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If you have sold or transferred all your shares in **China General Education Group Limited**, you should at once hand this circular to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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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)

**MAJOR TRANSACTION
STRUCTURED DEPOSIT AGREEMENTS**

A letter from the Board is set out on pages 4 to 16 of this circular.

The Post-Listing Structured Deposit Agreements and the transactions contemplated thereunder have been approved by written shareholder's approval obtained from Niusanping Limited and Niujian Limited, being a closely allied group of Shareholders, which together hold 375,000,000 issued shares of the Company (representing approximately 74.18% of the total issued shares of the Company) as at the Latest Practicable Date, pursuant to Rule 14.44 of the Listing Rules in lieu of holding a general meeting of the Company. This circular is being despatched to the Shareholder for information only.

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DEFINITIONS

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

“Announcements”	the announcements of the Company dated 7 December 2021 and 15 December 2021 in relation to, among other things, Structured Deposit Agreements
“Board”	the board of Directors
“Company”	China General Education Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 2175)
“Directors”	the director(s) of the Company
“Global Offering”	the Hong Kong Public Offering and the International Offering (both as defined in the Prospectus)
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	24 January 2022, being the latest practicable date for ascertaining certain information in this circular
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	16 July 2021, being the date on which the Shares were listed and from which dealings therein took place on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Niu Jian Limited”	Niu Jian Limited (牛健有限公司), a company incorporated under the laws of the British Virgin Islands with limited liability on 3 August 2018, and wholly-owned by Mr. Niu Jian, an executive Director
“Niusanping Limited”	Niusanping Limited, a company incorporated under the laws of the British Virgin Islands with limited liability on 3 August 2018, and wholly-owned by Mr. Niu Sanping, an executive Director and the chairman of the Board

DEFINITIONS

“Post-Listing Structured Deposit Agreements”	the Structured Deposit Agreement (August 2021), Structured Deposit Agreement (September 2021) and the Structured Deposit Agreement (November 2021)
“PRC”	The People’s Republic of China, and for the purpose of this circular only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC Affiliated Entities”	the consolidated affiliated entities of the Company, namely, Shanxi Technology & Business and Shanxi Tongcai
“Pre-Listing Structured Deposit Agreements”	the Structured Deposit Agreement (December 2020) and the Structured Deposit Agreement (March 2021)
“Prospectus”	the prospectus of the Company published on 30 June 2021
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shanxi Technology & Business”	Shanxi Technology and Business College (山西工商學院) (formerly known as Shanxi Vocational College of Technology and Business* (山西工商職業學院)), a private undergraduate college in Shanxi Province and one of the consolidated affiliated entities of the Company
“Shanxi Tongcai”	Shanxi Tongcai Educational Technology Company Limited* (山西通才教育科技有限公司), a limited liability company established under the laws of the PRC on 17 May 2018, our school sponsor and one of the consolidated affiliated entities of the Company
“Shanxi WFOE”	Shanxi Tongshi Tiancai Educational Technology Co., Ltd.* (山西通實天才教育科技有限公司), a limited liability company established as a wholly foreign owned enterprise under the laws of the PRC on 24 June 2019, an indirect wholly-owned subsidiary of the Company
“Share(s)”	the ordinary share in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)

DEFINITIONS

“SPD Bank”	Shanghai Pudong Development Bank Co., Ltd. (上海浦東發展銀行股份有限公司), a joint stock company incorporated in the PRC with limited liability and a licensed bank in the PRC. Its shares are listed on the Shanghai Stock Exchange (stock code: 600000)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Structured Deposit Agreement (August 2021)”	the structured deposit agreement entered into between Shanxi Technology & Business and SPD Bank dated 10 August 2021 in relation to the purchase of structured deposit
“Structured Deposit Agreement (December 2020)”	the structured deposit agreement entered into between Shanxi Technology & Business and SPD Bank dated 31 December 2020 in relation to the purchase of structured deposit
“Structured Deposit Agreement (March 2021)”	the structured deposit agreement entered into between Shanxi Technology & Business and SPD Bank dated 31 March 2021 in relation to the purchase of structured deposit
“Structured Deposit Agreement (November 2021)”	the structured deposit agreement entered into between Shanxi Technology & Business and SPD Bank dated 11 November 2021 in relation to the purchase of structured deposit
“Structured Deposit Agreement (September 2021)”	the structured deposit agreement entered into between Shanxi Technology & Business and SPD Bank dated 17 September 2021 in relation to the purchase of structured deposit
“Structured Deposit Agreements”	the Structured Deposit Agreement (December 2020), the Structured Deposit Agreement (March 2021), the Structured Deposit Agreement (August 2021), Structured Deposit Agreement (September 2021) and the Structured Deposit Agreement (November 2021)
“%”	per cent.

* *for identification purpose only*

LETTER FROM THE BOARD

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)

Executive Directors:

Mr. Niu Sanping (*Chairman*)

Mr. Niu Jian (*Chief Executive Officer*)

Mr. Niu Xiaojun

Ms. Zhang Zhonghua

Independent non-executive Directors:

Mr. Zan Zhihong

Mr. Hu Yuting

Mr. Yau Wai Man Philip

Registered office:

3-212 Governors Square

23 Lime Tree Bay Avenue

P.O. Box 30746

Seven Mile Beach

Grand Cayman KY1-1203

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Principal place of business in Hong Kong:

Room 920, 9th Floor,

Chevalier Commercial Center,

8 Wang Hoi Road,

Kowloon Bay, Kowloon,

Hong Kong

25 January 2022

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION STRUCTURED DEPOSIT AGREEMENTS

INTRODUCTION

Reference is made to the announcements of the Company dated 7 December 2021 and 15 December 2021.

The purpose of this circular is to provide the Shareholders with, among other things, (i) details of the Post-Listing Structured Deposit Agreements and the transactions contemplated thereunder; and (ii) other general information of the Company.

BACKGROUND

On 10 August 2021, 17 September 2021 and 11 November 2021, Shanxi Technology & Business entered into the Structured Deposit Agreement (August 2021), Structured Deposit Agreement (September 2021) and Structured Deposit Agreement (November 2021) with SPD Bank, pursuant to which Shanxi Technology & Business agreed to subscribe for structured deposit products offered by SPD Bank, with a principal amount of RMB400,000,000, RMB140,000,000 and RMB400,000,000, respectively.

LETTER FROM THE BOARD

Within a period of 12 months before 11 November 2021, in addition to the Post-Listing Structured Deposit Agreements, Shanxi Technology & Business also entered into the Pre-Listing Structured Deposit Agreements, namely the Structured Deposit Agreement (December 2020) and the Structured Deposit Agreement (March 2021) with SPD Bank on 31 December 2020 and 31 March 2021, respectively, pursuant to which Shanxi Technology & Business agreed to subscribe for certain structured deposits offered by SPD Bank, each with a principal amount of RMB400,000,000. The subscriptions are funded by idle funds of the Group and not by the proceeds from the Global Offering.

THE STRUCTURED DEPOSIT AGREEMENT (NOVEMBER 2021)

The principal terms of the Structured Deposit Agreement (November 2021) are set out as follows:

Date	:	11 November 2021
Parties	:	(i) Shanxi Technology & Business (ii) SPD Bank
Name of products	:	Liduoduo Stable Profit (3 Months Bullish Network Point Only) RMB-Denominated Corporate Structured Deposit Phase 21JG6497* (利多多公司穩利21JG6497期(3個月看漲網點專屬)人民幣對公結構性存款)
Type of product:	:	Principal-guaranteed with variable return
Internal risk rating by the bank	:	Low Risk
Subscription amount:	:	RMB400,000,000
Term of investment:	:	From 12 November 2021 to 11 February 2022
Expected annualized floating rate of return:	:	(1) If the observation price (as set out below) is lower than 94.30% of the initial price (as set out below), the expected annualized floating rate of return would be 0%. (2) If the observation price is higher than or equal to 94.30% but lower than 102.27% of the initial price (as set out below), the expected annualized floating rate of return would be 1.7%. (3) If the observation price is higher than or equal to 102.27% of the initial price (as set out below), the expected annualized floating rate of return would be 1.9%.

LETTER FROM THE BOARD

The initial price is the EUR-USD spot rate to be published on the “EUR CURRENCY BFIX” page of the website of Bloomberg at 10:00 a.m. (Beijing time) on 15 November 2021.

The observation price is the EUR-USD spot rate to be published on the “EUR CURRENCY BFIX” page of the website of Bloomberg at 2:00 p.m. (Beijing time) on 8 February 2022.

Principle for calculation of return and interest : Expected return = principal × (guaranteed return rate (1.40%) + annualized floating rate of return) × number of days of interest accrual ÷ 360; actual return is calculated based on simple interest

Right of early redemption : Shanxi Technology & Business has no right of early termination (redemption) for this product.

SPD Bank has the right to early terminate this product according to the actual investment situation without further notice to the customers, provided that it shall publish an information announcement at its branches, or websites or in other means within two working days before the date of early termination.

THE STRUCTURED DEPOSIT AGREEMENT (SEPTEMBER 2021)

The principal terms of the Structured Deposit Agreement (September 2021) are set out as follows:

Date : 17 September 2021

Parties : (i) Shanxi Technology & Business
(ii) SPD Bank

Name of products : Liduoduo Stable Profit (3 Months Bullish Network Point Only) RMB-Denominated Corporate Structured Deposit Phase 21JG6379* (利多多公司穩利21JG6379期(3個月看漲網點專屬)人民幣對公結構性存款)

Type of product: : Principal-guaranteed with variable return

Internal risk rating by the bank : Low Risk

Subscription amount: : RMB140,000,000

Term of investment: : From 22 September 2021 to 22 December 2021

LETTER FROM THE BOARD

- Expected annualized floating rate of return:
- (1) If the observation price (as set out below) is lower than 93.90% of the initial price (as set out below), the expected annualized floating rate of return would be 0%.
 - (2) If the observation price is higher than or equal to 93.90% but lower than 102.87% of the initial price (as set out below), the expected annualized floating rate of return would be 1.75%.
 - (3) If the observation price is higher than or equal to 102.87% of the initial price (as set out below), the expected annualized floating rate of return would be 1.95%.

The initial price is the EUR-USD spot rate to be published on the “EUR CURRENCY BFIX” page of the website of Bloomberg at 10:00 a.m. (Beijing time) on 23 September 2021.

The observation price is the EUR-USD spot rate to be published on the “EUR CURRENCY BFIX” page of the website of Bloomberg at 2:00 p.m. (Beijing time) on 17 December 2021.

- Principle for calculation of return and interest :
- Expected return = principal × (guaranteed return rate (1.40%) + annualized floating rate of return) × number of days of interest accrual ÷ 360; actual return is calculated based on simple interest

- Right of early redemption :
- Shanxi Technology & Business has no right of early termination (redemption) for this product.

SPD Bank has the right to early terminate this product according to the actual investment situation without further notice to the customers, provided that it shall publish an information announcement at its branches, or websites or in other means within two working days before the date of early termination.

LETTER FROM THE BOARD

THE STRUCTURED DEPOSIT AGREEMENT (AUGUST 2021)

The principal terms of the Structured Deposit Agreement (August 2021) are set out as follows:

- Date : 10 August 2021
- Parties : (i) Shanxi Technology & Business
(ii) SPD Bank
- Name of products : Liduoduo Stable Profit (3 Months Bullish Network Point Only) RMB-denominated Corporate Structured Deposit Phase 21JG6287* (利多多公司穩利21JG6287期(3個月看漲網點專屬)人民幣對公結構性存款)
- Type of product: : Principal-guaranteed with variable return
- Internal risk rating by the bank : Low Risk
- Subscription amount: : RMB400,000,000
- Term of investment: : From 11 August 2021 to 11 November 2021
- Expected annualized floating rate of return: : (1) If the observation price (as set out below) is lower than 93.90% of the initial price (as set out below), the expected annualized floating rate of return would be 0%.
(2) If the observation price is higher than or equal to 93.90% but lower than 103.00% of the initial price (as set out below), the expected annualized floating rate of return would be 1.70%.
(3) If the observation price is higher than or equal to 103.00% of the initial price (as set out below), the expected annualized floating rate of return would be 1.90%.

The initial price is the EUR-USD spot rate to be published on the “EUR CURRENCY BFIX” page of the website of Bloomberg at 10:00 a.m. (Beijing time) on 12 August 2021.

The observation price is the EUR-USD spot rate to be published on the “EUR CURRENCY BFIX” page of the website of Bloomberg at 2:00 p.m. (Beijing time) on 8 November 2021.

LETTER FROM THE BOARD

Principle for calculation of return and interest : Expected return = principal × (guaranteed return rate (1.40%) + annualized floating rate of return) × number of days of interest accrual ÷ 360; actual return is calculated based on simple interest

Right of early redemption : Shanxi Technology & Business has no right of early termination (redemption) for this product.

SPD Bank has the right to early terminate this product according to the actual investment situation without further notice to the customers, provided that it shall publish an information announcement at its branches, or websites or in other means within two working days before the date of early termination.

THE PRE-LISTING STRUCTURED DEPOSIT AGREEMENTS

The principal terms of the Structured Deposit Agreement (December 2020) and the Structured Deposit Agreement (March 2021) are set out as follows:

1. Structured Deposit Agreement (December 2020)

Date : 31 December 2020

Parties : (i) Shanxi Technology & Business
(ii) SPD Bank

Name of products : Liduoduo Stable Profit RMB-denominated Corporate Structured Deposit Phase 20JG9744* (利多多公司穩利20JG9744期人民幣對公結構性存款)

Type of product: : Principal-guaranteed with variable return

Internal risk rating by the bank : Low Risk

Subscription amount: : RMB400,000,000

Term of investment: : From 31 December 2020 to 31 March 2021

LETTER FROM THE BOARD

- Expected annualized floating rate of return:
- (1) If the observation price (as set out below) is lower than 70% of the initial price (as set out below), the expected annualized floating rate of return would be 0%.
 - (2) If the observation price is higher than or equal to 70% but lower than 125% of the initial price (as set out below), the expected annualized floating rate of return would be 1.40%.
 - (3) If the observation price is higher than or equal to 125% of the initial price (as set out below), the expected annualized floating rate of return would be 1.60%.

The initial price is the EUR-USD spot rate to be published on the “EUR CURRENCY BFIX” page of the website of Bloomberg at 10:00 a.m. (Beijing time) on the second business day in London after 31 December 2020.

The observation price is the EUR-USD spot rate to be published on the “EUR CURRENCY BFIX” page of the website of Bloomberg at 10:00 a.m. (Beijing time) on the second business day in London before 31 March 2021.

Principle for calculation of return and interest : Expected return = principal × (guaranteed return rate (1.40%) + annualized floating rate of return) × number of days of interest accrual ÷ 360; actual return is calculated based on simple interest

Right of early redemption : Shanxi Technology & Business has no right of early termination (redemption) for this product.

SPD Bank has the right to early terminate this product according to the actual investment situation without further notice to the customers, provided that it shall publish an information announcement at its branches, or websites or in other means within two working days before the date of early termination.

LETTER FROM THE BOARD

2. Structured Deposit Agreement (March 2021)

Date	:	31 March 2021
Parties	:	(i) Shanxi Technology & Business (ii) SPD Bank
Name of products	:	Liduoduo Stable Profit RMB-denominated Corporate Structured Deposit Phase 21JG5589* (利多多公司穩利21JG5589期人民幣對公結構性存款)
Type of product:	:	Principal-guaranteed with variable return
Internal risk rating by the bank	:	Low Risk
Subscription amount:	:	RMB400,000,000
Term of investment:	:	From 31 March 2021 to 1 July 2021
Expected annualized floating rate of return:	:	(1) If the observation price (as set out below) is lower than 50% of the initial price (as set out below), the expected annualized floating rate of return would be 0%. (2) If the observation price is higher than or equal to 50% but lower than 140% of the initial price (as set out below), the expected annualized floating rate of return would be 1.80%. (3) If the observation price is higher than or equal to 140% of the initial price (as set out below), the expected annualized floating rate of return would be 2.00%.

The initial price is the EUR-USD spot rate to be published on the “EUR CURRENCY BFIX” page of the website of Bloomberg at 10:00 a.m. (Beijing time) on the second business day in London after 31 March 2021.

The observation price is the EUR-USD spot rate to be published on the “EUR CURRENCY BFIX” page of the website of Bloomberg at 10:00 a.m. (Beijing time) on the second business day in London before 1 July 2021.

LETTER FROM THE BOARD

Principle for calculation of return and interest : Expected return = principal × (guaranteed return rate (1.40%) + annualized floating rate of return) × number of days of interest accrual ÷ 360; actual return is calculated based on simple interest

Right of early redemption : Shanxi Technology & Business has no right of early termination (redemption) for this product.

SPD Bank has the right to early terminate this product according to the actual investment situation without further notice to the customers, provided that it shall publish an information announcement at its branches, or websites or in other means within two working days before the date of early termination.

As at the Latest Practicable Date, the terms of the Structured Deposit Agreement (September 2021), the Structured Deposit Agreement (August 2021), the Structured Deposit Agreement (March 2021) and the Structured Deposit Agreement (December 2020) ended, and Shanxi Technology & Business has received the subscription amount and the returns in accordance with the relevant agreements.

REASONS FOR AND BENEFITS OF SUBSCRIPTION OF THE STRUCTURED DEPOSIT PRODUCTS PURSUANT TO THE POST-LISTING STRUCTURED DEPOSIT AGREEMENTS

Shanxi Technology & Business funded the subscription of the structured deposit products pursuant to the Post-Listing Structured Deposit Agreements by utilizing its idle funds. The structured deposit products under the Post-Listing Structured Deposit Agreements are principal-protected and short-term investment products with low risk. The structured deposit products were issued by SPD Bank, which is a reputable commercial bank in PRC, and the expected returns were better than the prevailing fixed-term deposit interest rates offered by banks or licensed financial institutions.

The prevailing 3 months fixed-term deposit interest rates offered by People's Bank of China is 1.1%. The prevailing 3 months fixed-term deposit interest rates offered by SPD Bank is 1.4%. The rate cap for the 3 months fixed-term deposit offered by SPD Bank is 1.6% before 21 June 2021 and 1.85% after 21 June 2021.

LETTER FROM THE BOARD

Set forth below is a comparison between the expected returns for the structured deposits under the Structured Deposit Agreements and the fixed-term deposit offered by SPD Bank (being higher than the rate offered by People's Bank of China).

Structured Deposit Agreement	Expected annualized rate of return (%)		Expected returns	
	Fixed-term deposit	Structured Deposit Agreements*	Fixed-term deposit	Structured Deposit Agreements
November 2021	1.85%	1.4%	RMB1,850,000	RMB1,400,000
		3.1%		RMB3,100,000
		3.3%		RMB3,300,000
September 2021	1.85%	1.4%	RMB647,500	RMB490,000
		3.15%		RMB1,102,500
		3.35%		RMB1,172,500
August 2021	1.85%	1.4%	RMB1,850,000	RMB1,400,000
		3.1%		RMB3,100,000
		3.3%		RMB3,300,000
March 2021	1.6%	1.4%	RMB1,600,000	RMB1,400,000
		3.2%		RMB3,200,000
		3.4%		RMB3,400,000
December 2020	1.6%	1.4%	RMB1,600,000	RMB1,400,000
		2.8%		RMB2,800,000
		3%		RMB3,000,000

* *There are three different possible rates of return in each of the Structured Deposit Agreements. For details on determination of the rate of return, please refer to the sub-paragraphs headed "Principle for calculation of return and interest" as set out under each of the Structured Deposit Agreements above.*

The actual returns from the Structured Deposit Agreement (September 2021), the Structured Deposit Agreement (August 2021), the Structured Deposit Agreement (March 2021) and the Structured Deposit Agreement (December 2020) were RMB1,102,500, RMB3,100,000, RMB3,235,555.56* and RMB2,800,000 respectively.

* *Additional interest for 1 day on 1 July 2021 of RMB35,555.56 was paid by SPD Bank.*

The Directors believe that the subscription of the structured deposit products pursuant to the Post-Listing Structured Deposit Agreements would efficiently and reasonably utilize the idle funds of the Group with secured returns. Accordingly, the Directors (including the independent non-executive Directors) are of the view that the terms of the Post-Listing Structured Deposit Agreements were arrived at after the arm's length negotiation and the transaction contemplated thereunder are on normal commercial terms which are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

LETTER FROM THE BOARD

FINANCIAL EFFECTS OF THE SUBSCRIPTION

The subscription of the structured deposit products pursuant to the Post-Listing Structured Deposit Agreements were accounted for and recorded as financial assets at fair value through profit or loss under current assets of the Group. The subscription of the structured deposit products increased the financial assets at fair value through profit or loss by the subscription amounts plus unrealized fair value changes since subscription date to the balance sheet date and decreased the cash and cash equivalents by the subscription amounts of the Group. There is no financial effect of the subscription of the structured deposit products on the liabilities of the Group.

As at the Latest Practicable Date, the structured deposits subscribed under the Structured Deposit Agreement (August 2021) and the Structured Deposit Agreement (September 2021) have been matured and the subscription amounts of RMB540,000,000 together with accrued returns recognized as other income and gains amounting to approximately RMB4,202,500 in aggregate were received by the Group in full.

When the structured deposits subscribed under the Structured Deposit Agreement (November 2021) mature, where upon the subscription amount together with accrued return would be received by the Group, such accrued return would be recognized as other income and gains of the Group.

LISTING RULES IMPLICATIONS

As the Post-Listing Structured Deposit Agreements and the Pre-Listing Structured Deposit Agreements were entered into with the same bank and were of similar nature and within a 12-month period, the Post-Listing Structured Deposit Agreements shall be aggregated with the Pre-Listing Structured Deposit Agreements, for the purpose of calculating the relevant percentage ratios pursuant to Rule 14.22 of the Listing Rules. As the highest applicable ratio of the Post-Listing Structured Deposit Agreements, as aggregated with the Pre-Listing Structured Deposit Agreements, exceeds 25% but is less than 100%, the Post-Listing Structured Deposit Agreements constitutes major transactions for the Company and therefore shall subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in, and would be required to abstain from voting on, any resolution to approve, confirm and/or ratify the Post-Listing Structured Deposit Agreements if the Company were to convene a general meeting to approve, confirm and/or ratify the same. The Company has received written certificate dated 7 December 2021 and 15 December 2021 to approve, confirm and ratify the Post-Listing Structured Deposit Agreements from Niusanping Limited and Niujian Limited, being a closely allied group of Shareholders, which together hold 375,000,000 issued shares of the Company (representing approximately 74.18% of the total issued shares of the Company) as at the date of the Announcements and the Latest Practicable Date, in accordance with Rule 14.44 of the Listing Rules. No Shareholders' meeting will be convened by the Company to approve, confirm and/or ratify the Post-Listing Structured Deposit Agreements.

LETTER FROM THE BOARD

REMEDIAL ACTIONS

Pursuant to Rule 14.34 of the Listing Rules, after the terms of a major transaction have been finalised, the Company must publish an announcement as soon as possible. The transaction in respect of the Post-Listing Structured Deposit Agreements was entered into after the Listing Date and was subject to such requirement pursuant to Rule 14.34 of the Listing Rules.

As the structured deposit products are principal-guaranteed in nature, the responsible staff of the Company believed that they are equivalent to fixed deposits, without realizing that the subscription of structured deposit products would constitute “transactions” under Chapter 14 of the Listing Rules. As a result, the Company did not publish an announcement of the Post-Listing Structured Deposit Agreements in a timely manner. Subsequently, the Company discovered this matter and made the Announcements on its initiative.

The Company admits the breach of Rule 3A.23(1) and Rule 3A.23(2) of the Listing Rules for not consulting the compliance advisor on a timely basis. The Company deeply regrets the delay in consultation of the compliance advisor and the publication of the Announcements, and it would like to stress that such delay was inadvertent and the Company had no intention to withhold any information relating to the subscription of the structured deposit products from disclosure.

To prevent the reoccurrence of such delay, the Company has adopted the following measures:

- (a) The Company has reminded its responsible staff of the treatment of the subscription of structured deposit products and other wealth management products under the Listing Rules to avoid delay in disclosure in the future should such obligations arise. The Company has decided to offer trainings to the responsible staff, the management and the Directors relating to notifiable transactions under the Listing Rules in order to strengthen and reinforce their existing knowledge as well as their ability to identify potential issues at an early stage. The training to the responsible staff in the finance department have been conducted on 9 December 2021. The training to the Directors is expected to be performed by the end of January 2022. For the training to be provided to the Directors, the responsible staff in the finance department and the management would also be required to attend.
- (b) The Company will work more closely with its compliance adviser and legal advisers on compliance issues and shall, as and when appropriate, consult other professional advisers before entering into any potential notifiable transaction.
- (c) The Company will strengthen the coordination and reporting arrangements for notifiable transactions among various departments of the Company to ensure due compliance of the Listing Rules. Prior to entering into any transaction not in the ordinary and usual course of business of the Group in the future where disclosure threshold is met, i.e. the applicable size tests calculated in accordance with the Listing Rules, the heads of the relevant departments will be notified and draft agreements will be circulated for their review, who will relay the information and documents to the chief risk officer of the Group, prior to entry into of such agreements. The chief risk officer will ensure compliance with applicable requirements under the Listing Rules by consulting the Company’s compliance adviser and legal advisers on compliance issues before entering into any potential notifiable transactions, as described in paragraph (b) above.

LETTER FROM THE BOARD

The Directors believe that the implementation of the remedial measures as disclosed above will strengthen and reinforce the knowledge of the responsible staff, management and Directors relating to notifiable transactions under the Listing Rules, and improve the regulatory compliance abilities of the Company in the identification and reporting of related issues with assistance from appropriate external advisers.

INFORMATION ON THE PARTIES

The Group is principally engaged in private higher education in the PRC. Shanxi Technology & Business is a private undergraduate college in the PRC and an affiliated entity of the Company.

SPD Bank is a licensed bank in the PRC and a joint stock company established under the laws of the PRC, which provides corporate and personal banking business, treasury business, finance leasing, asset management and other financial services in the PRC. Its shares are listed on the Shanghai Stock Exchange (stock code: 600000).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, SPD Bank and their ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

FURTHER INFORMATION

Your attention is also drawn to the additional information contained in the appendices to this circular.

Yours faithfully,
By order of the Board
China General Education Group Limited
NIU Sanping
Chairman

1. CONSOLIDATED FINANCIAL STATEMENTS

Details of the financial information of the Group for each of the financial years ended 31 August 2019, 31 August 2020 and 31 August 2021 are disclosed in the following documents which have been published on both the website of the Stock Exchange (<http://www.hkex.com.hk>) and the website of the Company (<http://chinageg.cn>).

- annual report of the Company for the year ended 31 August 2021 published on 21 December 2021 (pages 55 to 116) (available on: <https://www1.hkexnews.hk/listedco/listconews/sehk/2021/1221/2021122100427.pdf>); and
- prospectus of the Group published on 30 June 2021 (pages I-1 to I-75) (available on: <https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0630/2021063000077.pdf>).

2. INDEBTEDNESS STATEMENT

As at the close of business on 30 November 2021, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group, the Group had the following indebtedness:

	<i>RMB'000</i>
Lease liabilities	1,349
	<u>1,349</u>

Save as aforesaid or as otherwise disclosed above, and apart from intra-group liabilities and normal trade payables, the Group did not have at the close of business on 30 November 2021 any other debt securities issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

3. WORKING CAPITAL

The Directors are satisfied after due and careful consideration and taking into account the internal financial resources available to the Group, including internally generated fund and the working capital available, the effect of the transactions contemplated under the Post-Listing Structured Deposit Agreements and in the absence of unforeseen circumstances, the Group will have sufficient working capital for its present requirements for at least the next twelve months from the date of this circular. The Company has obtained the relevant confirmation as required under Rule 14.66(12).

4. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 August 2021, being the date to which the latest published audited consolidated accounts of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS

In terms of total full-time student enrollment, the Group ranks the first among all private higher education institutions in Shanxi Province with a market share of approximately 15.6%, 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 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 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 in Shanxi Province is expected to maintain steady growth. We believe that the Group can benefit from the increasing demand for private higher education.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTEREST BY DIRECTORS

As at the Latest Practicable Date, the Directors and the chief executive of the Company and their respective associates had the following interests or short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which the Directors and the chief executive of the Company are taken and deemed to have under such provisions of the SFO, or which are required to be and are recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules (the “Model Code”):

Long positions in the Shares and/or underlying Shares of the Company:

Name	Capacity	Number of Shares interested	Approximate percentage of issued share capital of the Company ⁽³⁾
Mr. Niu Sanping	Interest in a controlled corporation ⁽¹⁾	266,250,000	52.67%
Mr. Niu Jian	Interest in a controlled corporation ⁽²⁾	108,750,000	21.51%

Notes:

- (1) Mr. Niu Sanping beneficially owns the entire issued share capital of Niusanping Limited which in turn owns 266,250,000 Shares, representing 52.67% of the Company’s issued share capital. Therefore, Mr. Niu Sanping is deemed to be interested in the same as Niusanping Limited.
- (2) Mr. Niu Jian beneficially owns the entire issued share capital of Niujian Limited which in turn owns 108,750,000 Shares, representing 21.51% of the Company’s issued share capital. Therefore, Mr. Niu Jian is deemed to be interested in the same as Niujian Limited.
- (3) The percentage is calculated on the basis of 505,517,000 Shares in issue at the Latest Practicable Date.

Long positions in the Shares and/or underlying Shares of the associated corporations

Name	Capacity	Associated corporation	Percentage of Shareholding
Mr. Niu Sanping	Beneficial owner	Shanxi Tongcai	71%
	Interest in a controlled corporation ⁽¹⁾	Shanxi Technology & Business	100%
Mr. Niu Jian	Beneficial owner	Shanxi Tongcai	29%

Note:

- (1) Mr. Niu Sanping is interested in 71% of Shanxi Tongcai which is the sole school sponsor of Shanxi Technology & Business.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had or was deemed to have any interests or short position in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which had been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which had been notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed above, no Director was a director or employee of a company which has an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

As at the Latest Practicable Date, no Directors had any existing or proposed service contracts with the Company or any of its subsidiaries which is not determinable within one year without payment of compensation other than statutory compensation.

As at the Latest Practicable Date, none of the Directors had direct or indirect material interest in any assets which have been, since 31 August 2021 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to or by or proposed to be acquired or disposed of by or leased to or by any member of the Group.

There is no contract or arrangement subsisting at the date of this circular in which any of the Directors is materially interested and which is significant in relation to the business of the Group.

3. SUBSTANTIAL SHAREHOLDERS

So far as it is known to the Directors, as at the Latest Practicable Date, the following persons (not being a Director or chief executive of the Company) had an interest or short position in the Shares or the underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name	Capacity	Nature of interest	Number of Shares interested	Approximate percentage of issued share capital of the Company
Niusanping Limited	Beneficial owner	Long	266,250,000	52.67%
Niujian Limited	Beneficial owner	Long	108,750,000	21.51%

Notes:

- (1) Niusanping Limited is a company incorporated in the British Virgin Islands and wholly-owned by Mr. Niu Sanping.
- (2) Niujian Limited is a company incorporated in the British Virgin Islands and wholly-owned by Mr. Niu Jian.
- (3) The percentage is calculated on the basis of 505,517,000 Shares in issue at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company are not aware of any other person or corporation having an interest or short position in the Shares and underlying Shares of the Company which would require to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

4. MATERIAL CONTRACTS

The Group has entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years preceding the date of this circular which is or may be material:

- (1) the Structured Deposit Agreement (December 2020);
- (2) the Structured Deposit Agreement (March 2021);
- (3) the Structured Deposit Agreement (August 2021);
- (4) the Structured Deposit Agreement (September 2021);
- (5) the Structured Deposit Agreement (November 2021);

- (6) a business cooperation agreement dated 12 November 2020 entered into by and among Shanxi WFOE, the PRC Affiliated Entities, Mr. Niu Sanping and Mr. Niu Jian pursuant to which Shanxi WFOE agreed to provide, among other things, technical service, management support service and consultancy service necessary for conducting private education activities to the PRC Affiliated Entities and, as consideration, PRC Affiliated Entities shall pay service fees to Shanxi WFOE;
- (7) an exclusive technical service and management consultancy agreement dated 12 November 2020 and entered into by and among Shanxi WFOE and the PRC Affiliated Entities, pursuant to which Shanxi WFOE agreed to provide, among other things, exclusive technical service, management support service and consultancy service to the PRC Affiliated Entities, and as consideration, the PRC Affiliated Entities agreed to pay service fees to Shanxi WFOE;
- (8) an exclusive call option agreement dated 12 November 2020 and entered into by and among Shanxi WFOE, the PRC Affiliated Entities, Mr. Niu Sanping and Mr. Niu Jian, pursuant to which each of Mr. Niu Sanping and Mr. Niu Jian unconditionally and irrevocably granted Shanxi WFOE or its designated purchaser an exclusive option to purchase all or part of his direct or indirect interest in the PRC Affiliated Entities at the lowest price permitted under the PRC laws and regulations;
- (9) a shareholders' rights entrustment agreement dated 12 November 2020 and entered into by and among Mr. Niu Sanping, Mr. Niu Jian, Shanxi Tongcai and Shanxi WFOE, pursuant to which each of Mr. Niu Sanping and Mr. Niu Jian irrevocably, unconditionally and exclusively authorized and entrusted Shanxi WFOE or its designated person to exercise all his rights as a shareholder of Shanxi Tongcai to the extent permitted by the PRC laws;
- (10) a shareholder's power of attorney dated 12 November 2020 and executed by Mr. Niu Sanping appointing Shanxi WFOE or its designated person as his appointee to exercise all his shareholder's rights in Shanxi Tongcai;
- (11) a shareholder's power of attorney dated 12 November 2020 and executed by Mr. Niu Jian appointing Shanxi WFOE or its designated person as his appointee to exercise all his shareholder's rights in Shanxi Tongcai;
- (12) a school sponsor's and directors' rights entrustment agreement dated 12 November 2020 and entered into by and among Shanxi Tongcai (as the school sponsor of Shanxi Technology & Business), Mr. Niu Sanping, Mr. Niu Jian, Mr. Zhu Tianyan (朱天燕), Mr. Zhang Zhiwei and Mr. Zhang Yanying (張彥穎) (as school directors of Shanxi Technology & Business), Shanxi Technology & Business and Shanxi WFOE, pursuant to which (i) Shanxi Tongcai unconditionally and irrevocably authorized and entrusted Shanxi WFOE or its designated person to exercise all its rights as the school sponsor of Shanxi Technology & Business to the extent permitted by the PRC laws, and (ii) each of Mr. Niu Sanping, Mr. Niu Jian, Mr. Zhang Zhiwei, Mr. Zhu Tianyan and Mr. Zhang Yanying unconditionally and irrevocably authorized and entrusted Shanxi WFOE or its designated person to exercise all his/her rights as a school director of Shanxi Technology & Business to the extent permitted by the PRC laws;

- (13) a school sponsor's power of attorney dated 12 November 2020 and executed by Shanxi Tongcai appointing Shanxi WFOE or its designated person as its appointee to exercise all its school sponsor's rights in Shanxi Technology & Business;
- (14) a school directors' power of attorney dated 12 November 2020 and executed by each of Mr. Niu Sanping, Mr. Niu Jian, Mr. Zhu Tianyan, Mr. Zhang Zhiwei and Mr. Zhang Yanying appointing Shanxi WFOE or its designated person as his/her appointee to exercise all his/her director's rights in Shanxi Technology & Business;
- (15) an equity pledge agreement dated 12 November 2020 and entered into by and among Mr. Niu Sanping, Mr. Niu Jian, Shanxi Tongcai and Shanxi WFOE, pursuant to which Mr. Niu Sanping and Mr. Niu Jian unconditionally and irrevocably agreed to pledge and grant first priority security interest over all of the equity interest in Shanxi Tongcai together with all related rights thereto to Shanxi WFOE for the purpose of securing the performance of the contractual obligations of Mr. Niu Sanping, Mr. Niu Jian, Shanxi Tongcai and Shanxi Technology & Business under the Contractual Arrangements (as defined in the Prospectus); and
- (16) a spouse undertaking dated 12 November 2020 executed by Ms. Geng Jie (耿婕), the spouse of Mr. Niu Sanping, in favor of Shanxi WFOE, irrevocably acknowledging and consenting the signing of the Contractual Arrangements by Mr. Niu Sanping.

5. LITIGATION AND CLAIMS

At as the Latest Practicable Date, the Group was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Group.

6. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective associates had any personal interests in companies engaged in businesses, which compete or may compete with the Group.

7. GENERAL

The English text of this circular shall prevail over the Chinese text in case of inconsistency.

The company secretary of the Company is Mr. Zhang Senquan, who is a member of Hong Kong Institute of Certified Public Accountants.

The registered office of the Company is at 3-212 Governors Square, 23 Lime Tree Bay Avenue, P.O. Box 30746, Seven Mile Beach, Grand Cayman KY1-1203, Cayman Islands. The Headquarters and principal place of business in PRC is at No. 99 Wucheng South Road, Xiaodian District, Taiyuan City, Shanxi Province, the PRC. The principal place of business in Hong Kong is at Room 920, 9th Floor, Chevalier Commercial Center, 8 Wang Hoi Road, Kowloon Bay, Kowloon, Hong Kong. The Hong Kong Share Registrar of the Company is Tricor Investor Services Limited, at Level 54, Hopewell Centre 183 Queen's Road East, Hong Kong.

8. DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://chinageg.cn>) for a period of 14 days from the date of this circular:

- (i) the Structured Deposit Agreement (December 2020);
- (ii) the Structured Deposit Agreement (March 2021);
- (iii) the Structured Deposit Agreement (August 2021);
- (iv) the Structured Deposit Agreement (September 2021);
- (v) the Structured Deposit Agreement (November 2021);
- (vi) the annual report of the Company for the year ended 31 August 2021; and
- (vii) the prospectus of the Company.