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China Education Group Holdings Limited

中國教育集團控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 839)

INSIDE INFORMATION UPDATE ON FY2024 FINANCIAL PERFORMANCE

This announcement is made by China Education Group Holdings Limited (the “**Company**”, together with its subsidiaries and consolidated affiliated entities, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

FINANCIAL PERFORMANCE UPDATE

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders and potential investors of the Company that, based on a preliminary review of the Group’s unaudited consolidated management accounts for the financial year ended 31 August 2024 (“**FY2024**”), the Group expects to report a net profit in the range of approximately RMB420 million to RMB590 million, compared to a net profit of approximately RMB1,541 million for the financial year ended 31 August 2023 (“**FY2023**”).

REASONS FOR THE EXPECTED NET PROFIT DECREASE

The expected decrease in net profit is primarily attributable to a potential impairment loss on goodwill and intangible assets related to certain cash-generating units (“**CGUs**”) in Sichuan and Shaanxi Provinces, the People’s Republic of China. This adjustment follows a downward revision of projected cash flows from these CGUs, reflecting current market conditions in the regions. Additionally, potential changes in Australian policies regarding international students have affected the business outlook of a CGU in Australia, leading to a potential impairment of its goodwill.

Preliminary assessments indicate that a one-off, non-cash impairment loss, net of deferred tax, ranging between approximately RMB1,680 million and RMB1,750 million will be required in FY2024. The impairment loss, net of deferred tax, does not exceed 5% of the Group's total assets. As this impairment loss is non-cash in nature, it will not affect the Group's operating profit or cash flow.

EXPECTED NON-INTERNATIONAL FINANCIAL REPORTING STANDARDS (“NON-IFRS”) NET PROFIT INCREASE

Excluding this impairment loss, the Board anticipates that the adjusted non-IFRS net profit for FY2024 — after adjusting for foreign exchange gains/losses, share-based payments, expenses related to converting independent colleges into private universities, fair value changes on construction cost payables for school premises, and impairment losses on goodwill and intangible assets, net of deferred tax — will be in the range of approximately RMB2,190 million to RMB2,290 million. This represents an increase of approximately 5.4% to 10.3% compared to the adjusted non-IFRS net profit of approximately RMB2,077 million for FY2023. As of October 2024, the number of full-time students of our Group has increased by approximately 5.2% compared to the same period last year.

CAUTIONARY STATEMENT

As of the date of this announcement, the Company is still in the course of finalizing the consolidated financial results of the Group for FY2024. The information contained in this announcement is based on the preliminary assessment made by the Board by reference to the Group's unaudited consolidated management accounts for FY2024 and the information currently available to the Board. Such information has neither been confirmed nor reviewed by the independent auditor or the audit committee of the Company and may be subject to adjustments. The audited annual results of the Group for FY2024 may differ from the information contained in this announcement and are expected to be published by the end of November 2024.

NON-IFRS MEASURES DISCLOSURE

The Company believes that the non-IFRS measures presented provide additional information to the Company's management and investors to better understand and evaluate the Group's consolidated operational performance. These measures assist both the Company's management and investors in comparing financial results across periods and with peer companies. However, the presentation of these non-IFRS measures have limitations as analytical tools because they exclude certain items that impact the Group's financial results. Therefore, when assessing the Group's financial and operational performance, non-IFRS measures should not be considered in isolation or as substitutes for profit for the period or any other performance measure calculated in accordance with

International Financial Reporting Standards. Furthermore, because other companies may calculate non-IFRS measures differently, they may not be directly comparable to similarly titled measures used by other companies.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
China Education Group Holdings Limited
Yu Kai Wang Rui
Co-Chairmen

Hong Kong, 12 November 2024

As at the date of this announcement, the executive Directors are Dr. Yu Kai and Mr. Wang Rui, and the independent non-executive Directors are Dr. Gerard A. Postiglione, Dr. Rui Meng and Dr. Wu Kin Bing.