

HISTORY AND CORPORATE STRUCTURE

OUR HISTORY AND DEVELOPMENT

Overview

We are currently engaged in the provision of higher educational services in Shanxi Province, the PRC. Our history can be traced back to when Mr. Niu Sanping, the founder and principal of Shanxi Technology & Business, the Chairman of our Board and an executive Director, established Shanxi Technology & Business with his own personal fund in Taiyuan, Shanxi Province, the PRC in 2006. Mr. Niu Sanping has been deeply involved in the private education industry since 1987 and has over 33 years of experience in education. See “Directors and Senior Management” in this document for his biographical details.

Shanxi Technology & Business was approved for establishment by the People’s Government of Shanxi Province in May 2004. In 2011, Shanxi Technology & Business was approved and upgraded by the MOE to become the first private undergraduate college in Shanxi Province, the PRC. In 2015, Shanxi Technology & Business started to grant bachelor’s degree to its graduates. As of the Latest Practicable Date, Shanxi Technology & Business is comprised of two campuses, with two provincial experimental teaching demonstration centers, two school-level experimental demonstration centers together with 103 off-campus internship training bases.

Business milestones

The following illustrates our major development milestones:

<u>Year</u>	<u>Event</u>
2004	• Shanxi Technology & Business was approved for establishment by the People’s Government of Shanxi Province
2011	• Shanxi Technology & Business was approved and upgraded by the MOE from a vocational college to an undergraduate college with the name of Shanxi Technology and Business College* (山西工商學院), which is the first private undergraduate college in Shanxi Province
2014	• Our Beige campus was put in use
2015	• Shanxi Technology & Business started to grant the bachelor’s degree to its graduates
2018	• Our business administration programme was recognized as an advanced characteristic major of Shanxi higher education institutions for the year of 2018 (2018年山西省高等學校優勢特色專業) by the Department of Education of Shanxi Province
2019	• Shanxi Technology & Business passed the undergraduate teaching performance evaluation conducted by the MOE in 2018

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See “Business — Awards and Recognitions” in this document for further details in the awards and recognitions received by our College.

HISTORY OF OUR PRC AFFILIATED ENTITIES

Shanxi Technology & Business

Shanxi Technology & Business is a private undergraduate college registered in Shanxi Province, the PRC with a registered capital of RMB80,000,000 contributed by Mr. Niu Sanping to provide higher educational services to its students.

Shanxi Technology & Business was approved for establishment by the People’s Government of Shanxi Province on May 26, 2004 and obtained the Permit for Operating a Private School (民辦學校辦學許可證) from the People’s Government of Shanxi Province on November 18, 2005 (the “**2005 Permit**”). We commenced the preparation of the application for registration as a private non-enterprise unit (民辦非企業單位) after we obtained the 2005 Permit. However, due to the complexity of the application materials and administrative procedures involved, we obtained the certificate of registration as a private non-enterprise unit from the Department of Civil Affairs of Shanxi Province in August 2006. As confirmed by the Administration of Social Organizations of the Department of Civil Affairs of Shanxi Province, being the competent authority regulating our College as advised by our PRC Legal Advisors, the establishment and registration of Shanxi Technology & Business is in compliance with the applicable PRC laws and regulations. On April 7, 2011, Shanxi Technology & Business was approved and upgraded by the MOE from a vocational college to an undergraduate college with the name of Shanxi Technology and Business College* (山西工商學院).

Since its establishment, Mr. Niu Sanping had been the sole school sponsor of Shanxi Technology & Business. As a part of the Corporate Reorganization, on March 29, 2019, Mr. Niu Sanping and Shanxi Tongcai entered into a school sponsor change agreement (the “**School Sponsor Change Agreement**”), pursuant to which Mr. Niu Sanping agreed the change of the sole school sponsor of Shanxi Technology & Business to Shanxi Tongcai. The change of the school sponsor for Shanxi Technology & Business from Mr. Niu Sanping to Shanxi Tongcai took effect upon approval by the MOE on September 30, 2020. Shanxi Technology & Business subsequently obtained the updated Permit for Operating a Private School (民辦學校辦學許可證) issued by the MOE in October 2020 with validity period from October 2020 to October 2024 and the certificate of registration as a private non-enterprise unit issued by the Department of Civil Affairs of Shanxi Province in April 2021 with validity period from April 2021 to April 2025. As confirmed by our PRC Legal Advisors, the change of the School Sponsor of Shanxi Technology & Business from Mr. Niu Sanping to Shanxi Tongcai has been approved by the MOE on September 30, 2020, and therefore, our current Contractual Arrangements are legal, valid and binding on the parties. See “Contractual Arrangements — Operation of the Contractual Arrangements” in this document for further details.

The initial registered capital of Shanxi Technology & Business was RMB72,777,700, which was changed to RMB80,000,000 on April 23, 2021, and since then and as of the Latest Practicable Date, it has remained unchanged. All the registered capital had been paid up as of the Latest Practicable Date.

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Shanxi Tongcai

Shanxi Tongcai was established on May 17, 2018 with an initial registered capital of RMB1 million as a limited liability company under the laws of the PRC. At the time of its establishment, Shanxi Tongcai was owned as to 80% by Mr. Niu Jian, an executive Director and the son of Mr. Niu Sanping, and 20% by Ms. Chen Li (陳立) (the chief operating officer of Tongcai Investment), an Independent Third Party. Pursuant to each of their respective equity transfer agreements with Mr. Niu Sanping, both dated August 1, 2018, Ms. Chen Li and Mr. Niu Jian transferred 20% and 30% of their respective equity interests in Shanxi Tongcai to Mr. Niu Sanping with no consideration payable as the registered capital of Shanxi Tongcai had not been paid up at that time. The above equity transfers were completed on August 15, 2018. Thereafter, Shanxi Tongcai was owned as to 50% by Mr. Niu Sanping and 50% by Mr. Niu Jian and Ms. Chen Li ceased to be interested in Shanxi Tongcai.

Pursuant to an equity transfer agreement dated November 9, 2018, Mr. Niu Jian transferred 1% of the equity interest in Shanxi Tongcai to Mr. Niu Sanping with no consideration payable as the registered capital of Shanxi Tongcai had not been paid up at that time. Such equity transfer was completed on November 26, 2018.

As a part of the Corporate Reorganization and to align the respective equity interests held by Mr. Niu Sanping and Mr. Niu Jian in Shanxi Tongcai with that at the Company, on March 14, 2019, Mr. Niu Jian further transferred his 20% of equity interests in Shanxi Tongcai to Mr. Niu Sanping with no consideration payable as the registered capital of Shanxi Tongcai had not been paid up at that time. Such equity transfer was completed on March 29, 2019. Upon completion of such transfer and as of the Latest Practicable Date, Shanxi Tongcai was owned as to 71% by Mr. Niu Sanping and as to 29% by Mr. Niu Jian. See “— Corporate Reorganization — 3. Incorporation of the Company” and “— Corporate Reorganization — 5. Transfer of equity interests in Shanxi Tongcai” in this section of this document for further details.

On March 29, 2019, Mr. Niu Sanping and Shanxi Tongcai entered into the School Sponsor Change Agreement, pursuant to which Mr. Niu Sanping agreed the change of the sole school sponsor of Shanxi Technology & Business to Shanxi Tongcai. Shanxi Technology & Business obtained the updated Permit for Operating a Private School (民辦學校辦學許可證) issued by the MOE in October 2020.

The registered capital of Shanxi Tongcai was increased from RMB1 million to RMB20 million on May 13, 2019, and was further increased to RMB50 million on May 15, 2019, of which RMB10.5 million had been paid up by Mr. Niu Sanping as of the Latest Practicable Date and the remaining shall be paid up by the shareholders before May 8, 2023 in accordance with the articles of association.

DISPOSAL OF ENTITIES NOT RELATED TO OUR PRINCIPAL BUSINESS

Prior to the Corporate Reorganization, Shanxi Technology & Business held several entities and interests not related to the higher educational services we provide. In order to streamline the business and assets of our Group prior to [REDACTED], we disposed certain entities and interests to rationalize our corporate structure.

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Disposal of Shanxi Tongcai Film and Culture Media Co., Ltd

Shanxi Tongcai Film and Culture Media Co., Ltd* (山西通才影視文化傳媒有限公司) (“**Tongcai Media**”) was established on October 9, 2015 with an initial registered capital of RMB6 million as a limited liability company under the laws of the PRC, with a business scope of, among others, film and television program production. Tongcai Media was initially established with a view to developing film and television programs so as to provide practical experience opportunities to students in School of Communication and School of Music of Shanxi Technology & Business. However, as no suitable program has been explored, Tongcai Media has not commenced any business since its establishment. At the time of its establishment, Tongcai Media was owned as to 83.33% by Shanxi Technology & Business, 8.33% by Mr. Niu Jian and 8.33% by Ms. Zhang Zhonghua (張中華), our executive Director, respectively.

On May 27, 2017, the registered capital of Tongcai Media was increased from RMB6 million to RMB20 million, which was subscribed by Shanxi Technology & Business. Subsequent to the increase of registered capital, Tongcai Media was owned as to 95% by Shanxi Technology & Business, 2.5% by Mr. Niu Jian and 2.5% by Ms. Zhang Zhonghua, respectively.

To rationalize our corporate structure in preparation for the [REDACTED] and focus our resources on our higher education business, we decided to de-register Tongcai Media. Considering the time required to complete the entire de-registration process, which was expected to take up to several months in 2018, pursuant to the required procedures under the applicable PRC laws, and to facilitate the corporate reorganization for the purpose of preparing for [REDACTED], our Group decided to dispose Tongcai Media to a third party first and have such party de-register Tongcai Media thereafter. On June 17, 2018, Shanxi Technology & Business and Ms. Chen Li (陳立), who is an Independent Third Party and has been acting as the chief operating officer of Tongcai Investment since March 2017, entered into share transfer agreements, pursuant to which Shanxi Technology & Business agreed to transfer, and Ms. Chen Li agreed to acquire, 95% equity interest in Tongcai Media held by Shanxi Technology & Business. According to the share transfer agreements, Ms. Chen Li was to de-register Tongcai Media after such share transfer and the net asset value of Tongcai Media attributable to Shanxi Technology & Business at the time of such share transfer of approximately RMB8.4 million after deducting the relevant de-registration expenses should be returned to Shanxi Technology & Business after the de-registration of Tongcai Media. Based on the above transaction arrangements, Shanxi Technology & Business and Ms. Chen Li deemed the residual assets of Tongcai Media attributable to Shanxi Technology & Business after its de-registration of approximately RMB8.3 million as the consideration for the transfer of 95% equity interest in Tongcai Media from Shanxi Technology & Business to Ms. Chen Li. The registration of such share transfer was completed on June 29, 2018. On the same day, the legal representative and executive director of Tongcai Media was changed from Mr. Niu Sanping, who had been acting in such positions since the establishment of Tongcai Media, to Ms. Chen Li. Based on the unaudited management accounts prepared in accordance with the PRC GAAP, Tongcai Media recorded net loss of approximately RMB3.5 million, RMB13,000 and RMB19,000 for the years ended August 31, 2018, 2019 and 2020, respectively, and net profit of approximately RMB6,400 for the four months ended December 31, 2020, and as of June 29, 2018, Tongcai Media had net asset of approximately RMB8.4 million. The net loss of approximately RMB3.5 million of Tongcai Media for the year ended August 31, 2018 was mainly due to the write-off of other receivables of approximately RMB3.4 million recognized during the year ended August 31, 2018. See “Financial Information — Key Components of Our Results of Operations — Other Expenses” in this document for further details. As agreed by Shanxi Technology & Business and Ms. Chen Li, in November 2020, Ms. Chen Li prepaid an amount of approximately RMB8.3 million, being the estimated value of 95% equity interest of Tongcai Media, by reference to its residual assets and after deducting relevant

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de-registration expenses of Tongcai Media, using the available cash on hand of Tongcai Media at the time of settlement. As disclosed above, pursuant to the share transfer agreements between Shanxi Technology & Business and Ms. Chen Li, Ms. Chen Li was responsible for de-registering Tongcai Media after the transfer of the 95% equity interest of Tongcai Media from Shanxi Technology & Business to her and an amount equivalent to the net asset value of Tongcai Media attributable to Shanxi Technology & Business immediately prior to such share transfer was required to be returned to Shanxi Technology & Business. Tongcai Media was de-registered on March 1, 2021. To the best knowledge of the Directors, Tongcai Media was not subject to any material non-compliant incidents, claims, litigation or legal proceedings (whether actual or threatened) during the Track Record Period and up to its de-registration.

Disposal of Shanxi Tongcai Culture and Art Group Co., Ltd

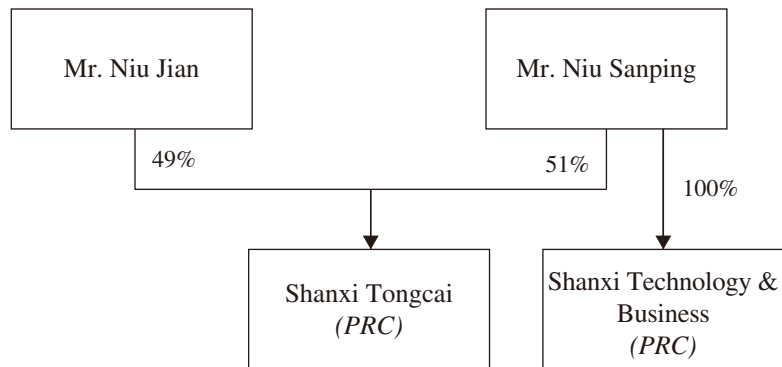
Shanxi Tongcai Culture and Art Group Co., Ltd* (山西通才文化藝術團有限公司) (“**Tongcai Culture**”) was established on October 12, 2015 with a registered capital of RMB1.1 million as a limited liability company under the laws of the PRC with a business scope of, among others, organizing cultural and arts exchange activities, exhibition and cultural and arts performance. Tongcai Culture was initially established with a view to organize cultural and arts exchange activities, exhibition and cultural and arts performance so as to provide practical experience opportunities to students in School of Communication and School of Music of Shanxi Technology & Business. However, as no suitable project has been explored, Tongcai Culture has not commenced any business since its establishment. At the time of its establishment, Tongcai Culture was owned as to 90.9% by Shanxi Technology & Business, 4.55% by Mr. Hao Xiaoming (郝孝明), an Independent Third Party, and 4.55% by Mr. Zhang Zhiwei (張志偉), our senior management.

To rationalize our corporate structure in preparation for the [REDACTED] and focus our resources on our higher education business, we decided to de-register Tongcai Culture. Considering the time required to complete the entire de-registration process, which was expected to take up to several months in 2018, pursuant to the required procedures under the applicable PRC laws, and to facilitate the corporate reorganization for the purpose of preparing for [REDACTED], our Group decided to dispose Tongcai Culture to a third party first and have such party de-register Tongcai Culture thereafter. On May 2, 2018, Shanxi Technology & Business and Ms. Chen Li entered into share transfer agreements, pursuant to which Shanxi Technology & Business agreed to transfer, and Ms. Chen Li agreed to acquire, 90.9% equity interest in Tongcai Culture held by Shanxi Technology & Business. According to the share transfer agreements, Ms. Chen Li was to de-register Tongcai Culture after such share transfer and as Tongcai Culture was not expected to have any residual assets after deducting the de-registration expenses, no consideration would be returned to Shanxi Technology & Business after the de-registration of Tongcai Culture. Therefore, no consideration was involved for the transfer of 90.9% equity interest in Tongcai Culture from Shanxi Technology & Business to Ms. Chen Li. The registration of such share transfer was completed on June 25, 2018. On the same day, the legal representative and executive director of Tongcai Culture was changed from Mr. Niu Sanping, who had been acting in such positions since the establishment of Tongcai Culture, to Ms. Chen Li. Based on the unaudited management accounts prepared in accordance with the PRC GAAP, Tongcai Culture recorded net loss of approximately RMB33,000, RMB21,000 and RMB22,000 for the years ended August 31, 2018, 2019 and 2020, respectively, and net profit of approximately RMB59,000 for the four months ended December 31, 2020, and as of June 25, 2018, Tongcai Culture had net asset of approximately RMB64,000, which would be used to meet the de-registration related expenses. Tongcai Culture was de-registered on March 12, 2021. To the best knowledge of the Directors, Tongcai Culture was not subject to any material non-compliant incidents, claims, litigation or legal proceedings (whether actual or threatened) during the Track Record Period and up to its de-registration.

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CORPORATE REORGANIZATION

The following chart sets forth our corporate structure immediately prior to the commencement of the Corporate Reorganization in November 2018:



In preparation of the [REDACTED], we underwent the Corporate Reorganization consisted of the following major steps:

1. Incorporation of Niusanping Limited

Niusanping Limited, an investment holding company for Mr. Niu Sanping, was incorporated as a limited liability company under the laws of the BVI on August 3, 2018 and was authorized to issue a maximum of 50,000 shares with a par value of US\$1.00 each. On the same day, one share of Niusanping Limited was issued and allotted to Mr. Niu Sanping for US\$1.00.

2. Incorporation of Niujian Limited

Niujian Limited, an investment holding company for Mr. Niu Jian, was incorporated as a limited liability company under the laws of the BVI on August 3, 2018 and was authorized to issue a maximum of 50,000 shares with a par value of US\$1.00 each. On the same day, one share of Niujian Limited was issued and allotted to Mr. Niu Jian for US\$1.00.

3. Incorporation of the Company

Our Company, which is the [REDACTED] vehicle of our Group, was incorporated as an exempted company with limited liability in the Cayman Islands on September 14, 2018 with an authorized share capital of US\$50,000 divided into 5,000,000,000 shares with par value of US\$0.00001 each. On the date of incorporation, the initial subscriber subscribed for, and the Company issued and allotted, one subscriber Share. On the same date, such one initial Share was transferred from the initial subscriber to Niusanping Limited for a consideration at par value, and the Company then issued and allotted one Share to Niujian Limited for cash at par.

On November 15, 2018, 50 Shares and 48 Shares were issued and allotted to Niusanping Limited and Niujian Limited, respectively, at par value of US\$0.00001 each.

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On March 18, 2019, 91 Shares and nine Shares were issued and allotted to Niusanping Limited and Niujian Limited, respectively, at par value of US\$0.00001 each. Immediately subsequent to the above allotment, our Company was owned as to 71% by Niusanping Limited and 29% by Niujian Limited.

4. Incorporation of China General Education (HK)

China General Education (HK), an investment holding company, was incorporated as a limited company under the laws of Hong Kong on November 7, 2018 with an issued share capital of HK\$1. On the same date, one founder share was issued to our Company at a subscription price of HK\$1. As of the Latest Practicable Date, China General Education (HK) was wholly-owned by our Company.

5. Transfer of equity interests in Shanxi Tongcai

On March 14, 2019, Mr. Niu Jian further transferred his 20% of equity interests in Shanxi Tongcai to Mr. Niu Sanping with no consideration payable as the registered capital of Shanxi Tongcai had not been paid up at that time. Upon completion of such transfer and as of the Latest Practicable Date, Shanxi Tongcai was owned as to 71% by Mr. Niu Sanping and as to 29% by Mr. Niu Jian.

6. Establishment of Shanxi WFOE

Shanxi WFOE was established in the PRC as a wholly foreign owned enterprise on June 24, 2019 with a registered capital of RMB50 million, and was wholly-owned by China General Education (HK). Pursuant to the PRC Company Law, shareholder(s) of a company shall make the capital contribution for which it has agreed to subscribe under the company's articles of association in full within the prescribed time limit as stipulated therein. According to the articles of association of Shanxi WFOE, the shareholder is only required to fully settle the registered capital of Shanxi WFOE by June 18, 2024. As of the Latest Practicable Date, the registered capital of Shanxi WFOE had not been paid up by China General Education (HK). As confirmed by our PRC Legal Advisors, the registered capital of Shanxi WFOE is not required to be fully paid up by China General Education (HK) until June 18, 2024, which does not contravene the articles of association of Shanxi WFOE and the applicable laws of the PRC and the establishment of Shanxi WFOE has been duly completed under the relevant laws and regulations in the PRC.

7. Change of the sole school sponsor of Shanxi Technology & Business

On March 29, 2019, Mr. Niu Sanping and Shanxi Tongcai entered into the School Sponsor Change Agreement, pursuant to which Mr. Niu Sanping agreed the change of the sole school sponsor of Shanxi Technology & Business to Shanxi Tongcai. Shanxi Technology & Business obtained the updated Permit for Operating a Private School (民辦學校辦學許可證) issued by the MOE in October 2020.

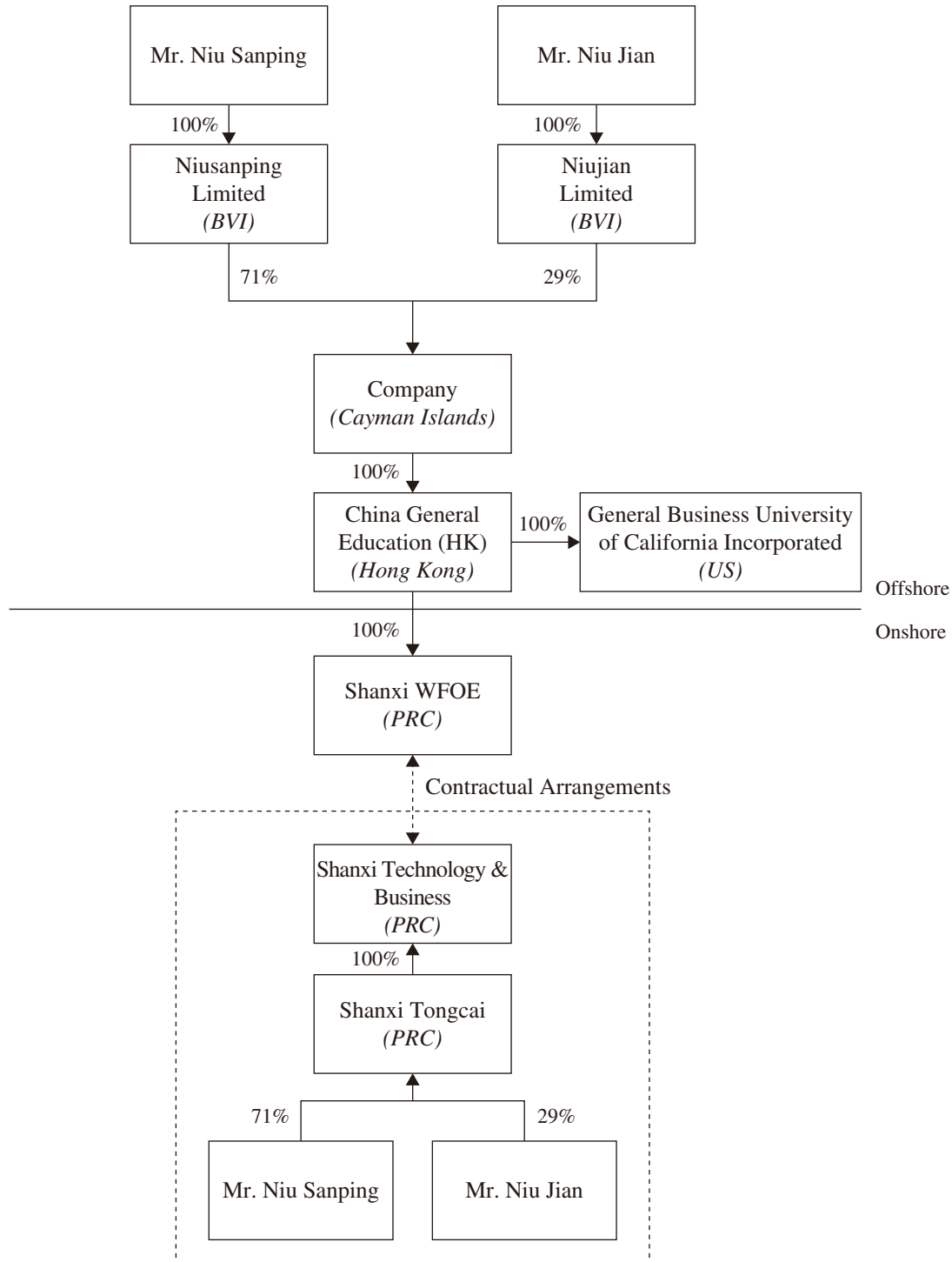
8. Entering into the Contractual Arrangements to control our PRC Affiliated Entities by Shanxi WFOE

On November 12, 2020, Shanxi WFOE entered into various agreements that constitute Contractual Arrangements with, among others, our PRC Affiliated Entities, under which all economic benefits arising from the business of our PRC Affiliated Entities are transferred to Shanxi WFOE by means of services fees payable by our PRC Affiliated Entities to Shanxi WFOE.

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GROUP STRUCTURE UPON THE CORPORATE REORGANIZATION

The following chart sets forth our corporate structure after the Corporate Reorganization and immediately prior to the [REDACTED]:

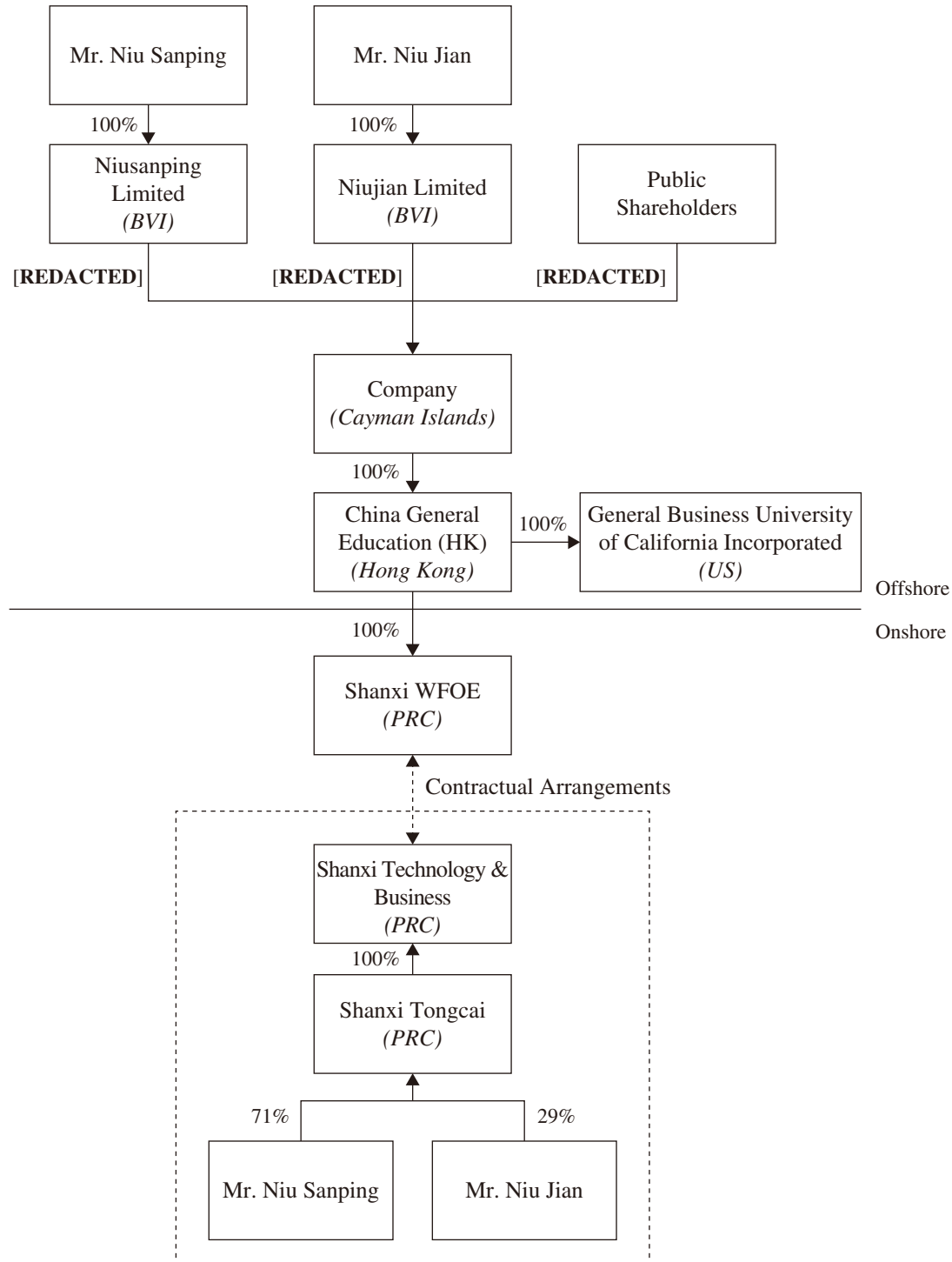


— denotes direct legal and beneficial ownership in equity interest
 --- control of PRC Affiliated Entities through Contractual Arrangements

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GROUP STRUCTURE UPON THE [REDACTED]

The following chart sets forth our corporate structure upon the [REDACTED], assuming the [REDACTED] (or any options that may be granted under the Share Option Scheme) is not exercised:



— denotes direct legal and beneficial ownership in equity interest
 --- control of PRC Affiliated Entities through Contractual Arrangements

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SCHOOL TO BE ESTABLISHED

New school in California

With a view to creating synergies with our College in China and complying with the Qualification Requirement as further described in the section headed “Contractual Arrangements” in this document, we plan to expand our network abroad by establishing a degree-granting higher education institution in California, the United States (the “US School”). We have engaged an agent, who is principally engaged in education consultancy and BPPE licensing services, to assist us in establishing General Business University of California Incorporated and filing applications with the BPPE regarding the establishment of the US School. On October 22, 2020, Generalist Business University of California Incorporated was established in California, the United States by our agent, which was renamed as General Business University of California Incorporated on November 4, 2020, and its sole member is China General Education (HK). General Business University of California Incorporated will operate and manage the US School to be established. We will file an application for a provisional license for a school of the same name with the BPPE. We have expended approximately US\$40,000 in connection with our establishment of General Business University of California Incorporated as of the Latest Practicable Date. See also “Business — Future Development — Overseas Institution” and “Contractual Arrangements — Background of the Contractual Arrangements — Plan to Comply with the Qualification Requirement” in this document for details.

COMPLIANCE WITH PRC LAWS AND REGULATIONS

Our PRC Legal Advisors confirmed that the establishment of our School Sponsor and our College and their subsequent shareholding changes have complied with the relevant laws and regulations in all material respects.

Our PRC Legal Advisors confirmed that all necessary approvals, permits and licences required under the PRC laws and regulations in connection with the Corporate Reorganization have been obtained, and the Corporate Reorganization has complied with all applicable PRC laws and regulations in all material respects.

SAFE REGISTRATION

Pursuant to the Circular No. 37 promulgated by SAFE and which became effective on July 4, 2014, (a) a PRC resident must register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle (the “Overseas SPV”) that is directly established or indirectly controlled by the PRC resident for the purpose of conducting investment or financing, and (b) following the initial registration, the PRC resident is also required to register with the local SAFE branch for any major change, in respect of the Overseas SPV, including, among other things, a change of Overseas SPV’s PRC resident shareholder(s), the name of the Overseas SPV, terms of operation, or any increase or reduction of the Overseas SPV’s capital, share transfer or swap, and merger or division. Pursuant to the Circular No. 37, failure to comply with these registration procedures may result in penalties.

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Pursuant to the Circular No. 13, promulgated by SAFE and which became effective on June 1, 2015, the power to accept SAFE registration was delegated from local SAFE branch to local banks where the assets or interest in the domestic entity was located.

As advised by our PRC Legal Advisors, each of Mr. Niu Sanping and Mr. Niu Jian has completed the registration under the Circular No. 37 on June 12, 2019.

M&A RULES

On August 8, 2006, six PRC regulatory agencies, including the MOFCOM, the State-owned Assets Supervision and Administration Commission, the SAT, SAIC, CSRC and SAFE, jointly issued the Provisions on the Merger and Acquisition of Domestic Enterprises by Foreign Investors (the “**M&A Rules**”), which became effective on September 8, 2006, and was amended on June 22, 2009. Pursuant to the M&A Rules, a foreign investor is required to obtain necessary approvals when (i) a foreign investor acquires equity in domestic non-foreign invested enterprise thereby converting it into a foreign-invested enterprise, or subscribes for new equity in a domestic enterprise through an increase of registered capital thereby converting it into a foreign-invested enterprise; or (ii) a foreign investor establishes a foreign-invested enterprise which purchases and operates the assets of a domestic enterprise, or which purchases the assets of a domestic enterprise and injects those assets to establish a foreign-invested enterprise (the “**Regulated Activities**”).

Given that (i) Shanxi WFOE was established as a wholly foreign-owned enterprise by means of direct investment rather than by merger or acquisition by our Company under the M&A Rules, and (ii) no Regulated Activities were involved in the Corporate Reorganization under the M&A Rules, as advised by our PRC Legal Advisors, the establishment of Shanxi WFOE and the Corporate Reorganization are not subject to the M&A Rules, and the [REDACTED] of our Company does not require approvals from CSRC and MOFCOM under the M&A Rules.