China Xinhua Education Group Limited
中國新華教育集團有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2779)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2026

The Board announces the unaudited interim consolidated financial results of the Group for the six months ended 30 June 2026, together with the comparative figures for the corresponding period in 2025. The unaudited interim consolidated financial results of the Group for the Reporting Period have been reviewed by the Audit Committee and the independent auditor of the Company.

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

HIGHLIGHTS

	Six months ended 30 June		**Percentage change**
	2026	2025	
	RMB'000	*RMB'000*	*%*
	(unaudited)	(unaudited)	
Revenue	**364,808**	362,551	**0.6**
Gross profit	**193,479**	236,762	**-18.3**
Profit for the period	**238,012**	256,334	**-7.1**
Adjusted net profit (1)	**198,309**	241,516	**-17.9**

Note:

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2026

	Notes	**2026**	2025
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*3*	**364,808**	362,551
Cost of sales		**(171,329)**	(125,789)
Gross profit		**193,479**	236,762
Other income	*4*	**36,120**	48,267
Selling and distribution costs		**(625)**	(709)
Administrative expenses		**(19,522)**	(33,137)
Net foreign exchange gain		**40,370**	16,529
Profit from operations		**249,822**	267,712
Finance costs	*5(a)*	**(5,396)**	(6,407)
Profit before taxation	*5*	**244,426**	261,305
Income tax expenses	*6*	**(6,414)**	(4,971)
Profit for the period		**238,012**	256,334
Other comprehensive income for the period (after tax and reclassification adjustments)			
Item that will not be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of the Company		**(20,898)**	(8,706)
Other comprehensive income for the period		**(20,898)**	(8,706)
Total comprehensive income for the period		**217,114**	247,628
Earnings per share	*7*		
Basic and diluted (RMB cents)		**14.8**	15.9

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2026

	Notes	**30 June 2026 *RMB'000* (Unaudited)**	31 December 2025 *RMB'000* (Audited)
Non-current assets			
Property, plant and equipment		**409,630**	423,172
Right-of-use assets		**68,698**	69,978
Intangible assets		**198,954**	199,391
Other non-current assets	*8*	**2,909,948**	2,911,231
Long-term bank time deposits	*11*	**355,000**	575,000
		3,942,230	4,178,772
Current assets			
Trade receivables	*9*	**953**	1,525
Prepayments, deposits and other receivables	*10*	**273,880**	247,888
Financial assets at fair value through profit or loss ("**FVTPL**")		**180,000**	150,000
Cash and bank balances	*11*	**548,462**	551,871
		1,003,295	951,284
Current liabilities			
Loans and borrowings	*12*	**263,738**	62,880
Contract liabilities	*13*	**16,661**	373,753
Other payables	*14*	**141,531**	157,622
Current taxation		**6,057**	11,907
		427,987	606,162
Net current assets		**575,308**	345,122
Total assets less current liabilities		**4,517,538**	4,523,894
Non-current liabilities			
Loans and borrowings	*12*	**252,763**	476,900
NET ASSETS		**4,264,775**	4,046,994
Capital and reserves			
Share capital		**12,952**	12,952
Reserves	*15*	**4,251,823**	4,034,042
TOTAL EQUITY		**4,264,775**	4,046,994

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(Expressed in Renminbi Yuan unless otherwise indicated)

1 Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 June 2026 has been prepared in accordance with International Accounting Standards ("**IAS**") 34 *Interim Financial Reporting.* The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2025.

2 Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2025, except for the adoption of the following amended IFRS Accounting Standards for the first time for the current period's financial information.

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7

The nature and impact of the amended IFRS Accounting Standards are described below:

(a) Amendments to IFRS 9 and IFRS 7 Amendments to the Classification and Measurement of Financial Instruments clarify that a financial asset is derecognised when the entity's rights to the contractual cash flows expire or are transferred, while a financial liability is derecognised on the settlement date. The amendments introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. Since the Group's accounting policy for the derecognition of financial assets and liabilities in prior years aligned with the amendments and the Group did not have the financial assets that were addressed by the amendments, the amendments did not have any impact on the interim condensed consolidated financial information.

(b) Amendments to IFRS 9 and IFRS 7 Contracts Referencing Nature-dependent Electricity clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. As the Group did not have any contracts that are in the scope of the amendments, the amendments did not have any impact on the interim condensed consolidated financial information.

(c) Annual Improvements to IFRS Accounting Standards – Volume 11 set out narrow scope amendments to IFRS 1, IFRS 7 (and the accompanying Guidance on implementing IFRS 7), IFRS 9, IFRS 10 and IAS 7. The amendments include clarifications, simplifications, corrections or changes to improve consistency in the corresponding IFRS Accounting Standards. The amendments did not have any impact on the interim condensed consolidated financial information.

3 Revenue and segment reporting

(a) Revenue

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers within the scope of IFRS 15		
Tuition fees	**337,978**	335,862
Boarding fees	**26,830**	26,689
Total	**364,808**	362,551
Timing of revenue recognition		
Services transferred over time	**364,808**	362,551

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

During the six months ended 30 June 2026 and 2025, all of the Group's revenues were generated in the People's Republic of China ("**PRC**") and all of its non-current assets were located in the PRC.

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

(b) Segment Reporting

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

4 Other income

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Rental and property management income	**10,925**	14,951
Service income	**1,321**	11,941
Government grants	**823**	395
Interest income on financial assets measured at amortised cost	**11,490**	10,835
Surplus on operation of the Anhui school and Jiangsu school	**11,004**	10,167
Others	**557**	(22)
	36,120	48,267

5 Profit before taxation

Profit before taxation is arrived at after charging:

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
(a) Finance costs		
Interest expense on loans and borrowings	**5,396**	6,407
(b) Staff costs		
Salaries, wages and other benefits	**114,030**	84,620
Contributions to defined contribution retirement plan (i)	**9,957**	6,844
Equity settled share-based payment expenses	**667**	1,711
	124,654	93,175

(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.

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
(c) Other items		
Depreciation of owned property, plant and equipment	**21,585**	30,057
Amortisation of intangible assets	**1,149**	1,159
Depreciation of right-of-use assets	**1,280**	1,278
Net foreign exchange gain	**(40,370)**	(16,529)
Auditors' remuneration	**540**	1,000
	(15,816)	16,965

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

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax		
Provision for PRC corporate income tax for the period	**6,414**	4,971

7 Earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2026 is based on the profit attributable to equity shareholders of the Company for the six months ended 30 June 2026 of RMB238,012,000 (six months ended 30 June 2025: RMB256,334,000) and the weighted average number of ordinary shares of 1,608,583,000 in issue during the reporting period (six months ended 30 June 2025: 1,608,583,000).

For the six months ended 30 June 2026, the outstanding share options under the Company's Share option scheme were not included in the calculation of diluted earnings per share as their inclusion would have been anti-dilutive. Accordingly, diluted earnings per share for the six months ended 30 June 2026 were the same as basic earnings per share.

8 Other non-current assets

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Prepayment for investments	**660,000**	660,000
Advance to the Anhui school and Jiangsu school	**2,249,948**	2,251,231
	2,909,948	2,911,231

As at 30 June 2026 and 31 December 2025, the prepayment for investments represents the down-payment for the acquisition of Jiangsu school with the amount of RMB660,000,000. The advance to the Anhui school and Jiangsu school represents the payment for their campus construction with the amount of RMB2,249,948,000 (31 December 2025: RMB2,251,231,000), which were unsecured and interest-free and their recovery is dependent on the successful conversion of these schools into entities controlled by the Group. Management assesses the expected credit loss on these balances periodically. As at 30 June 2026, no loss allowance was considered necessary based on the progress of the conversion.

9 Trade receivables

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

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 1 year	**953**	1,525

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

10 Prepayments, deposits and other receivables

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Prepayments and deposits	**201,926**	200,972
Other receivables	**71,954**	46,916
	273,880	247,888

As at 30 June 2026 and 31 December 2025, prepayments and deposits mainly comprise the balance due from Jiangsu school with the amount of RMB200,000,000.

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

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Long-term bank time deposits	**355,000**	575,000
Cash and bank balances		
– Bank time deposits	**386,100**	186,100
– Cash and cash equivalents	**162,362**	365,771
	548,462	551,871
Total	**903,462**	1,126,871

The interest rates on bank time deposits as at 30 June 2026 ranged from 1.79% to 3.10% per annum (31 December 2025: 1.79% to 3.31%).

12 Loans and borrowings

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Unsecured bank loans:		
Within 1 year or on demand	**57,880**	62,880
Loans from a related party:		
Within 1 year	**205,858**	–
Over 1 year but within 2 years	**69,488**	205,858
Over 2 years but within 5 years	**183,275**	271,042
	458,621	476,900
	516,501	539,780

As at 30 June 2026, the unsecured bank loans carried interest at annual rates of 2.35% (31 December 2025: 2.35%).

As of 30 June 2026, the Group has borrowed sum of HKD528,000,000 from its related party Wu Junbao Company Limited, equivalent to RMB458,620,800, with an annual interest rate of 2.00%.

13 Contract liabilities

	30 June 2026 *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
Tuition fees	**3,931**	334,336
Boarding fees	**12,730**	35,574
Training fee	**–**	3,843
	16,661	373,753

14 Other payables

	30 June 2026 *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
Payable to suppliers	**61,834**	70,988
Interest payable	**35,937**	32,587
Accrued staff costs	**23,585**	34,336
Miscellaneous expenses received from students (i)	**6,264**	9,006
Accrued expenses	**1,930**	1,162
Others	**11,981**	9,543
	141,531	157,622

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

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

15 Capital, reserves and dividends

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

The directors of the Company (the "**Directors**") do not recommend the payment of an interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: Nil).

(b) ***Equity settled share-based transactions***

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

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

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

No share options were exercised during the six months ended 30 June 2026 (2025: nil). As at 30 June 2026, the Company has 114,300,000 outstanding share options (31 December 2025: 117,300,000).

(c) ***Capital management***

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

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

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

The debt-to-asset ratios at 30 June 2026 and 31 December 2025 were as follows:

	30 June 2026 ***RMB'000*** **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
Total liabilities	**680,750**	1,083,062
Total assets	**4,945,525**	5,130,056
Debt-to-asset ratios	**14%**	21%

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

The Group is a leading private higher education group in China. We are the largest private higher education provider in the Yangtze River Delta in terms of total number of full-time student enrollment in the Yangtze River Delta region.

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

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

BUSINESS REVIEW AND OPERATION UPDATE

Student Enrollment

In the 2025/26 academic year, the Group had a full-time student enrollment of approximately 43,221, representing a year-on-year increase of approximately 0.48%.

OPERATION UPDATE AND HIGHLIGHTS

1. Significant Progress in Internal Construction

The Group has focused on the fundamental task of fostering virtue and nurturing talent, adhering to the mission of education for the nation, vigorously strengthening internal construction, and continuously improving the quality of education. We have successfully obtained approval for 4 national-level first-class undergraduate programs and 14 provincial-level first-class undergraduate programs. Additionally, we have 1 national-level first-class undergraduate course and 130 provincial-level first-class undergraduate courses. Xinhua University has been accredited as the only cultivation and creation unit of "National Model Schools and Departments in Party Building Work" (全國黨建工作標桿院系) among provincial universities, and its 1 teaching achievement was recommended by the provincial Department of Education to participate in the evaluation for the National-level Prize for Teaching Achievement.

2. Outstanding Achievements in Talent Cultivation

The Group has adhered to a student-centered approach, placing great emphasis on the comprehensive development of students' qualities and fostering a positive atmosphere of promoting learning through competitions. Significant national and international awards were won in multiple high-level competitions including career planning, discipline competitions, as well as cultural and sports events, realizing historic award-winning breakthroughs for universities in the province in certain competitions; concurrently, fruitful results were obtained in ideological and political practice and social practice, with multiple practice teams recognized as provincial-level outstanding teams, and an ideological and political case of the students was awarded the first prize in the outstanding case collection activities for ideological and political work among college students by the Ministry of Education.

3. Continuous Improvement in Faculty Quality

The Group has further intensified efforts in faculty recruitment and development, continuously optimizing the teaching staff and enhancing their capabilities. During the first half of the year, the recruitment scale of high-level teachers significantly increased, the "dual-qualified and dual-skilled" teacher team continued to expand, and the postdoctoral workstation successfully recruited researchers. In particular, 12 individuals from Xinhua University were selected for the Jianghuai Talent Plan (江淮英才計劃) and the Academic Leader Program, which made new breakthroughs in the Leading Talent Program.

4. Continuous Improvement of School-Running Conditions

The Group continued to increase its investment in software and hardware, with funds allocated to the construction and renovation of school buildings, equipment upgrades, and the construction of smart campus. In the first half of the year, more than 50 laboratory projects were delivered. The Group rolled out smart-campus programs and upgraded basic networks, with supporting facilities for digital campuses continuously improved, enabling teachers and students across all institutions to enjoy higher-quality educational resources and a more comfortable and beautiful campus environment.

5. Significant Expansion of School-running Influence

The Group placed great emphasis on brand promotion, and its social reputation continued to rise. In particular, students from Anhui Xinhua University appeared on the CCTV stage twice, showcasing their talent. The video of the dance competition Yilan Love Story garnered 400 million online views. By leveraging live streaming and other forms of new media promotion, the Group broadcasted major events and brand-featured activities, thus continuously expanding the influence of its school-running operations.

FUTURE PROSPECTS

1. Anchoring planning orientation and serving the building of a strong nation

In June 2026, the State Council issued the"15th Five-Year Plan" for Education Development (《教育發展"十五五"規劃》), which initiated the"Double Excellence" ("雙優") construction for high-level application-oriented undergraduate universities and proposed guiding and regulating the development of private education. The Group will thoroughly implement the deployments of the 15th Five-Year Plan for education, focus on talent cultivation in application-oriented universities, and orderly carry out key tasks such as the application for master's degree conferring units and tackling critical challenges in institutional conversion. It will strive to achieve landmark breakthroughs, continuously optimize the setup of academic disciplines and majors, deepen education and teaching reforms, and promote the all-round development of students. By continuously strengthening our distinctive features and elevating educational quality, the Group aims to cultivate more high-quality application-oriented talents for the innovative development of the economy and society.

2. Optimizing discipline layout and deepening industry-education integration

The Group will continue to develop New Engineering, New Medical and New Liberal Arts disciplines, and dynamically optimize the layout of undergraduate programs and micro-programs. The Group will deepen industry-education integration by increasing efforts in the construction of industrial colleges, scientific research and innovation centers, and customized talent training programs, while expanding school-enterprise cooperation bases and joint education platforms. It will promote the effective implementation of distinctive courses in AI+, industry-education integration, and innovation and entrepreneurship, and develop a batch of smart courses and industry-education integrated courses. Furthermore, the Group will continue to improve the full-chain closed loop system spanning student recruitment, cultivation, and employment to ensure high-quality and full employment for graduates.

3. **Attracting and cultivating high-quality faculty to consolidate the foundation of education**

The Group will adhere to a balanced approach of attracting and cultivating talent, continuously intensifying efforts to introduce high-level talents, deeply implementing the Silver-Age Teacher Action Plan (銀齡教師行動計劃), and establishing a regularized reserve pool of high-level talents. The Group will improve the tiered and categorized teacher training and development system, continuously expand the "dual-qualification and dual-capable" teaching staff, and incentivize teachers to participate in high-level competitions and win high-level awards. It will also enhance the information management platform for teaching and research, promote the categorized management of teachers, and make every effort to build a teaching team with a reasonable structure and strong capabilities, thereby laying a solid foundation for talent cultivation.

4. **Advancing digital and intelligent transformation and unleashing educational momentum**

The Group will deeply implement the national strategy for the digitalization of education, carry out the "Artificial Intelligence + Education" initiative, and continue to consolidate the foundation of digital campus. It will deeply integrate artificial intelligence into the entire talent cultivation process, implement an AI + competency cultivation system, and explore reforms in personalized teaching empowered by generative AI, with a view to enhancing students' artificial intelligence literacy and their ability to identify and solve problems. Digital and intelligent technologies will be leveraged to drive quality and efficiency improvements across the entire workflow of teaching, student management, administrative logistics, and scientific research management, comprehensively elevating the digital and AI literacy of both faculty and students.

5. **Expanding international cooperation and enhancing the effectiveness of opening-up**

The Group will continue to expand high-level opening-up of education, broaden its cooperation network with overseas higher education institutions, deepen online and offline exchanges and connections between Chinese and foreign higher education institutions, and continuously advance the application and cultivation of Sino-foreign cooperative education programs and non-independent legal person educational institutions. It will strengthen the foundation program center and international innovative talent experimental classes, and steadily expand the enrollment scale of international students studying in China. The Group will establish and improve a domestic and overseas alumni liaison system, promote the two-way flow of Chinese and foreign educational resources and people-to-people exchanges, and continuously enhance its international influence in education operations.

FINANCIAL REVIEW

Revenue

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

The Group's revenue slightly increased by 0.6% from RMB362.6 million for the six months ended 30 June 2025 to RMB364.8 million for the Reporting Period, primarily due to the increase of average tuition fees.

Other Income

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

Other income decreased by 25.3% from RMB48.3 million for the six months ended 30 June 2025 to RMB36.1 million for the Reporting Period, primarily due to the adjustments to the business operations.

Cost of Sales

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

The Group's cost of sales increased by 36.2% from RMB125.8 million for the six months ended 30 June 2025 to RMB171.3 million for the Reporting Period, primarily due to the increase in staff costs for our teaching staff.

Gross Profit

Our gross profit slightly decreased by 18.3% from RMB236.8 million for the six months ended 30 June 2025 to RMB193.5 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, amortization and depreciation, and advertising expenses.

Selling and distribution costs decreased by 14.3% from RMB0.7 million for the six months ended 30 June 2025 to RMB0.6 million for the Reporting Period, mainly due to the decrease in student admission expenses and depreciation and amortization.

Administrative Expenses

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

Administrative expenses decreased by 41.1% from RMB33.1 million for the six months ended 30 June 2025 to RMB19.5 million for the Reporting Period, primarily due to Adjustment of personnel structure.

Finance Costs

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

The finance costs incurred for the Reporting Period amounted to RMB5.4 million, (30 June 2025: RMB6.4 million), primary due to the decrease in the bank loans and interest rate of bank loans.

Profit before Taxation

The Group recognized a profit of RMB244.4 million before income tax for the Reporting Period, representing a decrease of 6.5% as compared with a profit of RMB261.3 million for the six months ended 30 June 2025, primarily due to the increase in operating costs.

Profit for the Reporting Period

As a result of the combined effects of the foregoing, the Group recorded a profit of RMB238.0 million during the Reporting Period, representing a decrease of 7.1% as compared with the RMB256.3 million for the six months ended 30 June 2025.

Adjusted net profit

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

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Profit for the period	**238,012**	256,334
Add:		
Net foreign exchange gain	**(40,370)**	(16,529)
Share-based payment expenses	**667**	1,711
Adjusted net profit	**198,309**	241,516

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

Working Capital and Source of Capital

The Group's cash is mainly used to satisfy the needs of working capital and purchase of property, plant and equipment. During the Reporting Period, the Group has funded its operations primarily with cash and cash equivalents generated from operating activities. As at 30 June 2026, the Group recorded long-term bank time deposits and cash and bank balances of RMB903.5 million (31 December 2025: RMB1,126.9 million).

Net Current Assets

As at 30 June 2026, the Group recorded net current assets of RMB575.3 million, representing an increase of 66.7% as compared with RMB345.1 million as at 31 December 2025, which was primarily attributable to the decrease in contract liabilities and the increase in current assets.

Capital Expenditures

Capital expenditures consist of purchase or construction cost of property and equipment, prepayment of land lease outlay and other intangible assets. Since Anhui School and Jiangsu School have not yet been consolidated, the Group's capital expenditures do not include the scope of the two schools mentioned above. During the Reporting Period, the Group's capital expenditures were RMB21.3 million (30 June 2025: RMB49.2 million). The Group's capital expenditures were primarily related to the construction of buildings and school facilities and the purchase of equipment and software. The Group has funded these capital expenditures primarily with cash generated from operating activities.

Bank Loans and Other Borrowings

Bank loans and other borrowings of the Group were mainly working capital loans and specific loans. The bank loans and loan from a related party of the Group amounted to RMB516.5 million as at 30 June 2026.

Contingent Liabilities, Guarantees and Litigation

As at 30 June 2026, the Group did not have any unrecorded significant contingent liabilities, guarantees and any litigation against us.

Gearing Ratio

The gearing ratio of the Group, calculated as total liabilities divided by total assets was 13.8% as at 30 June 2026, compared to 21.1% as at 31 December 2025, which was primarily attributable to the decrease in total liabilities exceeding the decrease in total assets.

Future Plan for Material Investments and Capital Assets

The Group did not have any other plans for material investments and capital assets as at 30 June 2026 and up to the date of this announcement.

Material Acquisition and Disposal of Subsidiaries and Associated Companies

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

Significant Investment Held by the Group

Save as disclosed herein, there was no significant investment held by the Group (including any investment in an investee company with a value of 5% or more of the Company's total assets) during the Reporting Period.

Foreign Exchange Risk Management

The Group's presentation currency is Renminbi, as most revenues and expenditures of the Group are denominated in Renminbi. As at 30 June 2026, balances of several banks were denominated in United States dollars or Hong Kong dollars. So far, the Group has not entered into any financial instruments used for hedging purpose. The management will continue to pay attention to foreign exchange risk, and will consider hedging against significant foreign currency risks by using financial instruments when necessary.

Pledge of Assets

As at 30 June 2026, no assets of the Group were pledged.

Human Resources

As at 30 June 2026, the Group has approximately 3,085 employees (as at 30 June 2025: 3,035). All of our employees are based in the PRC. In accordance with the applicable laws and regulations in the PRC, the Group has participated in the employee social security programs managed by local governments, including housing provident fund, retirement pension, medical insurance, maternity insurance and unemployment insurance. The Board believes that the Group is maintaining a favorable working relationship with our employees, and we have experienced no major labor disputes during the Reporting Period.

Off-Balance Sheet Commitments and Arrangements

As at 30 June 2026, the Group has not conducted any off-balance sheet transaction.

EVENTS AFTER THE REPORTING PERIOD

There was no event which has occurred subsequent to 30 June 2026 and up to the date of this announcement that would cause material impact on the Group.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the Reporting Period (for the six months ended 30 June 2025: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

The Company did not have any treasury shares (as defined under the Listing Rules) as at 30 June 2026.

CHANGE OF AUDITOR

Reference is made to the announcements of the Company dated 14 April 2026 and 28 May 2026 in relation to the proposed change of auditors (the "**Announcements**"). KPMG retired as the auditors of the Company upon the conclusion of the annual general meeting held on 16 June 2026 (the "**2026 AGM**"). Following the recommendation of the Audit Committee, the Board resolved to appoint Rongcheng (Hong Kong) CPA Limited ("**Rongcheng**") as the new auditors of the Company, which was approved by the Shareholders at the 2026 AGM. The Audit Committee had evaluated Rongcheng's independence, resources, and extensive expertise in the education sector and was fully satisfied with their capability to serve as the auditors of the Company. For details, please refer to the Announcements.

REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE

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

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

CORPORATE GOVERNANCE CODE

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

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

DEFINITION

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

"Audit Committee"	the audit committee of the Board
"Anhui School"	Clinical Colleage 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 and not a consolidated affiliated entity of the Group
"Board"	the board of Directors
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"China" or "PRC"	the People's Republic of China excluding for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Company"	China Xinhua Education Group Limited (中國新華教育集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 30 August 2017, whose shares are listed on the Stock Exchange (Stock Code: 2779)
"consolidated affiliated entities"	our school sponsor and our PRC operating schools
"Director(s)"	the director(s) of the Company
"Group"	the Company, its subsidiaries and consolidated affiliated entities
"HK$" or "Hong Kong dollar(s)"	Hong Kong dollars, the lawful currency of Hong Kong

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IFRSs"	the International Financial Reporting Standard(s)
"independent college"	a bachelor-degree level higher education institution established by a public university that provides formal education in bachelor-degree level or above in association with individuals or social organisations other than governmental institutions using non-state funds
"Jiangsu School"	Hongshan College of Nanjing University of Finance and Economics* (南京財經大學紅山學院), an independent college established in 1999 and currently jointly operated by the Group and Nanjing University of Finance and Economics* (南京財經大學), and is not a consolidated affiliated entity of the Company
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"Prospectus"	the prospectus of the Company dated 14 March 2018
"Reporting Period"	the six months ended 30 June 2026
"RMB" or "Renminbi"	Renminbi, the lawful currency for the time being of the PRC
"Shareholder(s)"	holder(s) of the Share(s)
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of our Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Xinhua Group"	Anhui Xinhua Group Investment Co., Ltd.* (安徽新華集團投資有限公司), (previously known as Anhui Xinhua Investment Co., Ltd.* (安徽新華投資有限公司)), a limited liability company established under the laws of the PRC on 1 September 1999. It is the school sponsor of Xinhua University, and a consolidated affiliated entity of the Company

"Xinhua University"	Anhui Xinhua University* (安徽新華學院), a private formal higher education institution whose predecessor is Anhui Xinhua Vocational College* (安徽新華職業學院) which obtained approval from The People's Government of Anhui Province* (安徽省人民政府) for its establishment on 18 June 2000, of which school sponsor's interest is wholly owned by Xinhua Group. It is a consolidated affiliated entity of the Company
"Yangtze River Delta"	comprises Jiangsu Province, Zhejiang Province, Anhui Province and Shanghai in the PRC
"%"	percent

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

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

Hong Kong, 31 August 2026

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