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Minsheng Education Group Company Limited **民生教育集团有限公司**

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1569)

INTERIM RESULTS ANNOUNCEMENT **FOR THE SIX MONTHS ENDED 30 JUNE 2025**

HIGHLIGHTS

1. Financial Highlights

For the six months ended 30 June 2025

- The total revenue of the Group was approximately RMB894.8 million, representing a decrease of approximately 17.1% as compared to the corresponding period in 2024.
- The adjusted EBITDA of the Group was approximately RMB247.4 million, representing a decrease of approximately 35.9% as compared to the corresponding period in 2024.
- The adjusted net profit of the Group was approximately RMB57.1 million, representing a decrease of approximately 56.6% as compared to the corresponding period in 2024.

As at 30 June 2025

- The total assets of the Group were approximately RMB10,710.7 million; and the net assets of the Group were approximately RMB5,992.2 million.
- The Group's gearing ratio, which is calculated by dividing total interest bearing bank and other borrowings by total equity, was approximately 42.3%. The Group's gearing ratio is on a healthy level.

2. Substantial increase in enrolment quota of the Group's colleges for the 2025/2026 academic year

The enrolment quota of the Group's colleges for the 2025/2026 academic year have recorded a substantial increase of approximately 24.0% as compared to the previous academic year, including an increase of approximately 29.0% in the enrolment quota for the bachelor's degree programmes.

The board (the “**Board**”) of directors (the “**Director(s)**”) of Minsheng Education Group Company Limited (the “**Company**”) is hereby to announce the interim condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**” or “**we**”) for the six months ended 30 June 2025 (the “**Reporting Period**”) together with the comparative figures for the corresponding period in 2024.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

		Six months ended 30 June	
	Notes	2025	2024
		(Unaudited)	(Unaudited)
		RMB'000	RMB'000
REVENUE	4	894,786	1,079,786
Cost of sales		<u>(539,374)</u>	<u>(498,948)</u>
Gross profit		355,412	580,838
Other income and gains	4	55,762	71,543
Selling expenses		(54,297)	(98,046)
Administrative expenses		(196,236)	(240,309)
Other expenses, net		(22,332)	(59,675)
Finance costs		<u>(67,351)</u>	<u>(68,419)</u>
PROFIT BEFORE TAX	5	70,958	185,932
Income tax expense	6	<u>(21,597)</u>	<u>(72,767)</u>
PROFIT FOR THE PERIOD		<u><u>49,361</u></u>	<u><u>113,165</u></u>

		Six months ended 30 June	
	Note	2025	2024
		(Unaudited)	(Unaudited)
		RMB'000	RMB'000
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of financial statements		<u>6,596</u>	<u>(11,308)</u>
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods		<u>6,596</u>	<u>(11,308)</u>
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of financial statements of the Company		<u>(1,781)</u>	<u>3,416</u>
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods		<u>(1,781)</u>	<u>3,416</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD			
		<u>4,815</u>	<u>(7,892)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD			
		<u>54,176</u>	<u>105,273</u>
Profit/(loss) attributable to:			
Owners of the parent		(4,075)	104,802
Non-controlling interests		<u>53,436</u>	<u>8,363</u>
		<u>49,361</u>	<u>113,165</u>
Total comprehensive income attributable to:			
Owners of the parent		281	97,588
Non-controlling interests		<u>53,895</u>	<u>7,685</u>
		<u>54,176</u>	<u>105,273</u>
(LOSSES)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT:			
Basic and diluted	8	RMB(0.0010)	RMB0.0248

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2025

	Notes	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		3,443,788	3,470,600
Right-of-use assets		841,229	853,148
Goodwill		2,229,574	2,229,574
Other intangible assets		148,459	163,352
Financial assets at fair value through profit or loss		10,850	13,729
Deferred tax assets		38,979	38,999
Other non-current assets		264,026	263,687
Total non-current assets		<u>6,976,905</u>	<u>7,033,089</u>
CURRENT ASSETS			
Inventories		8,752	9,374
Trade receivables	9	367,432	383,851
Prepayments, other receivables and other assets		653,284	643,632
Financial assets at fair value through profit or loss		109,801	107,301
Restricted bank deposits		899,051	557,868
Cash and cash equivalents		1,695,488	2,520,311
Total current assets		<u>3,733,808</u>	<u>4,222,337</u>
CURRENT LIABILITIES			
Trade payables	10	449,383	500,533
Contract liabilities	11	94,034	835,155
Other payables and accruals	12	652,466	776,711
Dividend payable		209,924	210,798
Deferred income		16,114	19,139
Interest-bearing bank and other borrowings		1,196,657	910,937
Loans from the ultimate holding company		172,636	163,437
Tax payable		38,689	47,078
Total current liabilities		<u>2,829,903</u>	<u>3,463,788</u>
NET CURRENT ASSETS		<u>903,905</u>	<u>758,549</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>7,880,810</u>	<u>7,791,638</u>

	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
NON-CURRENT LIABILITIES		
Deferred income	218,421	227,922
Interest-bearing bank and other borrowings	1,339,254	1,287,387
Other long term liability	238,275	243,359
Deferred tax liabilities	92,680	94,978
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Total non-current liabilities	1,888,630	1,853,646
	<hr/>	<hr/>
Net assets	5,992,180	5,937,992
	<hr/>	<hr/>
EQUITY		
Equity attributable to owners of the parent		
Share capital	322	322
Reserves	5,036,206	5,035,913
	<hr/>	<hr/>
	5,036,528	5,036,235
	<hr/>	<hr/>
Non-controlling interests	955,652	901,757
	<hr/>	<hr/>
Total equity	5,992,180	5,937,992
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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

1. CORPORATE AND GROUP INFORMATION

Minsheng Education Group Company Limited (the “**Company**”) was incorporated in the Cayman Islands on 13 December 2005 as an exempted company with limited liability under the laws of the Cayman Islands. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company. During the six months ended 30 June 2025 (the “**Period**”), the Company and its subsidiaries (collectively referred to as the “**Group**”) were principally engaged in providing educational services in the People’s Republic of China (the “**PRC**”).

2.1 BASIS OF PREPARATION

The unaudited interim condensed consolidated financial information of the Group for the Period has been prepared in accordance with International Accounting Standard (“**IAS**”) 34 *Interim Financial Reporting* issued by the International Accounting Standards Board. The unaudited interim condensed consolidated financial information does not include all the information and disclosures required in the Group’s annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2024. The unaudited interim condensed consolidated financial information is presented in Renminbi (“**RMB**”), and all values are rounded to the nearest thousand except otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the unaudited 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 2024, except for the adoption of the following amended IFRS Accounting Standard for the first time for the Period’s financial information:

Amendments to IAS 21

Lack of Exchangeability

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and has two reportable operating segments as follows:

- (a) on-campus education
- (b) online education

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, non-lease-related finance costs as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Six months ended 30 June 2025	On-campus education RMB'000 (Unaudited)	Online education RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment revenue (note 4)			
Sales to external customers	782,801	111,985	894,786
Intersegment sales	-	1,149	1,149
Total segment revenue	782,801	113,134	895,935
<i>Reconciliation:</i>			
Elimination of intersegment sales			(1,149)
Revenue			894,786
Segment results	268,826	(98,177)	170,649
Interest income			4,271
Corporate and other unallocated expenses			(37,159)
Finance costs (other than interest on lease liabilities)			(66,803)
Profit before tax			70,958

Six months ended 30 June 2024	On-campus education RMB'000 (Unaudited)	Online education RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment revenue (note 4)			
Sales to external customers	752,217	327,569	1,079,786
Intersegment sales	<u>—</u>	<u>263</u>	<u>263</u>
Total segment revenue	752,217	327,832	1,080,049
<i>Reconciliation:</i>			
Elimination of intersegment sales			<u>(263)</u>
Revenue			<u><u>1,079,786</u></u>
Segment results	283,924	(2,372)	281,552
Interest income			4,080
Corporate and other unallocated expenses			(32,165)
Finance costs (other than interest on lease liabilities)			<u>(67,535)</u>
Profit before tax			<u><u>185,932</u></u>

The following table presents the asset and liability information of the Group's operating segments as at 30 June 2025 and 31 December 2024:

	On-campus education RMB'000	Online education RMB'000	Total RMB'000
Segment assets			
30 June 2025 (unaudited)	<u><u>9,983,401</u></u>	<u><u>2,436,361</u></u>	<u><u>12,419,762</u></u>
31 December 2024 (audited)	<u><u>10,463,743</u></u>	<u><u>2,516,331</u></u>	<u><u>12,980,074</u></u>
Segment liabilities			
30 June 2025 (unaudited)	<u><u>2,781,874</u></u>	<u><u>2,441,343</u></u>	<u><u>5,223,217</u></u>
31 December 2024 (audited)	<u><u>3,515,987</u></u>	<u><u>2,426,207</u></u>	<u><u>5,942,194</u></u>

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue, other income and gains is as follows:

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Tuition fees	717,682	690,920
Boarding fees	65,119	61,297
Distance education services	50,184	209,296
Teacher training services	9,262	13,570
Online courses services	14,567	10,676
Sales of books	6,406	15,615
Other educational services	31,566	78,412
	<u>894,786</u>	<u>1,079,786</u>
Other income and gains		
Investment income from short-term investments measured at fair value through profit or loss	8,809	22,071
Rental income:		
Fixed lease payments	10,693	3,756
Bank interest income	4,271	4,080
Government grants		
– Related to assets	10,237	10,367
– Related to income	4,407	3,015
Fair value gain from an equity investment at fair value through profit or loss	–	4,182
Foreign exchanges, net	4,763	9,202
Others	12,582	14,870
	<u>55,762</u>	<u>71,543</u>

Disaggregated revenue information for revenue from contracts with customers

Six months ended 30 June 2025

Segments	On-campus education RMB'000 (Unaudited)	Online education RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Timing of revenue recognition			
<i>Revenue recognised over time:</i>			
Tuition fees	717,682	–	717,682
Boarding fees	65,119	–	65,119
Distance education services	–	50,184	50,184
Teacher training services	–	9,262	9,262
Online courses services	–	14,567	14,567
Other educational services	–	29,163	29,163
<i>Revenue recognised at a point in time:</i>			
Sales of books	–	6,406	6,406
Commission income	–	2,403	2,403
Total	<u>782,801</u>	<u>111,985</u>	<u>894,786</u>

Six months ended 30 June 2024

Segments	On-campus education RMB'000 (Unaudited)	Online education RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Timing of revenue recognition			
<i>Revenue recognised over time:</i>			
Tuition fees	690,920	–	690,920
Boarding fees	61,297	–	61,297
Distance education services	–	209,296	209,296
Teacher training services	–	13,570	13,570
Online courses services	–	10,676	10,676
Other educational services	–	72,022	72,022
<i>Revenue recognised at a point in time:</i>			
Sales of books	–	15,615	15,615
Commission income	–	6,390	6,390
Total	<u>752,217</u>	<u>327,569</u>	<u>1,079,786</u>

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	88,896	87,449
Less: amount matched with other long term liability	3,883	4,016
	85,013	83,433
Depreciation of right-of-use assets	16,747	20,484
Less: amount matched with other long term liability	1,144	1,144
	15,603	19,340
Amortisation of other intangible assets	15,491	40,053
Lease payments not included in the measurement of lease liabilities	8,195	7,930
Auditor's remuneration	1,800	1,800
Employee benefit expense (including directors' remuneration):		
Wages and salaries	285,096	316,425
Equity-settled share option expense	12	47
Pension scheme contributions (defined contribution schemes)	81,987	74,674
	367,095	391,146
Foreign exchange differences, net	(4,763)	(9,202)
Impairment of financial assets:		
Impairment of trade receivables	17,409	5,553
Impairment of financial assets included in prepayments, other receivables and other assets	458	52,588
	17,867	58,141
Investment income from short-term investments measured at fair value through profit or loss	(8,809)	(22,071)
Bank interest income	(4,271)	(4,080)
Fair value loss/(gain) from an equity investment at fair value through profit or loss	2,676	(4,182)
Gain on disposal of items of property, plant and equipment, net	(411)	(382)
Donation expense	365	726

6. INCOME TAX

	For the six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current – Mainland China		
Charge for the Period	23,875	127,203
Deferred	(2,278)	(54,436)
Total	<u>21,597</u>	<u>72,767</u>

7. INTERIM DIVIDEND

The Board does not declare any interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: nil).

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the (loss)/profit for the Period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 4,217,720,000 (2024: 4,217,720,000) shares outstanding during the Period.

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 June 2025 and 2024 in respect of a dilution as the impact of the share option had an anti-dilutive effect on the basic earnings per share amounts presented.

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

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Earnings		
(Loss)/profit attributable to owners of the parent, used in the basic and diluted earnings per share calculation	<u>(4,075)</u>	<u>104,802</u>
Shares		
Weighted average number of ordinary shares outstanding during the Period used in the basic and diluted earnings per share calculation	<u>4,217,720,000</u>	<u>4,217,720,000</u>

9. TRADE RECEIVABLES

An ageing analysis of the trade receivables as at the end of the Period, based on the transaction date and net of provisions, is as follows:

	30 June 2025 <i>RMB'000</i> (Unaudited)	31 December 2024 <i>RMB'000</i> (Audited)
Within 1 year	212,199	295,130
1 to 2 years	134,363	78,513
2 to 3 years	19,220	9,360
Over 3 years	1,650	848
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Total	367,432	383,851
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10. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the Period, based on the invoice date, is as follows:

	30 June 2025 <i>RMB'000</i> (Unaudited)	31 December 2024 <i>RMB'000</i> (Audited)
Within 1 year	277,190	407,255
1 to 2 years	90,148	86,539
2 to 3 years	76,991	6,714
Over 3 years	5,054	25
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Total	449,383	500,533
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The trade payables are non-interest-bearing and are normally settled on 30-60-day terms.

11. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
<i>Short-term advances received from customers</i>		
Tuition fees	10,200	685,090
Boarding fees	15,960	77,899
Distance education service fees	8,342	8,888
Teacher training services	135	107
Other education business	59,397	63,171
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Total	94,034	835,155

12. OTHER PAYABLES AND ACCRUALS

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Accrued bonuses and other employee benefits	65,832	87,901
Payables for catering services	8,402	20,368
Payables for purchase of property, plant and equipment	168,254	281,677
Payables for management fee	45,515	48,727
Miscellaneous expenses received from students	173,570	138,234
Tuition fees received from students	66,371	62,043
Other tax payable	2,019	34
Payables for audit fee	3,092	4,133
Payables for interest	2,545	2,429
Refund liabilities	297	568
Consideration payable for business combination	42,225	42,225
Payables to the non-controlling shareholder of subsidiaries	20,000	20,000
Other payables	54,344	68,372
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Total	652,466	776,711

13. EVENT AFTER THE PERIOD

There were no significant events of the Group after the Period.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a leading “Internet +” vocational education group in China. In addition to its integrated vocational education service capabilities of “Enrollment – Assessment – Teaching – Practical Training – Examination – Employment”, the Group continued to gather resources of learning services and resources of employment services, and continuously improved the comprehensive ability of employment services for talents, connecting colleges, students and enterprises to realize data interoperability and precise matching employment services for talents. At present, the Group has perfected the layout of eight business sectors: (i) on-campus education, (ii) online education services, (iii) vocational ability improvement and training, (iv) human resources services, (v) integration of digital intelligence, industry and education services, (vi) education informatization services, (vii) examination and evaluation services, and (viii) international education services.

As of 30 June 2025, the Group operated and managed 10 schools (including 7 higher education institutions, 2 secondary vocational schools and 1 high school) in Chongqing, Shandong, Yunnan and Inner Mongolia with the total number of students of approximately 100,000 (of which full time undergraduate students amounted to approximately 61,000); had over 1,900 learning centres in all 31 provinces, autonomous regions and municipalities throughout the nation and cooperated with more than 1,500 colleges and universities, bringing together approximately 950 human resources companies and approximately 44,000 employers, linking approximately 3.3 million C-end users and approximately 4.1 million jobs, serving students and users at the total scale of more than 50 million, and forming an online + offline vocational education network and talent employment service system covering the whole nation.

Major business update during the Reporting Period

1. *Entered into a facility letter with CITIC Bank International Limited in relation to a revolving loan up to RMB300 million.*

On 23 May 2025, the Company (as the borrower) entered into a facility letter with China CITIC Bank International Limited (as the lender). Pursuant to the facility letter, CITIC Bank International agreed to provide the Company a revolving loan of up to RMB300 million or its equivalent Hong Kong dollars (HKD) and United States dollars (US\$). The final maturity date of the loan(s) borrowed by the Company pursuant to the Facility Letter shall be no later than one year from the date of first withdrawn.

For further details of the facility letter, please refer to the announcement of the Company dated 23 May 2025.

2. *Substantial increase in enrolment quota of the Group’s colleges for the 2025/2026 academic year*

The enrolment quota of the Group’s colleges for the 2025/2026 academic year have recorded a substantial increase of approximately 24.0% as compared to the previous academic year, including an increase of approximately 29.0% in the enrolment quota for the bachelor’s degree programmes.

FUTURE OUTLOOK

In the past year, the government has introduced a series of policy documents and allocated RMB31.257 billion from the central budget to the Funds for the Quality Improvement Plan of Modern Vocational Education, aiming to support the modernization and high-quality development of vocational education, and to systematically promote the reform and development of the vocational education.

The Group will continue to adopt the following development strategies in the future:

(1) *Continue to advance high-quality development of higher education*

The schools of Group will continue to put in resources, firmly follow the path of high-quality development of higher education, continue to optimize its teaching environment and equipments, strengthen the professional teaching teams, provide students with high-quality teaching services, assist students in obtaining high-quality employment, and cultivate high-quality applied vocational talents for the nation.

(2) *Continue to build a digital and intelligent service platform ecosystem of “learning, employment, and entrepreneurship”*

The Group will continue to comprehensively promote the digitalization and intelligentization of learning, employment, and entrepreneurship services, provide full-chain of academic education, including enrollment, assessment, teaching, examinations, practical training, employment, and entrepreneurship, and provide digital services for all types of schools and education training institutions.

(3) *Continue to promote the integration of education and high technology to empower talent cultivation*

Education is essential to future development, technology dominates national strength, and talents drive progress. In February 2024, when presiding over the 2nd group study session of the Political Bureau of the Communist Party of China (CPC) Central Committee, Xi Jinping, the Chinese president, stressed that “we must ensure an effective coordination of the strategy for invigorating China through science and education with the workforce development strategy and the innovation-driven development strategy, and promote the integration of the development of education, sci-tech innovation and personnel training to form a virtuous cycle.” The Group’s online education entities have been exploring and developing the application of cutting-edge technologies such as big data, cloud computing and artificial intelligence to empower education and improve the digitalisation of education practice. The digital education technologies and products will provide more accurate learning solutions and support services for students and users, and enable teachers to teach and manage in a more efficient manner. In the future, the Group will accelerate the extensive application of big data and artificial intelligence across its businesses to empower talent cultivation.

FINANCIAL REVIEW

Revenue

Revenue represents the value of services of the Group rendered during the Reporting Period. The Group derives revenue primarily from providing on-campus education and online education services to students and users. The total revenue decreased by approximately 17.1% to approximately RMB894.8 million for the Reporting Period from that of approximately RMB1,079.8 million for the six months ended 30 June 2024, which was mainly due to the decrease in the revenue of online education resulted from the change in market condition during the Reporting Period.

Cost of sales

Cost of sales consists primarily of teaching staff costs, depreciation and amortization, cost of cooperative education, utilities and other costs.

The cost of sales increased by approximately 8.1% from approximately RMB498.9 million for the six months ended 30 June 2024 to approximately RMB539.4 million for the Reporting Period. The increase was primarily due to the increase in the (i) depreciation and amortization of the Group's colleges; and (ii) numbers of teaching staff and its salaries and allowances of the Group's colleges during the Reporting Period.

Gross profit

The gross profit decreased by approximately 38.8% from approximately RMB580.8 million for the six months ended 30 June 2024 to approximately RMB355.4 million for the Reporting Period, and gross profit margin decreased from approximately 53.8% to approximately 39.7%, which was mainly due to increase in the on-campus teaching expenses of the Group's colleges during the Reporting Period.

Other income and gains

Other income and gains consist primarily of government grants, investment income, interest income, rental income and etc.

Other income and gains decreased by approximately 22.1% from approximately RMB71.5 million for the six months ended 30 June 2024 to approximately RMB55.8 million for the Reporting Period. This decrease was primarily due to the decrease in the investment income from short-term investments received by the Group during the Reporting Period.

Selling expenses

Selling expenses consist primarily of salaries and other benefits for our staff who are in charge of student recruitment and promoting, promoting expenses and student recruitment expenses and marketing cost of the online education entities.

Selling expenses decreased by approximately 44.6% from approximately RMB98.0 million for the six months ended 30 June 2024 to approximately RMB54.3 million for the Reporting Period, which was primarily due to the decrease in (i) salaries and other benefits of the sales and marketing staff; and (ii) promoting and marketing cost of the online education entities during the Reporting Period.

Administrative expenses

Administrative expenses primarily consist of the salaries and other benefits for general and administrative staff, office-related expenses, depreciation of office buildings and equipment, environment and health expenses and travel and transportation expenses.

Administrative expenses decreased by approximately 18.4% from approximately RMB240.3 million for the six months ended 30 June 2024 to approximately RMB196.2 million for the Reporting Period due to the effective cost control of the administrative expenses enforced by the Group during the Reporting Period.

Other expenses, net

Other expenses consist primarily of expenses relating to impairment losses on financial assets and donations made to third-party educational and other institutions.

Other expenses decreased by approximately 62.6% from approximately RMB59.7 million for the six months ended 30 June 2024 to approximately RMB22.3 million for the Reporting Period due to the substantial decrease in the expenses relating to impairment losses on financial assets during the Reporting Period.

Finance costs

Finance costs consists primarily of interests on bank loans and other borrowings.

Finance costs has decreased by approximately 1.5% from approximately RMB68.4 million for the six months ended 30 June 2024 to approximately RMB67.4 million for the Reporting Period, which remained stable during the Reporting Period.

Profit for the period

As a result of the above factors, profit for the period of the Group decreased by approximately 56.4% from approximately RMB113.2 million for the six months ended 30 June 2024 to approximately RMB49.4 million for the Reporting Period.

Adjusted net profit

The Group defines its adjusted net profit as its profit for the period after adjusting for those items which are not indicative of the Group's operating performances (as presented in the table below). This is not a IFRSs measure. The Group has presented this item because the Group considers it 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 presented below:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit for the period	49,361	113,165
Add:		
Unrealised exchange gain	(5,427)	(3,188)
Share option expenses	12	47
Amortisation of intangible assets due to consolidation	10,503	25,705
Change in fair value loss/(gain)	2,676	(4,182)
Adjusted net profit	<u>57,125</u>	<u>131,547</u>

Adjusted net profit for the Reporting Period decreased by approximately RMB74.4 million or approximately 56.6% as compared with that of the corresponding period in 2024. Adjusted net profit margin decreased from approximately 12.2% for the six months ended 30 June 2024 to approximately 6.4% for the Reporting Period.

FINANCIAL AND LIQUIDITY POSITION

Net current assets

As at 30 June 2025, the Group had net current assets of approximately RMB903.9 million, which primarily consisted of cash and bank balances. The current assets as at 30 June 2025 decreased to approximately RMB3,733.8 million from approximately RMB4,222.3 million as at 31 December 2024. The decrease in current assets was primarily attributable to a decrease of cash and cash equivalents during the Reporting Period.

The current liabilities decreased from approximately RMB3,463.8 million as at 31 December 2024 to approximately RMB2,829.9 million as at 30 June 2025. The decrease in current liabilities was primarily attributable to a decrease of contract liabilities during the Reporting Period.

Interest-bearing loan from financial institutions and other borrowings

The Group's interest-bearing loan from financial institutions and other borrowings primarily consisted of short-term working capital loans to supplement our working capital and finance our expenditure and long-term project loans for the continuous development of our school buildings and facilities.

The interest-bearing loans from financial institutions and other borrowings amounted to approximately RMB2,535.9 million as at 30 June 2025, denominated in Renminbi, United States dollar ("US\$") or Hong Kong dollar ("HK\$"). As at 30 June 2025, our interest bearing loans from financial institutions and other borrowings bore effective interest rates ranging from 2.2% to 10.0% per annum. The loans of Chongqing Zhenzhi Zhiye Co., Ltd.* (重慶臻智置業有限責任公司) (a wholly-owned subsidiary of Chongqing Electronic Information College) amounted to RMB6.1 million, with interest rates ranging from 15%-24% per annum.

The Group maintains a balance between continuity of funding and flexibility through generated cash flows from operating activities and other borrowings. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

Contingent liabilities

Grant of option in relation to the acquisition of 49% of issued share capital of Leed International

Minsheng Vocational Education Company Limited (“**Minsheng Vocational**”) and Leed Education Holding Limited, National Education Holding Limited and Hyde Education Holding Limited (collectively, the “**Vendors**”) are in dispute over a put option for the sale of 49% shares in Leed International Education Group Inc. (“**Leed International**”) under the Share Purchase Agreement (the “**SPA**”) entered into between the parties in 2018, which is subject to resolution by arbitration administered by the Hong Kong International Arbitration Center (“**HKIAC Arbitration**”). The Vendors claimed for an inflated exit price of RMB2,180,735,567.50, alleging that they had effectively exercised the option under the SPA. Minsheng Vocational’s position is that the Vendors’ purported exercise of the option was ineffective because, inter alia, Minsheng Vocational had not granted any option as required under the SPA prior to the Vendors’ purported exercise of the option, the timing of which fell outside the put option period provided under the SPA, and the Vendors’ calculation for the inflated exit price of RMB2,180,735,567.50 was also flawed. On 3 August 2023, in fulfilment of its obligation under the SPA, Minsheng Vocational issued a Deed of Grant of Option (the “**Deed**”) granting the Vendors an option to sell the 49% shares in Leed International at an exit price calculated pursuant to the SPA equal to RMB981,500,000. As the Vendors failed to exercise the option granted under the Deed by the designated deadline of 17 August 2023, the Deed automatically lapsed. Subsequently, the Vendors alleged that the Deed was in breach of the SPA. Minsheng Vocational’s position is that the Deed was properly issued in compliance with the SPA, and Minsheng Vocational has fully fulfilled its obligation to grant the option under the SPA by way of the Deed which the Vendors consciously chose not to exercise, and subject to the decision of the Tribunal in the HKIAC Arbitration, Minsheng Vocational’s position is that it is not obliged to purchase the 49% interests in Leed International. The Directors are of the view that the Vendors would not be able to overcome all of Minsheng Vocational’s defences and succeed for the whole of their claim for the inflated exit price of RMB2,180,735,567.50. At the date of this announcement, the arbitration is still in process. Based on the above statement, the put option liability was derecognized and non-controlling interests in relation to 49% shares in Leed International was recognized on the expiry date of the put option for the purpose of financial reporting in accordance with IFRS. As at 30 June 2025, the Group made no provision related to the aforesaid arbitration.

For further details of the disputes and the grant of put option in relation to the acquisition of 49% of issued share capital of Leed International, please refer to the announcements of the Company dated 21 December 2021, 3 August 2023 and 18 August 2023. If there are any progress in related matters, the Company will issue further announcements in due course to inform shareholders of the Company (the “**Shareholders**”) and potential investors of the Company of the latest situation.

Update on provision of loans to Leed National Education Technology (Beijing) Limited

In February 2019 and June 2019, Chongqing Yuecheng Zhiyuan Education Technology Company Limited (“**Chongqing Yuecheng**”) extended loans in an aggregate principal amount of RMB400,000,000 to Leed National Education Technology (Beijing) Limited (a company designated by the Vendors, “**Leed National**”) and 49% shares in Leed International held by Vendors has been charged as the guarantee under the loan agreements. In May 2023, the Vendors and Leed National filed a request for arbitration with China International Economic and Trade Arbitration Commission (“**CIETAC**”) claiming that the obligation to repay the principal of RMB400,000,000 and corresponding unpaid interest under the loan agreements has been extinguished and Chongqing Yuecheng and Minsheng Vocational were not entitled to enforce the charge following the effective exercise of the put option by the Vendors at an exercise price of RMB2,180,735,567.50 and the set-off clause under the loan agreements. In August 2023, Chongqing Yuecheng and Minsheng Vocational filed a counter-claim for arbitration, requesting for an award for the repayment by Leed National to Chongqing Yuecheng of the principal amount totaling RMB400,000,000 under the loan agreement, together with the corresponding unpaid interest and additional late payment fees. As at the date of this announcement, the arbitration with CIETAC is still in progress. In May 2023, the Vendors filed an originating summons with the Grand Court of the Cayman Islands to apply for an interim injunction to restrain Minsheng Vocational from taking any steps to enforce a series of share charges over 49% of the issued share capital of Leed International. In August 2023, a conditional and time-limited injunction order was issued by the Grand Court of the Cayman Islands (“**Injunction Order**”). With a detailed analysis of the HKIAC Arbitration, the Directors are of the view that the Vendors cannot succeed for the whole of their claim for the inflated exit price of RMB2,180,735,567.50 by overcoming all of Minsheng Vocational’s defences. Therefore, the outstanding principal and corresponding unpaid interest and the charge are still subsisted.

For further details of the provision of loans and the disputes, please refer to the announcements of the Company dated 26 December 2018, 4 January 2019, 27 June 2019, 28 July 2023 and 3 September 2023. If there are any progress in related matters, the Company will issue further announcements in due course to inform Shareholders and potential investors of the Company of the latest situation.

Pledge of assets

As at 30 June 2025, certain of the Group's long-term assets with a net carrying amount of approximately RMB78.3 million (31 December 2024: RMB79.2 million) and time deposits amounted to RMB897.6 million (31 December 2024: RMB551.3 million) were pledged to secure bank loans and other borrowings.

Foreign exchange exposure

The majority of the Group's revenue and expenditures are denominated in RMB. As at 30 June 2025, certain bank balances were denominated in US\$ and HK\$. The Group currently does not have any foreign currency hedging policies. The management will continue to monitor the Group's foreign exchange risk exposure and consider adopting prudent measures as appropriate.

Gearing ratio

The gearing ratio, which is calculated by dividing total interest bearing loan from financial institutions and other borrowings by total equity, increased to approximately 42.3% as at 30 June 2025 from approximately 37.0% as at 31 December 2024. The gearing ratio of the Group is on a healthy level.

SALARY INCREMENT FOR EMPLOYEES, TRAINING AND DEVELOPMENT

As at 30 June 2025, the Group has approximately 6,800 employees (as at 31 December 2024: approximately 6,700 employees).

During the Reporting Period, in order to motivate our faculty staff for better work performance, the Group has reviewed and increased the salaries of employees. The increment in salaries is based on their performance, experience and prevailing industry practices, with all compensation policies and packages reviewed on a regular basis. As required by the PRC laws and regulations, we participate in various employee social security plans for our employees that are administered by local governments, including pension, medical, maternity, work-related injury, unemployment insurance and housing provident fund.

In addition, the Group provides training programs to its existing and newly recruited employees and/or sponsors its employees to attend various job-related training courses.

CORPORATE GOVERNANCE CODE

The Company is committed to the establishment of good corporate governance practices and procedures with a view to be a transparent and responsible organization which is open and accountable to the Shareholders. The Board strives for adhering to the principles of corporate governance and has adopted sound corporate governance practices to meet the legal and commercial standards, focusing on areas such as internal control, fair disclosure and accountability to all Shareholders to ensure the transparency and accountability of all operations of the Company. The Company believes that effective corporate governance is the foundation to create more value for the Shareholders. The Board will continue to review and improve the corporate governance practices of the Group from time to time to ensure that the Group is led by an effective Board in order to optimize return for Shareholders.

Throughout the six months ended 30 June 2025, the Company has complied with the code provisions set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has also adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix C3 of the Listing Rules as its code of conduct regarding securities transactions by the Directors for the Reporting Period.

Having made specific enquiry with all Directors, it is confirmed that all Directors have complied with the required standard set out in the Model Code regarding securities transactions by the Directors throughout the Reporting Period.

INTERIM DIVIDEND

The Board does not declare any interim dividend for the Reporting Period (for the six months ended 30 June 2024: nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities (including sale of treasury shares) during the Reporting Period.

As at 30 June 2025, the number of treasury shares held by the Company is nil.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) has reviewed and discussed with the management in relation to the accounting principles and practices adopted by the Company, the internal controls and financial report matters, and the Company’s policies and practices on corporate governance. The interim results have been reviewed by the Audit Committee.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (<http://www.minshengedu.com>). The interim report for the Reporting Period containing all the information required by Appendix D2 to the Listing Rules will be dispatched to the Shareholders (if needed) and available on the above websites in due course.

By order of the Board
Minsheng Education Group Company Limited
Li Xuechun
Chairman

Hong Kong, 19 August 2025

In this announcement, the English translation of company or entity names in Chinese which are marked with “” is for identification purpose only.*

As at the date of this announcement, the executive Directors are Mr. Li Xuechun, Ms. Zhang Weiping, Mr. Zuo Yichen and Mr. Lam Ngai Lung, the non-executive Directors are Mr. Liang Xingchao and Ms. Li Yanping, and the independent non-executive Directors are Mr. Chan Ngai Sang, Kenny, Mr. Yu Huangcheng and Mr. Wang Wei Hung, Andrew.