

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

ANNUAL REPORT 年報 2025



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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*)

Mr. Jiang Min (蔣敏)

Mr. Yang Zhanjun

Ms. Chen Ming (陳明)

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
Wan Chai
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 BANKERS

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

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors of China Xinhua Education Group Limited, I am pleased to present the annual results of the Group for the year ended 31 December 2025.

OVERVIEW OF THE GROUP

The Group is a leading private higher education group in China. We are the largest private higher education provider in the Yangtze River Delta, as measured by the number of full-time student enrollment of the higher education programs. The educational mission of the Group is "Rejuvenating the Country and Serving the People through Xinhua Education" (新華教育，興國為民). We are committed to providing applied science education to students and seeks to cultivate high quality talents with applicable skills, potential for future development and an ability and willingness to keep learning.

REVIEW OF RESULTS

The revenue of the Group has increased slightly by 1.5% from RMB648.1 million for the year ended 31 December 2024 to RMB658.0 million for the year ended 31 December 2025. For the connotation construction, we have also achieved good results, and the colleges and universities of the Group have improved in terms of majors construction, teaching team, education and teaching.

FUTURE PROSPECTS

Looking into the future, the Group will, based on its high-quality resources and rich experience accumulated in the education industry and its position to cultivate high-end application-oriented talents, tap the market potential and opportunities in the higher education industry in China, strengthen the integration of industry and education and school-enterprise cooperation. At the same time, the Group will continue to upgrade the management of its existing educational institutions and provide the students with quality services and educational support to enhance their competitiveness in the labour market.

On behalf of the Board of Directors, I would like to take this opportunity to express my gratitude to our students, their parents, all Shareholders and staff who have always supported the development of our Group. Our staff will continue to pursue excellence and progress, foster high-quality talents and create greater value for Shareholders with more excellent results.

Yours faithfully,

Wu Junbao
Chairman

31 March 2026

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.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 RMB'000	2024 RMB'000
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	313,924	359,406

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 but cannot be offset by consolidation.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 annual report.

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

On 14 April 2026, the Board announced a proposed change of auditor of the Group. The current auditor, KPMG, would retire upon the conclusion of the forthcoming annual general meeting of the Company to be held on 16 June 2026, and the Board, with the recommendation of the audit committee, has resolved to propose the appointment of Rongcheng (Hong Kong) CPA Limited as the new auditor of the Company with effect from the conclusion of the AGM until the conclusion of the next annual general meeting, subject to approval by the shareholders.

Save as disclosed, there was no event occurred subsequent to 31 December 2025 and up to the date of this annual report that would cause material impact on the Group.

DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Chairman and non-executive Director

Mr. Wu Junbao (吳俊保), aged 60, the founder of the Group, was appointed as the chairman of the Board and a non-executive Director on 27 October 2017.

Mr. Wu has more than 20 years of experience in education. The following table shows the key working experience of Mr. Wu:

Period	Company	Position
September 1999 to September 2017	Xinhua Group	General manager
September 1999 to present	Xinhua Group	Chairman and director
June 2000 to present	Xinhua University	Chairman and director
November 2018 to present	China East Education Holdings Limited, a company whose shares are listed on the Stock Exchange (stock code: 667)	Non-executive director

Mr. Wu obtained the qualification as a senior economist granted by the Personnel Bureau of Hefei City* (合肥市人事局) in July 2004. He graduated from Anhui Institute of Business Administration* (安徽工商管理學院) in Hefei City, Anhui Province, the PRC with a master's degree in business administration in December 2003.

Executive Directors

Mr. Zhang Ming (張明), aged 48, joined the Group in April 2018 and was appointed as an executive Director on 31 October 2018.

Mr. Zhang has more than 20 years of experience in education management. The following table shows the key working experience of Mr. Zhang:

Period	Company	Position
July 2000 to May 2010	Anhui Xinhua Group Investment Co., Ltd.	Executive deputy principal/principals of the Xinhua computer schools in Jiangxi, Henan and Anhui
May 2010 to April 2018	Xinhua Education Group	Vice president/executive vice president/president
April 2018 to present	Xinhua Group	President

Mr. Zhang graduated from Anhui College of Mechanical and Electrical Engineering* (安徽機電學院, currently known as Anhui Polytechnic University* (安徽工程大學)) in July 2000 with a bachelor's degree in textile engineering, and another executive master's degree in business administration from the University of Science and Technology of China* (中國科學技術大學) in July 2011.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Wang Yongkai (王永凱), aged 68, joined the Group in March 2003 and was appointed as an executive Director on 27 October 2017.

Mr. Wang has more than 19 years of experience in education and financial matters. The following table shows the key working experience of Mr. Wang:

Period	Company	Position
March 2003 to present	Xinhua Group	Chief financial officer/deputy general manager/director/executive president
December 2004 to present	Xinhua University	Director

Mr. Wang obtained the qualification as a senior economist granted by the Personnel Bureau of Hefei City in December 2008. He graduated from Hefei Rural Economic Management Cadre College* (合肥農村經濟管理幹部學院, currently known as Anhui Economic Management Cadre College* (安徽經濟管理幹部學院)) in Hefei City, Anhui Province, the PRC majoring in financial accounting and statistics in July 1989 and graduated from China Europe International Business School* (中歐國際工商學院) in Shanghai, the PRC with a degree of master of business administration in October 2011.

Ms. Chen Ming (陳明), aged 51, joined the Group in September 1998 and was appointed as an executive Director on 30 December 2024.

Ms. Chen has more than 20 years of experience in finance and auditing. The following table shows the key working experience of Ms. Chen:

Period	Company	Position
September 1998 to May 2018	Xinhua Education Group	Deputy manager/manager/deputy chief accountant of planning and finance department
April 2018 to October 2019	Xinhua University	Vice president
May 2018 to present	Xinhua Group	Assistant to the president

Ms. Chen obtained the internal auditor certificate* (內部審計師資格) issued by the China Internal Audit Association* (中國內部審計協會) in October 2004 and the certified tax agent qualification* (註冊稅務師資格) issued by the Certified Tax Agents Association of China* (中國註冊稅務師協會) in May 2016. She graduated from Beijing Normal University* (北京師範大學) in Haidian, Beijing, the PRC with a bachelor's degree in electronic commerce in July 2006 and completed the chief financial officer programme organized by the China Europe International Business School* (中歐國際工商學院) in Pudong, Shanghai, the PRC in April 2021.

DIRECTORS AND SENIOR MANAGEMENT

Independent non-executive Directors

Mr. Jiang Min (蔣敏), aged 61, was appointed as an independent non-executive Director on 30 September 2019. Mr. Jiang has more than 30 years of experiences in legal practices. Mr. Jiang graduated from Anhui University* (安徽大學) in July 1987 and July 1990 with a bachelor's degree and a master's degree in law, respectively. Mr. Jiang received his lawyer qualification certificate (律師資格證書) from Ministry of Justice of the PRC in March 1989.

The following table shows the key working experience of Mr. Jiang:

Period	Company	Position
September 1990 to December 1995	Anhui Jingji Law Offices* (安徽省經濟律師事務所)	Attorney
January 1996 to present	Anhui Tianhe Law Offices* (安徽天禾律師事務所)	Partner
May 2002 to present	All China Lawyers Association* (中華全國律師協會)	Executive director and vice president
April 2005 to December 2021	Anhui Lawyers Association* (安徽省律師協會)	President and honorary president
May 2012 to June 2016	Fourth and Fifth Merger and Acquisition Audit Committee of listed companies of China Securities Regulatory Commission	Member
June 2014 to June 2020	Tsingtao Brewery Co., Ltd.* (青島啤酒股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600600) and the Stock Exchange (stock code: 00168)	Independent non-executive director
May 2016 to May 2022	Shandong Pharmaceutical Glass Co., Ltd.* (山東省藥用玻璃股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600529)	Independent non-executive director
December 2016 to May 2020	Sungrow Power Supply Co., Ltd.* (陽光電源股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300274)	Independent non-executive director

DIRECTORS AND SENIOR MANAGEMENT

Period	Company	Position
January 2019 to January 2022	Keda Intelligent Technology Co., Ltd.* (科大智能科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 300222)	Independent non-executive director
May 2019 to 27 October 2025	Qingdao Port International Co., Ltd.* (青島港國際股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601298) and the Stock Exchange (stock code: 06198)	Independent non-executive director

Mr. Yang Zhanjun, aged 56, was appointed as an independent non-executive Director on 27 October 2017.

The following table shows the key working experience of Mr. Yang:

Period	Company	Position
March 2008 to December 2017	Keiser University	Associate dean of business/vice chancellor of international affairs
February 2018 to present	American Higher Education Alliance	Senior executive

Mr. Yang was awarded a degree of master of business administration from Florida International University in Miami, the U.S., in December 2002.

Mr. Yao Heping (姚和平), aged 63, was appointed as an independent non-executive Director on 17 November 2022.

The following table shows the key working experience of Mr. Yao:

Period	Company	Position
April 1995 to present	Anhui ANLI Material Technology Co., Ltd. (安徽安利材料科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300218)	Deputy general manager/general manager/ chairman of the board

Mr. Yao obtained a bachelor degree in Agricultural Mechanization (農業機械化) from Anhui Agricultural University (安徽農業大學). He graduated from Party School of Anhui Provincial Committee of C.P.C. (中共安徽省委黨校) with a major in law and obtained a postgraduate degree. He is a senior economist* (高級經濟師) and a State Council Special Allowance Expert* (享受國務院特殊津貼專家). Mr. Yao is a certified public accountant and a senior member of The Chinese Institute of Certified Public Accountants (中國註冊會計師協會).

Mr. Yao was awarded the honorary titles of National Model Worker, Outstanding Entrepreneur of Anhui Province and Technical Leader of Anhui Province. He currently serves as a deputy to the People's Congress of Anhui Province, a member of the Finance and Economics Committee of the People's Congress of Anhui Province, and the vice-chairman of the Federation of Industry and Commerce of Anhui Province.

REPORT OF THE DIRECTORS

The Board is pleased to present the report of the Directors together with the audited consolidated financial statements of the Group for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The Group is a leading private higher education provider in the Yangtze River Delta. Analysis of the principal activities of the Group during the year ended 31 December 2025 is set out in the note 1 to the consolidated financial statements.

BUSINESS REVIEW

A fair review of the business of the Group during the year ended 31 December 2025 as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including an analysis of the Group's financial performance, an indication of likely future developments in the Group's business and the Group's key relationships with its stakeholders who have a significant impact on the Group and on which the Group's success depends, is set out in the sections headed "Chairman's Statement" on page 3 and "Management Discussion and Analysis" on pages 4 to 11. These discussions form part of this annual report. Events affecting the Company that have occurred since the end of the financial year are set out in the section headed "EVENTS AFTER THE REPORTING PERIOD" on page 11.

SUBSIDIARIES

Details of the principal subsidiaries of the Company are set out in note 14 to the consolidated financial statements.

RESULTS

The results of the Group for the year ended 31 December 2025 are set out in the consolidated statement of profit or loss and other comprehensive income on page 114 of this annual report.

DIVIDEND POLICY

Policy on payment of dividend is in place setting out the principles and guidelines that the Company intends to apply in relation to the declaration, payment or distribution of its net profits as dividends to its shareholders. The Company does not have any pre-determined dividend payout ratio. The declaration and payment of dividends shall be determined at the sole discretion of the Board after taking into account the Company's financial performances, working capital requirements, future prospects and other factors and the applicable regulations. The policy shall be reviewed periodically and submitted to the Board for approval if amendments are required.

ANNUAL GENERAL MEETING

The AGM will be held on Tuesday, 16 June 2026 and a notice convening the AGM will be published on the websites of the Company (<https://www.chinaxhedu.com>) and the Stock Exchange (<https://www.hkexnews.hk>), respectively, and despatched to the Shareholders in due course.

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

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. The record date for determining the eligibility to attend the AGM will be on Tuesday, 16 June 2026.

PRINCIPAL RISK AND UNCERTAINTIES AND RISK MANAGEMENT

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

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

Credit Risk

The Group's credit risk is primarily attributable to trade receivables and financial assets which comprise bank balances and investments in wealth management products. Its management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

REPORT OF THE DIRECTORS

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

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

- The Board has the general power to manage the operations of our schools and the overall risks of the Company. It is responsible for considering, reviewing and approving any significant business decision involving material risk exposures, such as the decision to expand the Group's school network into new geographic areas, the raising of tuition fees, and the decision to enter into cooperative business relationships with third parties to establish new schools and/or new programs;
- The Group maintains insurance coverage, as to align with customary practice in the PRC education industry, this includes the school liability insurance; and
- The Group has made arrangements with banks to ensure that it is able to obtain credits to support the business operation and expansion.

ENVIRONMENT, HEALTH AND SAFETY

The business of the Group is not in violation of the PRC environment laws and requisitions in any material aspects.

The Group is dedicated to protecting the health and safety of its students. Each of its schools has adopted and implemented student health and safety measures to protect its students from bodily harm and other health and safety risks. The Group provides routine medical services for the students and faculty by outsourcing such services to third party medical care providers. In the event of any serious and emergency medical situations, the Group will promptly send its students to local hospitals for treatment. With respect to school safety, the Group promotes the security of its schools by employing its own security personnel.

As at the date of this annual report, the Group did not experience any serious accident, medical situation or safety issue involving its students.

FINANCIAL SUMMARY

A summary of the Group's results, assets and liabilities for the last five financial years are set out on page 164 "Financial Highlights" of this annual report. This summary does not form part of the audited consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The customers primarily consist of our students. For the year ended 31 December 2025, the Group's five largest customers accounted for less than 30% of our revenue, and the Group did not have any single customer who accounted for more than 10% of our revenue.

The Group's suppliers primarily consist of construction companies, textbook suppliers and utility suppliers. For the year ended 31 December 2025, purchases from the Group's five largest suppliers amounted to approximately RMB42.5 million (2024: RMB43.7 million), accounting for approximately 29.5% (2024: 38.3%) of the total purchases for the Reporting Period. For the same period, purchases from the Group's largest supplier amounted to approximately RMB11.6 million (2024: RMB12.1 million), accounting for approximately 8.1% (2024: 10.6%), of the total purchases for the relevant periods.

None of the Directors, their respective close associates, or any Shareholder who, to the knowledge of the Directors, owns more than 5% of our issued capital, had any interest in any of the Group's five largest suppliers or customers during the Reporting Period.

RELATIONSHIP WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Group understands the importance of maintaining a good relationship with its employees, suppliers and customers to meet its immediate and long-term goals. The Group maintains a good relationship with employees, suppliers and customers. During the Reporting Period, there were no material and significant dispute between the Group and its employees, suppliers and/or customers.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 December 2025 are set out in note 11 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 23 to the consolidated financial statements.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

REPORT OF THE DIRECTORS

RESERVES

Details of movements in the reserves of the Group and the Company during the year ended 31 December 2025 are set out in the consolidated statement of changes in equity on page 117 of this annual report and note 23 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

The Company's reserves available for distribution as at 31 December 2025 comprised the share premium and retained earnings of RMB389,509,000 (2024: RMB399,807,000).

BANK LOANS AND OTHER BORROWINGS

The bank loans of the Group amounted to RMB62.9 million as at 31 December 2025, details of which were disclosed in note 20 to the consolidated financial statements.

DIRECTORS

The Directors of the Company during the Reporting Period and up to the date of this annual report are:

Non-executive Director:

Mr. Wu Junbao (*Chairman*)

Executive Directors:

Mr. Zhang Ming

Mr. Wang Yongkai

Ms. Chen Ming

Independent Non-executive Directors:

Mr. Jiang Min

Mr. Yang Zhanjun

Mr. Yao Heping

In accordance to article 84(1) of the Articles of Association, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years, and shall be eligible for re-election. Accordingly, Mr. Wu Junbao, Mr. Jiang Min and Mr. Yao Heping will retire and shall be eligible for re-election in the AGM.

Details of the Directors to be re-elected at the AGM are set out in the circular which will be published on the Company's website (<https://www.chinaxhedu.com>) and the Stock Exchange (<https://www.hkexnews.hk>), respectively, and sent to the Company's Shareholders in due course.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Company are set out in the section headed “DIRECTORS AND SENIOR MANAGEMENT” on pages 12 to 15 of this annual report. None of the Directors and senior management have financial, business, family or other material/relevant relationships with each other. There was no change in the information of our Directors and chief executives of the Company subsequent to the publication of the 2025 interim report which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Each independent non-executive Director shall inform the Company as soon as possible if there is any change of circumstances which may affect his independence. No such notification was received during the financial year. The Company has received, from each of the independent non-executive Directors, an annual confirmation of their independence pursuant to Rule 3.13 of the Listing Rules and considers its independent non-executive Directors to be independent in character and judgement and they also meet the independence criteria set out in Rule 3.13 of the Listing Rules throughout the year ended 31 December 2025 and remain so as at the date of this annual report.

DIRECTORS’ SERVICE CONTRACTS AND A LETTER OF APPOINTMENT

Each of Mr. Zhang Ming, Mr. Wang Yongkai and Ms. Chen Ming, being the executive Directors, has entered into a service contract with the Company for an initial fixed term of three years commencing from the Listing Date, 31 October 2018 or 30 December 2024 (as applicable), and will continue thereafter until terminated by not less than three months’ notice in writing served by either party on the other, which notice shall not expire until the end of the fixed term.

Each of the non-executive Director and independent non-executive Directors has signed a letter of appointment with the Company for an initial fixed term of one year commencing from the Listing Date or upon their respective appointment date and will continue thereafter until terminated by not less than three months’ notice in writing served by either party on the other, which notice shall not expire until the end of the fixed term.

Save as disclosed above, none of the Directors has a service contract or a letter of appointment which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

REPORT OF THE DIRECTORS

DIRECTORS' AND CONTROLLING SHAREHOLDERS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed “Non-exempt Continuing Connected Transaction” and otherwise disclosed in this annual report, no Director or its connected entity (within the meaning of section 486 of the Companies Ordinance) had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, or any of its subsidiaries or fellow subsidiaries was a party during the year ended 31 December 2025 and up to the date of this annual report.

Apart from the contract relating to the reorganization of the Group in relation to the Listing and save as disclosed in the section headed “Non-exempt Continuing Connected Transaction” and otherwise disclosed in this annual report, none of the Controlling Shareholder or any of its connected entity (within the meaning of section 486 of the Companies Ordinance) had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, or any of its subsidiaries or fellow subsidiaries was a party during the year ended 31 December 2025 and up to the date of this annual report.

No contract of significance for the provision of services to the Company or any of its subsidiaries or fellow subsidiaries by the Controlling Shareholder of the Company or any of its subsidiaries was entered into during the year ended 31 December 2025 and up to the date of this annual report.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed for the year ended 31 December 2025 and up to the date of this annual report.

EMOLUMENT POLICY

The Company's remuneration policy comprises primarily a fixed component (in the form of a base salary) and a variable component (which includes discretionary bonus and other merit payments), considering other factors such as their experience, level of responsibility, individual performance, the profit performance of the Group and general market conditions.

A remuneration committee was set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance of the Directors and senior management and comparable market practices.

The emoluments payable to the Directors and senior management of the Company are determined by the Board with recommendations of the Remuneration Committee, their respective contractual terms under their service contracts or letters of appointment, having regard to their performance, our operating results and comparable market statistics.

The remuneration of Directors are subject to the Shareholders' approval at the general meeting of the Company, and that no Directors nor any of their respective associates will be involved in regard to the relevant resolution approving their own remuneration.

The Directors and senior management may also receive options to be granted under the Share Option Scheme. For further details of the Share Option Scheme, please refer to page VI-21 of the Prospectus “Share Option Scheme”.

Details of the remuneration of the Directors, and five highest paid individuals during the Reporting Period are set out in notes 8 and 9 to the consolidated financial statements.

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

Details of the retirement and employee benefits scheme of the Company during the Reporting Period are set out in note 6 to the consolidated financial statements.

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

As at 31 December 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 as set out in Appendix C3 to the Listing Rules were as follows:

(i) Long position 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. Wang Yongkai	Beneficial owner	10,500,000 ⁽³⁾	Long position	0.65
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 (excluding treasury shares, if any) as of 31 December 2025.
- (2) Mr. Wu Junbao is the sole shareholder of Wu Junbao Company Limited (奥俊保有限公司) (“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.

REPORT OF THE DIRECTORS

(ii) Long position in associated corporation

Xinhua Group

Name	Capacity/nature of interest	Amount of registered share capital	Approximate percentage of shareholding in the associated corporation as at 31 December 2025
Mr. Wu Junbao	Beneficial owner	RMB100,000,000	95.70%

Save as disclosed above, as at 31 December 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 31 December 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 (excluding treasury shares, if any) as of 31 December 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 31 December 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.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this annual report, at no time during the Reporting Period was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

SHARE OPTION SCHEME

The Company has adopted the Share Option Scheme on 8 March 2018 ("Adoption Date") for the purpose of giving 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 ("Employee"); (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 of 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 the Chapter 17 of the Listing Rules, 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 Chapter 17 of the Listing Rules 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, which is 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 approximately 10% of the issued shares as at the Listing Date. As at the date of this annual report, the total number of Shares available for issue under the Share Option Scheme is 42,700,000 Shares, representing approximately 2.65% of the total issued share capital of the Company (excluding treasury shares, if any).

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 (excluding treasury shares, if any) 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 (excluding treasury shares, if any), 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), under the terms of the Share Option Scheme, there is no specific period within which the option may be exercised by the grantee, and there is no vesting period for any option granted under the Scheme, and there is no performance target which need to be achieved by the grantee before the option can be exercised.

REPORT OF THE DIRECTORS

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 one year and 11 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	Granted	Exercised	Lapsed	Outstanding
					as at 1 January 2025	during the Reporting Period	during the Reporting Period	during the Reporting Period	as at 31 December 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	-	-	1,500,000	4,500,000
	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	Notes (2) and (3)	Notes (2) and (3)	44,900,000	-	-	16,000,000	28,900,000
	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	-	-	20,500,000	117,300,000

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

- (2) Among the 52,900,000 share options granted on 15 July 2019, 33,000,000 share options (including share options granted to Mr. Lu Zhen and Mr. 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 Mr. Zhang Ming (the "Group A 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 A Share Options granted
5 June 2025	20% of the total number of the Group A Share Options granted
5 June 2026	20% of the total number of the Group A Share Options granted
5 June 2027	20% of the total number of the Group A Share Options granted
5 June 2028	20% of the total number of the Group A 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 Mr. Lu Zhen and Mr. Wang Yongkai) (the "Group B 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 B Share Options granted
5 June 2025	25% of the total number of the Group B Share Options granted
5 June 2026	25% of the total number of the Group B Share Options granted
5 June 2027	25% of the total number of the Group B Share Options granted

REPORT OF THE DIRECTORS

- (6) Among the 71,900,000 share options granted on 5 June 2023, 1,500,000 share options (the "Group C 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 C Share Options granted
5 June 2025	30% of the total number of the Group C Share Options granted
5 June 2026	40% of the total number of the Group C Share Options granted

Among the 71,900,000 share options granted on 5 June 2023, 19,300,000 share options (the "Group D 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 D Share Options granted
5 June 2025	50% of the total number of the Group D Share Options granted

Among the 71,900,000 share options granted on 5 June 2023, 2,100,000 share options (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	100% of the total number of the Group E Share Options granted

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

The number of options available for grant under the Share Option Scheme at the beginning and the end of the Reporting Period are 20,200,000 and 42,700,000 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.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

EQUITY-LINKED AGREEMENTS

Save as disclosed in the section headed “Share Option Scheme” of this annual report and in the Prospectus, during the year ended 31 December 2025 and up to the date of this annual report, neither the Company nor any of its subsidiaries had entered into (i) any agreement that will or may result in the Company issuing Shares; or (ii) any agreement requiring the Company to enter into any agreement specified in (i).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands that would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.

DEED OF NON-COMPETITION

Although the Controlling Shareholders have control of other private formal middle school and informal education businesses that are not included in the Group, the Controlling Shareholders believe that their interests in such businesses will not, directly or indirectly, compete with the Group’s business because there is a clear delineation of businesses of the Group and the Controlling Shareholders.

The Controlling Shareholders have entered into the Deed of Non-competition on 8 March 2018 in favour of the Company, pursuant to which the Controlling Shareholders have jointly and severally and irrevocably undertaken with the Company (for itself and for the benefit of its subsidiaries) that it or he would not, and would procure that its or his associates (except any members of our Group) would not, during the restricted period, directly or indirectly, either on its or his own account or in conjunction with or on behalf of any person, company (enterprise or corporate entity), partnership or associate (whether of an economic nature), among other things, carry on, participate or be interested or engaged in or hold (in each case whether as a shareholder, partner, agent, employee or otherwise) any business which is or may be in competition with the business of any member of the Group from time to time.

As at the date of this annual report, the Controlling Shareholders do not have any other interest in any business that may, directly or indirectly, compete with the business of the Group.

Under the Structured Contracts, Mr. Wu Junbao has provided certain non-competition undertaking in favor of the Company. For details of the non-competition undertaking, please refer to the Prospectus.

The Company has received confirmations from the Controlling Shareholders confirming their compliance with the Deed of Non-competition during the Reporting Period for disclosure in this annual report.

The independent non-executive Directors have reviewed the compliance with the Deed of Non-competition during the Reporting Period based on the information and confirmation provided by or obtained from the Controlling Shareholders, and were satisfied that the Controlling Shareholders have duly complied with the Deed of Non-competition.

REPORT OF THE DIRECTORS

DIRECTORS' INTEREST IN COMPETING BUSINESS

Save as disclosed in this annual report, during the Reporting Period and up to the date of this annual report, none of the Directors or their respective associates had engaged in or had any interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

As at the date of this annual report, the Group has entered into the following continuing connected transactions pursuant to Chapter 14A of the Listing Rule:

(1) Structured Contracts II

A. Overview

The Group currently conducts the private higher education business through the PRC Operating Schools in the PRC as PRC laws and regulations generally restrict foreign ownership in the private education industry. In accordance with the existing PRC laws and regulations, the operation of higher education institutions to Sino-foreign cooperation ownership are also subject to restrictions, in addition to imposing qualification requirements on the foreign owners. The Group does not hold any equity interest in the PRC Operating Schools. The Structured Contracts, through which the Group obtains control over and derive the economic benefits from the PRC Operating Schools, have been narrowly tailored to achieve the business purpose and minimize the potential conflict with relevant PRC laws and regulations. The Group had entered into the Structured Contracts for the existing PRC Operating Schools and expect to enter into structured contracts for the schools to be newly established or invested in, the terms and conditions of which shall be the same as the existing Structured Contracts in all material aspects.

In order to comply with the PRC laws and regulations as set out above while availing ourselves of international capital markets and maintaining effective control over all of the operations, Xinhua Anhui, the wholly-owned subsidiary of the Group, entered into various agreements on 31 October 2017 that constitute the Structured Contracts I with, among others, the PRC Operating Schools and the School Sponsor, under which all economic benefits arising from the business of the PRC Operating Schools and the School Sponsor are transferred to Xinhua Anhui to the extent permitted under the PRC laws and regulations by means of service fees payable by the PRC Operating Schools and the School Sponsor to Xinhua Anhui.

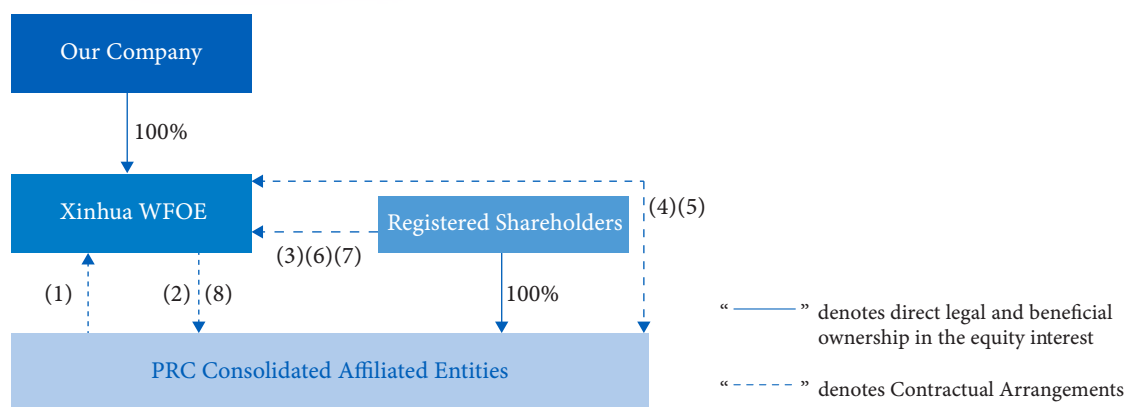
Pursuant to relevant local government tax policy in Khorgos, Xinjiang, an enterprise established in Khorgos between 1 January 2010 and 31 December 2020 and falling within the scope of the Catalog of Enterprise Income Tax Incentives for Industries Particularly Encouraged by Poverty Areas of Xinjiang for Development* (新疆困難地區重點鼓勵發展產業企業所得稅優惠目錄) is exempted from enterprise income tax entirely for five years beginning from the first year in which revenue from its principal business is earned and, after this initial period, such enterprise is entitled to another exemption on the local portion of its enterprise income tax. In light of this preferential tax policy, Xinhua Xinjiang was established in Khorgos, Xinjiang, the PRC on 17 January 2018 as a wholly foreign owned enterprise and was wholly owned by Xinhua HK. Xinhua Xinjiang is engaged in the provision of technical and management consultancy services to our PRC Operating Schools and School Sponsor and therefore falls within the scope of the aforesaid catalog. On 7 February 2018, Xinhua Xinjiang made a filing with the relevant local tax authorities in Khorgos for the preferential tax treatments, pursuant to which Xinhua Xinjiang is fully exempted from enterprise income tax from 1 January 2018 to 31 December 2022. See “Financial Information – Description of Major Components of the Combined Statements of Profit or Loss – Income Tax Expenses” in the Prospectus for details.

On 6 February 2018, Xinhua Xinjiang entered into the Structured Contracts II, the terms and conditions of which are the same as those contained in the Structured Contracts I in all material aspects, pursuant to which the Structured Contracts I were automatically terminated and all economic benefits arising from the business of the PRC Consolidated Affiliated Entities are transferred to Xinhua Xinjiang by means of services fees payable by the PRC Consolidated Affiliated Entities to Xinhua Xinjiang. For the year ended 31 December 2025, the Board had reviewed the overall performance of the Structured Contracts II and believes that the Group had complied with the Structured Contracts II in all material respects.

Although the Registered Shareholders are not consolidated as part of the Group, they are parties to certain agreements which constitute the Structured Contracts to ensure that the Registered Shareholders’ rights as shareholders of Xinhua Group are actually controlled by Xinhua WFOE.

REPORT OF THE DIRECTORS

The following simplified diagram illustrates the flow of economic benefits from the PRC Operating Schools and/or the School Sponsor to the Group stipulated under the Structured Contracts:



Notes:

1. Payment of service fees. See “Structured Contracts – Operation of the Structured Contracts – Summary of the Material Terms of the Structured Contracts I – (2) Exclusive Technical Service and Management Consultancy Agreement” in the Prospectus for details.
2. Provision of exclusive technical and management consultancy services. See “Structured Contracts – Operation of the Structured Contracts – Summary of the Material Terms of the Structured Contracts I – (2) Exclusive Technical Service and Management Consultancy Agreement” in the Prospectus for details.
3. Exclusive call option to acquire all or part of the School Sponsor’s interest in the PRC Operating Schools and all or part equity interest in the School Sponsor. See “Structured Contracts – Operation of the Structured Contracts – Summary of the Material Terms of the Structured Contracts I – (3) Exclusive Call Option Agreement” in the Prospectus for details.
4. Entrustment of school sponsor’ rights in the PRC Operating Schools by Xinhua Group. See “Structured Contracts – Operation of the Structured Contracts – Summary of the Material Terms of the Structured Contracts I – (4) School Sponsor’s and Directors’ Rights Entrustment Agreement” and “Structured Contracts – Operation of the Structured Contracts – Summary of the Material Terms of the Structured Contracts I – (5) School Sponsor’s Powers of Attorney” in the Prospectus for details.
5. Entrustment of directors’ rights in the PRC Operating Schools by directors of the PRC Operating Schools including Directors’ Powers of Attorney. See “Structured Contracts – Operation of the Structured Contracts – Summary of the Material Terms of the Structured Contracts I – (4) School Sponsor’s and Directors’ Rights Entrustment Agreement” and “Structured Contracts – Operation of the Structured Contracts – Summary of the Material Terms of the Structured Contracts I – (6) Directors’ Powers of Attorney” in the Prospectus for details.
6. Entrustment of Shareholders’ right including Shareholders’ power of attorney. See “Structured Contracts – Operation of the Structured Contracts – Summary of the Material Terms of the Structured Contracts I – (7) Shareholders’ Rights Entrustment Agreement” and “Structured Contracts – Operation of the Structured Contracts – Summary of the Material Terms of the Structured Contracts I – (8) Shareholders’ Powers of Attorney” in the Prospectus for details.
7. Pledge by the Registered Shareholders of their equity interest in Xinhua Group. See “Structured Contracts – Operation of the Structured Contracts – Summary of the Material Terms of the Structured Contracts I – (10) Equity Pledge Agreement” in the Prospectus for details.
8. Provision of loans by Xinhua WFOE to Xinhua Group. See “Structured Contracts – Operation of the Structured Contracts – Summary of the Material Terms of the Structured Contracts I – (11) Loan Agreement” in the Prospectus for further details.
9. According to PRC laws and regulations, entities and individuals who establish private schools are commonly referred to as “school sponsors” instead of “owners” or “shareholders.” See “Regulatory Overview” in the Prospectus for further details.

Xinhua Group, or the School Sponsor, is a holding company to hold the school sponsor interests in the PRC Operating Schools and it is not engaged in any other business. Under the Structured Contracts, each of the PRC Consolidated Affiliated Entities entered into the Exclusive Technical Service and Management Consultancy Agreement and Loan Agreement with, among others, Xinhua WFOE, pursuant to which each of the School Sponsor and the PRC Operating Schools will be directly bound by and subject to the terms and conditions thereof. Accordingly, for any services provided by Xinhua WFOE to any of the School Sponsor and the PRC Operating Schools, the respective service fee will be paid by such School Sponsor and/or PRC Operating Schools to Xinhua WFOE directly.

In addition, in order to prevent the leakage of assets and values of the PRC Consolidated Affiliated Entities, the Registered Shareholders and the PRC Consolidated Affiliated Entities have undertaken that, without the prior written consent of Xinhua WFOE or its designated party, the PRC Operating Schools shall not, among others, distribute dividends or other payments to the School Sponsor, or the Registered Shareholders.

B. Summary of the Material Terms of the Structured Contracts I

(1) Business Cooperation Agreement

Pursuant to the Business Cooperation Agreement, Xinhua Anhui shall provide technical services, management support and consulting services necessary for the private education business, and in return, the PRC Operating Schools and the School Sponsor shall make payments accordingly.

To ensure the due performance of the Structured Contracts, each of the PRC Operating Schools and the School Sponsor agreed to comply, and procure any of its subsidiaries to comply with, and the Registered Shareholders agreed to procure the PRC Operating Schools and the School Sponsor to comply with the obligations as prescribed under the Business Cooperation Agreement.

In order to prevent the leakage of assets and values of the PRC Consolidated Affiliated Entities, the Group has obtained undertakings from the Registered Shareholders, the School Sponsor and each of the PRC Operating Schools that, without the prior written consent of Xinhua Anhui or its designated party, the Registered Shareholders, the School Sponsor or the PRC Operating Schools shall not conduct or cause to conduct any activity or transaction which may have any actual impact (i) on the assets, business, staff, obligations, rights or operations of the PRC Operating Schools and/or the School Sponsor or (ii) on the ability of the School Sponsor, the Registered Shareholders and each of the PRC Operating Schools to perform the obligations under the Structured Contracts I.

Furthermore, each of Registered Shareholders undertakes to Xinhua Anhui that, unless with the prior written consent of Xinhua Anhui, the Registered Shareholders (severally or jointly) shall not (i) directly or indirectly engage, participate in, conduct, acquire or hold any business or activities which compete or may potentially compete with any of the PRC Operating Schools and/or the School Sponsor and its subsidiaries (“Competing Business”), (ii) use information obtained from any of the PRC Operating Schools and/or the School Sponsor or its subsidiaries for the Competing Business, and (iii) obtain any benefit from any Competing Business. Each of the Registered Shareholders further consents and agrees that, in the event that the Registered Shareholders (severally or jointly) directly or indirectly engage, participate in or conduct any Competing Business, Xinhua Anhui and/or other entities as designated by us shall be granted an option to require the entity engaging in the Competing Business to enter into an arrangement similar to that of the Structured Contracts I. If Xinhua Anhui does not exercise such option, the Registered Shareholders shall cease the operation of the Competing Business within a reasonable time.

REPORT OF THE DIRECTORS

(2) *Exclusive Technical Service and Management Consultancy Agreement*

Pursuant to the Exclusive Technical Service and Management Consultancy Agreement, Xinhua Anhui agreed to provide exclusive technical services to the PRC Operating Schools and the School Sponsor, including but not limited to, (a) design, development, update and maintenance of software for computer and mobile devices; (b) design, development, update and maintenance of webpages and websites necessary for the education activities of the PRC Operating Schools and the School Sponsor; (c) design, development, update and maintenance of management information systems necessary for the education activities of the PRC Operating Schools and the School Sponsor; (d) provision of other technical support necessary for the education activities of the PRC Operating Schools and the School Sponsor; (e) provision of technical consulting services; (f) provision of technical training; (g) engaging technical staff to provide on-site technical support; and (h) providing other technical services reasonably requested by the PRC Operating Schools and the School Sponsor.

Furthermore, Xinhua Anhui agreed to provide exclusive management consultancy services to the PRC Operating Schools and the School Sponsor, including but not limited to, (a) design of curriculum; (b) preparation, selection and/or recommendation of course materials; (c) provision of teacher and staff recruitment and training support and services; (d) provision of student recruitment support and services; (e) provision of public relation services; (f) preparation of long term strategic development plans and annual working plans; (g) development of financial management systems and recommendation and optimization on annual budget; (h) advising on design of internal structures and internal management; (i) provision of management and consultancy training; (j) conduct of market research; (k) preparation of market development plan; (l) building of marketing network; and (m) providing other management technical services reasonably requested by the PRC Operating Schools and the School Sponsor.

Pursuant to the Exclusive Technical Service and Management Consultancy Agreement, unless otherwise prescribed under the PRC laws and regulations, Xinhua Anhui shall have exclusive proprietary rights to any technology and intellectual property developed and materials prepared in the course of the provision of research and development, technical support and services by Xinhua Anhui to the PRC Operating Schools and the School Sponsor, and any intellectual property in the products developed, including any other rights derived thereunder, in the course of performance of obligations under the Exclusive Technical Service and Management Consultancy Agreement and/or any other agreements entered into between Xinhua Anhui and the PRC Consolidated Affiliated Entities.

(3) *Exclusive Call Option Agreement*

Under the Exclusive Call Option Agreement, the Registered Shareholders have irrevocably granted Xinhua Anhui or its designated purchaser the right to purchase all or part of the school sponsor's interest of the School Sponsor in the PRC Operating Schools and all or part of equity interest in the School Sponsor ("Equity Call Option"). The purchase price payable by Xinhua Anhui in respect of the transfer of such school sponsor's interest or equity interest upon exercise of the Equity Call Option shall be the lowest price permitted under the PRC laws and regulations. Xinhua Anhui or its designated purchaser shall have the right to purchase such proportion of the school sponsor's interest of the PRC Operating Schools and/or equity interest in the School Sponsor as it decides at any time.

In the event that PRC laws and regulations allow Xinhua Anhui or us to directly hold all or part of the school sponsor interest in the PRC Operating Schools and/or all or part of the equity interest in the School Sponsor and operate private education business in the PRC, Xinhua Anhui shall issue the notice of exercise of the Equity Call Option as soon as practicable, and the percentage of school sponsor's interest and/or equity interest purchased upon exercise of the Equity Call Option shall not be lower than the maximum percentage then allowed to be held by Xinhua Anhui or us under PRC laws and regulations.

(4) *School Sponsor's and Directors' Rights Entrustment Agreement*

Pursuant to the School Sponsor's and Directors' Rights Entrustment Agreement, Xinhua Group has irrevocably authorized and entrusted Xinhua Anhui to exercise all its rights as school sponsor of each of the PRC Operating Schools to the extent permitted by PRC laws. These rights include, but are not limited to: (a) the right to appoint and/or elect directors or council members of the schools; (b) the right to appoint and/or elect supervisors of the schools; (c) the right to understand the operation and financial situation of the schools; (d) the right to review the resolutions and records of the board of directors and financial statements and reports of the schools; (e) the right to obtain reasonable returns as school sponsor of the schools in accordance with the laws and the articles of association of each school; (f) the right to acquire residue assets upon liquidation of the schools in accordance with the laws and the articles of association of each school; (g) the right to transfer school sponsor's interest in accordance with the laws; (h) the right to choose for the school to be a for-profit school or non-profit school pursuant to applicable PRC laws and regulations and the articles of association of each school as amended from time to time; and (i) other school sponsor's rights pursuant to applicable PRC laws and regulations and the articles of association of each school as amended from time to time.

Pursuant to the School Sponsor's and Directors' Rights Entrustment Agreement, each of the directors/council members appointed by the School Sponsor in the PRC Operating Schools (the "Appointees") has irrevocably authorized and entrusted Xinhua Anhui to exercise all his/her rights as directors/council members of the PRC Operating Schools and to the extent permitted by PRC laws. These rights include, but are not limited to: (a) the right to attend meetings of the board of directors as representative of the directors appointed by the School Sponsor; (b) the right to exercise voting rights in respect of all matters discussed and resolved at the board meeting of each of the PRC Operating Schools; (c) the right to propose to convene interim board meetings of each of the PRC Operating Schools; (d) the right to sign all board minutes, board resolutions and other legal documents which the directors appointed by Xinhua Group have authority to sign in his/her capacity as directors of the PRC Operating Schools; (e) the right to instruct the legal representative and financial and business responsible persons of the PRC Operating Schools to act in accordance with the instruction of Xinhua Anhui; (f) the right to exercise all other rights and voting rights of directors as prescribed under the articles of association of the PRC Operating Schools; (g) the right to handle the legal procedures of registration, approval and licensing of the PRC Operating Schools at the education department, the department of civil affairs or other government regulatory departments; and (h) other directors' rights pursuant to applicable PRC laws and regulations and the articles of association of the PRC Operating Schools as amended from time to time.

In addition, each of Xinhua Group and the Appointees has irrevocably agreed that (i) Xinhua Anhui may delegate its rights under the School Sponsor's and Directors' Rights Entrustment Agreement to the directors of Xinhua Anhui or its designated person, without prior notice to or approval by Xinhua Group and the Appointees; and (ii) any person as successor of civil rights of Xinhua Anhui or liquidator by reason of subdivision, merger, liquidation of Xinhua Anhui or other circumstances shall have authority to replace Xinhua Anhui to exercise all rights under the School Sponsor's and Directors' Rights Entrustment Agreement.

REPORT OF THE DIRECTORS

(5) *School Sponsor's Powers of Attorney*

Pursuant to the School Sponsor's Powers of Attorney executed by the School Sponsor in favor of Xinhua Anhui, the School Sponsor authorized and appointed Xinhua Anhui, the director of which is Mr. Li Jun (李軍) (who is not a director of any of the School Sponsor and PRC Operating Schools and therefore does not give rise to any conflicts of interest), as its agent to act on its behalf to exercise or delegate the exercise of all its rights as school sponsor of each of the PRC Operating Schools. For details of the rights granted, see "Structured Contracts – Operation of the Structured Contracts – Summary of the Material Terms of the Structured Contracts I – (4) School Sponsor's and Directors' Rights Entrustment Agreement" of the Prospectus.

Xinhua Anhui shall have the right to further delegate the rights so delegated to the directors of Xinhua Anhui or other designated person. The School Sponsor irrevocably agreed that the authorization appointment in the School Sponsor's Powers of Attorney shall not be invalid, prejudiced or otherwise adversely affected by reason of the School Sponsor's subdivision, merger, winding up, consolidation, liquidation or other similar events. The School Sponsor's Power of Attorney shall constitute a part and incorporate terms of the School Sponsor's and Directors' Rights Entrustment Agreement.

(6) *Directors' Powers of Attorney*

Pursuant to the Directors' Powers of Attorney executed by each of the Appointees in favor of Xinhua Anhui, each of the Appointees authorized and appointed Xinhua Anhui, the sole director of which is Mr. Li Jun (李軍) (who is not a director of any of the School Sponsor and/or PRC Operating Schools and therefore does not give rise to any conflicts of interest), as his/her agent to act on his/her behalf to exercise or delegate the exercise of all of his/her rights as directors/council members of the PRC Operating Schools.

Xinhua Anhui shall have the right to further delegate the rights so delegated to the directors of Xinhua Anhui or other designated person. Each of the Appointees irrevocably agreed that the authorization appointment in the Directors' Powers of Attorney shall not be invalid, prejudiced or otherwise adversely affected by reason of his/her loss of or restriction on capacity, death or other similar events. The Directors' Power of Attorney shall constitute a part and incorporate terms of the School Sponsor's and Directors' Rights Entrustment Agreement.

(7) *Shareholders' Rights Entrustment Agreement*

Pursuant to the Shareholders' Rights Entrustment Agreement, each of the Registered Shareholders has irrevocably authorized and entrusted Xinhua Anhui to exercise all of his/its respective rights as shareholders of Xinhua Group to the extent permitted by the PRC laws. These rights include, but are not limited to: (a) the right to attend shareholders' meetings of Xinhua Group, as the case may be; (b) the right to exercise voting rights in respect of all matters discussed and resolved at the shareholders' meeting of Xinhua Group, as the case may be; (c) the right to appoint directors or legal representative of Xinhua Group, as the case may be; (d) the right to propose to convene interim shareholders' meetings of Xinhua Group, as the case may be; (e) the right to sign all shareholders' resolutions and other legal documents which the Registered Shareholders have authority to sign in its capacity as shareholders of Xinhua Group, as the case may be; (f) the right to instruct the directors and legal representative of Xinhua Group, as the case may be to act in accordance with the instruction of Xinhua Anhui; (g) the right to exercise all other rights and voting rights of shareholders as prescribed under the articles of association of Xinhua Group, as the case may be; (h) the right to handle the legal procedures of registration, approval and licensing of Xinhua Group, as the case may be at the education department, the department of civil affairs or other government regulatory departments; and (i) other shareholders' rights pursuant to applicable PRC laws and regulations and the articles of association of the PRC Operating Schools as amended from time to time.

In addition, each of the Registered Shareholders has irrevocably agreed that (i) Xinhua Anhui may delegate its rights under the Shareholders' Rights Entrustment Agreement to the directors of Xinhua Anhui or its designated person, without prior notice to or approval by the Registered Shareholders; and (ii) any person as successor of civil rights of Xinhua Anhui or liquidator by reason of subdivision, merger, liquidation of Xinhua Anhui or other circumstances shall have authority to replace Xinhua Anhui to exercise all rights under the Shareholders' Rights Entrustment Agreement.

(8) *Shareholders' Powers of Attorney*

Pursuant to the Shareholders' Powers of Attorney executed by each of the Registered Shareholders in favor of Xinhua Anhui, each of the Registered Shareholders authorized and appointed Xinhua Anhui, as his or their agent to act on his or their behalf to exercise or delegate the exercise of all his or their rights as shareholders of the Xinhua Group. For details of the rights granted, see "Structured Contracts – Operation of the Structured Contracts – Summary of the Material Terms of the Structured Contracts I – (7) Shareholders' Rights Entrustment Agreement" in the Prospectus.

Xinhua Anhui shall have the right to further delegate the rights so delegated to its directors or other designated person. Each of the Registered Shareholders irrevocably agreed that the authorization appointment in the Shareholders' Powers of Attorney shall not be invalid, prejudiced or otherwise adversely affected by reason of his/her loss of or restriction on capacity, death or other similar events. The Shareholders' Power of Attorney shall constitute a part and incorporate terms of the Shareholders' Rights Entrustment Agreement.

(9) *Spouse Undertakings*

Pursuant to the Spouse Undertakings, the respective spouse of the Registered Shareholders has irrevocably undertaken that:

- (a) the spouse has full knowledge of and has consented to the entering into of the Structured Contracts I by the respective Registered Shareholders, and in particular, the arrangement as set out in the Structured Contracts I in relation to the restrictions imposed on the direct or indirect equity interest in Xinhua Group, pledge or transfer the direct or indirect equity interest in Xinhua Group, or the disposal of the direct or indirect equity interest in Xinhua Group in any other forms;
- (b) the spouse has not participated, is not participating and shall not in the future participate in the operation, management, liquidation, dissolution and other matters in relation to the School Sponsor and the PRC Operating Schools;
- (c) the spouse authorizes the respective Registered Shareholders or his authorized person to execute all necessary documents and perform all necessary procedures from time to time for and on behalf of the spouse in relation to the spouse's equity interest in Xinhua Group (direct or indirect) in order to safeguard the interest of Xinhua Anhui under the Structured Contracts I and give effect to the fundamental purposes thereunder, and confirms and agrees to all such documents and procedures;
- (d) any undertaking, confirmation, consent and authorization under the Spouse Undertakings shall not be revoked, prejudiced, invalidated or otherwise adversely affected by any increase, decrease, consolidation or other similar events relating to the direct or indirect equity interest in Xinhua Group;

REPORT OF THE DIRECTORS

- (e) any undertaking, confirmation, consent and authorization under the Spouse Undertakings shall not be revoked, prejudiced, invalidated or otherwise adversely affected by death, loss of or restriction on capacity of the spouse, divorce or other similar events; and
- (f) all undertakings, confirmations, consents and authorizations under the Spouse Undertakings shall continue to be valid and binding until otherwise terminated by both Xinhua Anhui and the spouses of the respective Registered Shareholders in writing.

The Spouse Undertakings shall have the same term as and incorporate the terms of the Business Cooperation Agreement.

(10) *Equity Pledge Agreement*

Pursuant to the Equity Pledge Agreement, each of the Registered Shareholders unconditionally and irrevocably pledged and granted first priority security interests over all of his/its equity interest in Xinhua Group together with all related rights thereto to Xinhua Anhui as security for performance of the Structured Contracts I and all direct, indirect or consequential damages and foreseeable loss of interest incurred by Xinhua Anhui as a result of any event of default on the part of the Registered Shareholders, the School Sponsor or each of the PRC Operating Schools and all expenses incurred by Xinhua Anhui as a result of enforcement of the obligations of the Registered Shareholders, the School Sponsor and/or each of the PRC Operating Schools under the Structured Contracts I (the “Secured Indebtedness”).

Pursuant to the Equity Pledge Agreement, without the prior written consent of Xinhua Anhui, the Registered Shareholders shall not transfer the equity interest or create further pledge or encumbrance over the pledged equity interest. Any unauthorized transfer shall be invalid, and the proceeds of any transfer of the equity interest shall be first used in the payment of the Secured Indebtedness or deposited to such third party as agreed to by Xinhua Anhui. The Registered Shareholders also waived any pre-emptive rights upon enforcement and agreed to any transfer of the pledged equity pursuant to the Equity Pledge Agreement.

Any of the following events shall constitute an event of default under the Equity Pledge Agreement:

- (a) any of the Registered Shareholders, the School Sponsor or the PRC Operating Schools commits any breach of any obligations under the Structured Contracts I;
- (b) any representations or warranties or information provided by any of the Registered Shareholders, the School Sponsor or the PRC Operating Schools under the Structured Contracts I is proved incorrect or misleading; or
- (c) any provision in the Structured Contracts I becomes invalid or incapable of performance due to changes in PRC laws and regulations or promulgation of new laws and regulations in the PRC, and the parties have not agreed on any alternative arrangement.

Upon the occurrence of an event of default as described above, Xinhua Anhui shall have the right to enforce the Equity Pledge Agreement by written notice to the Registered Shareholders in one or more of the following ways:

- (a) to the extent permitted under PRC laws and regulations, Xinhua Anhui may request the Registered Shareholders to transfer all or part of his or her or its equity interest in the School Sponsor to any entity or individual designated by Xinhua Anhui at the lowest consideration permissible under the PRC laws and regulations;
- (b) sell the pledged equity interest by way of auction or at a discount and have priority in the entitlement to the sales proceeds;
- (c) dispose of the pledged equity interest in other manner subject to applicable laws and regulations.

Under the Structured Contracts I, there is no equity pledge arrangement between Xinhua Anhui and the School Sponsor over the school sponsor's interest in the PRC Operating Schools held by the School Sponsor. As advised by PRC Legal Advisors, if the Group is to make an equity pledge arrangement with the School Sponsor where the School Sponsor pledges its school sponsor's interest in each of the PRC Operating Schools in favor of us, such arrangement would be unenforceable under PRC laws and regulations given that school sponsor's interests in schools are not pledgeable under PRC laws and any equity pledge arrangements with respect to the School Sponsor's interests in schools cannot be registered with the relevant PRC regulatory authorities.

Nevertheless, the Group has implemented various measures which shall remain in place before the Structured Contracts I being unwound, with the aim of further enhancing the control over the PRC Operating Schools and the School Sponsor, in particular:

- (a) as disclosed above, pursuant to the Business Cooperation Agreement, the School Sponsor, the Registered Shareholders and each of the PRC Operating Schools have undertaken that, without prior written consent of Xinhua Anhui or its designated party, he/it shall not conduct or cause to conduct any activity or transaction which may have an actual impact (i) on the assets, business, staff, obligations, rights or operations of the PRC Operating Schools and/or the School Sponsor or (ii) on the ability of School Sponsor, the Registered Shareholders and each of the PRC Operating Schools to perform the obligations under the Structured Contracts I. See "Structured Contracts – Operation of the Structured Contracts – Summary of the Material Terms of the Structured Contracts I – (1) Business Cooperation Agreement" in the Prospectus for details.
- (b) as disclosed above, pursuant to the Exclusive Call Option Agreement, the Registered Shareholders have further undertaken to Xinhua Anhui that, among others, each of them shall not sell, assign, transfer or otherwise dispose of or create any encumbrance over school sponsor's interest in any of the PRC Operating Schools and/or equity interest in the School Sponsor without prior written consent of Xinhua Anhui. See "Structured Contracts – Operation of the Structured Contracts – Summary of the Material Terms of the Structured Contracts I – (3) Exclusive Call Option Agreement" in the Prospectus for details.

REPORT OF THE DIRECTORS

- (c) the Company has taken measures to ensure that the company seals of the PRC Operating Schools and the School Sponsor are properly secured, are within the full control of the Company and cannot be used by the School Sponsor or the Registered Shareholders or the PRC Operating Schools without the permission. Such measures include arranging for the company seals of the PRC Operating Schools and the School Sponsor to be kept in the safe custody of the finance department of Xinhua Anhui and setting up lines of authority for using the company seals, financial chops and business registration certificates such that the company seals, financial chops and business registration certificates can only be used under direct authorization of the Company or Xinhua Anhui.

(11) *Loan Agreement*

Pursuant to the Loan Agreement, Xinhua Anhui agreed to provide interest-free loans to Xinhua Group in accordance with the PRC laws and regulations and Xinhua Group agreed to utilize the proceeds of such loans to contribute as capital of the PRC Operating Schools in its capacity as school sponsor of the schools in accordance with the instructions. Both parties agree that all such capital contribution will be directly settled by Xinhua Anhui on behalf of Xinhua Group.

The terms of the Loan Agreement shall continue until all interest of the PRC Operating Schools and the School Sponsor are transferred to Xinhua Anhui or other parties designated by the Company.

Each loan to be granted under the Loan Agreement will be for an infinite term until termination at the sole discretion of Xinhua Anhui. The loan will become due and payable upon Xinhua Anhui's demand under any of the following circumstances: (i) a bankruptcy application, bankruptcy reorganization or bankruptcy settlement has been filed by or against Xinhua Group, (ii) a winding-up or liquidation application has been filed by or against Xinhua Group, (iii) Xinhua Group becoming insolvent or incurring any other significant personal debt which may affect its ability to repay the loan under the Loan Agreement, (iv) Xinhua Anhui or its designee exercising in full its option to purchase all school sponsor's interests to the extent permitted by PRC laws and regulations, or (v) any of Xinhua Group or the PRC Operating Schools commits any breach of any obligations under the Structured Contracts I, or any warranties provided by any of Xinhua Group or the PRC Operating Schools under the Structured Contracts I is proved incorrect or inaccurate. As advised by PRC Legal Advisors, interest-free loans granted by Xinhua Anhui to Xinhua Group is not in violation of the applicable PRC laws and regulations.

C. **Structured Contracts I and Structured Contracts II**

Other than the Spouse Undertakings, each of the specific agreements that comprise the Structured Contracts I contains clauses which provide that, to the extent permitted by the PRC laws, Xinhua Anhui shall have the right to designate other entities agreed by the Company (including any wholly foreign-owned enterprise to be established by us from time to time) to enter into and perform the agreements which are on the same terms and conditions as the Structured Contracts I (excluding the Spouse Undertakings) with the other parties to the Structured Contracts I (excluding the Spouse Undertakings), and the other parties to the Structured Contracts I shall unconditionally procure the signing and performance of such agreements. The Structured Contracts I shall be automatically terminated on the date on which the aforementioned agreements are entered into and become effective.

In light of the preferential tax policy in Xinjiang, on 6 February 2018, Xinhua Xinjiang entered into the Structured Contracts II, the terms and conditions of which are the same as those contained in the Structured Contracts I in all material aspects, pursuant to which the Structured Contracts I were automatically terminated and all economic benefits arising from the business of the PRC Consolidated Affiliated Entities are transferred to Xinhua Xinjiang by means of services fees payable by the PRC Consolidated Affiliated Entities to Xinhua Xinjiang.

D. Business Activities of the PRC Consolidated Affiliated Entities

The business activities of the consolidated affiliated entities of the Group, namely the School Sponsor, Xinhua University and Xinhua School, are primarily to offer higher educational services to the Group’s students.

E. Significance and financial contributions of PRC Operating Schools

Pursuant to the Structured Contracts, the Group obtains control over and derives the economic benefits from the PRC Consolidated Affiliated Entities. The table below sets out the financial contribution of the PRC Consolidated Affiliated Entities to the Group, including revenue, net profit and total assets of the PRC Consolidated Affiliated Entities consolidated into the Group’s financial statements pursuant to the Structured Contracts:

	Significances and financial contribution to the Group					
	Revenue		Net profit		Total assets	
	For the year ended		For the year ended		As at 31 December	
	31 December		31 December		2025	
	2025	2024	2025	2024	2025	2024
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
PRC Consolidated Affiliated Entities	658,033	648,078	345,084	346,870	5,147,716	4,830,808

The table below sets out revenue and net profit of the PRC Consolidated Affiliated Entities as a percentage of the Group’s revenue and net profit:

	Revenue	Net profit
	For the year ended	As at
	31 December 2025	31 December 2025
PRC Consolidated Affiliated Entities	100%	102%

F. Regulatory Framework

The Group currently conducts its private higher education business through the PRC Operating Schools in the PRC as PRC laws and regulations generally restrict foreign ownership in the private education industry in the PRC. In accordance with the existing PRC laws and regulations, the operation of higher education institutions to Sino-foreign cooperation ownership are also subject to restrictions, in addition to imposing qualification requirements on the foreign owners. The Group does not hold any equity interest in its PRC Operating Schools. The Structured Contracts, through which the Group obtains control over and derive the economic benefits from its PRC Operating Schools, have been narrowly tailored to achieve the Group’s business purpose and minimize the potential conflict with relevant PRC laws and regulations. The Group had entered into the Structured Contracts for the existing PRC Operating Schools and expect to enter into structured contracts for the schools to be newly established or invested in, the terms and conditions of which shall be the same as the existing Structured Contracts in all material aspects.

REPORT OF THE DIRECTORS

1. *Higher Education and National Key Secondary Vocational School*

Pursuant to the Foreign Investment Catalog, the provision of higher education in the PRC falls within the “restricted” category. In particular, the Foreign Investment Catalog explicitly restricts higher education to Sino-foreign cooperation, which means the foreign investor shall be an educational institution and shall operate higher education in the PRC through cooperation with a PRC educational institution in compliance with the Sino Foreign Regulation. In addition, the Foreign Investment Catalog also provides that the domestic party shall play a dominant role in the Sino-foreign cooperation, meaning that (a) the principal or other chief executive officer of the schools shall be a PRC national; and (b) the representatives of the domestic party shall account for no less than half of the total members of the board of directors, the executive council or the joint administration committee of the Sino-foreign cooperative educational institution (the “Foreign Control Restriction”).

While secondary vocational education is not listed in the Foreign Investment Catalog, Xinhua School was recognized by the MOE as a National Key Secondary Vocational School* (國家級重點中等職業學校) and therefore was treated as if it falls within the “restricted” category according to the Anhui Education Department.

The Group had fully complied with the Foreign Control Restriction in respect of the PRC Operating Schools on the basis that (a) the principals and the chief executive officers of the PRC Operating Schools are all PRC nationals; and (b) all the members of the board of directors of the PRC Operating Schools are PRC nationals.

In relation to the interpretation of Sino-foreign cooperation, pursuant to the Sino-Foreign Regulation, if the Group was to apply for any of its schools to be reorganized as a Sino-foreign joint venture private school for PRC students (a “Sino-Foreign Joint Venture Private School”), the foreign investor in the Sino-Foreign Joint Venture Private School must be a foreign educational institution with relevant qualification and that provides high quality education (the “Qualification Requirement”). Furthermore, pursuant to the Implementation Opinions of the MOE on Encouraging and Guiding the Entry of Private Capital in the Fields of Education and Promoting the Healthy Development of Private Education* (《教育部關於鼓勵和引導民間資金進入教育領域促進民辦教育健康發展的實施意見》), the foreign portion of the total investment in a Sino-Foreign Joint Venture Private School should be below 50% (the “Foreign Ownership Restriction”) and the establishment of these schools is subject to approval of education authorities at the provincial or national level.

PRC Legal Advisors have advised that there are no implementing measures or specific guidance on the Qualification Requirement in accordance with the existing PRC laws and regulations and therefore it is currently uncertain as to what specific criteria must be met by a foreign investor (such as length of experience and form and extent of ownership in the foreign jurisdiction) in order to demonstrate to the relevant educational authority that it meets the Qualification Requirement. With the assistance of PRC Legal Advisors, the Group consulted the Anhui Education Department on 26 June 2017, being the competent authority as advised by PRC Legal Advisors to confirm the matters relating to the Sino-Foreign Joint Venture Private Schools relevant to the Group. The Group was advised by the director of the department of foreign affairs office* (外事處處長) at the Anhui Education Department that:

- (i) the Foreign Ownership Restriction and Qualification Requirements apply to Sino-Foreign Joint Venture Private Schools in their region;
- (ii) no implementing measures or specific guidance were promulgated pursuant to the Sino-Foreign Regulation, including the Qualification Requirement, in Anhui Province;
- (iii) as a matter of policy, no Sino-Foreign Joint Venture Private School has been approved in Anhui Province after the Sino-Foreign Regulation became effective on 1 September 2003;
- (iv) the Anhui Education Department expects that the possibility of approving the establishment of Sino-Foreign Joint Venture Private Schools (including but not limited to the Sino-Foreign higher education institution and Sino-Foreign national key secondary vocational school) in Anhui in foreseeable future is very low; and
- (v) the execution of the Structured Contracts does not require approval from the education authorities.

PRC Legal Advisors are of the view that the aforesaid officer is competent to provide the confirmation on the basis that they have good and authoritative understanding of the PRC laws and regulations regarding Sino-foreign cooperative education and its actual implementation in Anhui Province.

Given that as at the date of this annual report, the Group does not meet the Qualification Requirement as the Group has no experience in operating a school outside of the PRC, and as there are no implementing measures or specific guidance on the Qualification Requirement, it is therefore not practicable for the Group to seek to apply to reorganize any of its PRC Operating Schools and the schools to be newly established or invested by the Group as a Sino-Foreign Joint Venture Private School, or convert any of the PRC Operating Schools and the schools to be newly established or invested by the Group into a Sino-Foreign Joint Venture Private School. The Anhui Education Department has confirmed that the possibility of approving the establishment of Sino-Foreign Joint Venture Private schools in Anhui in foreseeable future is very low.

REPORT OF THE DIRECTORS

Notwithstanding the above, the Group is committed to meeting the Qualification Requirement. It has adopted a specific plan and will continue to expend genuine efforts and financial resources to do so. It has undertaken to make periodic inquiries of relevant educational authorities to understand any regulatory developments, including whether there will be any change in policy for approving any Sino-Foreign Joint Venture Private School in Anhui Province, and assess whether it is qualified to meet the Qualification Requirement, with a view to unwinding the Structured Contracts wholly or partially as and when practicable and permissible under the prevailing PRC laws and regulations.

As at the date of this annual report, the Group has not encountered any interference or encumbrance from any governing bodies in its plan to adopt the Structured Contracts and the consolidated financial results of the PRC Operating Schools are consolidated to those of the Group. Each of the PRC Operating Schools and the School Sponsor has been legally established and except for those disclosed under “Structured Contracts – Legality of the Structured Contracts – PRC Legal Opinions” and “Risk Factors – Risks relating to our Structured Contracts” of the Prospectus. PRC Legal Advisors have opined that the contractual arrangements for the operation of higher education do not contravene PRC laws and regulations, and no relevant PRC regulatory authorities have ever issued any regulations, rules or notices to prohibit the use of contractual arrangements in the education industry. As disclosed above, the Group has obtained confirmation from the Anhui Education Department during the consultations with them that the Structured Contracts do not require approval from the education authorities. However, no positive regulatory assurance has been obtained from relevant PRC regulatory authorities with respect to the use of the Structured Contracts in the education industry, and it is impracticable to obtain such assurance, as no relevant PRC regulatory authorities have ever issued any regulations, rules or notices to prohibit the use of Structured Contracts in the education industry.

2. *Plan to Comply with the Qualification Requirement*

The Group has adopted a specific plan and begun to take the following concrete steps which it reasonably believes are meaningful endeavors to demonstrate compliance with the Qualification Requirement. According to the consultation with the Anhui Education Department, there are no implementing measures or specific guidance on the Qualification Requirement and they are rarely likely to approve an application to convert the PRC Operating Schools into Sino-Foreign Joint Venture Private Schools at this stage and in the foreseeable future.

We have adopted a specific plan and 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, the annual report of the Company for the year ended 31 December 2022 and 2023 and the interim report of the Company for the six months ended 30 June 2023 and 2024 for the Group’s efforts and actions undertaken to comply with the Qualification Requirement.

There have been no updates to the implementation rules in relation to the Qualification Requirement during the Reporting Period.

Furthermore, the Group has undertaken to the Stock Exchange that the Group will:

- (i) under the guidance of the PRC Legal Advisors appointed by the Group from time to time, continue to keep the Group updated with regard to all relevant regulatory developments and guidance relating to the Qualification Requirement; and
- (ii) provide periodic updates in the annual and interim reports after Listing to inform the Shareholders of the efforts and actions undertaken with the Qualification Requirement.

3. *Regulatory Updates – Promulgation of the Foreign Investment Law and its Impact*

The “Law of the People’s Republic of China on Foreign Investment” (“Foreign Investment Law”) was passed and promulgated in the National People’s Congress, and became effective on 1 January 2020. As at the date of this annual report, the Company’s operations have not been affected by the Foreign Investment Law. The Company will closely monitor the development of the Foreign Investment Law and the related laws and regulations.

G. Risks associated with the arrangements and the actions taken to mitigate the risks

The Structured Contracts are used to enable the Group to consolidate the financial results of the PRC Consolidated Affiliated Entities which engage in the operation of higher education services where the PRC laws and regulations currently restrict operation of higher education institutions to Sino-foreign ownership, in addition to imposing qualification requirements on the foreign owners and withholding government approval in respect of Sino-foreign ownership.

1. *Risks associated with the arrangements*

The PRC government may find that the Structured Contracts do not comply with applicable PRC laws and regulations, which may subject the Group to severe penalties and the Group’s business may be materially and adversely affected. Furthermore, the Group relies on the Structured Contracts to obtain control over and derive the economic benefits from the PRC Consolidated Affiliated Entities, which may not be as effective in providing operational control as direct ownership. The registered owners of the PRC Consolidated Affiliated Entities may have conflicts of interest with the Group or there is deterioration of relations, which may materially and adversely affect the Group’s business and financial condition. The Group may not be able to meet the qualification requirement, according to which the foreign investor in a Sino-foreign joint venture private school offering high school and higher education institution must be a foreign educational institution with relevant qualification that provides high quality education, holds less than 50% of the capital investment in the Sino-foreign joint venture private School and the domestic party shall play a dominant role. The Group’s execution on the option to acquire school sponsor’s interest of the PRC Consolidated Affiliated Entities may be subject to certain limitations and the Company may incur substantial costs and expend significant resources to enforce the Structured Contracts if any of the PRC Consolidated Affiliated Entities fails to perform its obligations thereunder. The Structured Contracts may be subject to scrutiny of PRC tax authorities and additional tax may be imposed, which may materially and adversely affect the Group’s results of operation and value of the investment by the Shareholders or potential investors of the Company. Certain terms of the Structured Contracts may not be enforceable under PRC laws. The PRC Consolidated Affiliated Entities may be subject to limitations on their ability to operate private education or make payments to related parties. The Group’s ability to distribute dividends to its Shareholders may be limited due to the unclear definition of “reasonable returns” under PRC laws and regulations. Substantial uncertainties exist regarding the interpretation and application of the 2016 Decision, including treatments of schools in the PRC as non-profit schools or for-profit schools. If any of the Group’s consolidated affiliated entities becomes subject to winding up or liquidation proceedings, the Group may lose the ability to enjoy certain important assets, which could negatively impact its business and materially and adversely affect its ability to generate revenue. For more details, please refer to the section headed “Risk Factors – Risks relating to our Structured Contracts” in the Prospectus.

REPORT OF THE DIRECTORS

2. *Actions taken to mitigate the risks*

The Group has adopted the following measures to ensure the effective operation of the Group with the implementation of the Structured Contracts and its compliance with the Structured Contracts:

- (a) major issues arising from the implementation and compliance with the Structured Contracts or any regulatory enquiries from government authorities will be submitted to the Board, if necessary, for review and discussion on an occurrence basis;
- (b) the Board will review the overall performance of and compliance with the Structured Contracts at least once a year;
- (c) the Company will disclose the overall performance of and compliance with the Structured Contracts in its annual reports and interim reports to update the Shareholders and potential investors;
- (d) the Company and its Directors undertake to provide periodic updates in its annual and interim reports regarding the Qualification Requirement and its status of compliance with the Foreign Investment Law and the latest development of the Foreign Investment Law, including the latest relevant regulatory development as well as the Group's plan and progress in acquiring the relevant experience to meet the Qualification Requirement; and
- (e) the Company will engage external legal advisors or other professional advisors, if necessary, to assist the Board to review the implementation of the Structured Contracts, review the legal compliance of Xinhua WFOE and the PRC Operating Schools and/or the School Sponsor to deal with specific issues or matters arising from the Structured Contracts.

In addition, notwithstanding that the non-executive Director, Mr. Wu Junbao, is also one of the Registered Shareholders, the Group believes that the Directors are able to perform their roles in the Group independently and the Group is capable of managing its business independently after the Listing under the following measures:

- (a) the decision-making mechanism of the Board as set out in the Articles of Association includes provisions to avoid conflict of interest by providing, amongst other things, that in the event of conflict of interest in such contract or arrangement which is material, a Director shall declare the nature of his or her interest at the earliest meeting of the Board at which it is practicable for him or her to do so, and if he or she is to be regarded as having material interest in any contracts or arrangements, such Director shall abstain from voting and not be counted in the quorum;
- (b) each of the Directors is aware of his fiduciary duties as a Director which requires, amongst other things, that he acts for the benefits and in the best interests of the Group;
- (c) the Company has appointed three independent non-executive Directors, comprising over one-third of the Board, to provide a balance of the number of interested and independent Directors with a view to promoting the interests of the Company and the Shareholders as a whole; and
- (d) the Company will disclose in its announcements, circulars, annual and interim reports in accordance with the requirements under the Listing Rules regarding decisions on matters reviewed by the Board (including independent non-executive Directors) relating to any business or interest of each Director and his associates that competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

H. Material changes

Save as disclosed above, as at the date of this annual report, there were no material changes in the Structured Contracts and/or the circumstances under which the Structured Contracts were adopted.

I. Unwinding of the Structured Contracts

As at the date of this annual report, there has not been any unwinding of any Structured Contracts, nor has there been any failure to unwind any Structured Contracts when the restrictions that led to the adoption of the Structured Contracts are removed. For more details, please refer to the section headed “Structured Contracts – Operation of the Structured Contracts – Termination of the Structured Contracts” of the Prospectus. In the event that the PRC regulatory environment changes and all of the Qualification Requirement, the Foreign Ownership Restriction and the Foreign Control Restriction are removed (and assuming there are no other changes in the relevant PRC laws and regulations), Xinhua WFOE will exercise the Equity Call Option in full to unwind the contractual arrangements so that the Company will be able to directly operate the schools without using the Structured Contracts.

The Stock Exchange has granted a waiver to the Company from strict compliance with certain requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Structured Contracts II. See “Connected Transactions – Continuing Connected Transactions – Non-exempt Continuing Connected Transactions” in the Prospectus for details.

For details of the above Structured Contracts, please refer to “Structured Contracts” and “Connected Transactions” in the Prospectus.

(2) Confirmation of independent non-executive Directors

The independent non-executive Directors have reviewed the Structured Contracts II on an annual basis to confirm that, during the relevant financial year:

- (i) the Structured Contracts II have been entered into in the ordinary and usual course of business of the Group;
- (ii) the Structured Contracts II are on normal commercial terms;
- (iii) the Structured Contracts II have been entered into in accordance with relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;
- (iv) the transactions carried out during the year ended 31 December 2025 have been entered into in accordance with the relevant provisions of the Structured Contracts II, and have been operated so that the profit generated by our PRC Consolidated Affiliated Entities has been substantially retained by our Group; and
- (v) no dividends or other distributions have been made by our PRC Consolidated Affiliated Entities to the holders of its School Sponsor’s interest which are not otherwise subsequently assigned or transferred to our Group.

(3) Confirmation of auditors of the Company

KPMG, the Company’s auditors, have carried out procedures annually to report on the Group’s Continuing Connected Transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to Practice Note 740 “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued a letter to the Company containing the conclusions in respect of the Group’s Continuing Connected Transactions in accordance with Rule 14A.56 of the Listing Rules.

REPORT OF THE DIRECTORS

RELATED PARTY TRANSACTIONS

Details of the related party transactions entered into by the Group during the year ended 31 December 2025 are set out in note 26 to the consolidated financial statements.

The related party transactions with regard to the service fee and rental fee paid as set out in note 26(a) constitute fully exempted connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The Company confirmed that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

ENVIRONMENTAL PROTECTION AND SOCIAL RESPONSIBILITIES

As the well-known leading provider of higher education, the Group strives to perform its social responsibilities in each major area for a sustainable basis with no exceptions in the fields of environmental protection. Primarily engaged in providing educational services, the Group regards the environment of materials recycling and energies saving as instrumental and desirable for the Group's business successes. The Group therefore advocates the business model with energy efficiency and linear progressions on establishing environmental friendly teaching and learning systems for the students and the teachers.

During the Group's business operations, students and teachers are monitored by the internal guidelines for saving utilities such as turning off electrical appliances, air-conditioning, idle lightings and the water taps whenever it is likely to incur unnecessary waste of electricity and water resources. In addition, the Group has implemented and promoted the online and digital in-classrooms teaching methods at the classrooms which drastically reduce the possibility of paper waster. As at 31 December 2025, the Group has not been subject to any fines or regulatory or legal sanctions as a result of any non-compliance with the applicable PRC Environmental laws and regulations in any material aspects. Supported by the Directors and senior management's long term strategy of sustainable development, the Group will continuously maintain its demanding standard for environmental protections and performance of its social responsibilities to the community. The Board has overall responsibility for the Group's environmental, social and governance (the "ESG") strategy and reporting, and is responsible for the Group's ESG risk management and internal control systems to ensure that the ESG strategies and reporting requirements are met. For more details, please refer to our ESG Report as contained in pages 65 to 105 in this annual report.

DONATIONS

During the Reporting Period, no charitable and other donations were made by the Group.

SIGNIFICANT LEGAL PROCEEDINGS

During the year ended 31 December 2025, the Company was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatening against the Company.

COMPLIANCE WITH LAWS AND REGULATIONS

During the year ended 31 December 2025 and up to the date of this annual report, the Group has complied with the relevant laws and regulations that have a significant impact on the Company.

PERMITTED INDEMNITY PROVISION

Pursuant to article 164(1) of the Articles of Association, the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of the Directors shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts; and none of them shall be answerable for the acts, receipts, neglects or defaults of the other or others of them or for joining in any receipts for the sake of conformity, or for any bankers or other persons with whom any moneys or effects belonging to the Company shall or may be lodged or deposited for safe custody, or for insufficiency or deficiency of any security upon which any moneys of or belonging to the Company shall be placed out on or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts, or in relation thereto; provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons.

IMPORTANT EVENTS SINCE THE YEAR END

Save from disclosed in the section of “Events after the Reporting Period” in page 11, there was no event occurred subsequent to 31 December 2025 and up to the date of this annual report that would cause material impact on the Group.

AUDIT COMMITTEE AND REVIEW OF ANNUAL REPORT

The audit committee of the Company (the “Audit Committee”) has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters. The Audit Committee has reviewed and discussed with the management of the Company the Group’s audited consolidated financial statements for the year ended 31 December 2025 and the proposed quotation of the auditors for the forthcoming year.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 50 to 64 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and to the best knowledge of the Directors, at least 25% of the Company’s total issued shares, the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the Listing Rules, was held by the public at all times during the Reporting Period and as at the date of this annual report.

AUDITORS

The financial statements have been audited by KPMG who will retire as the auditors of the Company upon expiration of its current term of office at the conclusion of the AGM. Taking into account that KPMG has been holding office as auditor of the Company since 2018, the Audit Committee and the Board are of the view that the proposed change of auditor is consistent with good corporate governance measure, beneficial to maintaining the independence and objectivity of external auditor, and in the best interest of the Company and the shareholders as a whole. The Board confirms that to its best knowledge, there is no disagreement between the Company and KPMG and there are no other matters in connection with the retirement of KPMG as the auditor of the Company that would be required to be brought to the attention of the Shareholder.

With the recommendation from the audit committee of the Company, the Board resolved to appoint Rongcheng (Hong Kong) CPA Limited (“Rongcheng”) as new auditors of the Company following the retirement of KPMG with effect from the conclusion of the AGM and until the conclusion of the next annual general meeting of the Company, subject to the approval by the shareholders. Save as disclosed above, there were no other changes of auditors of the Company in the past three years.

RECOMMENDATION TO CONSULT PROFESSIONAL TAX ADVICE

If the shareholders of the Company are not sure about the tax effect on the purchase, holding, sale, trading or exercise of any rights attached to the relevant shares of the Company, they are recommended to consult independent experts for advice.

On behalf of the Board

Wu Junbao
Chairman

31 March 2026

CORPORATE GOVERNANCE REPORT

The Board is pleased to present this Corporate Governance Report in the Company's annual report for the year ended 31 December 2025.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to upholding a high standard of corporate governance and business ethics in the firm belief that they are essential for enhancing investors' confidence and maximizing shareholders' returns. The Company has adopted the CG Code as its own code of corporate governance. The Board reviews its corporate governance practices from time to time in order to meet the rising expectations of stakeholders, and to comply with increasingly stringent regulatory requirements as well as fulfill its commitment to excellence in corporate governance. After reviewing the Company's corporate governance practices and the relevant regulations of the CG Code, the Board is satisfied that the Company has complied with all applicable code provisions under the CG Code during the Reporting Period. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

XINHUA'S CULTURE

The Company firmly believes that our purpose, values and strategies are aligned with our culture. We continue pursuing a culture which manifests our mission – "Unity, pragmatism, pioneering, dedication" and are constantly striving to achieve our vision of becoming a top university in China. We recognise the value and importance of achieving high corporate governance standards to enhance corporate performance, transparency, and accountability, and earning the confidence of shareholders and the public.

We remain steadfast in upholding our core values: Rejuvenating the Country and Serving the People through Xinhua Education. The Board strives to adhere to the principles of good corporate governance and adopt sound corporate governance practices to promote such culture by focusing on areas such as internal control, fair disclosure, and accountability to all shareholders.

THE BOARD

Responsibilities

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the executive Directors along with the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established three Board committees including the Audit Committee, the remuneration committee (the "Remuneration Committee") and the nomination committee (the "Nomination Committee") (together, the "Board Committees"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

All Directors have carried out duties in good faith and in compliance with applicable laws and regulations, they have acted in the interests of the Company and the Shareholders at all times.

The Company has arranged appropriate liability insurance in respect of the liabilities for any legal action against the Directors during the course of performing their duties. The insurance coverage will be reviewed on an annual basis.

Board Composition

As at the date of this annual report and during the Reporting Period, the Board comprises one non-executive Director, three executive Directors and three independent non-executive Directors as follows:

Non-executive Director:

Mr. Wu Junbao (*Chairman*)

Executive Directors:

Mr. Zhang Ming

Mr. Wang Yongkai

Ms. Chen Ming

Independent Non-executive Directors:

Mr. Jiang Min

Mr. Yang Zhanjun

Mr. Yao Heping

The biographical details of the Directors are set out under the section headed "Directors and Senior Management" in this annual report.

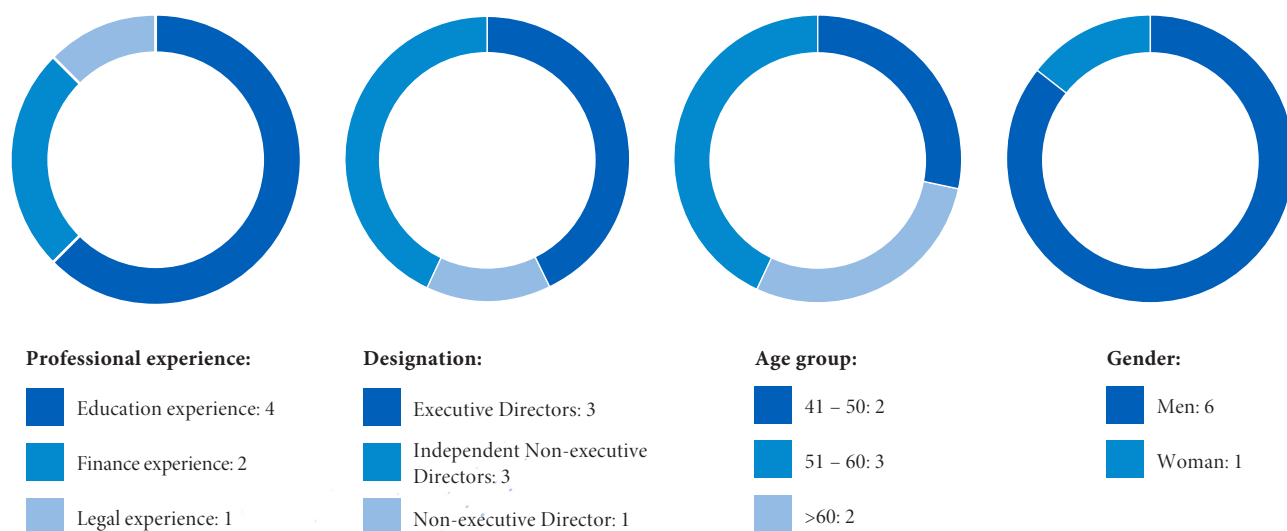
During the Reporting Period, the Board has met at all times the requirements under rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has also complied with rule 3.10A of the Listing Rules relating to the appointment of independent non-executive Directors representing at least one-third of the Board.

BOARD DIVERSITY POLICY

The Company believes that the diversity of Board members will be immensely beneficial for the enhancement of the Company’s performance. Therefore, the Company has adopted a board diversity policy (the “**Board Diversity Policy**”) to ensure that the Company will, when determining the composition of the Board, consider board diversity in terms of, among other things, age, gender, cultural and educational background, professional experience, skills and knowledge. All Board appointments will be based on merits, and candidates will be considered against objective criteria with reference to the Company’s business model and specific needs, including but not limited to gender, race, language, cultural background, educational background, industry experience and professional experience, having due regard for the benefits of diversity of the Board. The measurable objectives on board diversity under the Board Diversity Policy include (a) selection of candidates for nomination as a Director be based on the Directors’ nomination policy with due regard to the diversity perspectives set out in the policy; (b) to maintain the Board with a majority of independent non-executive Directors; and (c) to ensure that the Board be made up of members with diverse backgrounds and experience, including diversity of nationality, ethnicity and gender, with such members demonstrating appropriate knowledge, experience and understanding of the markets in which the Company operates its business.

The following charts indicate the diversity of the Board in terms of professional experience, designation, age group and gender as at the date of this report:



The Nomination Committee monitors the implementation of the Board Diversity Policy and will review the policy annually to ensure its continued effectiveness.

Assessment of independence of independent non-executive Directors is carried out in advance of appointment, annually, and at any other time where the circumstances warrant review. The Nomination Committee undertakes an annual assessment to ensure that all independent non-executive Directors continue to demonstrate strong independence and are free from business or other relationships which could interfere with their ability to discharge their duties effectively.

As each of the independent non-executive Directors has confirmed his independence pursuant to rule 3.13 of the Listing Rules, the Company considers all of them to be independent parties. The Board considered that independent non-executive Directors can enhance the effectiveness and decision-making of the Board by providing independent view, objective judgement and constructive challenge to the Board and management of the Group.

Save as disclosed in the Directors' biographies set out in the section headed "Directors and Senior Management" and otherwise disclosed in this annual report, none of the Directors have any personal relationship (including financial, business, family or other material or relevant relationship) with any other Director and chief executive.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

As regards to the CG Code provision requiring Directors to disclose the number and nature of offices held in public companies or organisations and other significant commitments as well as the identity of the public companies or organisations and the time involved to the issuer, the Directors have agreed to disclose their commitments and any subsequent change to the Company in a timely manner.

Gender Diversity

The Board currently has one female Director, and as such has achieved gender diversity in respect of the Board (as provided in Rule 13.92 of the Listing Rules). We will continue to strive to enhance female representation and achieve an appropriate balance of gender diversity with reference to shareholders' expectation and international and local recommended best practices. The Nomination Committee will use its best endeavors and on suitable basis, identify and recommend female candidates to our Board for its consideration on appointment of a Director as and when appropriate with the goal to maintain at least one female Director in our Board, subject to the Directors (i) being satisfied with the competence and experience of the relevant candidate based on reasonable criteria; and (ii) fulfilling their fiduciary duties to act in the best interests of the Company and its Shareholders as a whole when considering the appointment.

We will also ensure that there is gender diversity when recruiting staff at mid to senior level and we are committed to provide career development opportunities for female staff so that we will have a pipeline of female senior management and potential successors to our Board in near future. As at 31 December 2025, the gender ratio in our workforce (including senior management) for male and female employees were 36.8% and 63.2%, respectively.

The Company plans to offer all-rounded trainings to female employees whom we consider to have the suitable experience, skills and knowledge of our operation and business, including but not limited to, business operation, management, accounting and finance, legal and compliance and research and development.

CORPORATE GOVERNANCE REPORT

BOARD PERFORMANCE EVALUATION

The Board recognizes the importance of regular evaluations of its performance and effectiveness. A formal board performance review and a detailed board skills matrix will be developed and implemented starting from the financial year ending 31 December 2026. The Nomination Committee has commenced preparatory work to identify the key skill sets and experience that are important for the Board collectively, and will review the Board's composition and diversity with reference to such skills matrix on a regular basis.

Induction and Continuous Professional Development

Each newly appointed Director is provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant statutes, laws, rules and regulations. The Company also arranges regular seminars to provide Directors with updates on latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The company secretary of the Company has from time to time updated and provided to the Directors written training materials relating to the roles, functions and duties of a Director.

The attendance record of professional training received by the Directors for the Reporting Period is as follows:

Name of Directors	Nature of continuous professional development programmes ⁽¹⁾
<i>Executive Directors</i>	
Mr. Zhang Ming	√
Mr. Wang Yongkai	√
Ms. Chen Ming	√
<i>Non-Executive Director</i>	
Mr. Wu Junbao (<i>Chairman</i>)	√
<i>Independent Non-Executive Directors</i>	
Mr. Jiang Min	√
Mr. Yang Zhanjun	√
Mr. Yao Heping	√

Note:

(1) Reading materials relevant to corporate governance, director's duties and responsibilities, listing rules and other relevant ordinances

Chairman and Chief Executive

Under code provision C.2.1 of part 2 of the CG Code, the roles of chairman and chief executive should be separate and performed by different individuals.

Mr. Wu Junbao is the chairman of the Board and also the non-executive Director of the Group, responsible for providing opinion and judgment to the Board, while other executive Directors are responsible for the day-to-day management and operation of the Group. As a result, the roles of the chairman of the Board and chief executive are separate and performed by different individuals.

Appointment and Re-election of Directors

Each of Mr. Zhang Ming, Mr. Wang Yongkai and Ms. Chen Ming, being the executive Directors, has entered into a service contract with the Company for an initial fixed term of three years commencing from the Listing Date, 31 October 2018 or 30 December 2024 (as applicable), and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other, which notice shall not expire until the end of the fixed term.

Each of the non-executive Director and independent non-executive Directors has entered into an appointment letter with the Company for an initial fixed term of one year commencing from the Listing Date, 30 September 2019 or 17 November 2022 (as applicable) and will continue thereafter until terminated by not less than three months' notice in writing by served by either party on the other, which notice shall not expire until the end of the fixed term.

Save as aforesaid, none of the Directors has or is proposed to have a service contract or an appointment letter with the Company or any of its subsidiaries (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

Pursuant to article 84(1) of the Articles of Association, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Accordingly, each of Mr. Wu Junbao, Mr. Jiang Min and Mr. Yang Zhanjun, being eligible, offers himself for re-election at the forthcoming AGM.

The re-appointment of an independent non-executive Director (e.g. an independent non-executive Director who has served for more than nine years) at annual general meeting of the Company shall be subject to any other requirements that may be required by the Listing Rules from time to time.

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition and making recommendations to the Board on the appointment or re-election of Directors and succession planning for Directors.

CORPORATE GOVERNANCE REPORT

Board Meetings

The Company adopts the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of not less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting.

For other Board and Board Committee meetings, reasonable notice is generally given. The agenda and accompanying board papers are despatched to the Directors or Board Committee members at least three days before the meetings to ensure that they have sufficient time to review the papers and are adequately prepared for the meetings. When Directors or Board Committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the chairman prior to the meeting. Minutes of meetings are kept by the company secretary of the Company with copies circulated to all Directors for information and records.

Minutes of the Board meetings and Board Committee meetings are recorded in sufficient detail about the matters considered by the Board and the Board Committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and Board Committee meeting are sent to the Directors for comments within a reasonable time after the date on which the meeting is held. Minutes of the Board meetings are open for inspection by Directors.

During the year ended 31 December 2025, four Board meetings and one general meeting were held and the attendance of each Director at the Board meetings is set out in the table below:

Directors	Number of the Board meeting(s) attended/eligible to attend	Number of the general meeting(s) attended/eligible to attend
Mr. Wu Junbao	4/4	1/1
Mr. Zhang Ming	4/4	1/1
Ms. Chen Ming	4/4	1/1
Mr. Wang Yongkai	4/4	1/1
Mr. Jiang Min	4/4	1/1
Mr. Yang Zhanjun	4/4	1/1
Mr. Yao Heping	4/4	1/1

Apart from regular Board meetings, the Chairman also held a meeting with the independent non-executive Directors, without the presence of other Directors during the Reporting Period.

Model Code for Securities Transactions

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 all the Directors, each of the Directors has confirmed that he/she has complied with the Model Code during the Reporting Period and up to the date of this annual report.

At the same time, the Company has also adopted its own code of conduct regarding employees' securities transactions on terms no less exacting than the standard set out in the Model Code for the compliance by its relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of their dealings in the Company's securities.

Delegation by the Board

The Board reserves for its decision all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors could have recourse to seek independent professional advice in performing their duties at the Company's expense and are encouraged to access and to consult with the Company's senior management independently. The Board reviews the implementation and effectiveness of such mechanism annually.

The daily management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management.

Corporate Governance Function

The Board recognizes that corporate governance should be the collective responsibility of the Directors which includes:

- (a) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- (b) reviewing and monitoring the training and continuous professional development of Directors and senior management;
- (c) developing, reviewing and monitoring the code of conduct and compliance manual applicable to employees and Directors;
- (d) developing and reviewing the Company's policies and practices on corporate governance and make recommendations to the Board and report to the Board on matters;
- (e) reviewing the Company's compliance with the CG Code and disclosure in the corporate governance report; and
- (f) reviewing and monitoring the Company's compliance with the Company's whistleblowing policy.

Board Independence

The Company has put in place mechanisms to ensure independent views and input are available to the Board, including but not limited to the following:

Board meetings: Independent non-executive Directors participate in the Board and/or Board Committee meetings (including Audit Committee, Remuneration Committee, and Nomination Committee) to bring independent views, advice and judgment on important issues relating to the Company (including strategy, policy, performance, accountability, resources, key appointments and standards of conduct), and take the lead on matters where potential conflicts of interests arise.

No equity-based remuneration for independent non-executive Directors with performance-related elements: Independent non-executive Directors receive remuneration for their role as member of the Board and Board Committees to attract and retain them to devote time and energy to the Company. Generally, no equity-based remuneration (e.g. share options) is granted to independent non-executive Directors with performance-related elements, and they are not entitled to participate in any share option schemes and share award schemes (if any), to avoid leading to bias in their decision-making and compromise their objectivity and independence.

CORPORATE GOVERNANCE REPORT

Annual review of independent non-executive Directors' commitment and independence. Independent non-executive Directors' independence is assessed upon appointment, annually, and at any other time where the circumstances warrant reconsideration.

Professional advice. All Directors are entitled to seek advice from independent professional advisers at the Company's expenses and are encouraged to access and to consult with the Company's senior management independently.

The Board has reviewed the implementation and effectiveness of the above mechanisms on an annual basis and is of the view that such mechanisms were effective during the year ended 31 December 2025.

Nomination Policy

In order to nominate suitable candidates to the Board for it to consider and make recommendations to the Shareholders for election at general meeting(s), the secretary of the Nomination Committee shall call a meeting with the list and information of the candidates. For proposing candidates to stand for election at a general meeting, a circular which contains the names, brief biographies, independence, proposed remuneration and any other information as required pursuant to the applicable laws and regulations, will be sent to the Shareholders. Other than the nomination recommended by the Board for election, the Shareholders can serve a notice in writing of the intention to propose that certain person for election as a Director within the lodgment period. The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting.

The Nomination Committee has the discretion to nominate any person as it considers appropriate and in assessing the suitability of a proposed candidate, the criteria as set out below will be used as reference:

- Reputation and integrity;
- Experience in the directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas;
- Commitment in performing the duties as a Director and a member of the Board committees (if applicable); and
- Board diversity, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge, relationship with other Board members and length of service, and the potential contributions can be brought to the Board.

BOARD COMMITTEES

Audit Committee

The Audit Committee comprises three members, two independent non-executive Directors namely Mr. Yao Heping (chairman), who possess appropriate accounting qualifications, and Mr. Jiang Min, and the non-executive Director namely Mr. Wu Junbao.

The principal duties of the Audit Committee include the following:

1. To review the relationship with the auditor by reference to the work performed by the auditor, their fees and terms of engagement, and make recommendations to the Board on the appointment, re-appointment and removal of the auditor;

2. To review the financial statements and reports and consider any significant or unusual items raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or the auditor before submission to the Board; and
3. To review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures, including the adequacy of the resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.

The written terms of reference of the Audit Committee are available on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<https://www.chinaxhedu.com>).

During the year ended 31 December 2025, two meetings were held by the Audit Committee. The individual record of each member of the Audit Committee at the meetings of the Audit Committee is set out below:

Name of the Directors	Attendance/Number of committee meetings
Mr. Yao Heping (<i>Chairman</i>)	2/2
Mr. Wu Junbao	2/2
Mr. Jiang Min	2/2

The Group's unaudited financial results for the six months ended 30 June 2025 and the audited annual results for the year ended 31 December 2024 have been reviewed by the Audit Committee, which was of the opinion that the preparation of the relevant financial statements complied with the applicable accounting standards and requirements and that adequate disclosure has been made. The Audit Committee has also reviewed the accounting principles and practices adopted by the Group, and selection and appointment of the external auditors. In addition, the Audit Committee reviewed the internal control and internal audit function of the Group and oversaw the risk management and internal control systems of the Group during the year of 2025.

According to code provision D.3.3(e)(i) of the CG Code and the terms of reference of the Audit Committee, the Audit Committee had met, at least twice a year, with the Company's auditors.

Nomination Committee

The Nomination Committee currently comprises five members, including the non-executive Director namely Mr. Wu Junbao (chairman), an executive director namely Ms. Chen Ming, and three independent non-executive Directors namely Mr. Jiang Min, Mr. Yang Zhanjun and Mr. Yao Heping.

The principal duties of the Nomination Committee include the following:

1. to review the structure, size and diversity (including without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board at least annually, assist the Board in maintaining a board skills matrix and make recommendations on any proposed changes in accordance with the provisions of the Listing Rules and other relevant laws, rules and regulations to the Board to complement the Company's corporate strategy;

CORPORATE GOVERNANCE REPORT

- to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;
- to assess the independence of independent non-executive Directors;
- to make recommendations to the Board on the appointment or re-appointment of Directors and the succession planning for Directors, in particular the chairman and the chief executive officer;
- to review the Board Diversity Policy;
- to support the Company's regular evaluation of the Board's performance; and
- to annually assess and disclose its assessment of each director's time commitment, contribution to the Board as well as each director's ability to discharge his or her responsibilities effectively.

The Nomination Committee will identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships by considering factors including integrity, experience, skill and ability to commit time and effort to carry out the duties and responsibilities. And the Nomination Committee will make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive, taking into account our Company's corporate strategy and the mix of skills, knowledge, experience and diversity needed in the future, together with the Board, as appropriate.

The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

During the year ended 31 December 2025, two meetings were held by the Nomination Committee. The individual record of each member of the Nomination Committee at the meeting of the Nomination Committee is set out below:

Name of the Directors	Attendance/Number of committee meetings
Mr. Wu Junbao (<i>Chairman</i>)	2/2
Mr. Jiang Min	2/2
Mr. Yang Zhanjun	2/2
Ms. Chen Ming ^(Note)	2/2
Mr. Yao Heping ^(Note)	2/2

During the Reporting Period, the Nomination Committee reviewed the structure, size, diversity and composition of the Board, discussed the policy for the nomination of directors, which includes the nomination procedures and the process and criteria adopted to select and recommend candidates for directorship, and the composition of the Nomination Committee.

Note: Ms. Chen Ming and Mr. Yao Heping was appointed by the Board as the member of the Nomination Committee on 27 June 2025.

Remuneration Committee

The Remuneration Committee comprises three members, including two independent non-executive Directors namely Mr. Jiang Min (chairman) and Mr. Yang Zhanjun, and the non-executive Director namely Mr. Wu Junbao.

The principal duties of the Remuneration Committee include the following:

1. to make recommendations to the Board on the Company’s overall policy and structure for the remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy;
2. to review and approve the management’s remuneration proposals with reference to the corporate goals and objectives determined by the Board;
3. to determine the remuneration packages of individual executive Directors and senior management. These include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
4. to make recommendations to the Board on the remuneration of non-executive Directors;
5. to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
6. to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
7. to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
8. to ensure that no Director or any of his/her associates (as defined in the Listing Rules) is involved in deciding his/her own remuneration; and
9. to review and approve material matters relating to share schemes under Chapter 17 of the Listing Rules .

The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

During the year ended 31 December 2025, two meetings were held by the Remuneration Committee. The individual record of each member of the Remuneration Committee at the meeting of the Remuneration Committee is set out below:

Name of the Directors	Attendance/Number of committee meetings
Mr. Jiang Min (<i>Chairman</i>)	2/2
Mr. Wu Junbao	2/2
Mr. Yang Zhanjun	2/2

During the Reporting Period, the Remuneration Committee reviewed the remuneration packages of the Directors and senior management, assessed performance of executive Directors and discussed and approved the terms of executive Directors’ service contracts.

No material matters relating to Share Option Scheme were reviewed and/or approved by the Remuneration Committee during the Reporting Period.

CORPORATE GOVERNANCE REPORT

Remuneration of Directors and Senior Management

Details of the remuneration by band of the members of the Board and senior management of the Company, whose biographical details are set out in the section headed “DIRECTORS AND SENIOR MANAGEMENT” on pages 12 to 15 of this annual report, for the year ended 31 December 2025 are set out below:

Remuneration band	Number of individual
NIL – HK\$1,000,000	8

DIRECTORS’ RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 December 2025 which give a true and fair view of the affairs of the Company and the Group and of the Group’s results and cash flows.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company’s financial statements, which are put to the Board for approval.

The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group’s ability to continue as a going concern.

The statement by the auditor regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor’s Report on pages 111 to 112 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it is the responsibility of the Board for maintaining a sound and effective risk management and internal control system to safeguard shareholders’ investments and Company’s assets and reviewing the effectiveness of such system and the changes in the nature and extent of significant risks since the last annual review, and the Company’s ability to respond to changes in its business and the external environment on an annual basis.

The Board conducted review of the effectiveness of the risk management and internal control system of the Group during the Reporting Period and noted that the Company has established a risk management and internal control department and each of the schools has designated the relevant personnel who will be responsible for monitoring our on-going compliance with the relevant PRC laws and regulations that govern the business operations and overseeing the implementation of any necessary measures to identify and manage potential risks (including ESG risks), and to safeguard assets of our Group. Our Group’s risk management and internal control systems are designed to provide reasonable, though not absolute, assurance against material misstatement or loss and to manage rather than eliminate the risk of failure to achieve business objectives. In order to comply with the relevant requirements under the CG Code in relation to the risk management and internal controls, the Company has established an internal audit department for the purposes of simultaneous updates between the corporate governance and the CG Code and continuously improving the effectiveness of the Company’s risk management and internal controls. In addition, the Company has adopted a set of internal rules and policies governing the conduct of the employees, including teachers and personnel performing other functions, and also set up a monitoring system to implement anti-bribery and anti-corruption measures to ensure that our employees comply with our internal rules and policies as well as the applicable laws and regulations. In addition, the procedures on disclosure of inside information were in place to ensure that all relevant facts and circumstances that may have material effect on the share price of our Company are promptly assessed and that any material information which comes to the knowledge of any one or more officers of our Group is promptly identified, assessed and, if appropriate, escalated for the attention of the Board to determine whether a disclosure is required. The Board has therefore considered the risk management and internal control system as effective and adequate during the Reporting Period.

ANTI-CORRUPTION POLICY

The Company has also established policies and systems that promote and support anti-corruption laws and regulations. We require our employees to follow our employee manual and code of business conduct and ethics, which contains internal rules and guidelines regarding best commercial practice, work ethics, fraud prevention mechanisms, negligence and corruption. We also carry out regular job compliance training for our senior management and employees to maintain a healthy corporate culture and enhance their compliance perception and responsibility. Our staff can anonymously report any suspected corrupt incident to the Company. During the Reporting Period and up to the date of this annual report, we were not aware of any anti-bribery incident by our employees in relation to our customers.

The anti-corruption policy is reviewed and updated periodically to align with the applicable laws and regulations.

WHISTLEBLOWING POLICY

The Company has established a whistleblowing policy and system for employees and those who deal with the Company (e.g. customers and suppliers) to raise concerns, in confidence and anonymity, with Audit Committee about possible improprieties in any matter related to the Company.

No incident of fraud or misconduct that have material effect on the Group's financial statements or overall operations during the Reporting Period has been discovered or identified.

AUDITOR'S REMUNERATION

The remuneration for the audit and non-audit services provided by the auditor to the Group during the year ended 31 December 2025 was approximately as follows:

Type of Services	Amount (RMB'000)
Audit services	1,850
Non-audit services	–
Total	1,850

COMPANY SECRETARY

Ms. Yu Anne was appointed as the company secretary of the Company on 30 August 2022. Ms. Yu Anne is the assistant manager of SWCS Corporate Services Group (Hong Kong) Limited and has over 20 years of experience in the corporate secretarial and corporate governance field. She is responsible for advising the Board on corporate governance matters and ensuring that the Board policies and procedures, as well as the applicable laws, rules and regulations are followed. Her primary contact person of the Company is Mr. Wang Yongkai, an executive Director.

For the year ended 31 December 2025, Ms. Yu Anne has undertaken not less than 15 hours of relevant professional training in compliance with rule 3.29 of the Listing Rules.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with the Shareholders is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company also recognizes the importance of timely and non-selective disclosure of information, which will enable Shareholders and investors to make the informed investment decisions.

The AGM provides opportunity for the Shareholders to communicate directly with the Directors. Accordingly, the chairpersons of the Board and the Board Committees of the Company will attend the annual general meetings to answer Shareholders' questions. The auditor will also attend the annual general meetings to answer questions regarding the conduct of the audit, the content of the auditor's report, the accounting policies and the auditor's independence.

CORPORATE GOVERNANCE REPORT

To promote effective communication, the Company adopts a shareholders' communication policy which aims at establishing a two-way relationship and communication between the Company and the Shareholders and maintains the Company's website at (<https://www.chinaxhedu.com>), where up-to-date information regarding the Company's business operations and developments, financial information, corporate governance practices and other information are made available for public access.

The Board has conducted the annual review of the implementation and effectiveness of the shareholders' communication policy of the Company and concluded that the policy was implemented effectively during the financial year.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including the election of individual Directors.

All resolutions put forward at general meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

Convening of extraordinary general meeting and putting forward proposals

Shareholders may put forward proposals for consideration at a general meeting of the Company according to the Articles of Association. Any one or more members holding as at date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or company secretary of the Company, to require an extraordinary general meeting of the Company to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition.

If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

As regards proposing a person for election as a Director, the procedures are available on the website of the Company.

Enquiries to the Board

Shareholders who intend to put forward their enquiries about the Company to the Board could send their enquiries to the Board of Directors at No. 555 Wangjiangxi Road, Hefei City, Anhui Province, PRC.

CHANGE IN CONSTITUTIONAL DOCUMENTS

There has been no changes to the articles of association of the Company during the Reporting Period.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. ABOUT THE REPORT

The report is the ninth environmental, social and governance (ESG) report (the “Report”) published by China Xinhua Education Group Limited and its subsidiaries (collectively, the “Group” or “we”). The Report discloses the information from 1 January 2025 to 31 December 2025 (the “Year” or the “Reporting Period”), focusing on presenting the policies implemented, measures adopted and performance of the Group in terms of sustainable development. For further details on corporate governance, see the section headed “Corporate Governance Report” in the Report.

Reporting Standards

The Report has been prepared in accordance with the mandatory disclosure requirements and “Comply or Explain” provisions of Appendix C2 Environmental, Social and Governance Reporting Code (the “Code”) to the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), and the four reporting principles in the Code.

Reporting principles	Relevant description
Materiality	The Group has fully communicated with each stakeholder and disclosed in the Report the process of communication with all stakeholders and the materiality assessment results, so as to identify the material ESG issues of the Group in the Year.
Quantitative	The statistical standards, methods, assumptions and calculation tools used for disclosing ESG-related performance indicators and related data in the Report, as well as the sources of conversion factors, are all described in the Report.
Consistency	The statistical methods used for data disclosure in the Report are consistent with the previous year. Changes, if any, will be clearly described in the Report.
Balance	The Report provides an unbiased picture of all performances in terms of ESG in the Year, so as to avoid selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report reader.

Scope of the Report

The social disclosure scope of the Report is consistent with the annual report. The environmental disclosure scope covers two schools of the Group, namely Anhui Xinhua School and Anhui Xinhua University (the “Schools”).

Language of the Report

The Report is published in Chinese and English. In case of any discrepancy, the Chinese version shall prevail.

Confirmation and Approval

The Report was considered and approved by the Board of Directors on 31 March 2026 after confirmation by the management.

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Feedback on the Report

The Group attaches great importance to each stakeholder's opinions and suggestions and regards them as an important basis for formulating the future sustainable development strategies and optimizing the relevant governance structure.

If you have any queries or suggestions, please feel free to contact us through the following channels:

Email: xhjtbg@xhgroup.cn

Tel: 0551-6587 2266

2. ESG GOVERNANCE

We fully recognize that a comprehensive ESG governance framework is the foundation for achieving sustainable development and long-term value creation. In the construction of our ESG governance system, the Board of Directors fully plays a strategic leadership role, ensuring that the relevant material ESG issues are integrated throughout strategic planning, risk management, and performance evaluation processes. This drives the Group's steady progress in sustainable development. Through clear delineation of responsibilities, regular stakeholders' communication, and regular information disclosure, we are committed to continuously enhancing ESG governance, responding to each party's expectations with action, contributing to the creation of a more inclusive, resilient, and sustainable future for education.

2.1 Statement of the Board

The Group has established a sound ESG governance structure and set up an ESG Working Group to be responsible for the coordinated management of ESG-related matters. In this structure, the Board of Directors is fully responsible for leading the formulation and reporting of the ESG strategy. The ESG Working Group is dedicated to keeping active communication with each stakeholder. The main responsibilities of the Working Group include identifying, evaluating, prioritizing and managing material ESG issues, developing corresponding action plans and strategies, and coordinating the ESG work of each functional department in the Group. The Working Group also regularly reports the ESG work progress to the Board of Directors.

During the Year, we assessed our performance against the established environmental targets, continuously made optimization and dynamic adjustments based on the current actual progress and the Group's operation.

2.2 ESG Governance Structure

The Group's dual-layered ESG governance structure effectively ensures the efficient management and implementation of ESG-related matters within the Group. As the highest decision-making level, the Board of Directors assumes overall responsibility for the Group's ESG strategies and reporting systems. It not only reviews and approves materiality assessment results but also takes the lead in the establishment of an ESG Working Group, overseeing and guiding its operations.

Under the authorization of the Board of Directors, the ESG Working Group is responsible for collecting and studying stakeholders' feedback and opinions on each kind of ESG issues. The ESG Working Group identifies, evaluates, prioritizes and manages material ESG issues by communicating with stakeholders and systematically analyzing the Group's ESG risks, thereby formulating the corresponding plans and strategies. Meanwhile, it is in charge of coordinating the ESG work within the Group, and regularly reporting the overall ESG work progress to the Board of Directors, so as to ensure measures associated with ESG are effectively implemented and monitored.

2.3 Communication with Stakeholders

We deeply recognize that each stakeholder's opinions are very important to the development and daily operation of our business. Therefore, we are committed to building and maintaining a long-term and effective interaction mechanism with each party through diversified communication channels. This ongoing communication mechanism aims to continuously improve and enhance our corporate social responsibility initiatives and to ensure that the Group's business operations and strategic plans can fully respond to the expectations and requirements of each stakeholder.

Main Stakeholders	Expectations and Requirements	Main Communication Channels	Frequency of Communication
Investors/Shareholders	<ul style="list-style-type: none"> Green buildings on campuses; Brand promotion; Sustainable procurement; Teaching quality control 	<ul style="list-style-type: none"> Results announcement Senior management meetings Shareholders' meetings 	Annually Regularly From time to time
Teachers/other employees	<ul style="list-style-type: none"> Training and development; Benefits; Career development; Healthy and safe working environment 	<ul style="list-style-type: none"> Employee opinion surveys Performance appraisals Training courses Publications (such as employee newsletters) 	From time to time Regularly From time to time Regularly
Business partners	<ul style="list-style-type: none"> The latest development of the Group; School brand 	<ul style="list-style-type: none"> Report Meetings Visits Lectures 	From time to time From time to time
Regulatory authorities	<ul style="list-style-type: none"> Compliant operation; Compliance with sustainable operation 	<ul style="list-style-type: none"> Meetings Compliance reports 	From time to time From time to time
Communities/Nongovernmental organizations	<ul style="list-style-type: none"> Communities investment; Participation in community activities 	<ul style="list-style-type: none"> Seminars/lectures/workshops Meetings 	From time to time
Suppliers	<ul style="list-style-type: none"> Fair competition; Honesty transactions 	<ul style="list-style-type: none"> Supplier management procedures Supplier/contractor evaluation systems Meetings Site inspection 	From time to time Regularly From time to time From time to time
Students/Parents	<ul style="list-style-type: none"> Teaching quality; Teacher qualifications; School brand 	<ul style="list-style-type: none"> Feedback in class Satisfaction survey Telephone Email 	Regular communication Regularly Regular communication

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2.4 Materiality Assessment

The management of the Group and the ESG Working Group confirmed that the materiality assessment results are still applicable for the Year because (i) there were no significant changes in the Group's business and operation environment during the Reporting Period; and (ii) the results of the materiality assessment can still respond to the stakeholders' expectations of the Group. Based on the stakeholders' analysis of the materiality assessment results, the management of the Group identified 23 material issues, of which 14 are highly material issues, 8 are moderately material issues and 1 is generally material issue, which are detailed as follows:

Highly Material Issues	Moderately Material Issues	Generally Material Issues
<ul style="list-style-type: none">• Employment management• Benefits of faculty members• Health and safety of students• Development and training of faculty members• Anti-corruption• Protection of intellectual property rights• Teaching quality control• Dealing with teaching opinions• Supply chain management• Pollution reduction and emissions reduction• Waste management• Use of materials/resources• Green buildings on campuses• Environmental education	<ul style="list-style-type: none">• Teacher qualifications and professional ethics• Protection of privacy information• Brand promotion• Sustainable procurement• Educational resources• Student employment rate• Energy consumption and efficiency• Community investment and engagement	<ul style="list-style-type: none">• Occupational health and safety

3. PUTTING PEOPLE FIRST, MOVING FORWARD TOGETHER

We are well aware that high-quality education comes from outstanding teaching staff and regard it as the core element to enhance the quality of education. During our operations, the Group strictly complies with the Labor Contract Law of the People's Republic of China, the Labor Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of Minors and the Provisions on the Prohibition of Using Child Labor. We strive to create an impartial working environment and oppose any form of prejudice and discrimination on the grounds of gender, sexual orientation, nationality, beliefs, disability, family status and race, ensuring that every educator can focus on their educational mission in an inclusive environment.

During the Year, the Group had a total of 3,055 employees.

3.1 Protection of Employee Rights

The Group has formulated and implemented the "Administrative Measures of Anhui Xinhua University for Recruitment of High-level Talents" (《安徽新華學院高層次人才引進管理辦法》), the "Management Standards for Human Resource Allocation" (《人力資源分配管理規範》) and the "Recruitment System of Anhui Xinhua Group" (《安徽新華集團員工招聘制度》), with an aim of establishing a systematic and efficient system for the recruitment and management of talents. During the recruitment process, we scrupulously abide by the principles of fairness, transparency and inclusiveness, and firmly oppose any forms of discrimination, so as to ensure the equality and standardization of talent selection and allocation.

In terms of talent acquisition, we balance external recruitment with internal cultivation, prioritizing career advancement and job adjustment to foster employee career development and stimulate internal organizational vitality. Each department prepares annual recruitment plans according to its manpower demand. All plans can only be carried out once they are approved. During the Year, institutions including Anhui Xinhua University, Anhui School and Jiangsu School carried out recruitment activities in accordance with the annual recruitment plans, publishing talent introduction information through public channels and consistently upholding transparency in the recruitment process.

At the talent selection stage, we carry out a thorough qualification review of all candidates to ensure the authenticity and reliability of their information and strictly eliminate any use of child labor. The selection process covers multiple stages, including initial screening, interviews, functional assessment, and re-interviews, providing a comprehensive evaluation of candidates' professional skills, work ethic, values, and their adaptability for the position. Furthermore, the selection process is reviewed periodically by the Group to ensure its compliance with established standards. In the event that any irregularities are detected, they shall be dealt with and punished in accordance with the established regulations.

After an employee joins us, the Group will sign a labor contract with such employee in accordance with the "Management Regulations of Anhui Xinhua Group on Labor Contracts" (《安徽新華集團勞動合同管理條例》), which specifies basic terms such as the place of work, contract duration, salary, working hours and holidays. Contents such as performance and confidentiality are stipulated through supplementary agreements. During the Year, we formulated the "Standards and Calculation Methods for Teacher Workload at Jiangsu School" (《江蘇學校教師工作量額定標準及計算辦法》), to scientifically and rationally quantify faculty workload, and performance-based salary bonuses are awarded in accordance with the relevant systems. Additionally, through the "Management Measures for the Establishment and Promotion of Deputy Section Chief, Section Chief, and Assistant Positions at Jiangsu School" (《江蘇學校副科長、科長和助理崗位設置與晉升管理辦法》), we have clarified the career advancement pathways for relevant positions. We respect employees' right to resign and will follow standardized demission procedures, conduct exit interviews, and actively collect feedback to improve our management practices.

According to the "Management Regulations on Attendance and Leave of Absence of Anhui Xinhua Group" (《安徽新華集團考勤與請假管理規定》), the types of leave enjoyed by employees include sick leave, personal leave, marriage leave, maternity leave, nursing leave, child care leave, funeral leave, work injury leave, annual leave and shift change leave, etc., with associated arrangements implemented in accordance with national laws and regulations. Additionally, the "Interim Measures for the Management of Overtime Work at Jiangsu School" (《江蘇學校加班管理暫行辦法》) explicitly stipulates that approved overtime hours may be compensated through compensatory leave, and in cases where taking compensatory leave is not feasible, overtime payment is granted in accordance with the prescribed overtime rate, to safeguard employee rights and promote work-life balance.

During the Year, the Group did not employ child labor or forced labor.

3.2 Compensation and Benefits

An attractive compensation mechanism not only effectively motivates employees and enhances their sense of belonging and loyalty, but also builds a stable talent foundation for the Group's sustainable development. To maintain the competitiveness of our compensation system, we regularly evaluate and optimize the compensation structure to align it with market trends and talent value. In accordance with the "Management Rules for Benefits of Faculty Members of Anhui Xinhua University" (《安徽新華學院教職工福利管理細則》), the Group legally pays social insurance and housing provident fund for our employees and ensures that they are entitled to statutory paid annual leave.

To alleviate housing pressures for faculty members, we have formulated and implemented "Management Regulations on Accommodation for Employees of Anhui Xinhua Group (Trial)" (《安徽新華集團員工住宿管理規定(試行)》). Eligible newly-hired faculty members are provided with two-year free accommodation, which is subject to renewal according to their actual needs and relevant requirements, fully demonstrating the Group's commitment to supporting employees' livelihoods.

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Additionally, we offer diverse benefits including health checkups, holiday subsidies, communication subsidies, working meal subsidies and marriage subsidies, providing comprehensive care for faculty members to enhance their job satisfaction and well-being. During the Reporting Period, the Group organized health checkups for faculty members and extended these services to their family members at the negotiated price. We believe this initiative not only helps to monitor the health status of faculty members in a timely manner for early prevention and intervention but also extends the care to their family members, jointly building a secure system for healthy work and life.

Through the Labor Union of Jiangsu School, we have established a long-term employee assistance and support mechanism, which provides corresponding subsidies and care support to employees facing special difficulties, hospitalization, death of themselves or close relatives, marriage, or childbirth. This effectively strengthens our humanistic care, provides timely support to employees during critical moments, and enhances their sense of belonging.

3.3 Safety and Health

The Group strictly complies with the Food Safety Law of the People's Republic of China (《中華人民共和國食品安全法》), the Regulations on Food Safety Operation of Catering Services (《餐飲服務食品安全操作條例》), the Regulations on School Health Work (《學校衛生工作條例》) and the Fire Control Law of the People's Republic of China (《中華人民共和國消防法》) and other relevant laws and regulations. We strive to provide a safe and healthy learning and working environment for our teachers and students. We continuously enhance school safety facilities, strengthen fire prevention awareness, and systematically elevate overall safety standards. In the meantime, we place high importance on student mental health and have implemented a number of measures to foster a positive and supportive campus atmosphere to comprehensively safeguard the physical and mental well-being of our students and teachers.

The number of days lost due to work-related injuries during the Year was 43. There were no work-related fatalities in the past three years, including the Reporting Period.

3.3.1 Campus Safety Governance

To systematically advance campus safety governance, the Group has established a regulatory framework such as the "Regulations on Campus Security Management of Anhui Xinhua University (Revised)" (《安徽新華學院校園治安管理规定(修訂)》), the "Implementation Measures for Comprehensive Campus Governance of Anhui Xinhua University (Revised)" (《安徽新華學院校園綜合治理實施辦法(修訂)》) and the "Regulations on Fire Safety Management of Anhui Xinhua University (Revised)" (《安徽新華學院消防安全管理规定(修訂)》), aiming to effectively prevent and respond to various illegal acts, natural disasters, fire incidents, and other emergencies that may affect the order of teaching and the daily lives of teachers and students. Through a series of measures, we continuously improve the educational environment and ensure the safety of campus properties and the personal safety of teachers and students.

We conduct periodic campus-wide safety inspections by following the principle of "leaving no dead corner, no blind spot, no room and no tail", to comprehensively investigate possible safety loopholes, including flammables and explosives, use of electricity and gas, restaurants and shops, laboratories, building facilities and fire-fighting equipment, ensuring relevant facilities and equipment can meet national safety standards. In key management areas, we carry out strict warehousing management and equipment maintenance protocols for drugs and chemicals used in laboratories and infirmaries; engage qualified professional personnel to maintain campus-wide fire-fighting equipment; and regularly organize food safety training for canteen employees and continuously monitor the sanitation of canteens and the implementation of the food safety management regulations. Furthermore, the Group carries out several safety knowledge training sessions and fire drills to enhance risk prevention awareness and emergency response capabilities among teachers and students, comprehensively strengthening campus safety defenses.

Case: 2025 Fire Safety Publicity Month campaigns

1. Fire emergency evacuation drill and fire safety knowledge training

In November 2025, right on the occasion of the 34th National Fire Prevention Day, the school held the 2025 Fire Safety Publicity Month campaigns with over 900 participants in total to further enhance the fire safety awareness of all teachers and students while comprehensively improving the school’s fire prevention capabilities. We conducted a fire emergency evacuation drill and provided teachers and students with opportunities to learn fire safety knowledge and receive fire skills training. This initiative aimed to comprehensively improve the school’s fire safety management level, further strengthen the fire safety awareness of teachers and students, and lay a solid foundation for building a safe campus.



2. The Second Laboratory Safety Month activities

During the Second Laboratory Safety Month activities, we enabled teachers and students to acquire new skills in laboratory safety protection through various specialized modules, including immersive experiential activities, reagent matching games, and practical emergency drills. These activities helped popularize knowledge on laboratory fire safety, electrical safety, chemical safety, and laboratory first aid and protection.



3.3.2 Mental Health of Teachers and Students

We have always regarded the mental health of our teachers and students as a cornerstone of our schools' holistic development. To establish a comprehensive mental health support system, the Group has incorporated mental health education into the compulsory curriculum and set up a mental health education center and a mental health counseling center equipped with professional counselors and guidance teams, which provide personalized mental health counseling and professional guidance services for teachers and students to help them cope with the stresses and challenges effectively.

Practically, we regularly organize a variety of activities on the theme of mental health. Through interactive and experiential approaches, we enhance awareness of mental well-being among teachers and students while strengthening their emotional management and self-regulation skills. Through all-round and multi-faceted measures that integrate curriculum development, professional services and thematic activities, we are committed to creating a caring, supportive and understanding campus environment, providing robust safeguards for the healthy development of every teacher and student.

Case: Opening ceremony of the 20th college student mental health publicity month and the 4th mental health garden party event

In April 2025, Anhui Xinhua University held a Mental Health Garden Party themed "Take a Stroll in Spring," which encompassed a series of activities including a mental health film salon, photography competition, reading sharing session, a series of training sessions for mental health committee members, lectures on interpersonal relationships, and seminars on understanding and coping with depression and anxiety. This month-long thematic event integrated mental health care into every moment of campus life through rich and diverse activities, guiding teachers and students to release stress and practice self-care amidst springtime scenery.



3.4 Training and Development

The Group believes that continuous knowledge renewal and skill enhancement are the core drivers of employee career growth. Therefore, we have established a multi-dimensional training system encompassing various forms such as thematic dialogues, field visits, on-site observations, thematic seminars, and research-based learning. This system provides faculty members with abundant learning resources and development opportunities to meet the training needs of different positions and levels. Within the Group’s unified framework, each college may independently design and implement customized training programs based on its own development characteristics and talent needs, ensuring that the training content is precisely aligned with each college’s development goals.

The Group actively supports employees’ participation in continuing education, professional qualification courses and academic exchange activities, and provides institutional safeguards for employee growth. The “Management Measures for Continuing Education and Training of Professional and Technical Personnel at the Jiangsu School (Trial)” (《江蘇學校專業技術人員繼續教育培訓管理辦法(試行)》) explicitly incorporates continuing education achievements into the assessment, appointment, and promotion systems, which aims to effectively stimulate the learning motivation of professional and technical personnel, laying a solid foundation for building a high-quality, innovative talent pool. We encourage faculty members to continuously update their knowledge base and refine their professional capabilities. By fostering a learning environment that keeps pace with the times, we comprehensively support employees in achieving their career growth.

During the Reporting Period, the Group organized and implemented a total of 16 training programs covering all levels of positions, with an average satisfaction rate of 96.5%. The primary training content and directions are listed below:

Training Series	Training Content
Source power	Special training on procurement
	Special training on official document writing
	Special training on engineering management
	2025 new employee training – first half
	Training on financial rules and regulations
	Special training on legal affairs I
	Theme activities for Teachers’ Day
	Short video production skills and capability enhancement
	Graphic design skills and capability enhancement
	Thematic training on photographic aesthetics
	Special training on legal affairs II
	2025 new employee training – second half

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Training Series	Training Content
Wing Power	Training for job candidates Leadership and other management training
Core Power	Leadership training on economic situation, industry development, strategic planning, etc.
Xinhua Lecture	“Secretary’s Talk on Growth” series “President’s Talk on Development” series Managers’ “Experience Sharing” series “Quality Course Sharing” series Industry policy research and studies

At the school level, the structure of the training system of Anhui Xinhua University for the Year is shown below:

School-Level School-Based Training System						Classic Programs
Management training	Empowerment Program	Training on management skills enhancement				ALDP accelerated leadership training series
		Training on basic management skills				Blue series: deep blue project, cyan blue project, azure blue project
Professional training	Light and Harmony Program	Teaching	Student Affairs	Administration	Other Business Training	Growth Accelerator Rising star demonstration lesson series Premium demonstration lesson series
	Rainbow Program	Teacher training				Face-to-face series
New employee training	Onboarding Support Program	Professional training		Higher education teacher certification training	New employee centralized training	Youth Development Project
Cultural training	Talent Development Program	Teacher ethics and conduct training				Xinhua Culture Lecture
		Culture lecture				

Case: Middle and senior management training and studying at Zhejiang University

From July to August 2025, to strengthen the Party building work at our school, over 50 participants, including group leaders, all members of the university's Party and administrative leadership teams, and heads of various secondary units, took part in the "Deep Blue Project" held at Zhejiang University. As the eleventh consecutive session of the "Deep Blue Project," this training program leveraged Zhejiang University's academic strengths and the industrial resources of the Yangtze River Delta Region. Through a combination



of theoretical lectures, case analyses, and on-site teaching, the program enhanced the participants' strategic thinking, innovative capabilities, and governance proficiency. In the future, our school will continue to explore new training models to lead the leapfrog development of the school's cause with high-quality Party building.

Case: The 5th Teacher Teaching Skills Competition of Private Universities in Yangtze River Delta region

In November 2025, we participated in the 5th Teacher Teaching Skills Competition of Private Universities in Yangtze River Delta Region. One of our teachers won the First Prize in the Liberal Arts category, and two teachers won the Second Prize in the Sciences category, marking our best results since joining the competition. This competition serves as a vital platform for private universities in the Yangtze River Delta region to showcase teaching excellence and enhance educational quality. It fully demonstrated our participating teachers' solid teaching fundamentals, innovative teaching methods, and stable on-site performance.



3.5 Activities and Practice

To ensure that faculty members feel the school's care and attention, enhance their sense of belonging and cohesion, and enrich their spiritual and cultural life, we planned and organized a series of multi-level and diversified cultural activities this year, including International Women's Day themed activities and Teachers' Day commendation conference. These activities provide a platform for faculty members to communicate outside of work, promote relaxation and cultural enrichment, enhance communication and cooperation among colleagues, vigorously promote the spirit of educators, commend outstanding individuals, and jointly create a united and harmonious campus atmosphere.

Case: Series of Activities for International Women's Day

On the occasion of the 115th International Women's Day, Xinhua Park held a themed event for all female faculty members, including flower arranging, handicrafts, lecture and sharing session, and lecture on women's health knowledge. The tea party also invited a well-known makeup artist to provide insights into the latest beauty trends and demonstrate practical makeup techniques. The forum themed "Be Your Own Mountain (做自己的大山)" focused on personal growth and self-exploration, encouraging female faculty members to bravely pursue their individuality and confidently express themselves.

Through this series of activities, female faculty members not only exchanged ideas about their professional and family roles and discussed how to regulate their emotions and release stress when pressure comes, but also received health knowledge so that they can take full care of their own health.



Case: 2025 Teachers' Day Commendation Conference

On the occasion of the 41st Teachers' Day, our school held the 2025 Teachers' Day Commendation Conference to commend teachers who have made outstanding contributions in many aspects, including outstanding teachers who have guided students to achieve excellent results in national competitions, guardians who have stayed on the front line of education, teaching and service support, teacher representatives who have worked hard in teaching, educating and scientific research and innovation and achieved fruitful results, as well as recipients of the Outstanding Contribution Award for Scientific Research.

This conference not only paid high tribute to the outstanding role models on the front line of education, but also united the entire school in working together for development. We will take this commendation as an opportunity to continue to promote the spirit of educators, give full play to the leading role of role models, deepen the reform of education and teaching, comprehensively enhance the school's strength, and contribute Xinhua's strength to the construction of a strong education nation and the cultivation of high-quality talents.



4. COMPLIANCE AS THE FOUNDATION, STEADY PROGRESS LEADS TO LONG-TERM SUCCESS

Compliant operation is not only the cornerstone of our high-quality and sustainable development, but also the fundamental guarantee for fulfilling our mission of nurturing people and fulfilling our social responsibilities. Our Group consistently integrates compliant operation throughout the entire school management process, strictly adheres to national laws and regulations as well as industry standards, and has built a comprehensive compliance management system around five core dimensions: integrity governance, data security, intellectual property protection, service quality improvement, and supply chain management. By improving internal regulations, strengthening the implementation of systems, and deepening education for all staff, we have focused on building a solid compliance defense and standardizing operational behaviors. This has not only protected the legitimate rights and interests of teachers, students and partners, but also provided solid support for the orderly development of education, teaching, and school-enterprise cooperation.

4.1 Anti-corruption

The Group strictly complies with relevant laws and regulations, including the Oversight Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Company Law of the People's Republic of China, the Criminal Law of the People's Republic of China and the Anti-Money Laundering Law of the People's Republic of China. On this basis, the Group has formulated and implemented internal regulations including the "Integrity Construction Management Regulations" (《廉政建設管理規定》), the "Procurement Management System" (《採購管理制度》), the "Complaints and Whistle-Blowing Management Regulations" (《投訴舉報管理規定》), the "Audit and Supervision Management Regulations" (《審計督察管理規定》), the "Contract Review Management System" (《合同審核管理制度》) and the "Seals Management Regulations" (《印章管理規定》), with the aim to comprehensively build a compliant operation and integrity governance system to ensure that all operations of the Group adhere to the principles of integrity and transparency, and to provide a solid guarantee for high-quality and sustainable development.

We strictly prohibit any form of illegal or irregular behavior, including unauthorized use of company resources, soliciting or accepting kickbacks, seeking improper benefits, falsifying personal expenses, and engaging in any conflict of interest. As the primary responsible persons for integrity building, heads of all departments shall formulate and implement targeted integrity management measures. Any violation, once discovered, must be immediately reported to the audit and supervision department. This department is responsible for proposing handling recommendations and supervising the implementation of corresponding penalties, thus forming a closed-loop management system.

The Group has established a comprehensive whistleblowing mechanism to encourage internal and external personnel to report violations either under their real names or anonymously, while strictly protecting the information of whistleblowers. Reported matters are processed through a three-tier mechanism involving departments, the Group, and senior management based on content and level. Each report is tracked and responded to within specified timeframes according to established procedures. Relevant departments must actively cooperate with the investigation process to ensure all reports are handled promptly and fairly, thereby effectively upholding the Group's compliance and ethical standards.

To build a culture of integrity involving all members, all new recruits must understand and learn the Group's integrity system upon joining and sign the "Employee's Letter of Undertaking for Honest Practice" (《員工廉潔從業承諾書》). At the same time, when establishing a relationship with our partners, we also require them to sign the "Letter of Undertaking for Integrity" (《廉潔承諾書》) to jointly maintain a clean and ethical business environment.

During the Reporting Period, 4 directors and 2,521 employees attended anti-corruption training for 3 hours and 2 hours respectively. We focused on key areas such as financial management, procurement management, engineering management, and legal compliance. Through specialized meetings and case-based teaching, we strengthened the dissemination of policies, deepened employees' understanding of anti-corruption policies, enhanced their awareness of and capabilities for ethical conduct, so as to collectively build an open, transparent, and integrity-driven corporate culture.

Anti-Corruption Training — Contract Management Training

This training program focuses on the entire process of corporate contract management. Through professional guidance and case studies, it aims to help employees identify and prevent legal risks and integrity concerns during contract signing and execution. The training content covers contract clause review, risk prevention and control strategies, and compliance operation standards. It also incorporates anti-corruption warning education, emphasizing the importance of integrity in the workplace, guiding employees to adhere to the bottom line, and eliminating corrupt behaviors such as the transfer of benefits and embezzlement.



During the year, the Group has not been involved in any lawsuits against the Group or its employees, nor has it been involved in any cases of corruption, bribery, extortion, fraud, or money laundering.

4.2 Data Information Security

The Group strictly complies with the Regulations of the People's Republic of China for the Safety Protection of Computer Information Systems, the Cyber Security Law of the People's Republic of China, the Regulations on Technical Measures for Internet Security Protection, the Measures for Administration of Internet Information Services, the Measures for Security Protection Administration of the International Networking of Computer Information Networks and other relevant laws and regulations. We also have formulated internal regulations such as the "Regulations of Xinhua Group on Confidentiality Management" (《新華集團保密工作管理規定》), the "Measures of Anhui Xinhua University on Campus Network Security Management" and the "Detailed Regulation of Anhui Xinhua University on the Management of Information Backup" (《安徽新華學院信息備份管理細則》), which cover information management, confidentiality mechanisms and backup processes to comprehensively ensure the security and reliability of the Group's information processing and network operation.

In terms of personal information protection, we classify and manage personal information from different sources such as students, employees, suppliers and partners according to the type of information, and adopt strict confidentiality and permission control measures. Employees who need to access information beyond their authorities as a result of their work are required to go through a formal application and approval process to ensure that the privacy rights and interests of all parties involved are fully respected and protected.

To ensure the integrity and availability of data, we regularly maintain and inspect data storage devices and fully utilize copyrighted software and anti-virus tools to build a security protection system. All core data undergoes a dual backup mechanism, comprising one local backup and one off-site backup, with storage environments required to meet multiple physical and logical security standards. Backup data is accessible only to authorized personnel. Data restoration can only be carried out after approved by the head of the informationization construction and development center, thereby establishing a closed-loop, controllable data security protection system. In addition, during the Reporting Period, we used WeChat official accounts to popularize cybersecurity knowledge and called on teachers and students to participate in activities such as the National College Student Cybersecurity Knowledge Quiz to enhance basic awareness of prevention measures.

4.3 Protection of Intellectual Property

The Group strictly complies with the Patent Law of the People's Republic of China, the Detailed Rules for Implementation of the Patent Law of the People's Republic of China, the Regulations on Administration of Protection of Intellectual Properties in Colleges and Universities, the Advertising Law of the People's Republic of China, the Trademark Law of the People's Republic of China and other laws and regulations. Based on these, it has established an internal intellectual property management mechanism.

The "Patent Management Measures of Anhui Xinhua University" (《安徽新華學院專利管理辦法》) promulgated by us clarifies the principles of ownership of patent rights: the invention patent of an employee that is a non-service patent shall be owned by the employee; and the invention that is a service invention or is created using the Group's resources shall be owned by the Group. The Measures also regulate the patent transfer process and the mechanism for handling violations, so as to effectively safeguard the Group's legitimate rights and interests. In practice, we entrust professional intellectual property agencies to handle intellectual property registration matters and strengthen academic integrity management in accordance with the "Investigation and Disciplinary Measures of Anhui Xinhua University on Academic Misconduct" (《安徽新華學院學術不端行為查處辦法》). To encourage innovation, we have implemented the "Incentive Regulations of Anhui Xinhua University on Scientific Research Achievements" (《安徽新華學院科研成果獎勵辦法》) to provide funding and awards for scientific research achievements that meet the requirements. Furthermore, by unifying the usage standards of trademarks, we can systematically enhance brand image and recognition, and jointly build a comprehensive intellectual property rights protection system.

In terms of publicity and information dissemination, we have formulated the "Rules on Management of Official Media" (《官方傳播媒介管理條例》) and the "Approval and Publication Process of Publicity Drafts" (《宣傳稿件審批及發布程序》), and strictly implement the principles of "authorization before use" and "authorization before dissemination" to ensure compliance with information copyright. All promotional content must go through an approval process to ensure its accuracy, consistency and legality, so as to effectively safeguard the Group's brand reputation and public image.

During the Reporting Period, the Group did not have any violations of laws and regulations related to advertising, and had 72 new patents and maintained 167 patents in effect.

4.4 Upholding the Essence of Education

Teaching quality is the core lifeline of education, and quality service is an important support for running a school. The Group has always adhered to the fundamental task of fostering virtue and nurturing talent, aiming at cultivating high-quality applied talents, and integrating standardised school management, quality improvement and efficiency enhancement throughout the whole process of education and teaching. We strictly follow the guidelines of the national education policies, and have established a comprehensive and whole-chain education service system covering teaching quality assurance, industry-education integration and collaboration, home-school communication and students' employment empowerment. By improving the quality control mechanism, upgrading the teaching software and hardware facilities, deepening the school-enterprise cooperation, smoothening the communication channels between parents and school, and strengthening the employment support, we continuously enhance satisfaction with education services, and safeguard students' entire lifecycle from academic growth to career development with tangible measures.

4.4.1 Guaranteeing Teaching Quality

We strictly comply with the National Standard of Teaching Quality for Undergraduate Majors at Regular Institutions of Higher Education (《普通高等學校本科專業類教學品質國家標準》), the Opinions on Speeding up the Construction of High-level Undergraduate Education to Improve Talent Development Ability in an All-round Way (《關於加快建設高水準本科教育全面提高人才培養能力的意見》), and other policies and guidelines, with the fundamental mission of cultivating high-quality talents with patriotic integrity, innovative consciousness, and well-rounded character development. In order to achieve this mission, we continuously improve our teaching quality assurance system to ensure the entire teaching process carried out in a standardized and orderly manner; and we keep improving our majors structure and teaching methods to create a comprehensive and efficient learning environment, in an effort to align our education quality with national standards and also the personal development demands of students.

In order to promote the construction of first-class undergraduate majors, we have formulated and implemented the “Measures for Development and Management of First-class Undergraduate Majors in Anhui Xinhua University” (《安徽新華學院一流本科專業建設與管理辦法》), and created a three-level major construction system at school, provincial and national levels. These Measures specify the allocation of funds required for the construction of majors, the assessment and acceptance procedures and the recognition standards for majors, providing a standardized guidance for the whole process of majors development from resource input to performance evaluation. Meanwhile, in accordance with the “Implementation Measures for the Monitoring and Assurance of Teaching Quality in Anhui Xinhua University” (《安徽新華學院教學質量監控與保障實施辦法》), we established the teaching quality assurance system of “three levels, four supervisions and five systems” (三級、四督和五系統).

three levels

university, school and department

- We manage our teaching quality from the educational planning and implementation, setting of teaching objectives, the implementation of teaching activities, and formulate related tasks such as teacher development and course development.

four supervisions

construction supervision, management supervision, teaching supervision and learning supervision

- We are focused on the continuous improvement in teaching structure, supervise the teaching items including enrollment, personnel training, teaching plans, and teaching ability enhancement, and evaluate students' performance in moral education and learning atmosphere.

five systems

teaching objective system, quality standard system, teaching information system, teaching evaluation system and teaching control system

- We collect and analyze the relevant data on teaching, learning, education development and resource support, compare the data against the objectives, and carry out rectification. We give feedback to teachers and reward and punish them based on their performance.

In order to enhance the teaching quality continuously, we carried out a comprehensive quality inspection of all the teaching units, covering annual monitoring plans and reports, review of exam questions, self-assessment of teaching and inspection of graduation thesis quality, so as to ensure that every link of teaching meets the standards. During the Reporting Period, we convened the 2025 annual teaching work conference, with the theme of “Digital Intelligence – Driven, Industry-Education Collaboration, and Fully Promoting the High-quality Development of School Education and Teaching”, and centering on two core tasks of “Construction of Master’s Degree Authorizing Unit” and “Construction of Application-oriented University with Characteristics”, we systematically advanced key initiatives such as majors structure optimization, teaching model innovation and quality assurance upgrade, aiming to realize the characteristic development of an application-oriented university.

To fully enhance our teaching support, we continuously enriched our library resources, accelerated the construction of our intelligent campus, optimized the layout of public facilities and systematically advanced the development of curriculum resources.

4.4.2 Collaborative Talent Development Between School and Enterprise

We are committed to building an innovative teaching team that boasts professional expertise and cross-disciplinary integration capabilities through a diversified cultivation system, so as to continuously deliver high-quality talents that meet the needs of sustainable development for our nation and society. Anhui Xinhua University has successively launched the “Management Measures for Comprehensive, Design-Oriented, and Innovative Experimental Projects” (《綜合性、設計性、創新型實驗項目管理辦法》) and the “Micro-Major Management Measures (Trial)” (《微專業管理辦法(試行)》) to systematically advance the construction of teaching innovation mechanism.

In terms of industry-education integration, we actively promoted school-enterprise cooperation to promote the precise connection between education and industry demand, jointly develop courses and teaching materials, co-build high-quality teaching resources, and promote the organic connection between the education chain, talent chain and industrial chain and innovation chain, so as to form a landscape of collaborative talent nutrition and cultivate high-quality applied talents for industry progress and regional economic development.

Case: Chinasoft International Digital Intelligence Modern Industry College of Anhui Xinhua University was established

In March 2025, the Digital Intelligence Modern Industry College jointly established by Anhui Xinhua University and Chinasoft International Education Technology Co., Ltd. was officially inaugurated. The establishment of the Digital Intelligence Modern Industry College is a key initiative for us to align with the Digital China strategy and serve the high-quality development of the digital economy. We adhered to the development direction of “specialization, refinement, specialty and innovation”, and systematically established a collaborative talent development mechanism that integrates the education chain, industrial chain and innovation chain.



We will carry out in-depth cooperation with Chinasoft International to fully leverage resource advantages of both parties. The University focuses on the improvement of the education and teaching system and talent cultivation structure, while the enterprise contributes its global technical resources, accumulated industrial practice and cutting-edge industry insights. The two parties will jointly cultivate high-quality technical and skilled talents with professional expertise and practical skills for the industry.

Case: Anhui Xinhua University conducts strategic cooperation with the Institute of Lake Ecological Environment under Chao Lake Management Authority of Anhui Province

In July 2025, the University and the Institute of Lake Ecological Environment under Chao Lake Management Authority of Anhui Province (安徽省巢湖管理局湖泊生態環境研究院) held a signing and unveiling ceremony of a strategic cooperation agreement. Both sides had a deep discussion on future governance of Chao Lake in ecological restoration, technological empowerment and other aspects. This strategic cooperation achieved with the Chao Lake Institute represents a material initiative we take in talent cultivation and discipline construction, with deep cooperation to be conducted by the two sides in scientific research and innovation, talent development, commercialization of achievements and so on, in a joint effort to cultivate more high-quality application-oriented talents for the development of ecological and environmental protection industry.



Case: Anhui Xinhua University Co-established the Starry Sky Laboratory (星空實驗室) with Beijing Astro-future Institute of Space Technology (北京星辰未來空間技術研究院)

In November 2025, the Starry Sky Laboratory co-established by Anhui Xinhua University and Beijing Astro-future Institute of Space Technology was officially inaugurated, signaling that both sides have reached consensus on building platforms, nurturing talents and promoting commercialization of achievements together. Moving forwards, the two sides will deepen integration of industry, academia, research and application, advance breakthroughs of cutting-edge scientific research, as well as empower development of smart city and other areas.



4.4.3 Regular Communication between Parents and School

The Group strictly complies with the Education Law of the People's Republic of China, the Higher Education Law of the People's Republic of China, the Provisions on the Administration of Students in Regular Institutions of Higher Education and related laws and regulations, and regulates our school operations in accordance with the law. In order to protect students' legal rights and interests, we developed and implemented the "Measures of Anhui Xinhua University for Handling Students' Complaints" (《安徽新華學院學生申訴規定》), set up a complaint committee comprising the university leaders and the heads of various departments to ensure the complaint handling procedures are fair and representative. If students disagree with the on-campus result of the complaint handling, they have the right to apply to the provincial education administration authority for reconsideration according to law.

We also simultaneously established a mechanism for regular communication between parents and school. We continuously improve education service quality through regular communication and feedback channels, effectively ensuring the rights of students and parents to know and participate. During the Year, the overall education services of the Group have garnered a 97.50% satisfaction rate, with 66 communication events organized for students and parents, and no complaints received about education and teaching.

4.4.4 Empowering Development of Employment

We remain convinced that it is one of the missions of education to help students achieve a smooth transition from school to work, and lay a solid foundation for their careers. To this end, we are committed to building perfect employment support systems to offer students all-round career guidance and services throughout the whole process, assisting the graduates in securing employment and pursuing high-quality careers. The University has always attached great importance to alumni affairs, continuously integrate the resources of our alumni and their enterprises, strengthen communication and contact with them, as well as proactively build interactive platforms between alumni enterprises and graduates through publishing invitation letters for job fairs and relevant series of articles on our WeChat public account. Looking ahead, the University will continue to innovate modes of services, strengthen linkages between alumni and their alma mater, and create diverse and efficient three-dimensional service platforms, so as to contribute to synergetic development between alumni and their alma mater.

Case: The Fifth "Alumni HR Here" Recruitment Fair

To further strengthen the interaction and cooperation between the University and alumni enterprises, build excellent talent supply and demand platforms, and promote high-quality full employment of graduates, we held the fifth "Alumni HR Here" Alumni-Exclusive Recruitment Fair on 15 October 2025. The recruitment fair received positive responses from alumni and local enterprises, attracting more than 80 enterprises from information, smart manufacturing, healthcare, new media and other sectors registering for the fair. These enterprises offered more than 500 high-quality jobs including R&D engineer, product manager, marketing and administration, attracting over 1,000 fresh graduates to attend and apply for a job.

4.5 Sustainable Supply Chain

To continuously optimize the procurement management system and deepen cooperation with suppliers, the Group has developed and implemented a series of institutional documents, including the “Procurement Supplier Management Regulations of Anhui Xinhua Group” (《安徽新華集團採購供應商管理規定》), the “Procurement Management System of Anhui Xinhua Group” (《安徽新華集團採購管理制度》) and the “Procurement Archives Management Regulations of Anhui Xinhua Group” (《安徽新華集團採購檔案管理規定》). These regulations have not only strengthened the synergy with our suppliers, but also enhanced the efficiency and compliance of procurement processes, ensuring our purchasing activities fully comply with relevant laws and regulations while meeting business needs.

Our procurement activities adhere strictly to the principles of “fairness, justice, scientific approaches and strictness” to ensure the openness and transparency of the process. The supplier development survey team conducts surveys on potential suppliers based on project requirements and issues a “Survey Report” (《調研報告》); the procurement department then organizes an access assessment team, which completes the “Supplier Access Assessment Form” (《供應商准入評審表》) based on survey findings to include the preferred suppliers in the database. In terms of supplier management, we regularly conduct annual assessments of cooperated suppliers, complete the “Annual Supplier Assessment Form” (《供應商年度評估表》), and ask suppliers requiring improvements to implement rectification within a specified timeframe. Subsequent cooperation arrangement is determined based on corrective results. We develop differentiated cooperation strategies and establish stable long-term strategic partnerships with excellent suppliers, by implementing categorized management of suppliers.

In managing supply chain environment and social risks, we attach great importance to incorporation of social responsibility and environmental factors into standards of supplier selection. We resolutely screen out suppliers involving child labor or forced labor, continuously monitor suppliers’ compliance regarding laws and regulations on anti-corruption and health and safety, and give priority to procurement of the products meeting environmental protection standards, to ensure the supply chain will promote the implementation of social responsibility and environmental sustainability while guaranteeing the steady operation.

During the Year, we had 59 suppliers providing teaching materials, student apartment supplies, school uniforms, network construction, multimedia construction, laboratory construction and electrical equipment. The supplier information by region is set out as follows:

Region	Number of Suppliers
Anhui Province	44
Jiangsu Province	4
Shanghai City	3
Zhejiang Province	2
Beijing City	2
Jiangxi Province	1
Sichuan Province	1
Hainan Province	1
Shandong Province	1

5. CONDUCT GREEN OPERATION, CREATE FUTURE TOGETHER

The Group strictly complies with the provisions of the Environmental Protection Law of the People's Republic of China, the Energy Conservation Law of the People's Republic of China and other relevant laws and regulations in its operation, and deeply integrates the philosophy of green and environmental protection into its teaching and practical aspects to focus on cultivating students' sustainable development awareness and behavioral habits. We have continuously improved systems for building green campuses, and work together to build an energy-conserving and environment-friendly campus with all faculty and students, proactively contributing to building a green China and advancing ecological civilization. During the Reporting Period, the Group did not experience any violation of any laws or regulations related to environmental protection, nor has it experienced any incidents that caused significant impacts on the environment or natural resources.

We reviewed the progress towards our annual environmental objectives. Data show that our water consumption and total energy consumption for the Year both reduced year-on-year. GHG emissions and non-hazardous waste generation were higher than those of the previous year, primarily due to increase in the number of students, resulting in increase in refrigerant used for maintenance and non-hazardous waste generated. In the future, we will continue to strictly comply with all environmental-related laws and regulations, and gradually reduce our greenhouse gas emissions, waste generation, electricity and water consumption, and the use of resources under similar operating standards.

5.1 Carbon Footprint Management

To mitigate the impact of vehicle emissions of our Group on the environment, improve energy efficiency, and proactively perform corporate environmental responsibility, we have implemented multiple measures to improve our fleet performance as follows:

- Establish systems for regularly maintaining vehicles, ensuring efficient operation of engines and key parts;
- Organize specialized training of low-carbon driving for our drivers to improve their awareness of energy-conserving driving and operation skills.

During the Reporting Period, the emissions of nitrogen oxides, sulfur oxides and particulate matter generated by our Group's fleet were 312.96 kg, 0.40 kg and 24.18 kg respectively, and the total emissions of all kinds of air pollutants achieved an overall decline as compared with those of the previous year.

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In order to systematically reduce energy consumption and carbon footprint, the Group has continuously moved forward multidimensional energy-saving and environmentally-friendly measures, which reduced our impact on the natural environment while improving the energy efficiency. Key measures include:

Classification	Measures
Lighting system	<ul style="list-style-type: none">• Turning off lamps when the office is not in use• Using sunlight for lighting as much as possible• Keeping lighting devices and lamps clean to maximize their energy efficiency
HVAC system	<ul style="list-style-type: none">• Turning off these devices when the office is not in use• Allowing employees to wear casual clothes to reduce the use of air conditioners in hot weather
Electronic equipment and electric appliances	<ul style="list-style-type: none">• Setting computers to automatic standby or sleep mode at idle• Turning off all electronic equipment during non-working hours
Business trip	<ul style="list-style-type: none">• Using video conferencing instead of non-essential overseas business trips

We measured the GHG emissions according to the Greenhouse Gas Protocol developed by the World Resources Institute and the World Business Council for Sustainable Development as well as the ISO 14064-1 set by the International Organization for Standardization. Specific data are shown in the following chart.

5.2 Waste Management

Our Group attaches great importance to waste management and strictly implements campus waste classification systems. We place recycling bins in key areas on campuses, classify the waste into four categories: hazardous waste, recyclables, food waste and other waste, and guide our teachers and students to correctly participate in waste classification and recycling through publicity and education. All wastes collected would be commissioned to qualified third-party agencies for specialized disposal.

Meanwhile, we advocated the concept of green offices, by reducing the use of disposable materials, promoting reuse of single-sided papers, recycling envelopes, loose-leaf binders and file cards, as well as using rechargeable batteries. For e-waste, we take the initiative to cooperate with professional electronics recycling companies to ensure its compliant disposal. These initiatives not only reflected our Group's determined commitment to environmental protection, but also contributed to nurturing on campuses a green culture of all teachers and students saving resources and protecting the natural environment.

During the Reporting Period, the Group generated a total of 3,500 metric tons of non-hazardous wastes, representing an overall decline compared to the previous year.

5.3 Water Resource Management

The water resources of the Group were derived from the municipal water supply, and there was no exposure to issues in sourcing water. To effectively reduce the consumption of water resources on campuses and continuously improve water efficiency, we took the water-saving measures as follows:

- Strengthening water usage management to ensure faucets are turned off promptly after use;
- Conducting regular inspections and maintenance of the campus water supply system to prevent leaks and drips;
- Setting up water-saving signs at key locations such as public restrooms and handwashing areas to enhance water conservation awareness among faculty and students.

During the Reporting Period, the total water consumption and water consumption intensity of the Group during its operation were 943,625 cubic meters and 1.80 cubic meters per square meter respectively, representing a decline in overall water consumption as compared to the previous year.

5.4 Addressing Climate Change

Facing escalating challenges presented by global warming, the Group is deeply aware of the profound impact of climate change on educational ecology. The Group places a high priority on climate issues, and we are committed to improving our capabilities of climate risk identification and management in accordance with the climate-related disclosure set out in the Environmental, Social and Governance Reporting Code of the Hong Kong Stock Exchange.

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Governance

The Board of Directors is in full charge of leading and overseeing ESG work, including reviewing and approving the development and implementation progress of our Group's overall ESG and climate strategies, listening to the regular reporting from the ESG Working Group to be informed of the progress of identification and management of climate risks and opportunities. The ESG Working Group is specifically responsible for advancing the implementation of ESG and climate-related work, assisting with overall planning and interdepartmental coordination, to ensure climate actions are implemented in each business unit at the execution level. During the Reporting Period, we have provided climate-related trainings for our Directors.

Strategy¹

During the Year, we identified and assessed the climate change risks relevant to the Group's businesses and their potential impact on the business performance, developed corresponding response strategies to improve operational resilience, and systematically tracked policies and regulations to maintain our compliance. In the future, we will continuously track such risk dynamics, as well as optimize and adjust management measures in a timely manner in light of changes in the external environment to keep improving our response capacity. By scientifically setting the goals and continuously improving the performance, we aimed to proactively build a climate-resilient campus, promote the green and low-carbon transformation, and demonstrate the daring to bear responsibility and the leading role of educational institutions in addressing global climate challenges.

Type of Risks	Potential Financial Impact ²	Measures
Physical Risks (Short Term)		
Cyclone Flood	Impact on the safety of teachers, students and our operation, as well as increased repair and maintenance cost for campus facilities	<ul style="list-style-type: none"> • Strengthening campus facilities to resist severe weather; • Conducting emergency training in responding to extreme weather; • Backing up data in case of loss.
Transition Risks (Medium and Long Term)		
Government's further issuance of policies related to addressing climate change Stakeholders' concern with climate change	Potential additional compliance cost to be incurred by the Company for meeting the requirements of policies Damage to the reputation	<ul style="list-style-type: none"> • Developing green campus; • Strengthening the information of climate action and low-carbon measures in the ESG report.

The initial assessment did not identify the material risks of a subsequent reporting year resulting in a material adjustment made to the carrying amount of assets or liabilities. Currently, the disclosures made this year are primarily qualitative, because the key assumptions and parameters are still required to be verified. In the future, based on the professional skills accumulated and resource allocation, we will gradually expand the scope of, and improve the quality of quantitative disclosures that have a significant impact.

1 We are exploring climate-related opportunities, and further disclosure will be made in future.
2 The Group made disclosures on a "Comply or Explain" basis in accordance with the climate-related disclosure requirements set out in the Part D of Appendix C2. For the information that are reasonable yet are not readily available, or that fail to be measured in a reliable approach, the Group adopted the "Reasonable Information Exemption" approach to ensure the disclosures can be improved year by year.

Risk Management

We place great importance on the potential impacts of climate risks and have established processes for identification, assessment, prioritization, and monitoring. The relevance of key climate issues is reviewed annually through internal discussions. Going forward, we will further integrate climate assessments into the overall risk framework, and continuously enhance corresponding measures through regular reviews and dynamic adjustments.

Indicators and Targets

We have consistently disclosed Scope 1 and 2 greenhouse gas emissions in our annual ESG reports. We have now also initiated preliminary data collection with relevant departments to identify the Scope 3 categories that are material to the Group's business for future disclosure.

GHG Emissions^{3,4}

Scope 1	tCO ₂ e	1,480.02
Scope 2	tCO ₂ e	11,016.91
Total GHG emissions (Scope 1 and 2)	tCO ₂ e	12,491.87
GHG emission intensity (per square meter) (Scope 1 and 2)	tCO ₂ e per square meter	0.02
GHG emission intensity per capita (Scope 1 and 2)	tCO ₂ e per person	0.48

Climate-related Targets

We are committed to reducing the environmental impact of our operations. For more information on the initiatives we have undertaken to achieve our environmental targets, please refer to “Carbon Footprint Management”, “Waste Management”, and “Water Resource Management” under this section.

The Group makes disclosures in accordance with the climate-related disclosures requirements in part D of Appendix C2 and, where applicable, applies the “reasonable information exemption” under the “Comply or Explain” principle. For certain disclosure items still in the stage of methodology and data system development (such as scenario analysis, quantification of anticipated financial effects, and integration of climate factors into decision-making and incentive mechanisms), the Group has provided explanations and formulated improvement plans, including improving data governance, progressively clarifying the boundaries of Scope 3 emissions, introducing scenario analysis methods, and establishing a framework for quantifying financial impacts, to continuously improve the completeness and comparability of disclosures.

3. The GHG emissions are calculated with reference to the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard issued by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).
4. We applied the operational control approach to define the accounting boundary for greenhouse gas emissions and adopted the location-based method for calculation.

6. PRACTICING WITH KNOWLEDGE AND EMPOWERING REVITALIZATION

In order to deepen the effectiveness of practice-based education and fulfill universities' social responsibilities, the Group actively establishes a long-term mechanism for students' community services and organizes summer social practice activities, guiding students in transforming their professional knowledge into practical ability to serve society. By organizing diverse volunteer services and community public welfare projects, we encourage students to go deep into the grassroots and connect closely with people's livelihoods, thereby improving their comprehensive qualities through immersing themselves in real-world social scenarios while providing tangible support to disadvantaged groups. Such practical activities not only enhance students' understanding of social equity and the value of work but also cultivate their civic consciousness of caring for others and contributing to society.

During the Reporting Period, we organized a total of 623 students and employees to participate in community public welfare projects. In collaboration with 136 community members, we delivered a total of 150 hours of service activities, effectively promoting school-local integration and the sustainable development of the community. In the future, we will stay true to our original aspirations and mission through social practice and endeavour to advance the transformation and application of scientific and technological innovations, to continue to contribute youth wisdom and strength to the comprehensive advancement of rural revitalization and high-quality economic and social development.

Case: Students from Anhui Xinhua Park Launch the “Three Goes to the Countryside” Initiative

1. Rural education

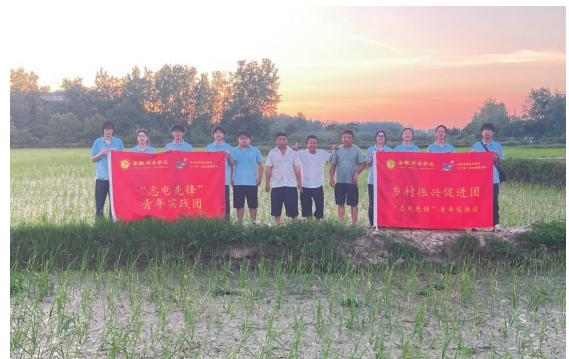
The School of Big Data and Artificial Intelligence at Anhui Xinhua University organized a “Three Goes to the Countryside” social practice programme, dispatching faculty and student teams to Huaiyuan County in Bengbu City and Fengyang County in Chuzhou City, Anhui Province, to conduct a series of practical activities including revolutionary education, cultural research and learning, rural field research, and teaching support.



During the teaching assistance at Zhonghuang Primary School in Feihe Town, Huaiyuan County, the practice team effectively stimulated rural children's interest in learning and creativity through carefully designed and diverse courses such as icebreaker games, interactive teaching, themed painting, and classic recitations. Additionally, essential learning supplies such as books and stationery were donated to the school to support the development of rural education in tangible ways.

2. Technology-enabled agriculture

The “Zhi Dian Pioneer” youth practice group, organized by the School of Electronic Engineering/the School of Intelligent Manufacturing, visited Huoqiu County in Lu’an City, conducting a series of social practice activities including technology-enabled agriculture, science popularization education, and industrial field research, under the theme of the rural revitalization strategy. Team members shared cases on the application of unmanned surface vessel (USV) technology in agriculture and proposed concepts for using USVs in smart irrigation, water quality monitoring, and material distribution. The team engaged in in-depth discussions with local villagers regarding cooperation methods and application scenarios, reaching a preliminary cooperation agreement to jointly advance pilot applications of USVs in local agricultural production.



In addition, team members visited Huayuan Town in Huoqiu County, where they offered a series of recommendations for developing the local foie gras industry based on their professional expertise, such as leveraging technologies such as IoT and big data to enable intelligent management of the breeding process, thereby improving breeding efficiency and quality; strengthening brand development and promotional efforts to increase product recognition and market competitiveness; and diversifying products to extend the industrial chain and increase product value-added. The team’s recommendations received high recognition from local government and enterprises, who expressed their intention to refer to and apply them in future industrial development.



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In addition, as an educational institution fundamentally committed to student development, the Group has consistently placed the healthy growth of disadvantaged student groups at the core of its work. Based on students' practical circumstances, we categorize special-needs students into five types (the "Students with Five Special Disadvantages"), including students with financial difficulties, physical health limitations, psychological distress, academic underachievement, and those experiencing behavioral and emotional fluctuations during special developmental periods.

Over the years, we have been continuously refining the support mechanism for the "Students with Five Special Disadvantages". Through systematic investigations and dynamic sorting-out, we precisely identify relevant students' circumstances to ensure timely response and effective intervention. In response to the specific needs of different students, we flexibly adopt pairing support models including "one-to-one", "multiple-to-one", and "one-to-multiple", providing personalized support to effectively help students overcome developmental difficulties and empower their all-round and healthy development.

On this basis, we have established a hierarchical and categorized "Students with Five Special Disadvantages" archive system, comprehensively documenting support processes and outcomes to provide data support for the continuous optimization of our work methods. Through the coordinated advancement of multiple care initiatives, we strive to pave the way for each student's growth as a talent and lay a solid foundation for building a safe, stable and harmonious campus environment. During the Reporting Period, we continued to advance information collection and implementation of support measures for the "Students with Five Special Disadvantages" to strive to safeguard their all-round, healthy, and outstanding development.

APPENDIX 1: SUSTAINABILITY DATA STATEMENT

Environmental Performance	Unit	2025
Air emissions		
Nitrogen oxides	kg	312.96
Sulphur oxides	kg	0.40
Particulate matter	kg	24.18
GHG emissions		
Direct GHG emissions (Scope 1)	tCO ₂ e	1,480.02
GHG emissions reduction by planting new trees (Scope 1)	tCO ₂ e	5.06
Indirect GHG emissions (Scope 2)	tCO ₂ e	11,016.91
Total GHG emissions (Scope 1 and 2)	tCO ₂ e	12,491.87
GHG emission intensity (per square meter) (Scope 1 and 2)	tCO ₂ e per square meter	0.02
GHG emissions per capita (Scope 1 and 2)	tCO ₂ e per person	0.48
Refrigerant consumption		
HCFC-22	kg	800.00
Energy consumption		
Purchased electricity consumption	MWh	20,763.11
Purchased electricity consumption intensity (per square meter)	MWh per square meter	0.04
Purchased electricity consumption per capita	MWh per person	0.80
Gasoline consumption	MWh	155.87
Gasoline consumption per square meter	MWh per square meter	0.0003
Gasoline consumption intensity per capita	MWh per person	0.006
Diesel consumption	MWh	104.64
Diesel consumption per square meter	MWh per square meter	0.0002
Diesel consumption intensity per capita	MWh per person	0.004
Water consumption		
Total water consumption	m ³	943,625.00
Water consumption intensity (per square meter)	m ³ per square meter	1.80
Water consumption per capita	m ³ per person	36.22
Paper consumption		
Total paper consumption	kg	659.51
Paper consumption intensity per capita	kg per person	0.03
Waste generation⁵		
Total non-hazardous waste generation	tonnes	3,500.00
Non-hazardous waste generation per capita	tonnes per person	0.13
Total hazardous waste generation	set (computer)	836
Total hazardous waste generation	piece (battery)	400
Total hazardous waste generation	piece (waste ink cartridge and waste toner cartridge)	420
Total hazardous waste recycling	set (computer)	836

5 During the Year, all hazardous wastes involved in the Group were disposed of by qualified professional companies, so we did not keep statistics on their weight.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Performance	Unit	2025
Number of employees		
Total number of employees	person(s)	3,055
The number of employees by gender		
Female employees	person(s)	1,932
Male employees	person(s)	1,123
The number of employees by position level		
Junior employees	person(s)	2,671
Full-time middle management	person(s)	357
Full-time senior management	person(s)	27
The number of employees by age		
Employees below 30	person(s)	731
Employees aged 30-50	person(s)	1,746
Employees above 50	person(s)	578
The number of employees by geographical region		
Employees in East China	person(s)	3,055
Employee Turnover		
Total employee turnover rate ⁶	%	8.74
Turnover rate by gender		
Female employee turnover rate	%	8.39
Male employee turnover rate	%	9.35
Turnover rate by age		
Turnover rate of employees below 30	%	13.13
Turnover rate of employees aged 30-50	%	6.76
Turnover rate of employees above 50	%	9.17

⁶ Turnover rate is calculated as: the number of employees lost in this category ÷ the number of employees at the end of the Year × 100%

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Performance	Unit	2025
Turnover rate by geographical region		
Turnover rate of employees in East China	%	8.74
Occupational health and safety		
Number of work-related fatalities in each of the past three years (including the Reporting Year)	person(s)	0
Rate of work-related fatalities in each of the past three years (including the Reporting Year)	%	0.00
Number of working days lost due to work injury	day(s)	43
Employees training		
Percentage of employees trained by gender⁷		
Male employees	%	100.00
Female employees	%	100.00
Percentage of employees trained by employee category⁷		
Junior employees	%	100.00
Full-time middle management	%	100.00
Full-time senior management	%	100.00
Average training hours of employees by gender⁸		
Female employees	hour	41.10
Male employees	hour	36.80
Average training hours of employees by employee category⁸		
Junior employees	hour	40.35
Full-time middle management	hour	35.96
Full-time senior management	hour	37.44

⁷ Percentage of trained employees is calculated as: the number of trained employees in this category ÷ the number of employees in this category at the end of the Year × 100%

⁸ Average training hours of trained employees: total training hours of trained employees in this category ÷ the total number of employees in this category

APPENDIX 2: INDEX TO THE ESG REPORTING GUIDE OF HONG KONG STOCK EXCHANGE

Index		Related sections
Mandatory Disclosure Requirements		
A. Environmental Performance		
A1. Emissions	General Disclosure	Information on the policies, and compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.
	A1.1	The types of emissions and respective emissions information.
	A1.2	Direct (Scope 1) and energy-indirect (Scope 2) GHG emissions and intensity.
	A1.3	Total hazardous waste produced and intensity.
	A1.4	Total non-hazardous waste produced and intensity.
	A1.5	Description of emission target(s) set and steps taken to achieve them.
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and description of reduction target(s) set and steps taken to achieve them.
		5. Building Shared Future through Green Operations
		5.1 Carbon Footprint Management Appendix 1: Sustainability Data Statement
		5.1 Carbon Footprint Management Appendix 1: Sustainability Data Statement
		5.2 Waste Management Appendix 1: Sustainability Data Statement
		5.2 Waste Management Appendix 1: Sustainability Data Statement
		5. Building Shared Future through Green Operations 5.1 Carbon Footprint Management
		5. Building Shared Future through Green Operations 5.2 Waste Management

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Index		Related sections	
A2. Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	5.1 Carbon Footprint Management 5.3 Water Resources Management
	A2.1	Direct and/or indirect energy consumption by type in total and intensity.	5.1 Carbon Footprint Management Appendix 1: Sustainability Data Statement
	A2.2	Water consumption in total and intensity.	5.3 Water Resources Management Appendix 1: Sustainability Data Statement
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	5. Building Shared Future through Green Operations 5.1 Carbon Footprint Management
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	5. Building Shared Future through Green Operations 5.3 Water Resources Management
	A2.5	Total packaging materials used for finished products and proportion per production unit.	Not applicable, as the Group's business does not involve any packaging material
A3. The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	5. Building Shared Future through Green Operations
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	5. Building Shared Future through Green Operations
B. Social Performance			
Employment and Labor Practices			
B1. Employment	General Disclosure	Information on the policies, and compliance with relevant laws and regulations that have a significant impact on the issuer, relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	3. Putting People First, Moving Forward Together
	B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	Appendix 1: Sustainability Data Statement
	B1.2	Employee turnover rate by gender, age group and geographical region.	Appendix 1: Sustainability Data Statement
B2. Health and Safety	General Disclosure	Information on the policies, and compliance with relevant laws and regulations that have a significant impact on the issuer, relating to providing a safe working environment and protecting employees from occupational hazards.	3.3 Safety and Health
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years (including the Reporting Year).	Appendix 1: Sustainability Data Statement
	B2.2	Number of working days lost due to work injury.	Appendix 1: Sustainability Data Statement
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	3.3 Safety and Health

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Index		Related sections	
B3. Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	3.4 Training and Development
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Appendix 1: Sustainability Data Statement
	B3.2	The average training hours completed per employee by gender and employee category.	Appendix 1: Sustainability Data Statement
B4. Labor Standards	General Disclosure	Information on the policies, and compliance with relevant laws and regulations that have a significant impact on the issuer, relating to preventing child and forced labor.	3.1 Employee Rights and Interests Protection
	B4.1	Description of measures to review employment practices to avoid child and forced labor.	3.1 Employee Rights and Interests Protection
	B4.2	Description of steps taken to eliminate such practices when discovered.	3.1 Employee Rights and Interests Protection
Operating Practices			
B5. Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	4.5 Sustainable Supply Chain
	B5.1	Number of suppliers by geographical region.	4.5 Sustainable Supply Chain
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	4.5 Sustainable Supply Chain
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	4.5 Sustainable Supply Chain
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	4.5 Sustainable Supply Chain
B6. Product Responsibility	General Disclosure	Information on the policies, and compliance with relevant laws and regulations that have a significant impact on the issuer; relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	4.2 Data Information Security 4.3 Protection of Intellectual Property
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	As an educational institution, this disclosure is not applicable
	B6.2	Number of products and services related complaints received and how they are dealt with.	4.4.3 Regular Home-school Communication
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	4.3 Protection of Intellectual Property
	B6.4	Description of quality assurance process and recall procedures.	As an educational institution, this disclosure is not applicable
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	4.2 Data Information Security

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Index			Related sections
B7. Anti-corruption	General Disclosure	Information on the policies, and compliance with relevant laws and regulations that have a significant impact on the issuer, relating to bribery, extortion, fraud and money laundering.	4.1 Anti-corruption
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	4.1 Anti-corruption
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	4.1 Anti-corruption
	B7.3	Description of anti-corruption training provided to directors and staff.	4.1 Anti-corruption
B8. Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	6. Putting Ideas into Action, Making Contribution to Revitalization
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	6. Putting Ideas into Action, Making Contribution to Revitalization
	B8.2	Resources contributed (e.g. money or time) to the focus area.	6. Putting Ideas into Action, Making Contribution to Revitalization

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Index	Related sections
Part D: Climate-related Disclosures	
(I) Governance	
19. An issuer shall disclose information regarding the following: (a) the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities; (b) management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities.	5.4 Addressing Climate Change
<hr/>	
(II) Strategy	
20. Climate-related Risks and Opportunities An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect its cash flows, its access to finance or cost of capital over the short, medium or long term.	5.4 Addressing Climate Change
21. Business Model and Value Chain An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on its business model and value chain.	5.4 Addressing Climate Change Determine the scope of the value chain: we apply reasonable information exemptions, as we are unable to obtain all reasonable and substantiated information required to determine the scope of the value chain without incurring unnecessary costs or effort at the reporting date.
22. Strategy and Decision-making An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose: (a) information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation.	5.4 Addressing Climate Change
23. An issuer shall disclose information about the progress of plans disclosed in previous Reporting Periods in accordance with paragraph 22(a).	5.4 Addressing Climate Change

Index	Related sections
<p>24. Financial Position, Financial Performance and Cash Flows Current Financial Effect An issuer shall disclose the following qualitative and quantitative information:</p> <ul style="list-style-type: none"> (a) how climate-related risks and opportunities have affected the issuer’s financial position, financial performance and cash flows for the Reporting Period; and (b) the climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual Reporting Period to the carrying amounts of assets and liabilities reported in the related financial statement. 	<p>5.4 Addressing Climate Change Financial impact mitigation – we shall undertake further assessments of the financial impact of climate-related risks and opportunities in the future.</p>
<p>25. Anticipated Financial Effect An issuer shall disclose the following qualitative and quantitative information:</p> <ul style="list-style-type: none"> (a) how the issuer expects its financial performance to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, and taking into consideration the following factors; (b) how the issuer expects its financial results and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities. 	<p>5.4 Addressing Climate Change Capability exemptions – we have disclosed the expected financial impact by using our existing skills, capabilities and resources, and adopting approaches commensurate with such existing skills, capabilities and resources.</p>
<p>26. Climate Resilience An issuer shall disclose information that enables an understanding of the resilience of the issuer’s strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer’s identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer’s circumstances. In providing quantitative information, the issuer may disclose a single amount or a range.</p>	<p>5.4 Addressing Climate Change Reasonable information exemptions – we have not disclosed any climate scenario analyses at present, but will explore their feasibility in future.</p>

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Index		Related sections
(III) Risk Management	<p>27. An issuer is required to disclose information regarding the following:</p> <ul style="list-style-type: none"> (a) the processes and related policies the issuer uses to identify, assess, prioritise and monitor climate-related risks; (b) the processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and (c) the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process. 	5.4 Addressing Climate Change
(IV) Indicators and Targets	<p>28. Greenhouse Gas Emissions</p> <p>An issuer shall disclose its absolute gross greenhouse gas emissions generated during the Reporting Period (expressed as metric tons of CO₂ equivalent), and classified as:</p> <ul style="list-style-type: none"> (a) Scope 1 greenhouse gas emissions; (b) Scope 2 greenhouse gas emissions; and (c) Scope 3 greenhouse gas emissions. 	<p>5.4 Addressing Climate Change</p> <p>Appendix 1: Summary of Key Environmental and Social Performance Indicators</p> <p>Reasonable information exemption – in the future, we will continue to gather more comprehensive data to progressively expand and refine the disclosure coverage of Scope 3 subcategories that significantly impact the Group's business operations.</p>

Index	Related sections
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|--|---|
| <p>29. An issuer shall:</p> <ul style="list-style-type: none"> (a) measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions; (b) disclose the approach it uses to measure its greenhouse gas emissions; (c) for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions; and (d) for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011). | <p>5.4 Addressing Climate Change</p> <p>Appendix 1: Summary of Key Environmental and Social Performance Indicators</p> <p>Reasonable information exemption – in the future, we will continue to collect more comprehensive data to gradually expand and improve the disclosure coverage of the Scope 3 sub-categories that have a significant impact on the Group's business.</p> |
| <p>30. Climate-related Transition Risks</p> <p>An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.</p> | <p>Reasonable information exemption – We will enhance the methodologies and processes for assessing the financial impact of climate-related risks and opportunities in future reports.</p> |
| <p>31. Climate-related Physical Risks</p> <p>An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.</p> | <p>Reasonable information exemption – We will enhance the methodologies and processes for assessing the financial impact of climate-related risks and opportunities in future reports.</p> |

Index	Related sections
<p>32. Climate-related Opportunities An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.</p>	<p>Reasonable information exemption – We will enhance the methodologies and processes for assessing the financial impact of climate-related risks and opportunities in future reports.</p>
<p>33. Capital Deployment An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.</p>	<p>The Group has identified climate-related risks and will further identify relevant data to optimize disclosure.</p>
<p>34. Internal Carbon Prices An issuer shall disclose the following:</p> <ul style="list-style-type: none"> (b) An explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and (b) The price of each metric ton of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions; or an appropriate negative statement that the issuer does not apply a carbon price in decision-making. 	<p>Negative statement – the Group does not currently apply an internal carbon price in its decision-making, but will explore the feasibility of implementation in the future.</p>
<p>35. Remuneration An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a)(iv).</p>	<p>Negative statement – we have not yet incorporated climate-related factors into senior management remuneration and will explore the possibility of doing so in the future.</p>
<p>36. Industry-based Metrics An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry.</p>	<p>We have not disclosed any industry-based metrics at present, but will explore their feasibility in future.</p>

Index	Related sections
<p>37. Climate-related Targets An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions target.</p>	5.4 Addressing Climate Change
<p>38. An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target.</p>	5.4 Addressing Climate Change
<p>39. An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.</p>	5.4 Addressing Climate Change
<p>40. For each greenhouse gas emission targets disclosed in accordance with paragraphs 37 to 39.</p>	5.4 Addressing Climate Change
<p>41. Applicability of Cross-industry Metrics and Industry-based Metrics In preparing disclosures to meet the requirements in paragraphs 21 to 26 and 37 to 38, an issuer shall refer to and consider the applicability of (i) cross-industry metrics (see paragraphs 28 to 35) and (ii) industry-based metrics (see paragraph 36).</p>	We have not disclosed any cross-industry metrics and industry-based metrics at present, but will explore their feasibility in future.

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CHINA XINHUA EDUCATION GROUP LIMITED

(incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of China Xinhua Education Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 113 to 163, which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS (continued)

Revenue Recognition

Refer to Note 4 to the consolidated financial statements and the accounting policy on pages 129 – 130.

The Key Audit Matter

Revenue comprises primarily tuition fees and boarding fees. The Group's schools generally receive these fees in advance prior to the beginning of each academic year or semester and initially record these fees as contract liabilities. Tuition fees and boarding fees are recognised proportionately over the period of the applicable program.

We identified revenue recognition as a key audit matter because revenue is a key performance indicator of the Group which increases the risk that revenue could be manipulated to meet financial expectations or targets and also because the large volume of transactions processed increases the error in recognising revenue.

How the matter was addressed in our audit

Our audit procedures to assess revenue recognition included the following:

- assessing the design, implementation and operating effectiveness of key internal controls over the admission of students and collection of tuition fees and boarding fees;
- performing recalculation of the amount of contract liabilities and the revenue recognised during the year;
- analysing the revenue recognised during the year against the tuition fees and the number of students enrolled in the courses;
- on a sample basis, inspecting the evidence of payment of tuition fees and boarding fees from the students; and
- reconciling the enrolled student information of university students at the end of the reporting period to the records on the China Credentials Verification website and performing student count on a sample basis to verify the existence of enrolled students.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (continued)

Income Tax

Refer to Note 7 to the consolidated financial statements and the accounting policy on page 128.

The Key Audit Matter

As per the historical tax returns filed with the relevant tax authorities, the Group's schools which do not require reasonable returns claimed preferential corporate income tax exemption treatment since their establishment by not paying corporate income tax on the income from the provision of formal educational services.

This approach was taken with reference to the Implementation Rules for the Law for Promoting Private Education (the "Implementation Rules") issued by the Ministry of Education. However, up to the date of this report, no separate policies, regulations or rules have been introduced by the tax authorities in this regard and thus management judgement is required in determining whether the Group's schools are entitled to the applicable preferential tax treatment in the relevant accounting periods.

According 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, the Group has not commenced the registration process.

We identified income tax as a key audit matter because management judgement is involved in interpreting the relevant rules and regulation so as to determine whether the Group's schools are entitled to the preferential tax treatment.

How the matter was addressed in our audit

Our audit procedures to assess the adequacy of income tax provisions included the following:

- discussing with the Group's management about the tax position taken by the Group, in particular, whether or not the Group's schools are required by their respective tax authorities to pay income tax during 2025 and whether the Group's schools which enjoy such preferential tax treatment are in compliance with applicable laws and regulations in China;
- communicating with local tax authorities, to identify if the Group's schools are default in tax or in violation of PRC tax laws; and
- involving our internal tax specialist to assist us in analysing the eligibility of the preferential tax treatment enjoyed by the Group's schools and assessing the adequacy of income tax provisions.

KEY AUDIT MATTERS (continued)

Impairment Assessment of Intangible Asset with Indefinite Useful Life

Refer to Note 13 to the consolidated financial statements and the accounting policy on page 122.

The Key Audit Matter

As at 31 December 2025, the Group recorded an amount of RMB196.0 million for a school operation right for the Anhui School as intangible asset with indefinite useful life. Management performs impairment assessments annually or when indicators of potential impairment are identified. No impairment charge has been recorded during 2025.

In assessing impairment of the intangible asset with indefinite useful life, recoverable amount has been determined by the management using the value in use method, which involves the exercise of significant management judgement and estimation on certain key assumptions and estimates including discount rate and future revenue to estimate the net present value of the future operating cash flows.

We identified impairment assessment of intangible asset with indefinite useful life as a key audit matter because significant management judgement and estimation are involved.

How the matter was addressed in our audit

Our audit procedures to assess impairment assessment of intangible assets with indefinite useful life carried out by the Group included the following:

- with the assistance of our internal valuation specialists, evaluating the methodology adopted by management in the preparation of the value in use calculation with reference to the requirements of the prevailing accounting standards and assessing whether the discount rate applied were within the range adopted by other companies in the same industry;
- assessing the appropriateness of the key assumptions and estimates adopted in the value in use calculation by comparing to the Anhui school's future business plans and financial and operational information of other university or school in the Group;
- comparing the actual results for the current year with management's key estimation for the previous year in order to assess the reliability of management's forecasts process;
- obtaining from management sensitivity analyses of the key assumptions and estimates adopted in the value in use calculation and assessing the impact of changes in the key assumptions and estimates to the conclusions reached in the impairment assessments and whether there were any indicators of management bias; and
- evaluating the reasonableness of the disclosure in respect of impairment assessment of intangible assets in the consolidated financial statements with reference to the requirements of the prevailing accounting standards.

INDEPENDENT AUDITOR'S REPORT

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon as part of our engagement to audit the consolidated financial statements. We have performed an assurance engagement on the disclosed continuing connected transactions that form part of the other information and provided a separate assurance practitioner's conclusion thereon that is included within the other information.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are REQUIRED to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Yue Tat Wai (practising certificate number: P06438).

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
31 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2025
(Expressed in Renminbi Yuan)

	Note	2025 RMB'000	2024 RMB'000
Revenue	4	658,033	648,078
Cost of sales		(322,110)	(255,817)
Gross profit		335,923	392,261
Other income	5	65,074	48,927
Selling and distribution costs		(3,224)	(3,897)
Administrative expenses		(39,543)	(86,522)
Profit from operations		358,230	350,769
Finance costs	6(a)	(12,171)	(13,309)
Profit before taxation	6	346,059	337,460
Income tax	7	(8,006)	(7,241)
Profit for the year		338,053	330,219
Attributable to:			
Equity shareholders of the Company		338,053	330,219
Earnings per share	10		
Basic and diluted (RMB cents)		21.02	20.53

The notes on pages 119 to 163 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in Note 23(b).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2025

(Expressed in Renminbi Yuan)

	Note	2025 RMB'000	2024 RMB'000
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		(13,858)	12,730
Other comprehensive income for the year		(13,858)	12,730
Total comprehensive income for the year		324,195	342,949
Attributable to:			
Equity shareholders of the Company		324,195	342,949

The notes on pages 119 to 163 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in Note 23(b).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2025
(Expressed in Renminbi Yuan)

	Note	31 December 2025 RMB'000	31 December 2024 RMB'000
Non-current assets			
Property, plant and equipment	11	423,172	434,872
Right-of-use assets	12	69,978	72,535
Intangible assets	13	199,391	200,519
Other non-current assets	15	2,911,231	2,890,700
Long-term bank time deposits	19(a)	575,000	330,000
		4,178,772	3,928,626
Current assets			
Trade receivables	16	1,525	2,137
Prepayments, deposits and other receivables	17	247,888	228,101
Financial assets at fair value through profit or loss ("FVPL")	18	150,000	–
Cash and bank balances	19(a)	551,871	689,882
		951,284	920,120
Current liabilities			
Loans and borrowings	20	62,880	50,020
Contract liabilities	21	373,753	362,045
Other payables	22	157,622	152,114
Current taxation		11,907	12,402
		606,162	576,581
Net current assets		345,122	343,539
Total assets less current liabilities		4,523,894	4,272,165
Non-current liabilities			
Loans and borrowings	20	476,900	551,829
NET ASSETS		4,046,994	3,720,336

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2025

(Expressed in Renminbi Yuan)

	Note	31 December 2025 RMB'000	31 December 2024 RMB'000
CAPITAL AND RESERVES			
Share capital	23	12,952	12,952
Reserves		4,034,042	3,707,384
TOTAL EQUITY		4,046,994	3,720,336

Approved and authorised for issue by the board of directors on 31 March 2026.

Ming Zhang)
) Directors
Yongkai Wang)
)

The notes on pages 119 to 163 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2025
(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 2024	12,952	522,953	176,445	508,052	113,483	2,130,041	3,463,926
Changes in equity for 2024:							
Profit for the year	-	-	-	-	-	330,219	330,219
Other comprehensive income	-	-	-	-	12,730	-	12,730
Total comprehensive income	-	-	-	-	12,730	330,219	342,949
Dividends approved in respect of the previous year	23	(92,609)	-	-	-	-	(92,609)
Equity settled share-based transactions	23	-	6,070	-	-	-	6,070
Balance at 31 December 2024 and 1 January 2025	12,952	430,344	182,515	508,052	126,213	2,460,260	3,720,336
Changes in equity for 2025:							
Profit for the year	-	-	-	-	-	338,053	338,053
Other comprehensive income	-	-	-	-	(13,858)	-	(13,858)
Total comprehensive income	-	-	-	-	(13,858)	338,053	324,195
Equity settled share-based transactions	23	-	2,463	-	-	-	2,463
Balance at 31 December 2025	12,952	430,344	184,978	508,052	112,355	2,798,313	4,046,994

The notes on pages 119 to 163 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2025

(Expressed in Renminbi Yuan)

	Note	2025		2024	
		RMB'000	RMB'000	RMB'000	RMB'000
Operating activities					
Cash generated from operations	19(b)	382,438		481,330	
Income tax paid		(8,501)		(903)	
Net cash generated from operating activities			373,937		480,427
Investing activities					
Payment for the purchase of property, plant and equipment		(43,113)		(26,089)	
Proceeds from sale of property, plant and equipment		318		20	
Payment for purchase of intangible assets		(1,168)		(1,985)	
Payment for purchase of financial assets measured at FVPL		(150,000)		–	
Payment for school investments		(20,531)		(65,596)	
Proceeds from/(payment for) bank time deposits		117,000		(438,100)	
Net cash used in investing activities			(97,494)		(531,750)
Financing activities					
Proceeds from bank loans and other borrowings		–		95,842	
Repayment of bank loans		(50,020)		(50,020)	
Borrowing costs paid		(2,403)		(4,575)	
Dividends paid to equity shareholders of the Company		–		(92,810)	
Net cash used in financing activities			(52,423)		(51,563)
Net increase/(decrease) in cash and cash equivalents			224,020		(102,886)
Cash and cash equivalents at 1 January	19(a)		141,782		244,639
Effect of foreign exchange rate changes			(31)		29
Cash and cash equivalents at 31 December	19(a)		365,771		141,782

The notes on pages 119 to 163 form part of these financial statements.

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 as explained in Note 2(e)(i).

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.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 3.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (continued)

(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.

(d) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests ("NCI") and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(i)(ii)).

(e) Other investments in securities

The Group's policies for investments in equity securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVPL for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 24(e). These investments are subsequently accounted for as follows, depending on their classification.

(i) Non-equity investments

Non-equity investments are classified into one of the following measurement categories:

- FVPL if the investment does not meet the criteria for being measured at amortised cost or fair value through other comprehensive income ("FVOCI") (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (continued)

(f) Property, plant and equipment and right-of-use assets

Property, plant and equipment, other than construction in progress and right-of-use assets, are stated in the consolidated statements of financial position at cost less accumulated depreciation and impairment losses (see Note 2(i)(ii)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see Note 2(t)).

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss. Any related revaluation surplus is transferred from the revaluation reserve to retained profits and is not reclassified to profit or loss.

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment and right-of-use assets, less their estimated residual values, if any, using the straight line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

– Buildings	20 – 40 years
– Motor vehicles	4 – 10 years
– Furniture and fixtures	3 – 5 years
– Electronic devices	3 – 5 years
– Leasehold land	50 years

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

Construction in progress represents property, plant and equipment under construction and equipment pending installation, and is stated at cost less impairment losses (see Note 2(i)(ii)). Capitalisation of construction in progress costs ceases and the construction in progress is transferred to property, plant and equipment when substantially all of the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided in respect of construction in progress until it is substantially completed and ready for its intended use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (continued)

(g) Intangible assets (other than goodwill)

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses (see Note 2(i)(ii)).

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

- Computer software 5 years

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

(h) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value items such as laptops and office furniture. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and are charged to profit or loss as incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (continued)

(h) Leased assets (continued)

(i) As a lessee (continued)

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Notes 2(f) and 2(i)(ii)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(ii) As a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. Otherwise, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with Note 2(r)(iii).

(i) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses ("ECL"s) on:

- financial assets measured at amortised cost (including cash and cash equivalents, trade receivables and other receivables, that are held for the collection of contractual cash flows which represent solely payments of principal and interest).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates where the effect is material:

- fixed-rate financial assets and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (continued)

(i) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments (continued)

Measurement of ECLs (continued)

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and
- lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

- financial instruments that are determined to have low credit risk at the reporting date; and
- other financial instruments (including loan commitments issued) for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (continued)

(i) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments (continued)

Significant increases in credit risk (continued)

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in non-equity securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in OCI and accumulated in the fair value reserve (recycling) does not reduce the carrying amount of the financial asset in the statement of financial position.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written-off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group otherwise determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (continued)

(i) Credit losses and impairment of assets (continued)

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than property carried at revalued amounts) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU").

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with IAS 34, Interim financial reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see Note 2(i)).

(j) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(r)). A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also recognised (see Note 2(k)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see Note 2(r)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (continued)

(k) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see Note 2(i)(i)).

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term cash commitments, and other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL (see Note 2(i)(i)).

(m) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(n) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with Note 2(t).

(o) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) Share-based payments

The grant-date fair value of equity-settled share-based payments granted to employees is measured using the binomial lattice model. The amount is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service conditions at the vesting date. The equity amount is recognised in the capital reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to retained profits).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (continued)

(p) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill; and
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (continued)

(q) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

A provision for warranties is recognised when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under that contract and an allocation of other costs directly related to fulfilling that contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract (see Note 2(i)(ii)).

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(r) Revenue and other income

Income is classified by the Group as revenue when it arises from the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Tuition and boarding fee

Tuition and boarding fees received by university and school are generally in advance prior to the beginning of each academic year or semester, and initially recorded as contract liabilities. Tuition and boarding fees are recognised proportionately over the period of the applicable program. The portion of tuition and boarding payments received from students but not earned is recorded as contract liabilities and is reflected as a current liability as such amounts represent revenue that the Group expects to earn within one year. The academic year of the Group's university and school is generally from September to June of the following year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (continued)

(r) Revenue and other income (continued)

(ii) Service income

Service income is recognised when the Group satisfies a performance obligation by transferring a promised service to a customer.

(iii) Rental income from operating leases

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

(iv) Interest income

Interest income is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(v) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(s) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

Foreign currency differences are recognised in OCI and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to NCI.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (continued)

(s) Translation of foreign currencies (continued)

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the exchange reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. On disposal of a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation that have been attributed to the NCI shall be derecognised, but shall not be reclassified to profit or loss. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(t) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(u) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (continued)

(v) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

(a) Critical accounting judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following accounting judgements:

Structured contracts

The Group conducts a substantial portion of the business through Anhui Xinhua University, Anhui Xinhua School and Anhui Xinhua Group Investment Co., Ltd. (the "PRC Operating Entities") under a series of structured contracts (the "Structured Contracts"), due to regulatory restrictions on the foreign ownership in the Group's schools in the PRC. The Group does not have any equity interest in the PRC Operating Entities. The directors assessed whether or not the Group has control over the PRC Operating Entities, has rights to variable returns from its involvement with the PRC Operating Entities and has the ability to affect those returns through its power over the PRC Operating Entities. After assessment, the directors concluded that the Group has control over the PRC Operating Entities as a result of the Structured Contracts and accordingly the financial position and their operating results of the PRC Operating Entities are included in the Group's consolidated financial statements throughout the year.

Nevertheless, the Structured Contracts may not be as effective as direct legal ownership in providing the Group with direct control over the PRC Operating Entities and uncertainties presented by the PRC legal system could impede the Group's beneficiary rights of the results, assets and liabilities of the PRC Operating Entities. The directors, based on the advice of its legal counsel, consider that the Structured Contracts among the PRC Operating Entities and their equity shareholders are in compliance with the relevant PRC laws and regulations and are legally enforceable.

Recognition of income taxes and deferred tax assets

Determining income tax provision involves judgment on the future tax treatment of certain transactions. Management evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatments of such transactions are reconsidered periodically to take into account all changes in tax legislation. Deferred tax assets are recognised in respect of deductible temporary differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised, management's judgment is required to assess the probability of future taxable profits. Management's assessment is revised as necessary and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

3 ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

(a) Critical accounting judgements in applying the Group's accounting policies (continued)

Recognition of income taxes and deferred tax assets (continued)

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. However, as of the date of this report, no separate policies, regulations or rules have been introduced by the authorities in this regard. Based on the historical tax returns filed to the relevant tax authorities, the Schools has historically enjoyed preferential tax treatment since its establishment.

Significant judgement is required in interpreting the relevant tax rules and regulation so as to determine whether the Group is subject to enterprise income tax. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of the tax liabilities. Such changes to tax liabilities will impact tax expense in the period that such determination is made.

(b) Sources of estimation uncertainty

Notes 13 and 23(e) contain information about the assumptions and their risk factors relating to intangible asset impairment and fair value of share options granted. Other significant sources of estimation uncertainty are as follows:

(i) Depreciation

As described in Note 2(f), property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual value. Management reviews annually the useful lives of the assets and residual values, if any, in order to determine the amount of depreciation expenses to be recorded during any reporting period. The useful lives and residual values are based on the Group's historical experience with similar assets and taking into account anticipated technological and other changes. The depreciation expenses for future periods are adjusted if there are significant changes from previous estimates.

(ii) Impairment of non-current assets

If circumstances indicate that the carrying amount of a non-current asset may not be recoverable, the asset may be considered "impaired", and an impairment loss would be recognised in accordance with accounting policy for impairment of non-current assets as described in Note 2(i)(ii). The carrying amounts of the Group's non-current assets, including property, plant and equipment, right-of-use assets, intangible assets and other non-current assets are reviewed periodically to determine whether there is any indication of impairment. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and the fair value less costs to sell. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. It is difficult to precisely estimate selling price of the Group's non-current assets because quoted market prices for such assets may not be readily available. In determining the value in use, expected future cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to level of revenue, amount of operating costs and applicable discount rate. Management uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of revenue and amount of operating costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers within the scope of IFRS15		
Tuition fees	604,506	596,626
Boarding fees	53,527	51,452
Total	658,033	648,078

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

5 OTHER INCOME

	2025	2024
	RMB'000	RMB'000
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 (i)	(14,644)	(17,105)
Others	8	471
	65,074	48,927

- (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 the Anhui school into a school owned and operated solely by the Group. According to the agreement, the Group is entitled to the tuition fees of Anhui school from the 2018-2019 school year and thereafter 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 agreements, the Group is entitled to the tuition fees of Jiangsu school from the 2019-2020 school year and thereafter 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 year. During the conversion period, 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 13, 15 and 17, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	2025 RMB'000	2024 RMB'000
(a) Finance costs		
Interest expenses on loans and borrowings	12,171	13,309
(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	2,463	6,070
	233,722	181,285

- (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 RMB'000	2024 RMB'000
(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	1,850	1,900
	35,491	79,251

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

7 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	8,006	7,241

- (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.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2025 RMB'000	2024 RMB'000
Profit before taxation	346,059	337,460
Tax at the statutory rate	86,515	84,365
Tax effect of non-taxable income	(70,786)	(82,313)
Tax effect of temporary differences not recognized as deferred tax assets	(7,869)	4,926
Tax effect of non-deductible expenses	146	263
Actual income tax expense	8,006	7,241

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

(c) Deferred tax assets not recognized

As at 31 December 2025, the Group has not recognised deferred tax assets in respect of deductible temporary differences with total amount of RMB50,863,000 (2024: RMB74,442,000), as it is not probable that future taxable profits against which the deductible temporary differences can be utilised will be available in the relevant tax jurisdiction and entity.

(d) Deferred tax liabilities not recognized

The PRC Enterprise Income Tax law and its relevant regulations impose a withholding tax at 10%, unless reduced by a tax treaty/arrangement, for dividend distributions out of earnings accumulated beginning on 1 January 2008. Undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax.

As at 31 December 2025, the Group has not recognized deferred tax liabilities in respect of undistributed earnings generated by its PRC entities, with approximate total amount of RMB2,832,721,000 (2024: RMB2,464,368,000). In the opinion of the directors, the Group's undistributed earnings will be retained in the PRC for the expansion of the Group's operation, so it is not probable that these subsidiaries will distribute such earnings in the foreseeable future.

8 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

Note	Salaries,	Discretionary	Retirement	Share-based	2025	
	Directors' fees		allowances and benefits in kind			scheme contributions
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Chairman and non-executive Director						
Mr. Wu Junbao	-	217	144	-	361	361
Executive directors						
Mr. Zhang Ming	-	170	-	-	170	775
Mr. Wang Yongkai	-	364	300	-	664	907
Ms. Chen Ming	(ii)	198	144	20	362	605
Independent non-executive directors						
Mr. Jiang Min	150	-	-	-	150	150
Mr. Yang Zhanjun	150	-	-	-	150	150
Mr. Yao Heping	150	-	-	-	150	150
	450	949	588	20	2,007	3,098

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

8 DIRECTORS' EMOLUMENTS (continued)

Note	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Sub-Total RMB'000	Share-based payments (Note(i)) RMB'000	2024 Total RMB'000
Chairman and non-executive Director							
Mr. Wu Junbao	-	216	144	-	360	-	360
Executive directors							
Mr. Zhang Ming	-	457	-	-	457	1,277	1,734
Mr. Wang Yongkai	-	363	144	-	507	467	974
Ms. Chen Ming	(ii)	190	144	10	344	467	811
Mr. Lu Zhen	(iii)	372	144	12	528	467	995
Independent non-executive directors							
Mr. Jiang Min	150	-	-	-	150	-	150
Mr. Yang Zhanjun	150	-	-	-	150	-	150
Mr. Yao Heping	150	-	-	-	150	-	150
	450	1,598	576	22	2,646	2,678	5,324

- (i) These represent the estimated value of share options granted to the directors under the Company's share option scheme. The value of these share options is measured according to the Group's accounting policies for share-based payment transactions as set out in Note 2(o)(ii).

The details of share-based payment transactions, including the principal terms and number of options granted, are disclosed in Note 23(e).

- (ii) Ms. Chen Ming was appointed as an executive director of the Company on 30 December 2024.
- (iii) Mr. Lu Zhen resigned as an executive director of the Company on 30 December 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments of the Group, two of them are directors of the Company (2024: three). The aggregate of the emoluments in respect of the remaining three individuals (2024: two) are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowance and benefits in kind	1,055	656
Discretionary bonuses	540	195
Share-based payments	729	934
Contributions to retirement benefit schemes	40	12
	2,364	1,797

The emoluments of the three (2024: two) individuals with the highest emoluments are within the following bands:

	2025 Number of individuals	2024 Number of individuals
Nil – HK\$1,000,000	3	2

10 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

11 PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Motor vehicles RMB'000	Furniture and fixtures RMB'000	Electronic devices RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:						
At 1 January 2024	785,048	13,204	188,727	129,962	7,774	1,124,715
Additions	–	1	1,993	10,645	12,140	24,779
Disposals	–	(520)	–	(3,381)	–	(3,901)
Transfers	7,774	–	–	–	(7,774)	–
At 31 December 2024	792,822	12,685	190,720	137,226	12,140	1,145,593
At 1 January 2025	792,822	12,685	190,720	137,226	12,140	1,145,593
Additions	2,447	1,648	4,618	8,197	27,923	44,833
Disposals	–	(826)	(11,524)	(12,076)	–	(24,426)
Transfers	12,140	–	–	–	(12,140)	–
At 31 December 2025	807,409	13,507	183,814	133,347	27,923	1,166,000
Accumulated depreciation:						
At 1 January 2024	(388,718)	(10,369)	(162,875)	(102,297)	–	(664,259)
Charge for the year	(29,326)	(851)	(7,046)	(12,155)	–	(49,378)
Disposal	–	497	–	2,419	–	2,916
At 31 December 2024	(418,044)	(10,723)	(169,921)	(112,033)	–	(710,721)
At 1 January 2025	(418,044)	(10,723)	(169,921)	(112,033)	–	(710,721)
Charge for the year	(34,334)	(960)	(8,117)	(11,969)	–	(55,380)
Disposal	–	697	10,527	12,049	–	23,273
At 31 December 2025	(452,378)	(10,986)	(167,511)	(111,953)	–	(742,828)
Net book value:						
At 31 December 2024	374,778	1,962	20,799	25,193	12,140	434,872
At 31 December 2025	355,031	2,521	16,303	21,394	27,923	423,172

The Group's buildings are situated in the PRC. Certificates of ownership in respect of certain buildings of the Group with total net carrying amounts of RMB65,057,000 as at 31 December 2025 (2024: RMB66,894,000) have not yet been issued by the relevant PRC authorities. As at the end of the year, the directors were in the process of obtaining these certificates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

12 RIGHT-OF-USE ASSETS

	2025 RMB'000
Cost:	
At 1 January 2024, 31 December 2024 and 2025	127,872
Accumulated depreciation:	
At 1 January 2024	(52,780)
Charge for the year	(2,557)
At 31 December 2024	(55,337)
At 1 January 2025	(55,337)
Charge for the year	(2,557)
At 31 December 2025	(57,894)
Net book value:	
At 31 December 2024	72,535
At 31 December 2025	69,978

As at 31 December 2025, the right-of-use assets represent the land use rights in respect of land located in the PRC with lease term of 50 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

13 INTANGIBLE ASSETS

	Computer software RMB'000	School operation right RMB'000	Total RMB'000
Cost:			
At 1 January 2024	32,750	195,961	228,711
Additions	1,985	–	1,985
<hr/>			
At 31 December 2024	34,735	195,961	230,696
<hr style="border-top: 1px dashed #000;"/>			
At 1 January 2025	34,735	195,961	230,696
Additions	1,168	–	1,168
Disposals	(379)	–	(379)
<hr/>			
At 31 December 2025	35,524	195,961	231,485
<hr style="border-top: 1px dashed #000;"/>			
Accumulated amortisation:			
At 1 January 2024	(27,878)	–	(27,878)
Charge for the year	(2,299)	–	(2,299)
<hr/>			
At 31 December 2024	(30,177)	–	(30,177)
<hr style="border-top: 1px dashed #000;"/>			
At 1 January 2025	(30,177)	–	(30,177)
Charge for the year	(2,296)	–	(2,296)
Disposals	379	–	379
<hr/>			
At 31 December 2025	(32,094)	–	(32,094)
<hr style="border-top: 1px dashed #000;"/>			
Net book value:			
At 31 December 2024	4,558	195,961	200,519
<hr/>			
At 31 December 2025	3,430	195,961	199,391

As at 31 December 2025 intangible assets mainly represent a school operation right for the Anhui school acquired from Anhui Medical University with the amount of RMB195,961,000.

The school operation right is stated at cost and not amortised while its useful life is assessed to be indefinite, and the Group performs impairment assessment annually or when indicators of potential impairment are identified. The school operation right is allocated to the cash-generating unit (“CGU”) of the Anhui school, and the recoverable amount of this CGU is determined based on value in use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a nine-year period. Cash flows beyond the nine-year period are extrapolated by using an estimated growth rate of 2% (2024: 2%) which is based on the relevant industry growth forecasts. The discount rates applied to the cash flow projections is 13% (2024: 13%). Key assumptions used for value in use calculations are the growth rates for sales, corresponding gross margin rates and working capital changes, based on management’s projection and expected market development.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

14 INVESTMENTS IN SUBSIDIARIES

The Company, either through legal ownership or implementation of the Structured Contracts, has direct and indirect interests in the following subsidiaries, all of which are private companies. The particulars of these subsidiaries are set out below:

Name of company	Place and date of incorporation/ business	Registered capital/ issued and fully paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Xinhua Education International Limited	British Virgin Islands 31 August 2017	USD 500/ USD0.01	100%	–	Investment holding
Hong Kong Xinhua Education Limited	Hong Kong 8 September 2017	HKD 1/ HKD1	–	100%	Investment holding
Xinhua Education, Inc.	The United States 22 August 2017	USD 0.1/ USD0.01	–	100%	Investment holding
Anhui Ronghua Education Technology Co., Ltd.* 安徽融華教育科技有限公司(Note (a))	The PRC 30 September 2017	RMB10,000,000/ –	–	100%	Provision of technical and management consultancy services
Xinjiang Ronghua Education Technology Co., Ltd.* 新疆融華教育科技有限公司(Note (a))	The PRC 17 January 2018	RMB 50,000,000/ –	–	100%	Provision of technical and management consultancy services
Anhui Xinhua Group Investment Co., Ltd.* 安徽新華集團投資有限公司(Note (b))	The PRC 1 September 1999	RMB 100,000,000/ RMB100,000,000	–	100%	Investment holding
Anhui Xinhua University* 安徽新華學院(Note (b))	The PRC 18 June 2000	RMB 60,480,000/ RMB60,480,000	–	100%	Provision of formal undergraduate and junior college education services
Anhui Xinhua School* 安徽新華學校(Note (b))	The PRC 11 April 2002	RMB 4,950,000/ RMB4,950,000	–	100%	Provision of formal vocational secondary school education services

Notes:

- (a) These entities are incorporated in the PRC as wholly foreign-owned enterprises by Hong Kong Xinhua Education Limited.
- (b) These are PRC operating entities ultimately controlled by the Controlling Shareholder through the Structured Contracts.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

15 OTHER NON-CURRENT ASSETS

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

As at 31 December 2025, the prepayment for investments represents the 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 RMB2,251,231,000 (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.

16 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 RMB'000	2024 RMB'000
Within 1 year	1,525	2,137

Details on the Group's credit policy are set out in Note 24(a). No allowance for doubtful debts was made as at the end of the year.

17 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

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

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.

18 FINANCIAL ASSETS AT FVPL

	2025 RMB'000	2024 RMB'000
Financial assets measured at FVPL	150,000	-

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

19 LONG-TERM BANK TIME DEPOSITS, CASH AND BANK BALANCES AND OTHER CASH FLOW INFORMATION

(a) Long-term bank time deposits, cash and bank balances:

	2025 RMB'000	2024 RMB'000
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 range from 1.79% to 3.31% per annum (31 December 2024: 1.45% to 3.55%).

(b) Reconciliation of profit before taxation to cash generated from operations:

	Note	2025 RMB'000	2024 RMB'000
Profit before taxation		346,059	337,460
Adjustments for:			
Depreciation of property, plant and equipment	6(c)	55,380	49,378
Amortisation of intangible assets	6(c)	2,296	2,299
Depreciation of right-of-use assets	6(c)	2,557	2,557
Finance costs	6(a)	12,171	13,309
Share-based payment expenses	6(b)	2,463	6,070
Loss on sale of property, plant and equipment		830	–
Net foreign exchange (gain)/loss	6(c)	(26,592)	23,117
Operating profit before changes in working capital		395,164	434,190
(Increase)/decrease in trade and other receivables		(19,170)	259
Increase in contract liabilities		11,708	22,050
(Decrease)/increase in other payables		(5,264)	24,831
Cash generated from operations		382,438	481,330

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

19 LONG-TERM BANK TIME DEPOSITS, CASH AND BANK BALANCES AND OTHER CASH FLOW INFORMATION (continued)

(c) Reconciliation of liabilities arising from financing activities

	Loans and borrowings RMB'000 (Note 20)	Interest payable RMB'000 (Note 22)	Total RMB'000
Balance at 1 January 2024	546,251	14,362	560,613
Non-cash changes			
– Interest expenses on loans and borrowings (Note 6(a))	–	13,309	13,309
– Exchange adjustments	9,776	439	10,215
Cash flows			
– Proceeds from bank loans and other borrowings	95,842	–	95,842
– Repayment of bank loans	(50,020)	–	(50,020)
– Borrowing costs paid	–	(4,575)	(4,575)
Balance at 31 December 2024 and 1 January 2025	601,849	23,535	625,384
Non-cash changes			
– Interest expenses on loans and borrowings (Note 6(a))	–	12,171	12,171
– Exchange adjustments	(12,049)	(716)	(12,765)
Cash flows			
– Repayment of bank loans	(50,020)	–	(50,020)
– Borrowing costs paid	–	(2,403)	(2,403)
Balance at 31 December 2025	539,780	32,587	572,367

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

20 LOANS AND BORROWINGS

	2025 RMB'000	2024 RMB'000
Unsecured bank loan:		
Within 1 year or on demand	62,880	50,020
After 1 year but within 2 years	–	62,880
	62,880	112,900
Loans from a related party:		
After 2 years but within 5 years	476,900	293,555
After 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%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

21 CONTRACT LIABILITIES

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

Movements in contract liabilities

	2025	2024
	RMB'000	RMB'000
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	373,753	362,045

22 OTHER PAYABLES

	2025	2024
	RMB'000	RMB'000
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
	157,622	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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

23 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

Company

Note	Attributable to equity shareholders of the Company					
	Share capital RMB'000	Share premium RMB'000	Capital reserves RMB'000	Exchange reserves RMB'000	Accumulated losses RMB'000	Total equity RMB'000
Balance at 1 January 2024	12,952	522,953	65,545	113,507	(10,050)	704,907
Changes in equity for 2024:						
Loss for the year	-	-	-	-	(20,487)	(20,487)
Other comprehensive income	-	-	-	12,904	-	12,904
Total comprehensive income	-	-	-	12,904	(20,487)	(7,583)
Dividends approved in respect of the previous year	23(b)	(92,609)	-	-	-	(92,609)
Equity settled share-based transactions	-	-	6,070	-	-	6,070
Balance at 31 December 2024 and 1 January 2025	12,952	430,344	71,615	126,411	(30,537)	610,785
Changes in equity for 2025:						
Loss for the year	-	-	-	-	(10,298)	(10,298)
Other comprehensive income	-	-	-	(14,940)	-	(14,940)
Total comprehensive income	-	-	-	(14,940)	(10,298)	(25,238)
Equity settled share-based transactions	-	-	2,463	-	-	2,463
Balance at 31 December 2025	12,952	430,344	74,078	111,471	(40,835)	588,010

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

23 CAPITAL, RESERVES AND DIVIDENDS (continued)

(b) 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	
	RMB'000	2024 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK0 cents per share (2024: HK6.32 cents)	–	92,609

(c) Share capital

The share capital of the Group represents the issued capital of the Company at the respective balance sheet dates.

Movements in the authorised share capital of the Company during the period are as follows:

	2025				2024	
	Number of shares (thousand)	Amount HK\$'000	Number of shares (thousand)	Amount HK\$'000	Number of shares (thousand)	Amount HK\$'000
<i>Ordinary shares, authorised (i):</i>						
Ordinary shares of HK\$0.01 each	2,000,000	20,000	2,000,000	20,000		
<i>Ordinary shares, issued and fully paid (ii):</i>						
At 1 January and 31 December	1,608,583	16,086	1,608,583	16,086		
RMB equivalent ('000)		12,952				12,952

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

23 CAPITAL, RESERVES AND DIVIDENDS (continued)

(c) Share capital (continued)

(i) Authorised share capital

The Company was incorporated in the Cayman Islands on 30 August 2017 with an authorised share capital of HK\$380,000 divided into 38,000,000 shares of par value of HK\$0.01 each.

Pursuant to the written resolutions of the shareholders passed on 8 March 2018, the authorised number of ordinary shares was increased from 38,000,000 to 2,000,000,000 of par value of HK\$0.01 each.

(ii) Issued share capital

The following sets out the changes in the Company's issued share capital since the date of its incorporation:

- The Company was incorporated on 30 August 2017 with issued capital of 5,172 ordinary shares at HK\$0.01 each. The issued capital was subsequently credited as fully paid.
- Pursuant to the written resolutions of the shareholders passed on 8 March 2018, the Company capitalized, out of the share premium as at 26 March 2018, HK\$11,999,948.28 (equivalent to RMB9,662,000) in paying up in full at par 1,199,994,828 shares for allotment and issue to the shareholders whose names appear on the register of members of the Company on the date of the written resolutions (or as they may direct) on a pro rata basis (the "Capitalisation Issue").
- On 26 March 2018, the Company issued 400,000,000 new ordinary shares of HK\$0.01 each by way of the offering to Hong Kong and overseas investors (the "Offering"). Consequently, HK\$4,000,000 (equivalent to RMB3,221,000) was recorded in share capital. On 18 April 2018, the Company issued 8,583,000 new ordinary shares to cover over-allocations in the Offering. Consequently, HK\$85,830 (equivalent to RMB69,000) was recorded in share capital.

(d) Nature and purpose of reserves

(i) Share premium

On 26 March 2018 and 18 April 2018, the Company issued 408,583,000 new ordinary shares of HK\$0.01 each at a price of HK\$3.26 per share by way of the Offering. Net proceeds from the Offering amounted to RMB1,037,973,000 (after offsetting issuance costs of RMB34,399,000), out of which RMB3,290,000 and RMB1,034,683,000 were recorded in share capital and share premium respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

23 CAPITAL, RESERVES AND DIVIDENDS (continued)

(d) Nature and purpose of reserves (continued)

(ii) PRC statutory reserves

Statutory reserves are established in accordance with the relevant PRC rules and regulations and the articles of association of the Companies comprising the Group which are incorporated in the PRC. Appropriations to the reserves were approved by the respective boards of directors' meeting. These reserves include (i) general reserve of the limited liability companies and (ii) the development fund of schools.

- In accordance with the PRC Company Law, certain subsidiaries of the Group which are domestic enterprises are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to their respective statutory reserves until the reserves reach 50% of their respective registered capital. For the entity concerned, statutory reserves can be used to make good previous years' losses, if any, and may be converted into capital in proportion to the existing equity interests of investors, provided that the balance of the reserve after such conversion is not less than 25% of the entity's registered capital.
- According to the relevant PRC laws and regulations, for private schools that do not require reasonable returns, they are required to appropriate to the development fund not less than 25% of the annual increase of net assets of the relevant school as determined in accordance with generally accepted accounting principles in the PRC. The development fund is for the construction or maintenance of the school or procurement or upgrading of educational equipment.

(e) 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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

23 CAPITAL, RESERVES AND DIVIDENDS (continued)

(e) Equity settled share-based transactions (continued)

(i) The terms and conditions of the grants are as follows:

Options granted to employees on	Number of instruments	Vesting conditions	Contractual life of options
– on 30 April 2019	12,000,000	20% on 30 April 2021 20% on 30 April 2022 20% on 30 April 2023 20% on 30 April 2024	5 years after the vesting date
– on 15 July 2019 including:			
Group A	24,750,000	25% on 15 July 2021 25% on 15 July 2022 25% on 15 July 2023	5 years after the vesting date
Group B	1,050,000	30% on 15 July 2021 40% on 15 July 2022	5 years after the vesting date
Group C	7,600,000	50% on 15 July 2021	5 years after the vesting date
– on 5 June 2023 including:			
Group A	15,000,000	20% on 5 June 2024 20% on 5 June 2025 20% on 5 June 2026 20% on 5 June 2027 20% on 5 June 2028	10 years after the vesting date
Group B	34,000,000	20% on 5 June 2024 20% on 5 June 2025 20% on 5 June 2026 20% on 5 June 2027	10 years after the vesting date
Group C	1,500,000	20% on 5 June 2024 20% on 5 June 2025 20% on 5 June 2026	10 years after the vesting date
Group D	19,300,000	20% on 5 June 2024 20% on 5 June 2025	10 years after the vesting date
Group E	2,100,000	20% on 5 June 2024	10 years after the vesting date
Total share options granted	117,300,000		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

23 CAPITAL, RESERVES AND DIVIDENDS (continued)

(e) Equity settled share-based transactions (continued)

(ii) The number and weighted average exercise prices of share options are as follows:

	2025		2024	
	Weighted average exercise price HK\$	Number of options '000	Weighted average exercise price HK\$	Number of options '000
Outstanding at the beginning of the year	1.73	137,800	1.75	139,800
Expired during the year	2.73	(20,500)	2.82	(2,000)
Outstanding at the end of the year	1.94	117,300	1.73	137,800
Exercisable at the end of the year	1.78	90,700	2.25	89,600

The options outstanding at 31 December 2025 had an exercise price of HK\$2.69, HK\$2.82 or HK\$0.76 (2024: HK\$2.69, HK\$2.82 or HK\$0.76) and a weighted average remaining contractual life of 5.5 years (2024: 6.4 years).

(iii) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the binomial model.

The expected volatility is based on the average volatilities in the similar industry. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

23 CAPITAL, RESERVES AND DIVIDENDS (continued)

(f) 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 RMB'000	2024 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.

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity and interest rate risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables and financial assets which comprise bank balances and time deposits.

In respect of trade receivables, the balances represent amounts related to students who have applied for the delayed payment of tuition fees and boarding fees. There is no fixed term for delayed payments. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified students, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances.

In respect of bank balances and time deposits, the Group transacts mainly with recognized and creditworthy banks, and the maximum exposure equal to the carrying amount of these financial assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	At 31 December 2025				
	Contractual undiscounted cash outflow				
	Within 1 year or on demand RMB'000	More than 1 year but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount RMB'000
Other payables	157,622	-	-	157,622	157,622
Loans and borrowings	64,222	534,128	-	598,350	539,780
	221,844	534,128	-	755,972	697,402

	At 31 December 2024				
	Contractual undiscounted cash outflow				
	Within 1 year or on demand RMB'000	More than 1 year but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount RMB'000
Other payables	152,114	-	-	152,114	152,114
Loans and borrowings	51,527	503,142	108,902	663,571	601,849
	203,641	503,142	108,902	815,685	753,963

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from cash and bank balance, time deposits, and loans and borrowings. Borrowings issued at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group's interest rate profile as monitored by management is set out in (i) below:

(i) Interest rate profile

The following table details the interest rate profile of the Group's total borrowings as at the end of each reporting period:

	2025		2024	
	Effective Interest rate %	Amount RMB'000	Effective Interest rate %	Amount RMB'000
Fixed rate borrowings	2.00% to 2.35%	539,780	2.00% to 2.70%	601,849
Fixed rate time deposits	1.79% to 3.31%	761,100	1.45% to 3.55%	878,100

(ii) Sensitivity analysis

The Group's interest-bearing financial instruments at variable rates as at 31 December 2025 are mainly cash and cash equivalent balances, and the cash flow interest risk arising from the change of market interest rate on these balances of relatively short maturity is not considered significant. The Group's interest-bearing financial instruments at fixed interest rates as at 31 December 2025 are bank time deposits and loans and borrowings that are measured at amortized cost, and the change of market interest rate does not expose the Group to fair value interest risk.

(d) Currency risk

The functional currency of the Group's subsidiaries in mainland China is RMB. Almost all the Group's operating activities are carried out in the mainland China with most of the transactions denominated in RMB.

The major currency risk is from the intra-group loan between the Company in Cayman and the Group's subsidiaries in mainland China. The Group's subsidiaries borrowed fund from the Company totaling USD147,740,000 (2024: USD147,740,000), approximately equal to RMB1,038,435,000 for the year ended 31 December 2025 (2024: RMB1,062,014,000), which has the currency risk due to its functional currency is RMB.

A decrease equal to RMB52,000,000 (2024: RMB53,000,000) in post-tax profit where the relevant foreign currency strengthens 5% (2024: 5%) against RMB. For a 5% (2024: 5%) weakening of the relevant foreign currency against RMB, there would be an equal and opposite impact on the profit.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(e) fair value measurement

(i) financial assets measured at fair value

Fair value hierarchy

The following table presents the fair value of the group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs

	Fair value at 31 December 2025 RMB'000	Fair value measurements as at 31 December 2025 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Financial assets measured at FVPL	150,000	–	150,000	–

	Fair value at 31 December 2024 RMB'000	Fair value measurements as at 31 December 2024 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Financial assets measured at FVPL	–	–	–	–

The fair value of the financial assets in Level 2, is determined based on the unit price published on the counter party bank's or financial institution's websites. The published unit price is the unit price at which a holder could redeem the fund units at the end of each reporting period presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(e) fair value measurement (continued)

(i) financial assets measured at fair value (continued)

Fair value hierarchy (continued)

During the year ended 31 December 2024 and 2025, there was no transfer between instruments in Level 1 and Level 2, or transfers into or out of Level 3. The movements during the period in the balance of these Level 2 fair value measurements was as follows:

	2025 RMB'000	2024 RMB'000
Structured deposits:		
At beginning of the year	–	–
Payment for purchases	848,200	385,700
Redemption of investment	(698,200)	(385,700)
	<hr/>	<hr/>
At ending of the year	150,000	–

The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

For structured deposits issued by banks that are measured at FVPL, the fair value is determined by the net asset value of the products published by the issuing banks on the balance sheet date.

(ii) fair value of financial assets carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair value as at December 31 2024 and 2025.

25 COMMITMENTS

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

	2025 RMB'000	2024 RMB'000
Authorised but not contracted for	380,907	350,591

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

26 MATERIAL RELATED PARTY TRANSACTIONS

During the year ended 31 December 2025, 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
Anhui New East Cuisine Education Institute 安徽新東方烹飪專修學院	Fellow subsidiary
Xinhua Computer College 新華電腦專修學院	Fellow subsidiary
Anhui Wontone Automobile Maintenance Institute 安徽萬通汽車專修學院	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

	Note	2025 RMB'000	2024 RMB'000
Service fee charged by related parties		392	1,203
Loans from a related party	20	-	97,234

As at 31 December 2025, the Group's interest-bearing bank loan with the principal amount of RMB62,880,000 (2024: RMB112,900,000) was guaranteed by the controlling shareholder Mr. Wu Junbao.

As at 31 December 2025, the outstanding balance of loans from related party Wu Junbao Company Limited is RMB476,900,000 (2024: RMB488,949,000). During the reporting period, interest expense in respect of loans from a related party Wu Junbao Company Limited is RMB9,871,000 (2024: RMB8,793,000).

(b) Key management personnel remuneration

Key management personnel remuneration is disclosed in Notes 8 and 9.

(c) Applicability of the Listing Rules relating to connected transactions

The related party transactions in terms of service fee above constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in section Non-exempt Continuing Connected Transactions of the Report of the Directors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

27 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	2025 RMB'000	2024 RMB'000
Non-current assets			
Investments in subsidiaries		43,293	43,000
Amount due from a subsidiary		1,053,791	1,077,758
		1,097,084	1,120,758
Current assets			
Cash and cash equivalents		361	2,418
		361	2,418
Current liabilities			
Other payables		32,535	23,442
		32,535	23,442
Net current liabilities		(32,174)	(21,024)
Total assets less current liabilities		1,064,910	1,099,734
Non-current liabilities			
Loans and borrowings		476,900	488,949
NET ASSETS		588,010	610,785
CAPITAL AND RESERVES	23(a)		
Share capital		12,952	12,952
Reserves		575,058	597,833
TOTAL EQUITY		588,010	610,785

28 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 December 2025, the directors consider the immediate parent and ultimate controlling party of the Group to be Wu Junbao Company Limited, which was incorporated in the British Virgin Islands. This entity does not produce financial statements available for public use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

29 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2025

Up to the date of issue of these financial statements, the IASB has issued a number of new or amended standards new or amended standards, which are not yet effective for the year ended 31 December 2025 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IFRS 9, <i>Financial instruments</i> and IFRS 7, <i>Financial instruments</i> : <i>disclosures – Contracts referencing nature-dependent electricity</i>	1 January 2026
Amendments to IFRS 9, <i>Financial instruments</i> and IFRS 7, <i>Financial instruments</i> : <i>disclosures – Amendments to the classification and measurement of financial instruments</i>	1 January 2026
Annual improvements to IFRS Accounting Standards – Volume 11	1 January 2026
IFRS 18, <i>Presentation and disclosure in financial statements</i>	1 January 2027
IFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	1 January 2027

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements, except for the following:

IFRS 18, Presentation and disclosure in financial statements

IFRS 18 will replace IAS 1 Presentation of financial statements and aims to improve the transparency and comparability of information about an entity's financial statements.

IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively. Among other changes, under IFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt IFRS 18. IFRS 18 will impact the presentation of financial statements and is not expected to have significant impact on the financial performance and positions of the Group.

30 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.

FINANCIAL HIGHLIGHTS

FIVE-YEAR COMPARISON OF KEY FINANCIAL FIGURES

Results of operation

	For the year ended 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Revenue	658,033	648,078	642,660	625,476	565,386
Gross profit	335,923	392,261	377,956	368,705	370,132
Profit before taxation	346,059	337,460	313,163	239,403	357,339
Profit for the year	338,053	330,219	307,099	235,511	354,482

Assets and liabilities

	As at 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Current assets	951,284	920,120	754,171	537,936	2,338,874
Current liabilities	606,162	576,581	515,499	511,423	490,155
Net current assets	345,122	343,539	238,672	26,513	1,848,719
Total non-current assets	4,178,772	3,928,626	3,721,485	3,653,976	1,626,109
Total equity	4,046,994	3,720,336	3,463,926	3,234,393	3,068,117

Financial ratio

	As at/for the year ended 31 December				
	2025	2024	2023	2022	2021
Net profit margin (%)	51.4%	51.0%	47.8%	37.7%	62.7%
Current ratio	1.6	1.6	1.5	1.1	4.8
Return on equity	8.7%	9.2%	9.2%	7.5%	12.0%
Return on assets	6.8%	7.1%	7.1%	5.8%	9.4%

DEFINITIONS

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

“AGM”	the annual general meeting of the Company
“Anhui Education Department”	Department of Education of Anhui Province* (安徽省教育廳)
“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
“Articles of Association” or “Articles”	the amended and restated articles of association of our Company conditionally adopted on 8 March 2018 and effective upon the Listing Date, and as amended from time to time
“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Business Cooperation Agreement”	the business cooperation agreement entered into by and among Xinhua Anhui, the PRC Consolidated Affiliated Entities and the Registered Shareholders dated 31 October 2017
“Business Day” or “business day”	a day on which banks in Hong Kong are generally open for business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
“BVI”	the British Virgin Islands
“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 annual report, Hong Kong, the Macau Special Administrative Region and Taiwan
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as the same may be amended, supplemented or otherwise modified from time to time
“Company”	China Xinhua Education Group Limited, 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)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and unless the context requires otherwise, refers to the controlling shareholders of our Company, namely WJB Company and Mr. Wu Junbao
“Deed of Non-competition”	a deed of non-competition dated 8 March 2018 entered into by our Controlling Shareholders in favor of our Company (for ourselves and as trustee for each of our subsidiaries from time to time) regarding the non-competition undertaking

DEFINITIONS

“Director(s)”	the director(s) of the Company
“Directors’ Powers of Attorney”	the school sponsor appointed director’s power of attorney executed by each of the directors appointed by the School Sponsor of each PRC Operating School dated 31 October 2017
“Equity Pledge Agreement”	the equity pledge agreement entered into by and among the Registered Shareholders, Xinhua Group and Xinhua Anhui dated 31 October 2017
“Exclusive Call Option Agreement”	the exclusive call option agreement entered into by and among Xinhua Anhui, our PRC Consolidated Affiliated Entities and the Registered Shareholders dated 31 October 2017
“Exclusive Technical Service and Management Consultancy Agreement”	the exclusive technical service and management consultancy agreement entered into by and among Xinhua Anhui and our PRC Consolidated Affiliated Entities dated 31 October 2017
“Foreign Investment Catalog”	the Guidance Catalog of Industries for Foreign Investment (《外商投資產業指導目錄(2017)》), which was promulgated jointly by the MOFCOM and the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會*) on 28 July 2017 and became effective from 28 July 2017, which is amended from time to time
“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
“Huayuan Partnership”	Hefei Huayuan Equity Investment Limited Partnership* (合肥華園股權投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on 11 August 2017 with Mr. Wu Junbao acting as its general partner and 31 individuals acting as its limited partners, including Mr. Wu Junbao, Ms. Zhou Jiaju (spouse of Mr. Wu Junbao), Mr. Wu Shan (son of Mr. Wu Junbao), our executive Director (namely, Mr. Wang Yongkai), Mr. Lu Zhen (who resigned as our executive Director on 30 December 2024), Ms. Wang Li (who resigned as our executive Director on 31 October 2018) and 26 other employees of our Group. Huayuan Partnership is one of the Registered Shareholders and holds 3.33% equity interest of Xinhua Group
“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

“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which is/are independent of and not connected with (within the meaning of the Listing Rules) any Director, chief executive or substantial shareholder (within the meaning of the Listing Rules) of our Company, its subsidiaries or any of their respective associates
“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”	the listing of the shares on the Main Board of the Stock Exchange on 26 March 2018
“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
“Loan Agreement”	a loan agreement entered into by and among Xinhua Anhui, the PRC Operating Schools, and Xinhua Group dated 31 October 2017
“Main Board”	the Stock Exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“MOE”	the Ministry of Education of the PRC (中華人民共和國教育部)
“MOFCOM”	Ministry of Commerce of the PRC (中華人民共和國商務部)
“Nanjing University of Finance & Economics”	Nanjing University of Finance and Economics* (南京財經大學)
“PRC Company Law”	the Company Law of the PRC (中華人民共和國公司法), as enacted by the Standing Committee of the Eighth National People’s Congress on 29 December 1993 and effective on 1 July 1994, and subsequently amended on 25 December 1999, 28 August 2004, 27 October 2005 and 28 December 2013, as amended, supplemented or otherwise modified from time to time
“PRC Consolidated Affiliated Entities”	namely, our School Sponsor and our PRC Operating Schools, each a consolidated affiliated entity of our Company
“PRC government” or “State”	the central government of the PRC, including all governmental sub-divisions (such as provincial, municipal and other regional or local government entities)

DEFINITIONS

“PRC Legal Advisors”	Jingtian & Gongcheng or Anhui Lanyan Law Firm (as the case may be), our legal advisors as to PRC Laws
“PRC Operating Schools”	our consolidated affiliated entities, namely, Xinhua University and Xinhua School
“private schools”	schools which are not administered by local, provincial or national governments
“Prospectus”	the prospectus of the Company dated 14 March 2018
“Registered Shareholders”	the shareholders of Xinhua Group, namely Mr. Wu Junbao, Mr. Wu Di and Huayuan Partnership
“Reporting Period”	the year ended 31 December 2025
“RMB” or “Renminbi”	Renminbi, the lawful currency for the time being of the PRC
“School of Clinical Medicine”	School of Clinical Medicine 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
“School Sponsor’s and Directors’ Rights Entrustment Agreement”	the school sponsor’s and directors’ rights entrustment agreement entered into by and among Xinhua Group, the PRC Operating Schools, the directors of each PRC Operating School and Xinhua Anhui dated 31 October 2017
“School Sponsor’s Power of Attorney”	the school sponsor’s power of attorney executed by the School Sponsor in favor of Xinhua Anhui dated 31 October 2017
“school year”	the school year for all of our schools, which generally starts on September 1 of each calendar year and ends on June 30 of the next calendar year
“SFO” or “Securities and Futures Ordinance”	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
“Shareholders”	holder(s) of the Share(s)
“Shareholders’ Rights Entrustment Agreement”	the shareholders’ rights entrustment agreement entered into by and among the Registered Shareholders, the School Sponsor and Xinhua Anhui dated 31 October 2017
“Shares”	ordinary share(s) of HK\$0.01 each in the share capital of our Company
“Sino-Foreign Regulation”	the Regulation on Sino-Foreign Cooperation in Operating Schools (中華人民共和國中外合作辦學條例), promulgated by the State Council in 2003 and amended on 18 July 2013

DEFINITIONS

“Spouse Undertakings”	collectively, the spouse undertakings dated 31 October 2017 executed by Ms. Zhou Jiaju, the spouse of Mr. Wu Junbao, and by Ms. Wu Songping, the spouse of Mr. Wu Di, respectively
“State Council”	the State Council of the PRC (中華人民共和國國務院)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Structured Contracts”	collectively, Structured Contracts I and Structured Contracts II
“Structured Contracts I”	collectively, the Business Cooperation Agreement, the Exclusive Technical Service and Management Consultancy Agreement, the Exclusive Call Option Agreement, the Equity Pledge Agreement, the Shareholders’ Rights Entrustment Agreement, the School Sponsor’s and Directors’ Rights Entrustment Agreement, the School Sponsor’s Powers of Attorney, the Directors’ Powers of Attorney, the Shareholders’ Powers of Attorney, the Loan Agreement and the Spouse Undertakings, further details of which are set out in the section headed “Structured Contracts” in the Prospectus
“Structured Contracts II”	collectively, the structured contracts dated 6 February 2018 entered into by Xinhua Xinjiang with, among others, our PRC Consolidated Affiliated Entities, the terms and conditions of which are the same as the Structured Contracts I in all material aspects
“Subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules. For the avoidance of doubt, the Subsidiaries include the PRC Operating Schools and the School Sponsor in the Prospectus
“substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“U.S.” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$” or “USD”	United States dollars, the lawful currency for the time being of the United States
“Xinhua Anhui”	Anhui Ronghua Education Technology Co., Ltd.* (安徽融華教育科技有限公司), a limited liability company established under the laws of the PRC on 30 September 2017, which is wholly owned by Xinhua HK
“Xinhua BVI”	Xinhua Education International Limited (新華教育國際有限公司), a limited liability company incorporated under the laws of the BVI on 31 August 2017 and a wholly-owned subsidiary of our Company
“Xinhua Education Group”	Anhui Xinhua Education Group Co., Ltd.* (安徽新華教育集團有限公司, formerly known as Anhui Xinhua Education Development Co., Ltd.* (安徽新華教育發展有限公司)), a limited liability company established under the laws of the PRC on 30 March 2004, which is owned as to 38.4% by Mr. Wu Junbao, 51.6% by relatives of Mr. Wu Junbao and 10% by two companies held by Mr. Wu Junbao and his relatives

DEFINITIONS

“Xinhua Group” or “School Sponsor”	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 HK”	Hong Kong Xinhua Education Limited (香港新華教育有限公司), a limited liability company incorporated in Hong Kong on 8 September 2017 and a wholly owned subsidiary of our 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 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
“Xinhua US”	Xinhua Education, Inc., a company incorporated in the State of Florida of the United States, with limited liability on 22 August 2017 and a wholly-owned subsidiary of our Company
“Xinhua WFOE”	Xinhua Anhui or Xinhua Xinjiang (as the case maybe), and collectively, “Xinhua WFOEs”
“Xinhua Xinjiang”	Xinjiang Ronghua Education Technology Co., Ltd.* (新疆融華教育科技有限公司), a limited liability company established under the laws of the PRC on 17 January 2018, which is wholly owned by Xinhua HK
“Xinjiang”	Xinjiang Uygur Autonomous Region, a provincial-level autonomous region of the PRC
“Yangtze River Delta”	comprises Jiangsu Province, Zhejiang Province, Anhui Province and Shanghai in the PRC
“%”	per cent
“2016 Decision”	the Decision on Amending the Law for Promoting Private Education of the PRC (《關於修改〈中華人民共和國民辦教育促進法〉的決定》) approved by the Standing Committee of the National People’s Congress in November 2016, which took effect on 1 September 2017

* 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.

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