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 2024 AND PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION AND CHANGE IN USE OF PROCEEDS AND CHANGE IN COMPOSITION OF BOARD COMMITTEE

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 2024 (the "**Year**") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 August 2024

	Notes	**2024** **RMB'000**	2023 RMB'000
Revenue	*3*	**331,138**	323,205
Cost of sales		**(173,610)**	(148,304)
Gross profit		**157,528**	174,901
Other income and gains	*3*	**19,392**	28,083
Selling expenses		**(288)**	(268)
Administrative expenses		**(67,374)**	(61,495)
Finance cost		**(143)**	(117)
Other expenses		**(699)**	(3,848)
Profit before taxation	*4*	**108,416**	137,256
Income tax expense	*5*	**–**	–
Profit for the year attributable to equity shareholders of the Company		**108,416**	137,256
Earnings per share attributable to ordinary equity holders of the parent	*7*		
Basic and diluted			
– For profit for the year		**RMB0.23**	RMB0.29

	Notes	**2024**	2023
		RMB'000	*RMB'000*
Other comprehensive income			
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of financial statements		**(569)**	7,029
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods		**(569)**	7,029
Other comprehensive (loss)/income for the year, net of tax		**(569)**	7,029
Total comprehensive income for the year attributable to equity shareholders of the Company		**107,847**	144,285

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 August 2024

	Notes	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment		**1,026,697**	862,262
Right-of-use assets		**187,987**	191,932
Other intangible assets		**4,828**	6,950
Other non-current assets		**57,859**	23,251
		1,277,371	1,084,395
Current assets			
Trade receivables	*8*	**35**	13
Prepayments, other receivables and other assets	*9*	**11,489**	52,408
Financial assets at fair value through profit or loss	*10*	**70,128**	10,011
Cash and cash equivalents		**695,897**	813,844
		777,549	876,276
Current liabilities			
Other payables and accruals	*11*	**63,655**	69,778
Contract liabilities	*12*	**149,644**	157,135
Lease liability		**349**	–
Bank borrowing		**1,625**	1,000
Deferred income		**6,815**	6,358
		222,088	234,271
Net current assets		**555,461**	642,005
Total assets less current liabilities		**1,832,832**	1,726,400
Non-current liabilities			
Bank borrowing		**16,875**	18,500
Lease liability		**210**	–
		17,085	18,500
Net assets		**1,815,747**	1,707,900
Equity			
Equity attributable to owners of the Company			
Share capital		**33**	33
Reserves		**1,815,714**	1,707,867
Total equity		**1,815,747**	1,707,900

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 August 2024

1. GENERAL 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 P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 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 trading in the shares of the Company on the Stock Exchange have been suspended for trading since 29 November 2022 and resumed for trading on 15 October 2024.

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 British Virgin Islands and owned as to 52.67% equity interest held by Mr. Niu Sanping.

2.1 BASIS OF PREPARATION

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 applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and by 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 2024. 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

In the current year, the Group has applied the following new and amendments to IFRSs issued by the IASB for the first time, which are mandatorily effective for the Group's annual period beginning on or after 1 September 2023 for the preparation of the consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	*Insurance Contracts*
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform – Pillar Two Model Rules*

Except as described below, the application of the new and amendments to IFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. IAS 1 Presentation of Financial Statements is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can 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 also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

IFRS Practice Statement 2 Making Materiality Judgements (the "**Practice Statement**") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

In accordance with the guidance set out in the amendments, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the IFRSs, is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in Note 2.4 to the consolidated financial statements in annual report.

3. REVENUE, OTHER INCOME AND GAINS

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

	Note	**2024** *RMB'000*	2023 *RMB'000*
Revenue			
Tuition fees		**302,364**	295,326
Boarding fees		**28,774**	27,879
Total revenue from contracts with customers		**331,138**	323,205
Other income and gains			
Bank interest income		**13,267**	18,182
Interest income from financial products		**717**	743
Examination and training income		**2,393**	747
Fair value gains on financial assets at fair value through profit or loss		**128**	11
Government grant	*(i)*	**7**	5,548
Others		**2,880**	2,852
		19,392	28,083

(i) The government grant represents the one-off government grants that were received from local government authorities of which were not capital in nature and not related to major business operation.

Revenue from contracts with customers

(a) Disaggregated revenue information

	2024 *RMB'000*	2023 *RMB'000*
Timing of revenue recognition		
Tuition fees recognised over time	**302,364**	295,326
Boarding fees recognised over time	**28,774**	27,879
	331,138	323,205

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 in each academic year. Tuition fees and boarding fees are required in advance prior to the beginning of each academic year.

4. PROFIT BEFORE TAXATION

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

	Notes	**2024** **RMB'000**	2023 *RMB'000*
Employee benefit expense (excluding directors' and chief executive's remuneration):			
Wages and salaries		**93,595**	79,508
Pension scheme contributions (defined contribution scheme)		**22,752**	20,241
Consultancy fee		**2,410**	5,973
Utilities		**15,225**	8,259
Property management fee		**8,623**	7,293
Repairs and maintenance		**15,453**	13,952
Depreciation of property, plant and equipment		**39,622**	37,710
Depreciation of right-of-use assets		**4,620**	2,751
Amortisation of other intangible assets		**2,192**	2,687
Auditor's remuneration		**1,880**	2,250
Loss on disposal of items of property, plant and equipment, net	*(a)*	**18**	1
Government grants	*(b)*	**(486)**	(1,318)

Notes:

(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.

(b) 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. 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% (2023: 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:

	2024	2023
	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 (2023: nil).

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

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 August 2024 and 2023. The calculations of basic and diluted earnings per share are based on:

	2024	2023
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic and diluted earnings per share calculation:		
Profit attributable to ordinary equity holders of the parent	**108,416**	137,256

	Number of shares	
	2024	2023
Shares		
Number of issued shares on 1 September	**505,517,000**	505,517,000
Weighted average number of shares held for the RSU Scheme	**(37,481,000)**	(37,481,000)
Adjusted weighted average number of ordinary shares in issue		
Used in the basic earnings per share calculation	**468,036,000**	468,036,000

8. TRADE RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Tuition fees receivable	**32**	13
Boarding fees receivable	**3**	–
	35	13

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 and aged within one year.

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The Group considers the historical default rate and days past due of the trade receivables in measuring the expected credit losses during the year.

Trade receivables as at the end of each reporting period were not past due and had no recent history of default. The expected credit losses were assessed to be minimal at the end of each reporting period.

9. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2024	2023
	RMB'000	*RMB'000*
Prepaid service expense	**7,469**	6,396
Redemption receivable *(note a)*	**–**	30,708
Loan receivable from a former related company *(note b)*	**–**	10,000
Loan receivables *(note c)*	**4,000**	4,000
Interest receivables	**221**	2,487
Other receivables	**3,799**	2,817
	15,489	56,408
Less: Provision for impairment	**(4,000)**	(4,000)
	11,489	52,408

(a) On 28 February 2022, The Group requested the full redemption of the Investment of RMB48,102,000. As at 31 August 2023, the redemption receivable have been fully past due and the directors of the Company consider that the redemption receivable is credit-impaired and the loss allowance is measured at an amount equal to lifetime ECLs. During the year ended 31 August 2024, the redemption receivable was fully settled.

(b) The amount related to loan receivable of RMB10,000,000 from a former related company, Beijing Tongcai Education Consultant Limited ("**Beijing Tongcai**"). Beijing Tongcai ceased to be related company of the Group on 31 August 2022 as a result of disposal of equity interest by the former director, Mr. Niu Jian. On 9 March 2022, the Company provided an interest-free loan of RMB10,000,000 to Beijing Tongcai for the working capital purpose of the Chinese language examinations project. The loan was originally repayable within one year. As there were disputes with the cooperation parties, and the parties could not reach consensus after continuous negotiation, the project was formally terminated in January 2023. Beijing Tongcai was lack of sufficient capital to repay the loan after suspension of the project, the Company agreed to extend the loan until March 2024 and further extended until March 2025. During the year ended 31 August 2024, the loan receivable was fully settled.

(c) The loan receivable related to the Group entered into the Loan Agreement with a PRC private company on 7 July 2021, pursuant to which the Group transferred RMB21,000,000 to the Payee without interest and repayable upon the Group subscribe of the designated investment product. The Payee repaid RMB17,000,000 to the Group in August and September 2021. As the Payee had not repaid the remaining amount of RMB4,000,000 by July 2022, the Group filed a civil litigation against the Payee and obtained court judgments against the Payee for the outstanding amount and the corresponding interest in July 2023, the management considered that this balance to be doubtful and have recognised ECLs for the full outstanding amount of RMB4,000,000 at 31 August 2024 and 2023.

The remaining receivables are interest-free and are not secured with collateral. None of the financial assets included in the above balances related to receivables is past due except the receivables from a third party mentioned in notes (a) to (c) above.

Except receivables mentioned in notes (a) to (c), the above financial assets related to receivables have no recent history of default.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024	2023
	RMB'000	*RMB'000*
Unlisted investments, at fair value	**70,128**	10,011

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. OTHER PAYABLES AND ACCRUALS

		2024	2023
	Notes	***RMB'000***	*RMB'000*
Payables for purchase and construction of property, plant and equipment		**9,961**	16,801
Payables for listing expenses		**100**	100
Miscellaneous fees received from students	*(a)*	**2,704**	2,695
Subsidies received on students' behalf		**17,300**	15,502
Payables for logistics services and other services		**7,772**	7,427
Payables for salaries, social insurance, and housing fund		**9,615**	11,358
Other tax payables		**4,747**	4,452
Accruals		**6,880**	5,727
Other payables		**4,576**	5,716
		63,655	69,778

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 the years approximated to their fair values due to their short-term maturities.

12. 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:

	2024	2023
	RMB'000	*RMB'000*
Tuition fees	**130,379**	137,331
Boarding fees	**19,265**	19,804
Contract liabilities	**149,644**	157,135

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 programme. 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:

	2024	2023
	RMB'000	*RMB'000*
At the beginning of the year	**157,135**	212,706
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year	**(157,135)**	(212,706)
Increase due to cash received, net of the amounts recognised as revenue during the year	**149,644**	157,135
At the end of the year	**149,644**	157,135

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is an extract from the independent auditors' report on the Group's consolidated financial statements for the year ended 31 August 2024:

QUALIFIED OPINION

In our opinion, except for the possible effects on the matters described in the section of "Basis for Qualified Opinion" of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 August 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board (the "**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR QUALIFIED OPINION

As detailed in our auditor's report on the Group's consolidated financial statements for the year ended 31 August 2023, dated 18 June 2024, we expressed a disclaimer of opinion on the consolidated financial statements for the year ended 31 August 2023 due to various limitations on evidence available to us in relation to the matters described below.

Limitation of scope on opening balances and comparative information

(i) Opening balance – Redemption receivable from a private fund

As disclosed in note 18(a), the Company invested in a private fund (the "**Fund**") of USD7,770,000 (equivalent to RMB49,800,000) through entering into an investment agreement in July 2021. On 28 February 2022, the Group requested for full redemption of this investment of USD7,197,000 (equivalent to RMB49,696,000). Notwithstanding the fact that there are disputes on the redemption amount and the relevant fees, the Fund agreed to repay the redemption proceeds of RMB48,102,000 to the Company by instalments. As at 31 August 2023, the amount of RMB30,708,000 redemption receivable was included in prepayment, other receivable and other assets respectively. During the year ended 31 August 2024, the carrying amount was repaid by the Fund.

As detailed in our auditor's report dated 18 June 2024, we issued a disclaimed of opinion due to, amongst other matters, that we were unable to obtain sufficient appropriate evidence relating to the business rationale and commercial substance for the Group to invest in the Fund and the accuracy of assessment on the expected credit loss on the redemption amount for the year ended 31 August 2023 and the completeness, accuracy, valuation, validity and classifications of the carrying amounts of the redemption receivable as at 31 August 2023.

(ii) Opening balance – Loans to former related company

As detailed in note 18(b), on 9 March 2022, the Company provided an interest-free loan of RMB10,000,000 to a former related company, Beijing Tongcai Education Consultant Limited ("**Beijing Tongcai**"). The loan was originally repayable within one year. The amount of RMB10,000,000 has been classified and included in prepayments, other receivables and other assets as at 31 August 2023. As there were disputes with the cooperation parties, and the parties could not reach consensus after continuous negotiation, the project was formally terminated in January 2023. As Beijing Tongcai did not have sufficient capital to repay the loan after suspension of the project, the Company agreed to extend the loan until March 2024 and then further extended until March 2025. During the year ended 31 August 2024, Beijing Tongcai fully settled the loan balance of RMB10,000,000 to the Group.

As detailed in our auditor's report dated 18 June 2024, we issued a disclaimed of opinion due to, amongst other matters, that we were unable to obtain sufficient appropriate audit evidence about whether the Group had proper credit assessment regarding the granting, execution and extension of the abovementioned loan and whether the credit loss assessment on the carrying amount of RMB10,000,000 as at 31 August 2023 were free from material misstatement.

(iii) Opening balance and comparative information – Payments for consultancy fee

During the years ended 31 August 2022 and 2021, the Group entered into two agreements with two parties:

(a) provision of consultancy services for a period of starting from July 2021 to April 2023 in respect of investor relationship management and potential acquisition consultant matters of HK$13,300,000 (equivalent to RMB11,676,000). The Group recognised RMB4,702,000 consultancy fee expenses in consolidated profit or loss for the year ended 31 August 2023 in relation to this contract; and

(b) provision of consultant services in relation to tendering of land-use-right in the PRC of RMB20,000,000. The amount was paid during the year ended 31 August 2022 and has been classified and included in other non-current assets as at 31 August 2022. During the year ended 31 August 2023, the Group acquired the related land-use-right with a consideration of RMB104,280,000, and capitalised the related consultancy fee of RMB4,700,000. The remaining of RMB15,300,000 was included other non-current assets as at 31 August 2023. During the year ended 31 August 2024, the service provider refunded the prepaid consultancy fee of RMB15,300,000 to the Group.

As detailed in our auditor's report dated 18 June 2024, we disclaimed an opinion due to, amongst other matters, that we were unable to obtain sufficient appropriate audit evidence regarding the validity, commercial substance and classification of the payment transactions that led to the recognition of the consultancy fee expense of RMB4,702,000 in consolidated profit or loss for the year ended 31 August 2023 and the amount of RMB15,300,000 included in other non-current assets in consolidated statement of financial position as at 31 August 2023, were free from material misstatement.

Any adjustments found to be necessary in respect of the matters described in paragraphs (i) to (iii) might have significant effects on the figures as at and for the year ended 31 August 2023 presented as comparative figures in these consolidated financial statements and hence affect the comparability of the current year's figures and the corresponding figures.

In respect of the consolidated financial statements of the Group for the current year ended 31 August 2024, the matters which were the subject matter of the scope limitations referred to above no longer have possible effects on the figures presented in the consolidated statement of financial position of the Group as at 31 August 2024. However, the closing balances as at 31 August 2023 of the assets of the Group as described in paragraph (i) (ii) and (iii)(b) were brought forward as the opening balances as at 1 September 2023 and hence entered into the determination of the financial performance and cash flows of the Group for the current financial year ended 31 August 2024. Hence, any adjustments found to be necessary to the closing balances of the prepayment, other receivable and other assets and other non-current assets as at 31 August 2023 might have significant effects on the Group's results and cash flows for the year ended 31 August 2024 and related disclosures in the notes to the consolidated financial statements of the Group for the year ended 31 August 2024. Accordingly, we were also unable to determine whether adjustments might have been necessary in respect of the performance and cash flows of the Group for the year ended 31 August 2024 reported in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows.

VIEWS OF THE BOARD AND THE AUDIT COMMITTEE ON THE QUALIFIED OPINION

The Board and the audit committee of the Company (the "**Audit Committee**") noted that the consolidated financial statements of the Company for the year ended 31 August 2024 were subject to the qualified opinion (the "**Qualified Opinion**") of the auditors, on the basis as set out in the section headed "Basis for Qualified Opinion" in the independent auditor's report.

The Board and the Audit Committee did not express different views from that of the auditors. The Board and the Audit Committee are of the view that the Qualified Opinion for the year ended 31 August 2024 is a consequential effect of the disclaimer of opinion on the Group's consolidated financial statements for the year ended 31 August 2023 due to the limitation of scope on opening balances and comparative information to the auditors. The Audit Committee also critically reviewed the matters after discussion with the auditors and the Board, and confirmed that it agreed with the Board's position and basis of the Qualified Opinion.

After discussing with the auditor, it is expected that there will no longer be any impact on the Group's opening balances and the consolidated financial statements for the year ending 31 August 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Business Overview

The Group is a leading provider of private higher education in Shanxi Province, China, and the Group operates a college in Taiyuan City, Shanxi Province, the PRC (the "**College**"). According to the research by Frost & Sullivan, the Group ranked second among all private higher education institutions in Shanxi Province in terms of student enrolment in private undergraduate colleges in the 2023/2024 school year, with a market share of 15.7%. In 2011, the College was approved and upgraded by the Ministry of Education of the PRC to become the first private undergraduate college in Shanxi Province. The Group's solid reputation and extensive expertise in the private higher education sector have allowed the College to continue to grow since then. The total number of students enrolled at the College has grown from approximately 8,000 students in the 2011/2012 school year to 19,416 students in the 2023/2024 school year. All students enrolled in the College were full-time students and most of the students enrolled were boarding students, except for very few students who were approved by us to live off campus for personal reasons. As at 31 August 2024, the Group employed 765 full-time teachers and 519 part-time teachers. During the reporting period, the total number of undergraduate majors and concentrations in the College reached 47. As at 31 August 2024, the College has been operating two campuses, namely, Longcheng campus and Beige campus, with a total area of approximately 633,277 sq. m. and building space of approximately 410,263 sq. m.

As a higher education service provider, the Group is dedicated (i) to build the College into a modern institution of higher education with superior quality, and (ii) to equip the Group's students with readily applicable skills that meet the ever-changing demands of the job market.

The Group focuses on providing application-oriented education to equip its students with practical skills relevant to careers. The Group continues to optimise its course offerings and practical training programmes to provide its students with readily applicable skills. The Group offers mandatory and elective courses in entrepreneurship and innovation-related subjects, and provide a variety of opportunities for students to hone their business skills. The Group reinforces its application-oriented course offerings with meaningful collaborations with companies in the private sector, ranging from joint development, delivery of entire courses, constructing simulated work-environment training bases on its campuses, inviting industry experts and visiting lecturers and arranging internships and practical training opportunities for its students. The Group believes its emphasis on developing advanced, career-focused skill sets makes the Group's students more appealing to potential employers. The implementation rate of graduation destinations for graduates of the College for 2023/2024 school year reached approximately 96.54%.

Enrolment

In the 2023/2024 school year, the overall number of full-time enrolled students of the College reached 19,416, representing an increase of 2.3% as compared to that of the 2022/2023 school year. Such increase in the number of enrolled students was mainly due to the addition of professional courses with better employment prospects established and the increase of admission quota in the 2023/2024 school year. In the 2023/2024 school year, the College had 5,639 newly-enrolled students, representing an increase of 3.7% in the 2022/2023 school year.

The following table sets forth information relating to the total student enrolment, newly-enrolled students and admission quota of the College for the school years indicated:

	School Year		**Change**	
	2023/2024	2022/2023	*Change*	*Percentage change*
Total student enrolment[(1)(2)]	19,416	18,978	438	2.3%
Newly-enrolled students[(1)(2)]	5,639	5,440	199	3.7%
Admission quota	5,852	5,667	185	3.3%

Notes:

(1) The information in relation to student enrolment and newly-enrolled students for the school years indicated was based on the internal records of the College. Total student enrolment includes newly-enrolled students and returning students.

(2) The Group's school year generally ends in July and prior to that, the current year's graduate data of the student cadastral system will be gradually removed. Therefore, the Group uses 30 June as the benchmark time to determine and present the number of students enrolled in its annual report, and the number of students enrolled for the 2023/2024 school year is the number of students as at 30 June of the relevant school year.

(3) The number of new students the College may admit for each school year is generally limited by an admission quota specified by the relevant education authorities, and is subject to subsequent adjustment by such authorities after admitting prospective students based on students' listed preferences and the scores they obtained. The original admission quota and any subsequent adjustments made by the relevant education authorities are beyond the Group's control.

Tuition Fees Standards

The following table sets forth the average tuition fee for the College for the school years indicated:
School Year

	School Year			
	2023/2024	2022/2023	*Change*	*Change*
	RMB	*RMB*	*RMB*	*%*
Average Tuition Fee	**15,560.9**	15,561.5	0.6	–

The following table sets forth the number of the Group's students who participated in the undergraduate programmes offered by the College for the 2023/2024 school year and the 2022/2023 school year:

	School Year	
	2023/2024	2022/2023
Undergraduate programmes	**19,416**	18,978

Notes:

(1) The number of students enrolled for the school years 2023/2024 and 2022/2023 listed here have the same meaning as the above table.

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

(3) The undergraduate enrolment plan in the 2023/2024 school year was 5,852 students, representing an increase of 185 students as compared to the 2022/2023 school year, and the actual number of students enrolled is 5,639.

(4) The average tuition fee for the 2023/2024 school year is calculated after deducting the correspondence course fee revenue RMB234,000.

Future Outlook and Business Strategies

In terms of total full-time student enrolment, according to the Frost & Sullivan report, the Group ranks the second among all private higher education institutions in Shanxi Province with a market share of approximately 15.7% for the 2023/2024 school year.

Shanxi Province is one of the economically underdeveloped provinces in China where higher education resources in the province are relatively scarce. The province is however growing at a rapid rate. The private higher education industry in Shanxi Province is also growing rapidly. In 2021, one independent college in Shanxi Province was transformed to become a public higher education institution in accordance with 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》) and "Jiaofahan (2021) No. 10" document. 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 a steady growth. The Group believes that it can benefit from the increasing demand for private higher education.

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

With a view to create synergies with the 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**"), the Group also plans to expand its 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 programmes and bachelor of science in marketing programmes. The Group engaged an agent, who is principally engaged in education consultancy and California Bureau for Private Postsecondary Education 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 Bureau for Private Postsecondary Education regarding the establishment of the US School in June 2021.

On 30 January 2024, the Company was notified by the California (Bureau) for Private Postsecondary Education that, in accordance with the California Private Postsecondary Education Act, the California Education Code (CEC) and California Code of Regulations, Title 5 (5CCR), the Company's application to operate a degree-awarding higher education institution in the State of California in the United States, was being rejected. The Company is actively looking for new agents to solve this problem. The Company believes that this will not pose a significant impact on its operations.

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 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-profitable. The school sponsors of for-profit private schools are allowed to receive income from the operation of the schools 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 schools, 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-profitable. 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.

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 Organisation 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 Standardising 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 such fees are included in the Shanxi Provincial Price Catalogue, the fees are decided by the government; otherwise, 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.

In the event that the 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 the College will be protected in more definitive and favourable 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 published to the public and subject to supervision by relevant competent authorities;

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

- the 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

- the 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 the Group’s consultation with the Department of Education of Shanxi Province which is the competent authority to confirm such matters as advised by the Group’s PRC legal advisors, (i) before the Group elects for the College to be a for-profit private school, the current articles of association of the College will continue to be legal, effective and enforceable, and the College can operate in accordance with it; and (ii) non-profit schools are expected to enjoy more favourable policies. As advised by the Group’s PRC legal advisors, despite the aforesaid implementation rules relating to the 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 the Group’s 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.

The Group’s Directors understand that the specific provisions have not yet been promulgated and there is currently no timeline for implementation. However, taking into account that (i) the College was legally established in 2004 and is validly existing under the current PRC laws; and (ii) according to the Frost & Sullivan report, the Group was the second largest private high education institution in terms of full-time student enrolment in Shanxi Province with a market share of 15.7% in the 2023/2024 school year, the Directors consider that the College’s situation will be a factor to be taken into account when the local government formalises such specific provisions and it would be unlikely that they would impose any special provisions which the College would not be able to achieve.

Change of Director and Changes in Composition of the Board Committees for the year ended 31 August 2024

With effect from 27 May 2024, Mr. Niu Sanping has resigned as an executive Director, the chairman of the Board, and a member and the chairman of the Nomination Committee; and Mr. Niu Jian has resigned as an executive Director, the chief executive officer of the Company, a member of the Remuneration Committee and an authorised representative of the Company for the purpose of Rule 3.05 of the Listing Rules. Following the resignation of Mr. Niu Jian, the Company has appointed Mr. Niu Xiaojun, an executive Director, as an authorised representative of the Company for the purpose of Rule 3.05 of the Listing Rules.

On 20 June 2024, Mr. Zhang Zhiwei has been appointed as an executive director, the chairman of the Board, and the chairman of the Nomination Committee of the Company.

FINANCIAL REVIEW

Revenue

Revenue represents the value of services provided during the reporting period. The Group's revenue arises from tuition fees and boarding fees collected by the College from students.

For the Year, the Group's revenue was approximately RMB331.1 million (2023: RMB323.2 million), representing an increase of approximately RMB7.9 million or approximately 2.5%. The increase was mainly due to: (i) the increase in the revenue from tuition fees by approximately RMB7.1 million or approximately 2.4% to approximately RMB302.4 million for the Year (2023: approximately RMB295.3 million) as a result of the increase in student enrolment in the current school year; and (ii) the increase in the revenue from boarding fees by approximately RMB0.9 million or approximately 3.2% to approximately RMB28.8 million (2023: RMB27.9 million) as a result of the expansion of enrolment scale in the current school year.

Cost of Sales

The Group's cost of sales primarily consists of salary costs (including basic salaries, social security contributions, bonuses and benefits for the Group's teaching staff), depreciation and amortisation, 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 for the Year amounted to approximately RMB173.6 million (2023: RMB148.3 million), representing an increase of approximately RMB25.3 million or approximately 17.1%. The increase in cost of sales was primarily due to (i) the increase in staff costs; (ii) the increase in utilities charges and repair expenses; and (iii) the increase in depreciation and amortisation expenses resulting from the addition of new teaching equipment and new land.

Gross Profit and Gross Profit Margin

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

The Group's gross profit for the Year amounted to RMB157.5 million (2023: RMB174.9 million), representing a decrease of approximately RMB17.4 million or approximately 9.9%. The Group's gross profit margin for the Year was approximately 47.6%, representing a decrease of approximately 6.5% as compared with last year. Such decrease was mainly due to the increase in the cost of sales was more than the increase in revenue for 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, government grant, bad debt losses reversed and others.

The Group's other income and gains for the Year amounted to approximately RMB19.4 million (2023: approximately RMB28.1 million), and the decrease was mainly due to (i) the decrease in interest income from bank deposits; and (ii) the decrease of incentives from government authorities.

Selling and Distribution Expenses

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

There were no significant changes in selling and distribution expenses during the Year.

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), depreciation of land for administrative purposes and amortisation of equipment and software for school administration and management use, office expenses (including travel and transportation expenses incurred by the Group's administrative staff for business trips), maintenance costs, tax and utilities expenses.

The Group's administrative expenses for the Year were approximately RMB67.4 million (2023: RMB61.5 million), representing an increase of approximately RMB5.9 million. This was mainly due to (i) the increase in staff costs; (ii) the increase in consultancy fees; and (iii) the increase in logistics expenses.

Other Expenses

The Group's other expenses primarily consist of the Group's bad debt losses, impairment losses, and others.

The Group's other expenses for the Year were approximately RMB0.7 million (2023: RMB3.8 million), representing a decrease of approximately RMB3.1 million. This was mainly due to the exchange differences generated in the previous year being greater than those in the current period.

Finance Costs

The Group's finance costs primarily consist of interest expenses on bank loans.

The finance costs for the year have not changed significantly.

Income Tax Expenses

The Group did not incur any income tax expense for its operations for the Year.

Profit for the Year

As a result of the combined effects of the above income, costs and expenses for the Year, the Group recorded a profit of approximately RMB108.4 million (2023: RMB137.3 million), representing a decrease of approximately RMB28.9 million or approximately 21.0%.

Current Assets and Current Liabilities

As at 31 August 2024, the Group's net current assets amounted to approximately RMB555.5 million (2023: RMB642.0 million), representing a decrease of approximately RMB86.5 million. The decrease was primarily due to (i) as at 31 August 2024, the Group's cash and cash equivalents were approximately RMB695.9 million (2023: RMB813.8 million), representing a decrease of RMB117.9 million; and (ii) as at 31 August 2024, the Group's financial assets at fair value through profit or loss were approximately RMB70.1 million (2023: RMB10.0 million), representing an increase of approximately RMB60.1 million, mainly due to the Group's use of idle funds to purchase wealth management products to improve the yield on funds; and (iii) as at 31 August 2024, prepayments, the Group's other receivables and other assets were approximately RMB11.5 million (2023: RMB52.4 million), representing a decrease of RMB40.9 million; (iv) as at 31 August 2024, the Group's bank borrowings were approximately RMB1.6 million (2023: RMB1.0 million), representing an increase of RMB0.6 million; and (v) as at 31 August 2024, the Group's contract liabilities were approximately RMB149.6 million (2023: RMB157.1 million), representing a decrease of RMB7.5 million. This was mainly due to the decrease in the advance collection of tuition and boarding fees for the next academic year compared to the previous year; and (vi) as at 31 August 2024, the Group's other payables and accruals were approximately RMB63.7 million (2023: RMB69.8 million), representing a decrease of RMB6.1 million.

Liquidity, Capital Resources and Gearing Ratio

During the Year, the Group funded its capital expenditures and working capital requirements primarily through boarding fees received in advance from students in its school operations. In the future, the Group believes that its liquidity requirements will be satisfied using a combination of cash flows generated from the Group's operating activities, net proceeds from the issuance of new shares of the Company, bank borrowings and other funds raised from the capital markets from time to time, if necessary.

As at 31 August 2024, the balance of the Group's bank borrowings was RMB18.5 million (31 August 2023: RMB19.5 million). As at 31 August 2024, the Group's gearing ratio, representing bank borrowings as a percentage of total equity, was 1.0% (31 August 2023: 1.1%).

Property, Plant and Equipment

As at 31 August 2024, the Group's property, plant and equipment amounted to approximately RMB1,026.7 million, representing an increase of RMB164.4 million from approximately RMB862.3 million as at 31 August 2023. Such increase was mainly due to the addition of teaching equipment for better provision of teaching services, and the increase of the construction of the new Beige campus in progress.

Cash and Cash Equivalents

As at 31 August 2024, the Group's cash and cash equivalents was approximately RMB695.9 million, representing a decrease of RMB117.9 million from approximately RMB813.8 million as at 31 August 2023. The decrease was mainly due to the addition of teaching equipment for better provision of teaching services.

As at 31 August 2024, cash and cash equivalents denominated in RMB, HKD and USD amounted to RMB645.8 million, RMB2.7 million and RMB47.4 million, respectively (2023: cash and cash equivalents denominated in RMB, HKD and USD amounted to RMB788.3 million, RMB8.8 million and RMB16.8 million, respectively).

Bank Borrowings

On 15 December 2022, the Group borrowed a loan of RMB20,000,000 denominated in RMB from a banking institution for the College's purchase of teaching equipment for a term of 10 years. The bank borrowings bear interest at an effective interest rate of 3.2% per annum for the first three years, and the loan interest rate will be adjusted according to the LPR minus 110 BPS starting from the fourth year. At the same time, for the loan interest rate, the Group has benefited from 2.5% of financial interest discount approved by the financial department, and the interest discount will be transferred after each interest payment. As at 31 August 2024, the total bank borrowings amounted to approximately RMB18.5 million (31 August 2023: RMB19.5 million). The following table sets forth the maturity profile of the Group's interest-bearing bank borrowings as at the dates indicated:

	31 August 2024 *RMB'000*	31 August 2023 *RMB'000*
Analysed as:		
Repayment within one year	**1,625**	1,000
Repayment in the second year	**2,250**	1,625
Repayment in the third to fifth year (inclusive)	**6,750**	6,750
Repayment after five years	**7,875**	10,125
	18,500	19,500

The Group's gearing ratio, expressed as a percentage of bank borrowings over total equity, was 1.0% as at 31 August 2024 (2023: 1.1%).

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, the Group's capital expenditures amounted to RMB272.1 million (2023: RMB165.4 million).

Commitments

The Group's capital commitments are primarily related to the acquisition of buildings and teaching facilities. The following table sets forth a summary of the Group's capital commitments as at 31 August 2024:

	At 31 August	
	2024	2023
	RMB'000	*RMB'000*
Contracted, but not provided for:		
Property	**1,023,437**	180,063
Teaching facilities	**19,625**	15,634
	1,043,062	195,697

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

The Group had 1,712 employees (2023: 1,663 employees), increased by 49 employees 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 programmes 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 for the Year was approximately RMB121.3 million (2023: RMB105.2 million), representing an increase of approximately RMB16.1 million.

Contingent Liabilities

As at 31 August 2024, the Group did not have material contingent liabilities.

Pledge of Assets

As at 31 August 2024, the Group did not pledge any assets.

Significant Investments

The Group did not hold any significant investments for the Year.

Future Plans for Material Investments or Capital Assets

To further improve the teaching and living environment for students, during the Year, the Group has commenced construction works for the new Beige Campus on newly acquired land with land use rights, including multiple buildings such as a training building, apartments, and an academic building of the School of Arts, as well as new campus road construction, pipeline networks, and renovation works.

Pension Scheme

The Group participates in the central pension schemes as defined by the laws of the countries in which it has operations. The subsidiaries established and operating in Mainland China are required to provide certain staff pension benefits to their employees under existing regulations of the PRC. Pension scheme contributions are provided at rates stipulated by PRC regulations and are made to a pension fund managed by government agencies, which are responsible for administering the contributions for the subsidiaries' employees. During the Year, there is no forfeited contribution (by the Group on behalf of its employees who leave the Group prior to vesting fully in such contributions) available to be utilised by the Group to reduce the contributions payable in the future years or to reduce the Group's existing level of contributions to the defined contribution retirement plan.

USE OF NET PROCEEDS FROM THE LISTING

The Company received net proceeds from the Listing of approximately RMB385.1 million. 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. Saved as disclosed, there has been no change in the intended use of net proceeds as previously disclosed in the Prospectus. A summary of the use of net proceeds until 31 August 2024 is set out below:

Purpose	**Approx.% of total net proceeds allocated**	**Net proceeds allocated**	**Unutilised amount at 1 September 2023**	**Utilised amount during the year ended 31 August 2024**	**Unutilised amount at 31 August 2024**	**Expected timeline for intended use of unutilised amount at 31 August 2024**
		RMB'million	*RMB'million*	*RMB'million*	*RMB'million*	
Construction of Phase IV of Beige campus						
– a teaching building	10.2%	39.3	16.0	1.6	14.4	*(Note)*
– a library	34.8%	134.0	67.1	67.1	–	N/A
Acquisition of or investment in private education institutions or acquisition of a parcel of land	25.0%	96.3	–	–	–	N/A
Renovation and upgrade of teaching buildings and dormitories on Longcheng campus	11.4%	43.9	29.4	5.2	24.2	*(Note)*
Purchases of teaching equipment and furniture	8.6%	33.1	–	–	–	N/A
Working capital for general purposes	10.0%	38.5	–	–	–	N/A
Total	100.0%	385.1	112.5	73.9	38.6	

Note:

Please refer to the heading "Change in Use of Proceeds from the Listing" in this announcement.

CHANGE IN USE OF PROCEEDS FROM THE LISTING

As at 31 August 2024, the unutilised proceeds from the Listing amounted to approximately RMB38.6 million (the "**Unutilised Net Proceeds**"), which comprises (i) approximately RMB14.4 million which was originally designated for the purpose of construction of a teaching building for Phase IV of Beige campus (the "**Construction Project**"); and (ii) approximately RMB24.2 million was designated for the purpose of renovation and upgrade of teaching buildings and dormitories on Longcheng campus (the "**Renovation Project**"). As at 31 August 2024, both the Construction Project and the Renovation Project had been completed, and the actual cost for both projects was lower than the expected cost.

As disclosed in the 2024 interim report of the Company, the Group has purchased a piece of land around the Beige campus to expand its campus area to meet the needs of running schools. As disclosed in the paragraph headed "Future Plans for Material Investments or Capital Assets" above in this announcement, the Group has commenced construction works for the new Beige Campus, which includes teaching buildings and dormitory facilities. After careful consideration and evaluation of the Group's operation, the Directors have resolved to change the use of the Unutilised Net Proceeds for the construction projects of the new Beige campus to meet the needs for the continuous optimisation of various school performance indicators, with an expected timeline for full utilisation to be August 2025.

The Board is of the view that the aforementioned change in use of proceeds from the Listing will enable the Group to utilise the Unutilised Net Proceeds for the operation and expansion of the Group's business, which will facilitate the Group to deploy its financial resources in a more flexible and efficient manner, which is in line with the business strategies of the Group and is in the best interest of the Company and its shareholders (the "**Shareholders**") as a whole.

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 during the year ended 31 August 2024.

DIVIDENDS

The Directors do not recommend the payment of a dividend for the year ended 31 August 2024 (2023: nil). There is no arrangement that any Shareholder has waived or agreed to waive any dividend.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting (the "**AGM**") will be held on 18 February 2025. 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 Thursday, 13 February 2025 to Tuesday, 18 February 2025, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 12 February 2025.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code contained in Appendix C1 to 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 for the year ended 31 August 2024.

CHANGES ON MEMORANDUM AND ARTICLES OF ASSOCIATION

The Company's current memorandum and articles of association (the "**Memorandum and Articles**") were adopted from the Listing on 16 July 2021. There have been no changes in the Company's Memorandum and Articles up to the date of this annual results announcement.

In order to update the Memorandum and Articles so as to, among other things, reflect the current requirements of the Listing Rules and make other housekeeping improvements to the Memorandum and Articles, the Directors propose to make certain amendments to the Memorandum and Articles (the "**Proposed Amendments**").

The Directors further propose to restate the Memorandum and Articles incorporating and consolidating the Proposed Amendments to replace the Memorandum and Articles (the "**Proposed Restatement**").

The Proposed Amendments and Proposed Restatement are subject to the approval of Shareholders by way of special resolutions at the AGM.

Details of the Proposed Amendments and Proposed Restatement will be set out in the AGM circular.

CHANGE IN COMPOSITION OF REMUNERATION COMMITTEE

The Company announces that Mr. Hu Binhong, an independent non-executive Director, has been appointed as a member of the Remuneration Committee with effect from 28 November 2024. Following the aforesaid, the Remuneration Committee comprises three members, who are all independent non-executive Directors, namely Mr. Hu Yuting (the chairman of the Remuneration Committee), Mr. Wong Chi Wah and Mr. Hu Binhong.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix C3 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 and up to 31 August 2024.

SUBSEQUENT EVENTS

Since the Company received allegations with respect to the Listing and the use of proceeds from the Listing, which might affect the consolidated financial results of the Group, the Group was unable to publish its annual results and ESG reports for the two years ended 31 August 2022 and 31 August 2023 and the interim results for the two periods of six months ended 28 February 2023 and 29 February 2024 on time. At the request of the Company, the trading in Shares was suspended since 29 November 2022. On 10 January 2023, the Company received the Initial Resumption Guidance from the Stock Exchange, and on 3 November 2023, received additional resumption guidance (collectively referred to as the "**Resumption Guidance**"). The details of the requirements set out in the Resumption Guidance are as follows:

(a) conduct an appropriate independent investigation into the allegations, announce the findings and take appropriate remedial actions;

(b) publish all outstanding financial results required under the Listing Rules and address any audit modifications;

(c) demonstrate the Company's compliance with Rule 13.24 of the Listing Rules;

(d) announce all material information for the Company's Shareholders and investors to appraise its position; and

(e) conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to meeting the obligations under the Listing Rules. The annual results and the ESG report for the year ended 31 August 2022 and the interim results for the six months ended 28 February 2023 were subsequently published on 10 June 2024, and the annual results and the ESG report for the year ended 31 August 2023 and the interim results for the six months ended 29 February 2024 were subsequently published on 19 June 2024.

After years of unremitting efforts of the Company, all conditions under the Resumption Guidance were fulfilled and the trading in the Shares on the Stock Exchange resumed with effect from 9:00 a.m. on 15 October 2024. Details of the above matters are disclosed in the Company's announcements dated 29 November 2022, 16 December 2022, 10 January 2023, 28 February 2023, 25 May 2023, 7 July 2023, 25 August 2023, 7 September 2023, 25 September 2023, 7 November 2023, 27 November 2023, 5 January 2024, 5 February 2024, 23 February 2024, 27 February 2024, 30 April 2024, 27 May 2024, 7 June 2024, 18 June 2024 and 14 October 2024.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters. The audit committee of the Company, together with the Board, has reviewed the Group's annual results and consolidated financial statements for the year ended 31 August 2024.

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 2024 as set out in this preliminary announcement have been agreed by the Group's independent auditor, Moore CPA Limited (the "**Auditor**"), to the amounts set out in the Group's consolidated financial statements for the year ended 31 August 2024. 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 D2 to the Listing Rules will be dispatched to the Shareholders Company and available on the same websites in due course.

APPRECIATION

The Company would like to take this opportunity to thank all of the Company's 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
ZHANG Zhiwei
Chairman

Hong Kong, 28 November 2024

As at the date of this announcement, the executive directors of the Company are Mr. Zhang Zhiwei, Mr. Niu Xiaojun and Ms. Zhang Zhonghua; and the independent non-executive directors of the Company are Mr. Zan Zhihong, Mr. Hu Yuting, Mr. Hu Binhong and Mr. Wong Chi Wah.