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China General Education Group Limited
中国通才教育集团有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2175)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 AUGUST 2021

The board (the "**Board**") of directors (the "**Directors**") of China General Education Group Limited (the "**Company**") is pleased to announce the consolidated financial results of the Company and its subsidiaries (the "**Group**") for the year ended 31 August 2021 (the "**Year**") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 August 2021

	Notes	2021 RMB'000	2020 RMB'000
REVENUE	3	**289,262**	271,083
Cost of sales		**(117,335)**	(107,147)
Gross profit		**171,927**	163,936
Other income and gains	3	**20,209**	18,967
Selling expenses		**(292)**	(277)
Administrative expenses		**(61,466)**	(39,782)
Other expenses		**(619)**	(109)
PROFIT BEFORE TAX	4	**129,759**	142,735
Income tax expense	5	**–**	–
PROFIT FOR THE YEAR		**129,759**	142,735
Attributable to:			
Owners of the Company		**129,759**	142,761
Non-controlling interests		**–**	(26)
		129,759	142,735
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	7		
Basic and diluted			
– For profit for the year		**RMB0.33**	RMB0.38

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)
For the year ended 31 August 2021

	2021	2020
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**129,759**	142,735
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements	**(1,783)**	–
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**(1,783)**	–
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(1,783)**	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**127,976**	142,735
Attributable to:		
Owners of the Company	**127,976**	142,761
Non-controlling interests	**–**	(26)
	127,976	142,735

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 August 2021

	Notes	2021 RMB'000	2020 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**648,142**	649,760
Right-of-use assets		**87,479**	89,799
Other intangible assets		**2,316**	4,395
Other non-current assets		**57,248**	7,771
Total non-current assets		**795,185**	751,725
CURRENT ASSETS			
Trade receivables	*8*	**18**	94
Prepayments, other receivables and other assets	*9*	**22,330**	19,654
Financial assets at fair value through profit or loss	*10*	**473,161**	311,657
Cash and cash equivalents		**594,687**	89,127
Total current assets		**1,090,196**	420,532
CURRENT LIABILITIES			
Contract liabilities	*11*	**194,017**	2,508
Other payables and accruals	*12*	**108,298**	95,047
Amount due to a director		**241**	–
Amount due to related parties		**2**	5,501
Deferred income		**8,702**	–
Total current liabilities		**311,260**	103,056
NET CURRENT ASSETS		**778,936**	317,476
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,574,121**	1,069,201
Net assets		**1,574,121**	1,069,201
EQUITY			
Equity attributable to owners of the Company			
Share capital		**33**	–
Reserves		**1,574,088**	1,069,243
Non-controlling interests		**–**	(42)
Total equity		**1,574,121**	1,069,201

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 August 2021

1. CORPORATE AND GROUP INFORMATION

China General Education Group Limited (the "**Company**") was incorporated in the Cayman Islands on 14 September 2018 as an exempted company with limited liability under the Companies Act of the Cayman Islands. The registered office address of the Company is 3-212 Governors Square, 23 Lime Tree Bay Avenue, P.O. Box 30746, Seven Mile Beach, Grand Cayman KY1-1203, Cayman Islands.

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 16 July 2021.

The Company is an investment holding company. During the year, the Company and its subsidiaries (collectively referred to as the "**Group**") were principally engaged in the provision of higher education services in the People's Republic of China (the "**PRC**"). There has been no significant change in the Group's principal activities during the year.

In the opinion of the directors, the holding company and the ultimate holding company of the Company is Niusanping Limited, which is incorporated in the British Virgin Islands.

2.1 BASIS OF PREPARATION

The Company became the holding company of the Group since November 2020 as a result of the reorganisation as described in the paragraph headed "History and Corporate Structure – Corporate Reorganisation" to the Prospectus dated 30 June 2021 (the "**Reorganisation**"). The entities now comprising the Group were under common control before and after the Reorganisation. Accordingly, for the purpose of this report, the consolidated financial statements have been prepared on a consolidated basis by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of the year ended 31 August 2020.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") (which include all International Financial Reporting Standards, International Accounting Standards ("**IASs**") and interpretations) issued by the International Accounting Standards Board ("**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance.

They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which have been measured at fair value.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 August 2021. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the Conceptual Framework for Financial Reporting 2018 and the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 3	*Definition of a Business*
Amendments to IFRS 9, IAS 39 and IFRS 7	*Interest Rate Benchmark Reform*
Amendment to IFRS 16	*Covid-19-Related Rent Concessions*
Amendments to IAS 1 and IAS 8	*Definition of Material*

The nature and the impact of the Conceptual Framework for Financial Reporting 2018 and the revised IFRSs are described below:

(a) *Conceptual Framework for Financial Reporting 2018* (the "**Conceptual Framework**") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

(b) Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 September 2020. The amendments did not have any impact on the financial position and performance of the Group.

(c) Amendments to IFRS 9, IAS 39 and IFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate ("**RFR**"). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.

(d) Amendment to IFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively. The amendments did not have any impact on the financial position and performance of the Group.

(e) Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

3. REVENUE, OTHER INCOME AND GAINS

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

	2021	2020
	RMB'000	*RMB'000*
Revenue		
Tuition fees	**264,249**	255,176
Boarding fees	**25,013**	15,907
Total revenue from contracts with customers	**289,262**	271,083
Other income and gains		
Bank interest income	**799**	347
Interest income from financial products	**11,402**	9,627
Examination and training income	**1,282**	1,746
Fair value gains on financial assets at fair value through profit or loss	**3,381**	1,657
Others	**3,345**	5,590
	20,209	18,967

Revenue from contracts with customers

(a) Disaggregated revenue information

	2021	2020
	RMB'000	*RMB'000*
Timing of revenue recognition		
Tuition fees recognised over time	**264,249**	255,176
Boarding fees recognised over time	**25,013**	15,907
	289,262	271,083

The Group's contracts with students for college education programmes and boarding services can be terminated anytime without compensation. Tuition and boarding fees are determined and paid by the students before the start of each academic year.

(b) Performance obligations

The performance obligation is satisfied over time as services are rendered and tuition fees and boarding fees are generally paid in advance prior to the beginning of each academic year.

4. PROFIT BEFORE TAX

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

	Notes	2021 *RMB'000*	2020 *RMB'000*
Employee benefit expense (excluding directors' and chief executive's remuneration):			
Wages and salaries		**62,765**	57,863
Pension scheme contributions (defined contribution scheme)		**13,160**	11,524
Depreciation of property, plant and equipment		**35,017**	36,574
Depreciation of right-of-use assets		**2,320**	2,275
Amortisation of other intangible assets		**1,448**	1,328
Auditor's remuneration		**2,010**	20
Fair value gains on financial assets at fair value through profit or loss		**(3,381)**	(1,657)
Loss on disposal of items of property, plant and equipment, net	*(a)*	**175**	69
Donation expenses	*(a)*	**100**	–
Listing expenses	*(b)*	**20,094**	3,948
Government grants – related to income	*(c)*	**(918)**	–

Note (a) Loss on disposal of items of property, plant and equipment and donation expenses are included in other expenses in the consolidated statement of profit or loss and other comprehensive income.

Note (b) Listing expenses are included in administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

Note (c) Various government grants have been received for certain teaching and research activities. The government grants received have been deducted from cost of sales in the consolidated statement of profit or loss and other comprehensive income when they relate to income and from property, plant and equipment and other intangible assets in the consolidated statement of financial position when they relate to assets. Government grants received for which related expenditure has not yet been undertaken are included in deferred income in the statement of financial position. There are no unfulfilled conditions or contingencies relating to these grants.

5. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act of the Cayman Islands and accordingly is not subject to income tax from business carried out in the Cayman Islands.

China General Education Group (Hong Kong) Limited, was subject to profits tax at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year. No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the year.

According to the Implementation Rules for the Law for Promoting Private Education, private schools for which the school sponsors do not require reasonable returns are eligible to enjoy the same preferential tax treatment as public schools. The preferential tax treatment policies applicable to private schools requiring reasonable returns are to be separately formulated by the financing authority, taxation authority and other authorities under the State Council. During the year and up to the date of this report, Shanxi Technology and Business College has historically enjoyed the preferential tax treatment since their establishment. As a result, no income tax expense was recognised by Shanxi Technology and Business College for the income from the provision of formal educational services during the year.

The Group's non-school subsidiaries established in Mainland China were subject to PRC corporate income tax at the rate of 25% during the year.

Corporate income tax of the Group has been provided at the applicable tax rates on the estimated taxable profits arising in Mainland China during the year.

The major components of income tax expense of the Group are as follows:

	2021	2020
	RMB'000	*RMB'000*
Current tax		
Charge for the year	**–**	–
Total tax charge for the year	**–**	–

6. DIVIDENDS

No dividend has been paid or declared by the Company in the current year (2020: nil).

7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 391,413,306 (2020:375,000,000) in issue during the year, as adjusted for the assumption that 374,999,800 new shares issued pursuant to the Capitalisation Issue (as defined below) had been issued on 1 September 2019, which is made to be consistent with the basis of presentation of the financial statements for the year ended 31 August 2020.

On 16 July 2021, the Company was listed on the Stock Exchange (the "**Listing**") by way of issuing 125,000,000 new ordinary shares and capitalisation issue of 374,999,800 ordinary shares (the "**Capitalisation Issue**"). On 11 August 2021, the over-allotment option was partially exercised and the Company allotted and issued 5,517,000 additional shares.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 August 2021 and 2020.

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

	2021	2020
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic and diluted earnings per share calculation:	**129,759**	142,761
Shares		
Number of issued shares on 1 September 2020 and 2019	**200**	200
Effect of Capitalisation Issue on 16 July 2021	**374,999,800**	374,999,800
Effect of the IPO (excluding shares issued under the over-allotment option) on 16 July 2021	**16,095,890**	–
Effect of the over-allotment option on 11 August 2021	**317,416**	–
Weighted average number of ordinary shares in issue used in the basic and diluted earnings per share calculation	**391,413,306**	375,000,000

8. TRADE RECEIVABLES

	2021	2020
	RMB'000	*RMB'000*
Tuition fees receivable	**16**	88
Boarding fees receivable	**2**	6
	18	94

The Group's students are required to pay tuition fees and boarding fees in advance for the upcoming academic year, which normally commences in September. The outstanding receivables represent amounts due from students who have applied for deferred payments of tuition fees and boarding fees. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables were immaterial, there is no significant concentration of credit risk to the Group. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	2021	2020
	RMB'000	*RMB'000*
Within 1 year	**11**	69
1 to 2 years	**–**	18
2 to 3 years	**–**	7
3 to 4 years	**7**	–
	18	94

9. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2021 *RMB'000*	2020 *RMB'000*
Prepaid service expense	**8,185**	–
Prepaid listing expenses	**–**	3,265
Equity-transfer-fund receivable	**–**	8,297
Other receivables	**14,145**	8,092
	22,330	19,654
Impairment allowance	**–**	–
	22,330	19,654

These financial assets included in the above balances relate to receivables for which there was no recent history of default, and not past due at the end of the reporting period. During the year, the Group has assessed that the credit risk of these receivables has not increased significantly since initial recognition and measured the impairment based on 12-month expected credit losses and has assessed that the expected credit losses are immaterial.

The financial assets included in prepayments, other receivables and other assets above are interest-free and are not secured with collateral.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 *RMB'000*	2020 *RMB'000*
Unlisted investments, at fair value	**473,161**	311,657

The above unlisted investments were wealth management and fund products. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

11. CONTRACT LIABILITIES

The Group recognised the following revenue-related contract liabilities, which represented the unsatisfied performance obligation as at the end of the reporting period, and are expected to be recognised within one year:

	2021	2020
	RMB'000	*RMB'000*
Tuition fees	**172,971**	2,433
Boarding fees	**21,046**	75
Contract liabilities	**194,017**	2,508

The Group receives tuition and boarding fees from students in advance prior to the beginning of each academic year. Tuition and boarding fees are recognised proportionately over the period of the applicable program. The students are entitled to the refund of payments in relation to the proportionate services not rendered.

Significant changes in the contract liability balances during the year are as follows:

	2021	2020
	RMB'000	*RMB'000*
At the beginning of the year	**2,508**	203,481
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year	**(2,332)**	(197,798)
Boarding fees reclassified to other payables	**–**	(5,455)
Increase due to cash received, net of the amounts recognised as revenue during the year	**193,841**	2,280
At the end of the year	**194,017**	2,508

12. OTHER PAYABLES AND ACCRUALS

		2021	2020
	Note	***RMB'000***	*RMB'000*
Payables for purchase and construction of property, plant and equipment		**25,104**	32,731
Payables for listing expenses		**17,433**	2,870
Miscellaneous fees received from students	*(a)*	**16,368**	9,133
Subsidies payable to students		**12,112**	9,439
Payables for logistics services and other services		**15,281**	17,872
Payables for salaries, social insurance and housing fund		**7,466**	10,518
Other tax payables		**4,102**	4,069
Other payables		**10,432**	8,415
		108,298	95,047

Note (a) The amount represents the miscellaneous fees received from students which will be paid out on behalf of students.

The above balances are unsecured and non-interest-bearing. The carrying amounts of other payables and accruals at the end of years approximated to their fair values due to their short-term maturities.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Business Overview

We are a leading provider of private higher education in Shanxi Province, the PRC. We operated a college, Shanxi Technology and Business College ("**our College**"), in Taiyuan City, Shanxi Province, the PRC. According to a market research report by the Frost & Sullivan (the "**Frost & Sullivan Report**") before the Company's listing on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), we ranked first among all private higher education institutions in Shanxi Province in terms of total full-time student enrollment, with a market share of 15.6% for the 2020/2021 school year. In 2011, our College was approved and upgraded by the Ministry of Education of the PRC to become the first private undergraduate college in Shanxi Province. Our solid reputation and extensive expertise in the private higher education sector have allowed us to continue to grow our College since then. The total number of students enrolled at our College has grown from approximately 8,000 students in the 2011/2012 school year to 17,233 students in the 2020/2021 school year. All students enrolled in our College were full-time students and most of our students enrolled were boarding students except for very few students who were approved by us to live off campus for personal reasons. As of 31 August 2021, we employed 543 full-time teachers and 508 part-time teachers.

As of 31 August 2021, our College offered bachelor's degree programs in a total of 36 majors (i.e. the specific area of study for which a student chooses to focus on, such as accounting, business administration, computer science and technology and preschool education) and three concentrations (which are specific study areas of emphasis within certain majors, including an internet technology concentration under major of computer science and technology, a child massage healthcare concentration and an early education concentration under the major of preschool education) to undergraduate students through our 12 schools. As of 31 August 2021, our College operated two campuses, namely, Longcheng campus and Beige campus, with a total area of approximately 481,504 sq. m. and building space of approximately 377,556 sq. m.

As a higher education service provider, we are dedicated to (i) building our College into a modern institution of higher education with superior quality, and (ii) equipping our students with readily applicable skills that meet the ever-changing demands of the job market.

We focus on providing application-oriented education to equip our students with practical skills relevant to careers. We continue to optimize our course offerings and practical training programs to provide our students with the readily applicable skills. We offer mandatory and elective courses in entrepreneurship and innovation-related subjects, and provide a variety of opportunities for students to hone their business skills. We reinforce our application-oriented course offerings with meaningful collaboration with companies in private industry ranging from joint development and delivery of entire courses and construction of simulated work-environment training bases on our campuses, to inviting industry experts and visiting lecturers and helping arrange internship and practical training opportunities for our students. We believe our emphasis on developing advanced, career-focused skill sets helps make our students more appealing to potential employers. The initial employment rate for graduates of our College reached approximately 90.3% and 72.5% for the 2020/2021 and 2019/2020 school years, respectively. The initial employment rate for graduates for the 2019/2020 school year was lower than that for the previous years, which was mainly due to the impact of the COVID-19 pandemic.

COVID-19 Pandemic and Effects on Our Business

(a) Impact of COVID-19 Pandemic on Our Operation

The outbreak of COVID-19 pandemic began in China in December 2019 and peaked in China in February 2020, thus limiting the Group's ability to provide education services, and our College postponed the opening of both school campuses for the spring semester of the 2019/2020 school year.

In addition, the reduced transportation services and disruptions in construction and logistic networks due to COVID-19 pandemic have posed negative impacts on the capabilities of the suppliers under the Phase IV construction project of our Beige campus, as well as the possibilities of potential acquisition by the Group.

As the COVID-19 pandemic began to subside from the beginning of March 2020 in China, we have deployed internal resources and realized our teaching and operating capabilities to accelerate the progress of the temporarily postponed courses and reduce the impact on our education services.

As of 1 September 2020, most of the cities in China have eased or cancelled domestic travel restrictions and resumed work and production. We have resumed normal operations of our College according to the local government's guidelines.

(b) Relief Measures

We undertook several relief measures to minimize the adverse effects of COVID-19 pandemic on our business operation.

In order to minimize disruption to the school year as much as possible, we started teaching classes and offering other learning activities via online platforms beginning in March 2020 while the students and faculty of our College were unable to return to school.

Pursuant to the Guiding Opinions on the Organization and Management of Online Teaching in Colleges and Universities in Shanxi Province During the Period of Epidemic Prevention and Control (《關於在疫情防控期間做好全省高等學校在線教學組織與管理工作的指導意見》) issued by the Department of Education of Shanxi Province, teachers at our College attended relevant technology training through various online platforms and we selected a number of suitable platforms including WeChat, QQ, DingTalk, Tencent Classroom and Tencent Meeting, among others, on which to conduct teaching. Using such online tools, teachers were able to conduct their courses, either via live streaming or recorded lectures. These online platforms allow students to take classes online, interact with our teachers, have group discussion and participate in class quiz sessions. Our teachers prepared and adjusted their teaching materials and course designs to take into account the different features of online teaching as compared to traditional in-class teaching.

In addition, we also utilized others online courses and resources, some of which we had previously purchased, as a supplement to our online teaching. Teachers were able to select from among a number of existing third-party online courses to supplement their own lectures. For example, our College entered into an agreement with a third-party education technology company, enabling our students to access approximately 380 online courses (mainly elective courses) provided by such company which students were able to take on a voluntary basis and gain credits towards their degree after successfully fulfilling the online study requirements. Those courses are generally taught by teachers from other universities or colleges nationwide and could bring in different perspectives and novel learning methods for our students. Students were also able to access other electronic resources online provided by such company, such as electronic books, journals, archived documents and videos.

As advised by our PRC legal advisors, delivery of courses developed by us on these third-party online platforms, which were operated and managed by independent third parties, and the use of the education resources available thereon by our students and faculty do not involve any activities in relation to the provision of basic or value-added telecommunication services and therefore, do not require a telecommunication business license on our part.

(c) Financial Impact of the COVID-19 Pandemic

As students were unable to board at our College for much of the second semester of the 2019/2020 school year due to the COVID-19 pandemic, we refunded approximately RMB5.4 million in boarding fees to our students. There was no significant financial impact by the COVID-19 pandemic for the 2020/2021 school year.

Despite the unprecedented challenges posed by the COVID-19 pandemic, the Group's revenue during the Year amounted to approximately RMB289.3 million (2020: RMB271.1 million), representing an increase of approximately RMB18.2 million or 6.7%. In addition, the Group recorded a profit during the Year of approximately RMB129.8 million (2020: RMB142.7 million), representing a decrease of approximately RMB12.9 million or approximately 9.0% as compared with the corresponding period last year, which was mainly due to the fact that we incurred some listing expenses of approximately RMB20.1 million (2020: RMB3.9 million). Adding back the listing expenses, the Group would record a profit during the Year of approximately RMB149.9 million (2020: RMB146.6 million), representing an increase of approximately RMB3.3 million or approximately 2.3%. These conditions indicate that the major businesses of the Group are operating well and the results are showing an upward trend.

We attribute this to the combined effect of the above mitigation measures, the unremitting efforts of our dedicated staff and the effectiveness of our comprehensive business continuity plans.

(d) Liquidity Positions and Working Capital Sufficiency

As of 31 August 2021, cash and cash equivalents of the Group amounted to approximately RMB594.7 million, representing a year-on-year increase of approximately 567.5% as compared with approximately RMB89.1 million for the corresponding period last year.

We believe that our liquidity requirements will be satisfied with a combination of existing cash and cash equivalents, cash flows generated from our operating activities, the net proceeds from the initial public offering of our Company and other funds raised from the capital markets from time to time.

Tuition Fees Standards

The following table sets forth the average tuition fee for our College for the periods indicated:

	Year ended 31 August			Percentage
	2021	**2020**	**Change**	**change**
	RMB	*RMB*	*RMB*	*(%)*
Average Tuition Fee	**15,333.9**	15,357.2	(23.3)	(0.2)

The following table sets forth the number of our students who participated in the undergraduate and junior colleges programs offered by our College for 2020/2021 school year and 2019/2020 school year.

	School Year[1]	
	2020/2021	2019/2020
Undergraduate program[2]	**17,233**	16,337
Junior college program[3]	**–**	279
Total	**17,233**	16,616

Notes:

(1) The student enrollment information for the school years indicated was based on the internal records of our College. Although our school year typically starts at the beginning of September, the administrative work that facilitates the registration of students' academic files, the collection of tuition and boarding fees and other admission-related activities are generally completed by the end of September. Accordingly, we use 30 September as a benchmark point in time to determine and present our enrollment figures and certain other business operating data, and the student enrollment figures listed here for the 2019/2020 school year are the number of students as of 30 September of such school year. For the 2020/2021 school year, due to the impact of COVID-19 pandemic, the beginning of the semester was delayed until 12 October 2020 for new students. For purposes of providing a fair comparable figure, we use the number of students as of 31 October 2020 to present student enrollment figures for the 2020/2021 school year. 5,500 students applied for the undergraduate enrollment plan in 2021, representing an increase of 500 students as compared to 2020.

(2) The number of students includes the number of (i) students who were admitted to four-year undergraduate programs by taking the National Higher Education Entrance Examination, (ii) students who were admitted after graduating from junior colleges and continue their study at our College as third-year undergraduate students, and (iii) students who were admitted after graduating from secondary vocational schools.

(3) Starting in the 2018/2019 school year, we began to phase out our three-year junior college program and shifted our focus entirely to our undergraduate program and stopped adding new student classes for our junior college program. Starting in the 2020/2021 school year, we did not have any students enrolled in our junior college program.

FUTURE OUTLOOK AND BUSINESS STRATEGIES

In terms of total full-time student enrollment, according to the Frost & Sullivan Report, the Group ranks the first among all private higher education institutions in Shanxi Province with a market share of approximately 15.6% for the 2020/2021 school year, which puts us in a favorable position.

Shanxi Province is one of the economically underdeveloped provinces in China where higher education resources in the province are relatively scarce. It is however growing at a rapid rate. The private higher education industry in Shanxi Province is also growing rapidly. In addition to increasing student enrollment, thanks to the increase in disposable income and regulation allowing for market pricing of non-profit private higher education, the continuing growth of tuition and miscellaneous fees have contributed to the steady growth of total revenue of private higher education providers in Shanxi Province. In 2020, two independent colleges in Shanxi Province were transformed to become public higher education institutions, resulting in a decline in the total revenue of private higher education providers for the year. In addition, according to the "Report of Department of Education of Shanxi Province on the Transfer of Independent Colleges" (《山西省教育廳關於全省獨立學院轉設的報告》), another independent college is expected to be transformed to become a public higher education institution in 2021. After an adjustment period to such transformation of independent colleges, the total revenue of private higher education providers in Shanxi Province is expected to maintain steady growth. We believe that the Group can benefit from the increasing demand for private higher education.

We intend to continue to expand our business and school network. To achieve our goals, we plan to pursue the following business strategies: (i) increase our College's capacity and student body and improve the teaching and living environment by building new facilities; (ii) expand our operations through acquisition; (iii) further improve and diversify our curriculum offerings and course design and continue to provide practical training to our students; (iv) expand the scope of our educational service offerings to capture additional growth opportunities; and (v) continue to build and improve our highly qualified teaching team.

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 the prospectus of the Company dated 30 June 2021 (the "**Prospectus**"), we also plan to expand our network abroad by establishing a degree-granting higher education institution in the State of California in the United States (the "**US School**") offering bachelor of science in business administration program and bachelor of science in marketing program. We have engaged an agent, who is principally engaged in education consultancy and California Bureau for Private Postsecondary Education (the "**BPPE**") licensing services, to assist us in establishing General Business University of California Incorporated, the operating entity for the US School, and filing applications with the BPPE regarding the establishment of the US School in June 2021.

LATEST REGULATORY DEVELOPMENTS

Pursuant to the Decision on Amending the Law for Promoting Private Education of the PRC (《關於修改〈中華人民共和國民辦教育促進法〉的決定》) (the "**2016 Decision**"), which became effective on 1 September 2017, private schools will no longer be classified as either schools for which the school sponsor(s) require reasonable returns or schools for which the school sponsor(s) do not require reasonable returns. Instead, the school sponsor(s) of a private school may choose for the school to be a for-profit private school or a non-profit private school, with the exception that the schools providing compulsory education must be non-profit. The school sponsors of for-profit private schools are allowed to receive income from the operation of the school and the balance of running such schools. By contrast, the school sponsors of non-profit private schools are prohibited from receiving income from the operation of the school and the balance of running such schools shall be only used for the operation of the schools. In addition, for-profit private schools are entitled to have discretion in determining the fees collected from the students in accordance with the market conditions while the fee collection of non-profit private schools shall be subject to provincial government regulation. For details of the 2016 Decision, including the key differences between a for-profit private school and a non-profit private school under the 2016 Decision, please see "Regulatory Overview – Regulations on Private Education in the PRC – The Law for Promoting Private Education and the Implementation Rules for the Law for Promoting Private Education" of the Prospectus.

On 11 July 2018, the General Office of the People's Government of Shanxi Province promulgated Several Opinions of the General Office of People's Government of Shanxi Province on Supporting and Regulating the Development of Education by Social Forces and Promoting the Healthy and Orderly Development of Private Education (《山西省人民政府辦公廳關於支援和規範社會力量與興辦教育促進民辦教育健康有序發展的若干意見》), according to which, school sponsors can freely elect to establish for-profit schools or non-profit schools with the exception that private schools providing compulsory education must be non-profit. Sponsors of non-profit private schools do not obtain school operating income, and operating balances are all used for running schools; for-profit private schools sponsors can obtain school operating income, and distribution of the school balances are based on relevant state regulations. Private schools which provided education services other than compulsory education and were approved for establishment before 7 November 2016 can freely elect to establish for-profit schools or non-profit schools, the re-registration shall be completed within five years from July 2018 which was confirmed in our interview with the Department of Education of Shanxi Province.

On 30 December 2019, the Department of Education of Shanxi Province, the Department of Human Resources and Social Security of Shanxi Province, the Department of Civil Affairs of Shanxi Province, the Office of the Organization Committee of Shanxi Province and the Administration for Market Regulation of Shanxi Province jointly issued the Implementation Measures of Classified Registration of Private Schools in Shanxi Province (《山西省民辦學校分類登記實施辦法》) (the "**Shanxi Measures**"), which includes the requirements and procedures of approval for establishment, classified registration, change of registered events, termination and cancelation of registration, classified registration of existing private schools. For an existing private school, if it chooses to register as a non-profit private school, it shall amend its articles of association in accordance with the relevant laws, continue its school operation, and complete the new registration formalities; if it chooses to register as for-profit private school, it shall make financial settlement, clarify the ownership of the schools' land, buildings and accumulations and pay the relevant taxes and fees, the capital contribution of the sponsor before the liquidation shall be the paid-in capital, the asset appreciation, school accumulation, creditor or debtor's rights and obligations shall be borne by the private school after the re-registration unless otherwise specified, the private school shall also apply for registering as a for-profit private school and obtain the Permit for operating a Private School, and then register with the local branch of the State Administration for Market Regulation.

On 30 December 2019, the Department of Education of Shanxi Province, the Department of Human Resources and Social Security of Shanxi Province and the Administration for Market Regulation of Shanxi Province jointly issued the Implementation Measures on the Supervision and Administration of For-Profit Private Schools of Shanxi Province（《山西省營利性民辦學校監督管理實施辦法》）, which resembles the rules at the national level to a large extent.

According to the Notice on Further Standardizing the Collection of Education Fees of Non-Profit Private Schools（《關於進一步規範非營利性民辦學校學歷教育收費的通知》）, which was jointly promulgated by the Development and Reform Commission of Shanxi Province, the Department of Human Resources and Social Security of Shanxi Province and the Administration for Market Regulation of Shanxi Province on 29 October 2019, the education fees collected by non-profit private schools include tuition fees and boarding fees, and non-profit private schools can refer to the relevant regulations of public schools at the same level to provide students with optional service charge items and substitute charge items on the premise of students' willingness. For tuition fees and boarding fees, if they are included in the Shanxi Provincial Price Catalog, the fees are decided by the government, if not, the non-profit private schools can decide independently. Pursuant to the Implementation Measures on the Supervision and Administration of For-Profit Private Schools of Shanxi Province, the items and standards charged by for-profit private schools are determined independently by the school based on factors such as school cost and market demand and shall disclose to the public.

As of 31 August 2021, we had not made a formal application to register our College as a for-profit private school. Under the existing regulatory environment and based on the interpretation of the 2016 Decision and the existing ownership structure of our College, we currently expect to register our College as a for-profit private school. In the event that our College successfully registers as a for-profit private school, the potential impact of the 2016 Decision includes the following:

- The rights and interests of the sponsors of our College will be protected in more definitive and favorable ways: the 2016 Decision provides that the school sponsors of for-profit private schools can obtain the schools' operating profits, and the remaining assets upon liquidation after the settlement of the school's indebtedness in accordance with the PRC Company Law and other relevant laws and administrative regulations, and the standards and types of the fees should be publicized to the public and subject to supervision by relevant competent authorities;

- Our College shall have the discretion to determine the amount of fees to be charged in accordance with the 2016 Decision. If our College is registered as a for-profit private school, our College would be entitled to make its own decisions about the standards and types of the fees to be charged by our College based on our College's operating costs and market demand;

- Our College may enjoy support from certain PRC government policies: the 2016 Decision stipulates that the governments at or above the county level in the PRC can provide various policy support to for-profit schools, such as preferential tax policies and student loans;

- There may be increased uncertainty about the extent of the benefits to be provided by the government supporting measures: according to the 2016 Decision, while land will be supplied to non-profit private schools by the government through allocation or other means, for-profit private schools are not expected to enjoy the same treatment as public schools and non-profit private schools; and

- Our College will be subject to the requirements of applying for re-registration: the 2016 Decision also requires that private schools choosing to register as for-profit schools shall carry out financial settlement procedures, clarify property ownership, pay the relevant taxes and fees, and re-apply for registration.

According to our consultation with the Department of Education of Shanxi Province which is the competent authority to confirm such matters as advised by our PRC legal advisors, (i) before we elect for our College to be a for-profit private school, the current articles of association of our College will continue to be legal, effective and enforceable, and our College can operate in accordance with it; and (ii) non-profit schools are expected to enjoy more favorable policies. As advised by our PRC legal advisors, despite the aforesaid implementing rules relating to 2016 Decision, there remain uncertainties in the interpretation and implementation of the 2016 Decision with respect to various aspects of the operations of a for-profit school and whether such implementation regulations would have any material adverse impact on our business. In particular, (i) specific procedures regarding the conversion of an existing private school into a for-profit school have not yet been promulgated by local authorities in Shanxi Province; and (ii) specific conditions or requirements in respect of any preferential tax treatment and the treatment of the land use rights which for-profit schools may enjoy have not been promulgated by relevant authorities. In addition, there are uncertainties regarding the interpretation and enforcement of the 2016 Decision and relevant regulations by government authorities.

On 26 March 2021, with the assistance of our PRC legal advisors, we verbally consulted with a top-level consultant (一級調研員) at the Vocational Education and Adult Education Division of Department of Education of Shanxi Province (山西省教育廳), being a competent person at the competent authority to confirm such matters as advised by our PRC legal advisors: (i) although the Implementing Measures on Classification Registration of Private Schools (《民辦學校分類登記實施細則》) and the Shanxi Measures have been promulgated and set out the general requirements for the registration of existing private schools as for-profit or non-profit, specific provisions enacted in accordance with such regulations regarding the selection of for-profit or non-profit school, such as the details of the application procedures and documents to be prepared for the registration as for-profit schools, have not yet been promulgated in Shanxi Province; and (ii) the Department of Education of Shanxi Province has not yet begun to accept relevant applications from existing schools. For the general requirements for the registration of existing private schools as for-profit or non-profit, see "Regulatory Overview – Regulations on Private Education in the PRC – Implementing Measures on Classification Registration of Private Schools" in the Prospectus for details.

Our Directors understand that the specific provisions have not yet been promulgated and there currently is no timeline for implementation. However, taking into account that (i) our College was legally established in 2006 and is validly existing under the current PRC laws; and (ii) according to the Frost & Sullivan Report, our Group was the largest private high education institution in terms of full-time student enrollment in Shanxi Province with a market share of approximately 15.6% in the 2020/2021 school year, our Directors consider that our College's situation will be a factor to be taken into account when the local government formalizes such specific provisions and it would be unlikely that they would impose any special provisions which our College would not be able to achieve. Based on the foregoing, our Board considers that we currently expect to register our College as a for-profit private school.

FINANCIAL REVIEW

Revenue

The Group derives revenue from tuition fees and boarding fees that our College collected from students.

The Group's revenue during the Year amounted to approximately RMB289.3 million (2020: RMB271.1 million), representing an increase of approximately RMB18.2 million or approximately 6.7%. Such increase was primarily due to the fact that: (i) tuition fees during the Year amounted to approximately RMB264.3 million (2020: RMB255.2 million), representing an increase of approximately RMB9.1 million or approximately 3.6% because of more students admitted for the 2020/2021 school year; and (ii) boarding fees during the Year amounted to approximately RMB25.0 million (2020: RMB15.9 million), representing an increase of approximately RMB9.1 million or approximately 57.2% because of more students admitted for the 2020/2021 school year and the refund of part of boarding fees to students for the 2019/2020 school year in relation to COVID-19 pandemic.

Cost of sales

The Group's cost of sales primarily consists of salary costs (including basic salaries, social security contributions, bonuses and benefits for our teaching staff), depreciation and amortization, utilities expenses, maintenance costs, teaching expenses (including educational supplies, training expenses, research and development costs), student activity costs, office allowances, and others (including traveling and accommodation expenses for teaching staff).

The Group's cost of sales during the Year amounted to approximately 117.3 million (2020: RMB107.1 million), representing an increase of approximately RMB10.2 million or approximately 9.5%. The increase in cost of sales was primarily due to (i) the improvement in remuneration and benefit package for employees; (ii) the increase in utilities charges; and (iii) the increase in teaching expenditures so as to provide better teaching services to our students.

Gross Profit and Gross Profit Margin

The Group's gross profit represents our revenue less cost of sales. The Group's gross profit margin represents the Group's gross profit as a percentage of our revenue.

The Group's gross profit during the Year amounted to RMB171.9 million (2020: RMB163.9 million), representing an increase of approximately RMB8.0 million or approximately 4.9%. The Group's gross profit margin during the Year was approximately 59.4%, representing a decrease of approximately 1.1% as compared with the gross profit margin of 60.5% last year. Such decrease was mainly due to the increase in the cost of sales more than the increase in revenue during the Year.

Other Income and Gains

The Group's other income and gains consist of bank interest income, interest income from financial products, examination and training income, fair value gains on financial assets at fair value through profit or loss and others.

The Group's other income and gains during the Year amounted to approximately RMB20.2 million (2020: RMB19.0 million), which remained relatively stable as compared with the corresponding period last year.

Selling Expenses

The Group's selling expenses primarily consist of expenses incurred for relevant publicity of our College, including the cost of promotional brochures and advertising expenses.

During the Year and for the corresponding period last year, the Group's selling expenses both amounted to approximately RMB0.3 million.

Administrative Expenses

The Group's administrative expenses primarily consist of salary expenses for administrative staff, logistic expenses (including the property management fees charged by an independent third party for providing property management, cleaning, greenery maintenance and garbage disposal services), listing expenses, depreciation of land for administrative purposes and amortization of equipment and software for school administration and management use, office expenses (including travel and transportation expenses incurred by our administrative staff for business trips), maintenance costs, tax and utilities expenses.

The Group's administrative expenses during the Year amounted to approximately RMB61.5 million (2020: RMB39.8 million), representing an increase of approximately RMB21.7 million or approximately 54.5%. The listing expenses during the Year amounted to approximately RMB20.1 million (2020: RMB3.9 million). Disregarding the effect of listing expenses, which is a nonrecurring item, the administrative expenses during the Year would amount to approximately RMB41.4 million (2020: RMB35.9 million), representing an increase of approximately RMB5.5 million or approximately 15.3%, which was mainly due to the increase in administrative expenses and auditor's expenses upon listing.

Income Tax

During the Year and for the corresponding period last year, we did not incur any income tax expense for our operations.

Profit for the Year

As a result of the combined effects of the above revenue, costs and expenses, the Group recorded a profit during the Year of approximately RMB129.8 million (2020: RMB142.7 million), representing a decrease of approximately RMB12.9 million or approximately 9.0% as compared with the corresponding period last year.

Adjusted Net Profit

To supplement our consolidated statements of profit or loss and other comprehensive income which are presented in accordance with International Financial Reporting Standards ("**IFRS**"), we also use adjusted net profit as an additional financial measure. We present this financial measure because it is used by our management to evaluate our operating performance. We also believe that such measure provides useful information to investors in understanding and evaluating our results of operations and in comparing financial results across accounting periods and to those of our peer companies.

Adjusted net profit eliminates the effect of listing expenses, which is a nonrecurring item. The term of adjusted net profit is not defined under IFRS. The use of adjusted net profit has material limitations as an analytical tool, as adjusted net profit does not include all items that impact our net profit for the year. We compensate for these limitations by reconciling this financial measure to the nearest IFRS performance measure, which should be considered when evaluating our performance.

Disregarding the effect of listing expenses of approximately RMB20.1 million (2020: approximately RMB3.9 million), the adjusted net profit of the Group during the Year amounted to approximately RMB149.9 million (2020: RMB146.6 million), representing an increase of approximately 2.3%.

Current Assets and Current Liabilities

As of 31 August 2021, the net current assets of the Group amounted to approximately RMB778.9 million (2020: RMB317.5 million), representing an increase of approximately RMB461.4 million. Such increase was primarily due to the fact that (i) as of 31 August 2021, financial assets at fair value through profit or loss amounted to approximately RMB473.2 million (2020: RMB311.7 million), representing an increase of approximately RMB161.5 million, which was because the Group utilized idle funds to purchase some wealth management and fund products to increase the yield of funds; and (ii) as of 31 August 2021, cash and cash equivalents amounted to approximately RMB594.7 million (2020: RMB89.1 million), representing an increase of approximately RMB505.6 million, which was mainly related to the net proceeds from the issuance of new shares listed on the Stock Exchange on 16 July 2021 and the subsequent exercise of part of over-allotment options by the Company of approximately RMB385.1 million as well as the increase in the tuition fees and boarding fees collected from students for the upcoming school year during the Year; partially offset by (i) as of 31 August 2021, contract liabilities amounted to approximately RMB194.0 million (2020: RMB2.5 million), representing an increase of approximately 191.5 million, which was because the 2020/2021 school year started later than usual due to the COVID-19 pandemic and only a small portion of tuition fees and boarding fees was collected from students for the upcoming school year as at 31 August 2020, which resulted in the significant decrease in contract liabilities as at 31 August 2020 as compared with previous years; and (ii) as of 31 August 2021, other payables and accruals amounted to approximately RMB108.3 million (2020: RMB95.0 million), representing an increase of approximately RMB13.3 million.

Liquidity, Capital Resources and Gearing Ratio

We have financed our capital expenditures and working capital requirements principally with cash generated from our operations during the Year. In the future, we believe that our liquidity requirements will be satisfied using a combination of cash flows generated from our operating activities and the net proceeds from the issue of new shares of the Company and other funds raised from the capital markets from time to time as needed. The Group's gearing ratio as of 31 August 2021, represented by bank borrowings as a percentage of total equity, was 0% (2020: 0%).

Property, Plant and Equipment

As at 31 August 2021, the Group's property, plant and equipment amounted to approximately RMB648.1 million, representing a decrease of approximately 0.3% year-on-year from approximately RMB649.8 million as at 31 August 2020. Such decrease was due to the fact that the amount of additions of property, plant and equipment during the Year was lower than the total amount of depreciation and special government subsidies.

Cash and Cash Equivalents

As at 31 August 2021, the Group's cash and cash equivalents was approximately RMB594.7 million, representing an increase of approximately 567.5% year-on-year from approximately RMB89.1 million as at 31 August 2020. The increase was mainly due to the combined effects of the following factors: (i) the increase in the numbers of students admitted during the Year; and (ii) the issuance of new shares on the Stock Exchange on 16 July 2021 and the subsequent exercise of certain over-allotment options by the Company of approximately RMB385.1 million.

As at 31 August 2021, cash and cash equivalents denominated in RMB amounted to RMB497.0 million and in HK$ amounted to RMB97.7 million (2020: denominated in RMB amounted to RMB89.1 million).

Capital Expenditures

Capital expenditures of the Group primarily related to the construction of the Beige campus, educational equipment and other intangible assets. For the Year, our capital expenditures amounted to RMB81.3 million (2020: RMB36.4 million).

Commitments

Our capital commitments primarily related to the acquisition of buildings and teaching facilities. The following table sets forth a summary of our capital commitments as of 31 August 2021:

	At 31 August	
	2021	2020
	RMB'000	*RMB'000*
Contracted, but not provided for:		
Buildings	**195,262**	14,669
Teaching facilities	**11,607**	1,491
	206,869	16,160

The contracted but not provided for commitments as of 31 August 2021 increased by approximately RMB190.7 million as compared to that as at 31 August 2020, which was mainly related to the construction of Phase IV of our Beige campus.

Key Financial Ratios

	At 31 August **2021**	2020
Return on assets	**6.9%**	12.2%
Return on equity	**8.2%**	13.3%
Current ratio	**350.3%**	408.1%

Notes:

(1) Return on assets equals net profit for the year divided by total assets as at the end of the year.

(2) Return on equity equals net profit for the year divided by total equity amounts as at the end of the year.

(3) Current ratio equals our current assets divided by current liabilities as at the end of the year.

Foreign Exchange Risk Management

For the Group's operation in the PRC, the major revenue and expenses are denominated in RMB, while there are certain monetary assets and monetary liabilities that are denominated in Hong Kong dollars, which would expose the Group to foreign exchange risk. The Group currently does not have a foreign currency hedging policy. However, the management of the Company monitors foreign exchange exposure and will consider hedging significant foreign currency exposure when the need arises. For the Group's operation outside the PRC, the major revenue and expenses are denominated in local currencies.

Employees and Remuneration Policy

As at 31 August 2021, the Group had 1,454 employees. Comparing with last year, due to the impact of COVID-19 pandemic, the beginning of new semester was delayed until 12 October 2020 for new students and faculty of our College. For purposes of providing a fair comparable figure, we use the 1,486 employees of the Group as at 31 October 2020 for comparison and the number of employees decreased by 32 during the Year. The remuneration policy and package of the Group's employees, including bonuses and a share option scheme, are periodically reviewed in accordance with industry practice and result performance of the Group. The Group provides external and internal training programs to its employees. The Group participates in various employee social security plans for its employees that are administered by local governments, including housing, pension, medical insurance, occupational injury insurance, maternity insurance and unemployment insurance. The total remuneration cost incurred by the Group during the Year was approximately RMB78.4 million (2020: RMB71.1 million), representing an increase of approximately RMB7.3 million or approximately 10.3%, which was due to the improvement in remuneration and benefit package for employees during the Year.

Contingent Liabilities

As at 31 August 2021, the Group did not have material contingent liabilities.

Pledge of Assets

As at 31 August 2021, the Group did not pledge any assets.

Material Acquisitions and Disposals

The Group had no material acquisitions or disposals of subsidiaries, associates and/or joint ventures during the Year.

USE OF NET PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

The net proceeds from the Company's issue of new shares at the time of its listing on the Stock Exchange on 16 July 2021 and the partial exercise of the over-allotment option on 6 August 2021 amounted to approximately RMB385.1 million, after deducting underwriting commissions and other listing expenses paid and payable by the Group in the global offering. Such net proceeds are intended to be or have been applied in accordance with the proposed applications as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus. There has been no change in the intended use of net proceeds as previously disclosed in the Prospectus. A summary of the use of proceeds is set out below:

Purpose	Approx. % of total net proceeds	Net proceeds	Utilized amount during the period from the Listing Date to 31 August 2021	Unutilized amount at 31 August 2021	Expected timeline for intended use of unutilized amount at 31 August 2021
		RMB'million	*RMB'million*	*RMB'million*	
Construction of Phase IV of Beige campus					
– a teaching building	10.2%	39.3	1.1	38.2	March 2024
– a library	34.8%	134.0	50.2	83.8	March 2024
Acquisition of or investment in private education institutions or acquisition of a parcel of land	25.0%	96.3	–	96.3	December 2023
Renovation and upgrade teaching buildings and dormitories on Longcheng campus	11.4%	43.9	0.5	43.4	December 2023
Purchases of teaching equipment and furniture	8.6%	33.1	4.3	28.8	December 2023
Working capital for general purposes	10.0%	38.5	9.9	28.6	N/A
Total	100.0%	385.1	66.0	319.1	

EVENTS AFTER THE REPORTING PERIOD

There was no significant events took place subsequent to 31 August 2021 and up to the date of this announcement.

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 since the listing date of the Company's shares on the Stock Exchange (the "**Listing Date**") and up to 31 August 2021.

DIVIDENDS

The Directors do not recommend the payment of a dividend for the year ended 31 August 2021.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting (the "**AGM**") will be held on 21 January 2022. A notice convening the AGM and all other relevant documents will be published and dispatched to the shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 18 January 2022 to Friday, 21 January 2022, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all duly completed and signed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Monday, 17 January 2022.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") (the "**CG Code**") as its own code of corporate governance. The Company has complied with the code provisions as set out in the CG Code from the Listing Date to 31 August 2021.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 of the Listing Rules (the "**Model Code**") as its own code of conduct for the Directors in their dealing in the Company's securities transactions. Having made specific enquiry to all the Directors, each of the Directors confirmed that he/she had complied with the Model Code since the Listing Date and up to 31 August 2021.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the accounting principles and practices adopted by the Group and discussed matters in relation to auditing, internal control and financial reporting. The audit committee of the Company has reviewed the Group's annual results and consolidated financial statements for the year ended 31 August 2021.

SCOPE OF WORK FOR ANNUAL RESULTS ANNOUNCEMENT BY AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 August 2021 as set out in this preliminary announcement have been agreed by the Group's independent auditor, Ernst & Young (the "**Auditor**"), to the amounts set out in the Group's consolidated financial statements for the year ended 31 August 2021. The work performed by the Auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Auditor on this preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (http://chinageg.cn). The annual report for the reporting period containing all the information required by Appendix 16 to the Listing Rules will be dispatched to shareholders of the Company and available on the same websites in due course.

APPRECIATION

The Company would like to take this opportunity to thank all our valued shareholders and various stakeholders of the Company for their continuous support. Also, the Company would like to express its appreciation to all the staff for their efforts and commitments to the Group.

By order of the Board
China General Education Group Limited
Niu Sanping
Chairman and Executive Director

Hong Kong, 29 November 2021

As at the date of this announcement, the executive Directors are Mr. Niu Sanping, Mr. Niu Jian, Mr. Niu Xiaojun and Ms. Zhang Zhonghua; and the independent non-executive Directors are Mr. Zan Zhihong, Mr. Hu Yuting and Mr. Yau Wai Man Philip.