which period no share transfers will be registered. To be eligible to attend and vote at 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 Wednesday, 10 June 2026.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries, 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 31 December 2025.

SCOPE OF WORK OF THE AUDITORS

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the Reporting Period as set out in the preliminary announcement have been compared by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year, and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other 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 the auditor.

REVIEW OF ANNUAL RESULTS BY THE AUDIT COMMITTEE

The Group's annual results for the Reporting Period, the accounting principles and policies adopted by the Company and internal control matters have been reviewed by the Audit Committee and discussed with the management of the Company. The Audit Committee considered that the Group's annual results are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof.

CORPORATE GOVERNANCE PRACTICES

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 the 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, with a view to further enhance the Company's corporate governance and board diversity oversight, appointed Ms. Chen Ming, an executive Director, and Mr. Yao Heping, an independent non-executive Director, as a members of the nomination committee of the Company with effect from 27 June 2025. The appointment of Ms. Chen Ming also enables the Company to maintain a female Director on the Nomination Committee, while its composition continues to comprise a majority of independent non-executive Directors.

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 required standards set out in the Model Code during the Reporting Period.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the websites of the Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.chinaxhedu.com). The annual report of the Company for the Reporting Period will be made available on the above websites and despatched to the Shareholders who request the printed copy before the end of April 2026.

DEFINITION

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

“AGM”	the annual general meeting of the Company to be held on Tuesday, 16 June 2026 (or any adjournment thereof)
“Anhui School”	Clinical College of Anhui Medical University* (安徽醫科大學臨床醫學院), an independent college of Anhui Medical University established under the laws of the PRC in 2003 as further described in “Business – Planned Additional Schools – School of Clinical Medicine” in the prospectus of the Company dated 14 March 2018 and not a consolidated affiliated entity of the Group
“Audit Committee”	the audit committee 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 and Taiwan

“Company”	China Xinhua Education Group Limited (中國新華教育集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 30 August 2017, whose shares are listed on the main board of the Stock Exchange (Stock Code: 2779)
“Director(s)”	the director(s) of the Company
“Group”, “we”, “our” or “us”	the Company, its subsidiaries and consolidated affiliated entities
“HK\$”, “Hong Kong dollar(s)”, “HKD” or “cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“IFRSs”	the International Financial Reporting Standard(s)
“independent college”	a bachelor-degree level higher education institution established by a public university that provides formal education in bachelor-degree level or above in association with individuals or social organisations other than governmental institutions using non-state funds
“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, which is currently jointly operated by the Group and Nanjing University of Finance and Economics*(南京財經大學) and not a consolidated affiliated entity of the Group
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“Reporting Period”	the year ended 31 December 2025
“RMB”	Renminbi, the lawful currency for the time being of the PRC
“School Year”	the school year for all of our schools, which generally starts on 1 September of each calendar year and ends on 30 June of the next calendar year
“Shareholders”	holder(s) of the ordinary share(s) of nominal value of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$” or “USD”	United States dollars, the lawful currency for the time being of the United States

“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 our Company
“Xinhua School”	Anhui Xinhua School* (安徽新華學校), a private formal secondary vocational school that obtained approval from Department of Education of Anhui Province* (安徽省教育廳) for its establishment on 11 April 2002, of which the school sponsor’s interest is wholly owned by Xinhua Group and a consolidated affiliated entity of our 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. The school sponsor’s interest of Xinhua University is wholly owned by Xinhua Group and a consolidated affiliated entity of our Company
“Yangtze River Delta”	comprises Jiangsu Province, Zhejiang Province, Anhui Province and Shanghai in the PRC
“%”	per cent

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

Hong Kong, 31 March 2026

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.

** 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.*