

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)
(於開曼群島註冊成立之有限公司)

Stock Code 股份代號 : 02779

2025

INTERIM REPORT

中 期 報 告



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Non-executive Director

Mr. Wu Junbao (吳俊保) (*Chairman*)

Executive Directors

Mr. Zhang Ming (張明)

Mr. Wang Yongkai (王永凱)

Ms. Chen Ming (陳明)

Independent Non-executive Directors

Mr. Jiang Min (蔣敏)

Mr. Yang Zhanjun

Mr. Yao Heping (姚和平)

AUDIT COMMITTEE

Mr. Yao Heping (姚和平) (*Chairman*)

Mr. Wu Junbao (吳俊保)

Mr. Jiang Min (蔣敏)

REMUNERATION COMMITTEE

Mr. Jiang Min (蔣敏) (*Chairman*)

Mr. Wu Junbao (吳俊保)

Mr. Yang Zhanjun

NOMINATION COMMITTEE

Mr. Wu Junbao (吳俊保) (*Chairman*)

Ms. Chen Ming (陳明)

Mr. Jiang Min (蔣敏)

Mr. Yang Zhanjun

Mr. Yao Heping (姚和平)

COMPANY SECRETARY

Ms. Yu Anne (余安妮)

AUTHORISED REPRESENTATIVES UNDER RULE 3.05 OF THE LISTING RULES

Mr. Wang Yongkai (王永凱)

Ms. Yu Anne (余安妮)

REGISTERED OFFICE

Cricket Square

Hutchins Drive, P. O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 555 Wangjiangxi Road

Hefei City, Anhui Province, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Dah Sing Financial Centre

No. 248 Queen's Road East

Wanchai, Hong Kong

LEGAL ADVISORS AS TO HONG KONG LAW

Morgan, Lewis & Bockius

19th Floor, Edinburgh Tower

The Landmark

15 Queen's Road Central

Hong Kong

AUDITORS

KPMG

Public Interest Entity Auditor registered in accordance

with the Accounting and Financial Reporting Council Ordinance

Certified Public Accountants

8th Floor, Prince's Building

10 Chater Road

Central, Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited

Cricket Square

Hutchins Drive, P. O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

Shops 1712-1716, 17th Floor, Hopewell Centre

183 Queen's Road East

Wanchai, Hong Kong

PRINCIPAL BANKS

Agricultural Bank of China

Hefei Science and Technology Rural Commercial Bank

Huishang Bank

Hangzhou Bank

Industrial and Commercial Bank of China

COMPANY WEBSITE

<http://www.chinaxhedu.com>

STOCK CODE

02779

HIGHLIGHTS

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

Note:

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



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OPERATION UPDATE

Student Enrollment

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

OPERATION UPDATE AND HIGHLIGHTS

- Dynamic integration of industry and majors with significant improvement in educational capabilities.** The Group continued its efforts to enhance construction of majors based on the development needs of emerging industries and the transformation and upgrading of traditional industries. The colleges and universities of the Group currently have a total of 4 national-level first-class undergraduate programs and 14 provincial-level first-class undergraduate programs. The Group actively carried out curriculum construction, continuously created high-quality courses. Currently, Xinhua University has five national-level first-class undergraduate course and 71 provincial-level first-class courses, and the number of students winning awards at or above the provincial level in discipline competitions increased by 206.7% year-on-year.
- Organic combination of the introduction and nurturing of talents, achieving significant results in the teaching team building.** The Group implemented the strategy of “strengthening schools with talents”, continuously introduced doctors, and talents with an associate senior title and above and cultivated and introduced over 340 doctoral teachers to further optimize the structure of the teacher team. Xinhua University was approved as a postdoctoral research station of Anhui Province, enabling it to recruit postdoctoral jointly with a number of “double first-class” universities. The Group continued to strengthen the nurturing of applied teachers, while introducing experts and highly skilled talents from enterprises in the industry, and identified over 150 “dual-certificate” teachers.
- Continuing to expand exchanges and cooperation, and further conducting open schooling.** The Group actively promoted school-enterprise and school-local government cooperation. Together with leading enterprises, Xinhua University set up a music university in an innovative manner and established digitalized modern industrial colleges. A new provincial-level modern industrial college with “dual characteristics” was approved. Moreover, Xinhua University established internship bases and postgraduates’ training bases with those enterprises, improving the capabilities of synergetic nurturing talents. The Group deepened international exchanges and cooperation to enhance its international influence. Furthermore, the Group launched student recruitment for the university preparatory course project of University of Malaya, established an international examination center, with the TOEFL test center passing the acceptance inspection, and vigorously promoted the building of the brand “training camp to China”, with 63 people coming for research and study.
- Increasing investment in school operations with the campus environment continuously optimized.** The Group continued to increase investment, continuously improved the infrastructure on campus to provide a better working and learning environment for teachers and students. To better meet the needs of education and teaching, Xinhua University continued to build new laboratories, upgraded and modified smart classrooms, updated and upgraded laboratory equipment, and established AI Agents such as the intelligent student management system and the digital counsellor.
- Based on the development needs, social service skills have been continuously strengthened.** While achieving its own development, the Group actively performed social service value and vigorously promoted the application of scientific and technological innovations. The Group opened a new off-campus teaching site for higher academic continuing education of Northwestern Polytechnical University and introduced a new drone application technology project.

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE PROSPECTS

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

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

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

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

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

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

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

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

V. Strengthening cooperative education and enhancing brand influence

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

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

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

Other Income

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

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

Cost of Sales

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

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

Gross Profit

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

Selling and Distribution Costs

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

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

Administrative Expenses

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Finance Costs

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

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

Profit before Taxation

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

Income Tax

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

Profit during the Reporting Period

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

Adjusted net profit

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Working Capital and Source of Capital

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

Net Current Assets

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

Capital Expenditures

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

Bank Loans and Other Borrowings

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

Contingent Liabilities, Guarantees and Litigation

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

Gearing Ratio

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

Future Plan for Material Investments and Capital Assets

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

Material Acquisition and Disposal of Subsidiaries and Associated Companies

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

Significant Investment Held by the Group

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

MANAGEMENT DISCUSSION AND ANALYSIS

Foreign Exchange Risk Management

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

Pledge of Assets

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

Human Resources

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

Off-Balance Sheet Commitments and Arrangements

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

EVENTS AFTER THE REPORTING PERIOD

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

INTERIM DIVIDEND

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



OTHER INFORMATION

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS

On 27 June 2025, each of Ms. Chen Ming and Mr. Yao Heping has been appointed as a member of the nomination committee of the Company (the “**Nomination Committee**”) effective from the same date. Please refer to the Company’s announcement dated 27 June 2025 for details. Save for such appointment, there was no changes in the information of our Directors and chief executives of the Company subsequent to the publication of the 2024 annual report which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2025, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(i) Interest in the Company

Name	Capacity/nature of interest	Number of Shares/ underlying Shares	Long/short position	Approximate percentage of shareholding in the Company ⁽¹⁾ (%)
Mr. Wu Junbao ⁽²⁾	Interest in a controlled corporation	1,154,452,879	Long position	71.77
Mr. Zhang Ming	Beneficial owner	27,000,000 ⁽³⁾	Long position	1.68
Mr. Lu Zhen	Beneficial owner	12,000,000 ⁽³⁾	Long position	0.75
Mr. Wang Yongkai	Beneficial owner	12,000,000 ⁽³⁾	Long position	0.75
Mr. Jiang Min	Beneficial owner	500,000	Long position	0.03

Notes:

- (1) The calculation of approximate percentage of shareholding in the Company was based on the total number of 1,608,583,000 Shares in issue as of 30 June 2025.
- (2) Mr. Wu Junbao is the sole shareholder of Wu Junbao Company Limited (吳俊保有限公司) (“**WJB Company**”) and he is therefore deemed to be interested in the Shares held by WJB Company.
- (3) These were underlying Shares and represented the share options granted by the Company under the Share Option Scheme. Details of these share options granted are set out in the section headed “Share Option Scheme” below.

OTHER INFORMATION

(ii) Interest in associated corporation

Xinhua Group

Name	Capacity/nature of interest	Amount of registered share capital	Long/short position	Approximate percentage of interest in Xinhua Group (%)
Mr. Wu Junbao	Beneficial owner	RMB100,000,000	Long position	95.70

Save as disclosed in this report, as at 30 June 2025, none of the Directors or the chief executive of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 30 June 2025, to the best knowledge of the Directors, the following persons (other than being a Director or chief executive of the Company) or entities had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name	Capacity/Nature of interest	Number of Shares	Long/short position	Approximate percentage of shareholding in the Company ⁽¹⁾ (%)
WJB Company ⁽²⁾	Beneficial owner	1,154,452,879	Long position	71.77

Notes:

- (1) The calculation of approximate percentage of shareholding in the Company was based on the total number of 1,608,583,000 Shares in issue as of 30 June 2025.
- (2) Mr. Wu Junbao is the sole shareholder of WJB Company and he is therefore deemed to be interested in the Shares held by WJB Company.

Save as disclosed above, as at 30 June 2025, the Directors and the chief executive of the Company were not aware of any persons (who were not Directors or chief executive of the Company) or entities who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

OTHER INFORMATION

SHARE OPTION SCHEME

The Company has adopted the Share Option Scheme on 8 March 2018 (“**Adoption Date**”) for the purpose of giving the eligible persons an opportunity to have a personal stake in the Company and help motivate them to optimize their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of Executives (as defined below), to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

Eligible persons include (a) any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of our Group (“**Executive**”), any proposed employee, any full-time or part-time employee, or a person for the time being seconded to work full-time or part-time for any member of our Group; (b) a director or proposed director (including an independent non-executive director) of any member of our Group; (c) a direct or indirect shareholder of any member of our Group; (d) a supplier that provides goods or services to any member of our Group; (e) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of our Group; (f) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of our Group; and (g) an associate of any of the persons referred to in paragraphs (a) to (f) above. Pursuant to Chapter 17 of the Listing Rules as amended on 1 January 2023, the Company may continue to make grants to directors and employees of the Group under the Share Option Scheme until the refreshment or expiry of the existing scheme mandate, upon which the issuer would be required to amend the terms of the schemes to comply with the amended Main Board Chapter 17 and seek Shareholders’ approval for a new scheme mandate.

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Group shall not in aggregate exceed 10% of the Shares in issue as at the Listing Date, i.e. 160,000,000 Shares excluding Shares which may fall to be issued upon the exercise of the over-allotment option granted by the Company, representing 10% of the issued shares as at the Listing Date. The total number of shares available for issue under the Share Option Scheme as at the date of this interim report was 160,000,000, representing approximately 9.95% of the total issued share capital of the Company.

No option may be granted to any one person such that the total number of Shares issued and to be issued upon exercise of options granted and to be granted to that person in any 12-month period exceeds 1% of the Company’s issued share capital from time to time. Where any further grant of options to such an eligible person would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such eligible person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant shall be separately approved by the Shareholders in general meeting with such eligible person and his close associates (or his associates if such eligible person is a connected person) abstaining from voting.

The Board shall be entitled at any time within 10 years from the Adoption Date to offer the grant of an option to any eligible person as the Board may in its absolute discretion select to subscribe at the subscription price for such number of Shares as the Board may (subject to the terms of the Share Option Scheme) determine (provided the same shall be a board lot for dealing in the Shares on the Stock Exchange or an integral multiple thereof). Subject to such terms and conditions as the Board may determine (including such terms and conditions in relation to their vesting, exercise or otherwise), there is no minimum period for which an option must be held before it can be exercised and no performance target which need to be achieved by the grantee before the option can be exercised.

OTHER INFORMATION

An offer of the grant of an option shall remain open for acceptance by the eligible person concerned for a period of 28 days from the offer date provided that no such grant of an option may be accepted after the expiry of the effective period of the Share Option Scheme. An option shall be deemed to have been granted and accepted by the eligible person and to have taken effect when the duplicate offer letter comprising acceptance of the offer of the option duly signed by the grantee together with a remittance in favor of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company on or before the date upon which an offer of an option must be accepted by the relevant eligible person, being a date no later than 28 days after the offer date.

The subscription price in respect of any particular option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant option (and shall be stated in the letter containing the offer of the grant of the option) but the subscription price shall not be less than whichever is the highest of: (a) the nominal value of a Share; (b) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the offer date; and (c) the average closing price of a Share as stated in the Stock Exchange's daily quotations sheets for the 5 business days (as defined in the Listing Rules) immediately preceding the offer date.

The Share Option Scheme shall be valid and effective for a period of 10 years from the date on which it becomes unconditional, after which no further options will be granted or offered but the provisions of the Share Option Scheme shall remain in force and effect in all other respects. All options granted prior to such expiry and not then exercised shall continue to be valid and exercisable subject to and in accordance with the Share Option Scheme. The remaining life of the Share Option Scheme is around 2 years and 7 months.

Details of the movement of share options granted under the Share Option Scheme during the Reporting Period are as follows:

Category and name of participant	Date of grant	Exercise price per Share	Exercise Period	Vesting period	Outstanding as at 1 January 2025	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled/ Lapsed during the Reporting Period	Outstanding as at 30 June 2025
Director									
Zhang Ming	30 April 2019	HK\$2.69	5 years from vesting date	Note (1)	15,000,000	–	–	3,000,000	12,000,000
	5 June 2023	HK\$0.764 ⁽⁷⁾	10 years from vesting date	Note (4)	15,000,000	–	–	–	15,000,000
Wang Yongkai	15 July 2019	HK\$2.82	5 years from vesting date	Note (2)	6,000,000	–	–	–	6,000,000
	5 June 2023	HK\$0.764 ⁽⁷⁾	10 years from vesting date	Note (5)	6,000,000	–	–	–	6,000,000
Employees	15 July 2019	HK\$2.82	5 years from vesting date	Notes (2) and (3)	44,900,000	–	–	–	44,900,000
	5 June 2023	HK\$0.764 ⁽⁷⁾	10 years from vesting date	Notes (5) and (6)	50,900,000	–	–	–	50,900,000
Total					137,800,000	–	–	3,000,000	134,800,000

Notes:

- (1) Share options granted shall vest in accordance with the timetable below:

Vesting date	Percentage of share options to be vested
30 April 2020	20% of the total number of share options granted
30 April 2021	20% of the total number of share options granted
30 April 2022	20% of the total number of share options granted
30 April 2023	20% of the total number of share options granted
30 April 2024	20% of the total number of share options granted

OTHER INFORMATION

- (2) Among the 52,900,000 share options granted on 15 July 2019, 33,000,000 share options (including share options granted to Lu Zhen and Wang Yongkai) (the "Group A Share Options") shall vest in accordance with the timetable below with an exercise period commencing from the relevant vesting date and ending on the expiration date of five years after the relevant vesting date:

Vesting date	Percentage of share options to be vested
15 July 2020	25% of the total number of the Group A Share Options granted
15 July 2021	25% of the total number of the Group A Share Options granted
15 July 2022	25% of the total number of the Group A Share Options granted
15 July 2023	25% of the total number of the Group A Share Options granted

- (3) Among the 52,900,000 share options granted on 15 July 2019, 1,500,000 share options (the "Group B Share Options") shall vest in accordance with the timetable below with an exercise period commencing from the relevant vesting date and ending on the expiration date of five years after the relevant vesting date:

Vesting date	Percentage of share options to be vested
15 July 2020	30% of the total number of the Group B Share Options granted
15 July 2021	30% of the total number of the Group B Share Options granted
15 July 2022	40% of the total number of the Group B Share Options granted

Among the 52,900,000 Share Options granted on 15 July 2019, 15,200,000 Share Options (the "Group C Share Options") shall vest in accordance with the timetable below with an exercise period commencing from the relevant vesting date and ending on the expiration date of five years after the relevant vesting date:

Vesting date	Percentage of share options to be vested
15 July 2020	50% of the total number of the Group C Share Options granted
15 July 2021	50% of the total number of the Group C Share Options granted

Among the 52,900,000 share options granted on 15 July 2019, 1,200,000 share options (the "Group D Share Options") shall vest in accordance with the timetable below with an exercise period commencing from the relevant vesting date and ending on the expiration date of five years after the relevant vesting date:

Vesting date	Percentage of share options to be vested
15 July 2020	100% of the total number of the Group D Share Options granted

Among the 52,900,000 share options granted on 15 July 2019, 2,000,000 share options shall vest on the date of grant with an exercise period commencing from the date of grant and ending on the expiration date of five years after the date of grant.

- (4) Among the 71,900,000 share options granted on 5 June 2023, 15,000,000 share options granted to Zhang Ming (the "Group E Share Options") shall vest in accordance with the timetable below:

Vesting date	Percentage of Share Options to be vested
5 June 2024	20% of the total number of the Group E Share Options granted
5 June 2025	20% of the total number of the Group E Share Options granted
5 June 2026	20% of the total number of the Group E Share Options granted
5 June 2027	20% of the total number of the Group E Share Options granted
5 June 2028	20% of the total number of the Group E Share Options granted

- (5) Among the 71,900,000 share options granted on 5 June 2023, 34,000,000 share options (including share options granted to Lu Zhen and Wang Yongkai) (the "Group F Share Options") shall vest in accordance with the timetable below:

Vesting date	Percentage of Share Options to be vested
5 June 2024	25% of the total number of the Group F Share Options granted
5 June 2025	25% of the total number of the Group F Share Options granted
5 June 2026	25% of the total number of the Group F Share Options granted
5 June 2027	25% of the total number of the Group F Share Options granted

OTHER INFORMATION

- (6) Among the 71,900,000 share options granted on 5 June 2023, 1,500,000 share options (the "Group G Share Options") shall vest in accordance with the timetable below:

Vesting date	Percentage of Share Options to be vested
5 June 2024	30% of the total number of the Group G Share Options granted
5 June 2025	30% of the total number of the Group G Share Options granted
5 June 2026	40% of the total number of the Group G Share Options granted

Among the 71,900,000 share options granted on 5 June 2023, 19,300,000 share options (the "Group H Share Options") shall vest in accordance with the timetable below:

Vesting date	Percentage of Share Options to be vested
5 June 2024	50% of the total number of the Group H Share Options granted
5 June 2025	50% of the total number of the Group H Share Options granted

Among the 71,900,000 share options granted on 5 June 2023, 2,100,000 share options (the "Group I Share Options") shall vest in accordance with the timetable below:

Vesting date	Percentage of Share Options to be vested
5 June 2024	100% of the total number of the Group I Share Options granted

- (7) The closing price of the Share immediately before the date on which share options were granted was HK\$0.750 per Share.

Other than disclosed above, no other share options were granted, exercised, lapsed or cancelled during the Reporting Period.

The share options that were cancelled/lapsed during the Reporting Period are to be returned to the pool of the Share Option Scheme and become available for re-grant to the eligible participants in accordance with the terms of the scheme and regulatory requirements.

The number of options available for grant under the Share Option Scheme at the beginning and the end of the Reporting Period were 22,200,000 and 25,200,000, respectively.

As no options were granted during the Reporting Period, the number of Shares that may be issued in respect of the options granted under the Share Option Scheme during the Reporting Period divided by the weighted average number of Shares in issue for the Reporting Period is not applicable.

STRUCTURED CONTRACTS

Please refer to the section headed "Structured Contracts" in the Prospectus for details. During the Reporting Period, the Board has reviewed the overall performance of the Structured Contracts (as defined in the Prospectus) and believed that the Group has complied with the Structured Contracts in all material respects.

As at the date of this interim report, there were no changes in the Structured Contracts and/or the circumstances under which the Structured Contracts were adopted.

Qualification Requirement

The foreign investor in a Sino-foreign joint venture private school offering higher education must be a foreign educational institution with relevant qualification and high quality of education (the "**Qualification Requirement**"). Foreign portion of the total investment in a Sino-foreign joint venture private school should be below 50% and the establishment of these schools is subject to approval of education authorities at the provincial or national level. We are committed to working towards meeting the Qualification Requirement. We have adopted a specific plan and had taken concrete steps which the Company believes are meaningful endeavors to demonstrate compliance with the Qualification Requirement. Please also refer to the section headed "Structured Contracts" in the Prospectus and the annual report of the Company for the year ended 31 December 2022 for the Group's efforts and actions undertaken to comply with the Qualification Requirement.

After seeking professional legal advice, the Company expressed that there had been no updates to the implementation rules in relation to the Qualification Requirement during the Reporting Period.

OTHER INFORMATION

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 of the Company (including any sale or transfer of treasury shares) during the Reporting Period. The Company did not have any treasury shares as at 30 June 2025.

REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE

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

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

CORPORATE GOVERNANCE CODE

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules, as its own code of conduct regarding Directors’ securities transactions. Having made specific enquiries of the Board, each of the Directors has confirmed that he has complied with the Model Code during the Reporting Period.

APPRECIATION

We wish to express our sincere gratitude to our shareholders, management team, employees, business partners and our students for their support and contribution to the Group.

On behalf of the Board

China Xinhua Education Group Limited

Wu Junbao

Chairman

Hong Kong, 29 August 2025

REVIEW REPORT TO THE BOARD OF DIRECTORS OF CHINA XINHUA EDUCATION GROUP LIMITED

(Incorporated in Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 19 to 34 which comprises the consolidated statement of financial position of China Xinhua Education Group Limited (the “Company”) and its subsidiaries (together, the “Group”) as of 30 June 2025 and the related consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity and condensed consolidated cash flow statement for the six month period then ended and explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim financial reporting*, as issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of this interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to express a conclusion, based on our review, on this interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, as issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2025 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim financial reporting*.

KPMG

Certified Public Accountants

8th Floor, Prince’s Building
10 Chater Road
Central, Hong Kong

29 August 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2025 – unaudited
(Expressed in Renminbi Yuan)

	Note	Six months ended 30 June	
		2025 RMB'000	2024 RMB'000
Revenue	3	362,551	355,716
Cost of sales		(125,789)	(119,795)
Gross profit		236,762	235,921
Other income	4	48,267	24,057
Selling and distribution costs		(709)	(1,078)
Administrative expenses		(16,608)	(36,661)
Profit from operations		267,712	222,239
Finance costs	5(a)	(6,407)	(6,375)
Profit before taxation	5	261,305	215,864
Income tax	6	(4,971)	(2,745)
Profit for the period		256,334	213,119
Other comprehensive income for the period (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		(8,706)	4,539
Other comprehensive income for the period		(8,706)	4,539
Total comprehensive income for the period		247,628	217,658
Earnings per share	7		
Basic and diluted (RMB cents)		15.9	13.2

The notes on pages 25 to 34 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2025 – unaudited
(Expressed in Renminbi Yuan)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2025 – unaudited
(Expressed in Renminbi Yuan)

	Note	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Capital and reserves			
Share capital		12,952	12,952
Reserves	15	3,956,723	3,707,384
TOTAL EQUITY		3,969,675	3,720,336

Approved and authorised for issue by the board of directors on 29 August 2025.

Zhang Ming

Wang Yongkai

Directors

The notes on pages 25 to 34 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2025 – unaudited
(Expressed in Renminbi Yuan)

	Note	Attributable to equity shareholders of the Company					
		Share capital	Share premium	Capital reserves	Statutory reserves	Exchange reserves	Retained earnings
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2024		12,952	522,953	176,445	508,052	113,483	2,130,041
Changes in equity for the six months ended 30 June 2024:							
Profit for the period		–	–	–	–	–	213,119
Other comprehensive income		–	–	–	–	4,539	–
Total comprehensive income		–	–	–	–	4,539	213,119
Dividends approved in respect of the previous year	15(b)	–	(92,609)	–	–	–	–
Equity settled share-based transactions	15(c)	–	–	4,102	–	–	–
Balance at 30 June 2024 and 1 July 2024		12,952	430,344	180,547	508,052	118,022	2,343,160
Changes in equity for the six months ended 31 December 2024:							
Profit for the period		–	–	–	–	–	117,100
Other comprehensive income		–	–	–	–	8,191	–
Total comprehensive income		–	–	–	–	8,191	117,100
Equity settled share-based transactions		–	–	1,968	–	–	–
Balance at 31 December 2024		12,952	430,344	182,515	508,052	126,213	2,460,260

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2025 – unaudited
(Expressed in Renminbi Yuan)

Note	Attributable to equity shareholders of the Company						
	Share capital	Share premium	Capital reserves	Statutory reserves	Exchange reserves	Retained earnings	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2025	12,952	430,344	182,515	508,052	126,213	2,460,260	3,720,336
Changes in equity for the six months ended 30 June 2024:							
Profit for the period	-	-	-	-	-	256,334	256,334
Other comprehensive income	-	-	-	-	(8,706)	-	(8,706)
Total comprehensive income	-	-	-	-	(8,706)	256,334	247,628
Equity settled share-based transactions 15(c)	-	-	1,711	-	-	-	1,711
Balance at 30 June 2025	12,952	430,344	184,226	508,052	117,507	2,716,594	3,969,675

The notes on pages 25 to 34 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 June 2025 – unaudited
(Expressed in Renminbi Yuan)

		Six months ended 30 June	
	Note	2025 RMB'000	2024 RMB'000
Operating activities			
Cash used in operations		(99,364)	(74,351)
Income tax paid		(8,387)	(892)
Net cash used in operating activities		(107,751)	(75,243)
Investing activities			
Payment for the purchase of property, plant and equipment		(9,791)	(1,380)
Proceeds from sale of property, plant and equipment		–	10
Payment for the purchase of intangible assets		(421)	(277)
Payment for school investments		(39,037)	(100,036)
Redemption of bank time deposits		162,000	26,500
Net cash generated from/(used in) investing activities		112,751	(75,183)
Financing activities			
Repayment of bank loans		(5,000)	(5,000)
Borrowing costs paid		(1,524)	(2,506)
Net cash used in financing activities		(6,524)	(7,506)
Net decrease in cash and cash equivalents		(1,524)	(157,932)
Cash and cash equivalents at 1 January	11	141,782	244,639
Effect of foreign exchanges rates changes		(26)	8
Cash and cash equivalents at 30 June	11	140,232	86,715

The notes on pages 25 to 34 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

1 BASIS OF PREPARATION

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

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

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

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

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG’s independent review report to the Board of Directors is included on page 18.

2 CHANGES IN ACCOUNTING POLICIES

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

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

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

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

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

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

(b) Segment Reporting

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

4 OTHER INCOME

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

- (i) On 20 November 2017, the Group entered into a formal agreement with Anhui Medical University for a term of three years to jointly operate the Anhui school with the eventual goal of converting Anhui school into a school owned and operated solely by the Group. According to the agreement, the Group is entitled to the tuition fees relating to those students admitted in the 2018-2019 school year and thereafter and is responsible for the operation costs of the campus before the conversion.

On 29 April 2019, the Group entered into agreements with Nanjing University of Finance and Economics and Nanjing University of Finance and Economics Education Development Foundation, pursuant to which the Group would jointly operate Jiangsu school with Nanjing University of Finance and Economics with the eventual goal of converting Jiangsu school into a school owned and operated solely by the Group. According to the agreement, the Group is entitled to the tuition fees of Jiangsu school from the 2019-2020 school year and thereafter and is responsible for the operation costs of the campus before the conversion.

The amount represents the surplus or deficit to be absorbed by the Group, being the recognized revenue less the operation costs of the Anhui school and Jiangsu school during the reporting period. Prior to the completion of the conversion, the schools are governed by a board in which the Group has board seats but not control. The Group's advances and other investments to the above two schools are disclosed in Notes 8 and 10 and school operation right is recorded in intangible assets, representing the Group's related financial exposures prior to the completion of the conversion. After the conversion, the operation results of the Anhui school and Jiangsu school will be consolidated into the Group.

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

5 PROFIT BEFORE TAXATION (Continued)

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

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

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

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

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Current tax		
Provision for PRC income tax for the period	4,971	2,745

- (i) The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly is not subject to income tax.
- (ii) No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the reporting period.
- (iii) Pursuant to the PRC Income Tax Law and the respective regulations, the companies of the Group which operate in the PRC are subject to Corporate Income Tax ("CIT") at a rate of 25% on its taxable income.
- (iv) According to the relevant provisions of Implementation Rules for the Law for Promoting Private Education (the "Implementation Rules"), private schools for which the school sponsors do not require reasonable returns/schools elected as not-for-profit schools are eligible to enjoy the same preferential tax treatment as public schools. After the Detailed Implementation Rules of Law for Promoting Private Education announced with effective from 1 September 2021, under the Implementation Opinions of the Anhui Provincial People's Government on Encouraging Social Forces to Establish Education to Promote the Healthy Development of Private Education (the "Implementation Opinions"), the Group's schools are required to register as either a for-profit or a not-for-profit organization by the end of 2022. Up to the date of this 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 six months ended 30 June 2025.

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

7 EARNINGS PER SHARE

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

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

8 OTHER NON-CURRENT ASSETS

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Prepayment for investments	660,000	660,000
Advance to the Anhui school and Jiangsu school	2,269,737	2,230,700
	2,929,737	2,890,700

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

9 TRADE RECEIVABLES

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

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Within 1 year	1,150	2,137

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

10 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Prepayments and deposits	202,530	201,838
Other receivables	45,411	26,263
	247,941	228,101

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

11 LONG-TERM BANK TIME DEPOSITS, CASH AND BANK BALANCES

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

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

12 LOANS AND BORROWINGS

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

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

As at 30 June 2025, the Group has borrowed sum of HKD528 million from its related party Wu Junbao Company Limited, equivalent to RMB481,510,000, with an annual interest rate of 2.00%.

13 CONTRACT LIABILITIES

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Tuition fees	2,061	327,088
Boarding fees	8,926	34,957
	10,987	362,045

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

14 OTHER PAYABLES

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

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

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

15 CAPITAL, RESERVES AND DIVIDENDS

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

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

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

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

15 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(c) Equity settled share-based transactions

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

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

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

No share options were exercised during the six months ended 30 June 2025 (2024: nil). As at 30 June 2025, the Company has 134,800,000 outstanding share options (31 December 2024: 137,800,000).

(d) Capital management

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

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

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

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

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

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

16 COMMITMENTS

Capital commitments of the Group in respect of plant, property and equipment and land use rights outstanding at 30 June 2025 and 31 December 2024 not provided for in the consolidated financial statements were as follows:

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Authorised but not contracted for	285,121	350,591

17 MATERIAL RELATED PARTY TRANSACTIONS

During the reporting period, the directors are of the view that the following companies and persons are related parties of the Group:

Name of party	Relationship
Wu Junbao	Controlling Shareholder
Wu Junbao Company Limited	Fellow subsidiary
Xinhua Computer College ("Xinhua Computer") 新華電腦專修學院	Fellow subsidiary

Note: The English translation of these entities is for reference only. The official names of the entities established in the PRC are in Chinese.

(a) Significant related party transactions

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Service fee charged by related parties	–	614
Interest expenses charged by related parties	4,895	3,887

As at 30 June 2025, the Group's interest-bearing bank loan with the amount of RMB107,900,000 (2024: RMB157,920,000) was guaranteed by the controlling shareholder Mr. Wu Junbao.

As at 30 June 2025, the outstanding balance of loans from related party Wu Junbao Company Limited is RMB481,510,000 (2024: RMB488,949,000), and the balance of interest payable relating to loans from related party is RMB27,927,000 (2024: RMB23,442,000).

18 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

After the financial period end, there were no non-adjusting events occurred up to the date of issue of these financial statements.

DEFINITION

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

“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Anhui School”	School of Clinical Medicine of Anhui Medical University* (安徽醫科大學臨床醫學院), an independent college established in 2003 and currently jointly operated by the Group and Anhui Medical University, and not a consolidated affiliated entity of the Group, as further described in “Business – Planned Additional Schools – School of Clinical Medicine” in the Prospectus and the 2018 to 2023 annual reports of the Company
“Board”	the board of Directors
“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“China” or “PRC”	the People’s Republic of China excluding for the purpose of this report, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Company”	China Xinhua Education Group Limited, an exempted company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“consolidated affiliated entities”	our school sponsor and our PRC operating schools
“Director(s)”	the director(s) of the Company
“Group”	the Company, its subsidiaries and consolidated affiliated entities
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Jiangsu School”	Hongshan College of Nanjing University of Finance and Economics* (南京財經大學紅山學院), an independent college established in 1999 and currently jointly operated by the Group and Nanjing University of Finance and Economics* (南京財經大學), and not a consolidated affiliated entity of the Group
“Listing Date”	26 March 2018, the date on which the Company’s Shares are listed and from which dealings therein are permitted to take place on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“New Implementation Rules”	the Implementation Rules for the Law for Promoting Private Education

DEFINITION

“Prospectus”	the prospectus of the Company dated 14 March 2018
“Reporting Period”	the six months ended 30 June 2025
“RMB” or “Renminbi”	Renminbi, the lawful currency for the time being of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended and supplemented from time to time
“Share Option Scheme”	the share option scheme conditionally adopted by our Company on 8 March 2018
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of our Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“treasury shares”	as defined under Listing Rules
“United States dollars”	United States dollars, the lawful currency 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 the Company
“Xinhua School”	Anhui Xinhua School* (安徽新華學校), a private formal secondary vocational school that obtained approval from the Anhui Education Department for its establishment on 11 April 2002, of which the school sponsor’s interest is wholly owned by Xinhua Group. It is a consolidated affiliated entity of the Company
“Xinhua University”	Anhui Xinhua University* (安徽新華學院), a private formal higher education institution whose predecessor is Anhui Xinhua Vocational College* (安徽新華職業學院) which obtained approval from The People’s Government of Anhui Province* (安徽省人民政府) for its establishment on 18 June 2000, of which school sponsor’s interest is wholly owned by Xinhua Group. It is a consolidated affiliated entity of the Company
“Yangtze River Delta”	comprises Jiangsu Province, Zhejiang Province, Anhui Province and Shanghai in the PRC
“%”	percent

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

CHINA XINHUA EDUCATION GROUP LIMITED
中國新華教育集團有限公司