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China General Education Group Limited

中国通才教育集团有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2175)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 28 FEBRUARY 2025

The board (the “**Board**”) of directors (the “**Directors**”) of China General Education Group Limited (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 28 February 2025 (the “**Period**”) as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 28 February 2025

		For the six months ended	
		28 February 2025	29 February 2024
		(Unaudited)	(Unaudited)
	Notes	RMB'000	RMB'000
REVENUE	5	183,057	184,056
Cost of sales		<u>(106,969)</u>	<u>(105,124)</u>
Gross profit		<u>76,088</u>	<u>78,932</u>
Other income and gains	5	5,705	13,160
Selling expenses		(212)	(243)
Administrative expenses		(29,696)	(24,060)
Other expenses		(57)	(95)
Financing costs		<u>(61)</u>	<u>(68)</u>
PROFIT BEFORE TAX	6	51,767	67,626
Income tax expense	7	<u>—</u>	<u>—</u>
PROFIT FOR THE PERIOD		<u>51,767</u>	<u>67,626</u>
Attributable to:			
Owners of the Company		<u>51,767</u>	<u>67,626</u>
		<u>51,767</u>	<u>67,626</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic and diluted			
- For profit for the Period		<u>RMB0.11</u>	<u>RMB0.14</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the six months ended 28 February 2025

	For the six months ended	
	28 February 2025 (Unaudited) <i>RMB'000</i>	29 February 2024 (Unaudited) <i>RMB'000</i>
<i>Notes</i>		
PROFIT FOR THE PERIOD	<u>51,767</u>	<u>67,626</u>
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements	<u>1,677</u>	<u>(1,282)</u>
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	<u>1,677</u>	<u>(1,282)</u>
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	<u>1,677</u>	<u>(1,282)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>53,444</u>	<u>66,344</u>
Attributable to:		
Owners of the Company	<u>53,444</u>	<u>66,344</u>
	<u><u>53,444</u></u>	<u><u>66,344</u></u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At as 28 February 2025

	<i>Notes</i>	28 February 2025 (Unaudited) RMB'000	31 August 2024 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		1,196,286	1,026,697
Right-of-use assets		185,565	187,987
Other intangible assets		3,774	4,828
Other non-current assets		<u>57,248</u>	<u>57,859</u>
Total non-current assets		<u>1,442,873</u>	<u>1,277,371</u>
CURRENT ASSETS			
Trade receivables	10	99	35
Prepayments, other receivables and other assets		26,736	11,489
Financial assets at fair value through profit or loss		–	70,128
Cash and cash equivalents		<u>595,685</u>	<u>695,897</u>
Total current assets		<u>622,520</u>	<u>777,549</u>
CURRENT LIABILITIES			
Contract liabilities		149,526	149,644
Other payables and accruals		44,636	63,655
Lease liability		355	349
Bank borrowings		–	1,625
Deferred income		<u>1,655</u>	<u>6,815</u>
Total current liabilities		<u>196,172</u>	<u>222,088</u>
NET CURRENT ASSETS		<u>426,348</u>	<u>555,461</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,869,221</u>	<u>1,832,832</u>
NON-CURRENT LIABILITY			
Bank borrowings		–	16,875
Lease liability		<u>30</u>	<u>210</u>
Total non-current liability		<u>30</u>	<u>17,085</u>
Net assets		<u>1,869,191</u>	<u>1,815,747</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital		33	33
Reserves		<u>1,869,158</u>	<u>1,815,714</u>
Total equity		<u>1,869,191</u>	<u>1,815,747</u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 28 February 2025

1. CORPORATE AND GROUP INFORMATION

China General Education Group Limited (the “**Company**”) was incorporated in the Cayman Islands on 14 September 2018 as an exempted company with limited liability under the Companies Act of the Cayman Islands. The registered office address of the Company is the offices of Vistra (Cayman) Limited, 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 of the Company’s shares on the Stock Exchange was suspended since 29 November 2022 and resumed on 15 October 2024. The Company is an investment holding company. During the Period, the Company and its subsidiaries (collectively referred to as the “**Group**”) are 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 Period. In the opinion of the Directors, the holding company and the ultimate holding company of the Company is Niusanping Limited, which is incorporated in the British Virgin Islands and owns 52.67% of the shareholding interest held by Mr. Niu Sanping.

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 28 February 2025 has been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 August 2024.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 August 2024.

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the provision of higher education services in Mainland China.

IFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. The information reported to the directors of the Company, who are the chief operating decision makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

Geographical information

During the Period, the Group operated within one geographical segment because all of its revenue was generated in Mainland China and all of its long-term assets/capital expenditure were located/incurred in Mainland China. Accordingly, no geographical segment information is presented.

Information about major customers

No services provided to a single customer amounted to 10% or more of the total revenue of the Group during the Period.

5. REVENUE, OTHER INCOME AND GAINS

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

	For the six months ended	
	28 February 2025 <i>RMB'000</i> (Unaudited)	29 February 2024 <i>RMB'000</i> (Unaudited)
Revenue from contracts with customers		
Tuition fees	167,035	168,061
Boarding fees	16,022	15,995
Total revenue from contracts with customers	<u>183,057</u>	<u>184,056</u>
Other income and gains		
Bank interest income	4,875	9,424
Interest income from financial products	300	171
Examination and training income	363	1,353
Operating income	898	952
Others	(731)	1,260
	<u>5,705</u>	<u>13,160</u>

Revenue from contracts with customers

	For the six months ended	
	28 February 2025 RMB'000 (Unaudited)	29 February 2024 RMB'000 (Unaudited)
Timing of revenue recognition		
Tuition fees recognised over time	167,035	168,061
Boarding fees recognised over time	<u>16,022</u>	<u>15,995</u>
	<u>183,057</u>	<u>184,056</u>

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 period.

6. PROFIT BEFORE TAX

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

	Note	For the six months ended	
		28 February 2025 RMB'000 (Unaudited)	29 February 2024 RMB'000 (Unaudited)
Employee benefit expense (excluding directors' and chief executive's remuneration):			
Wages and salaries		52,100	46,108
Pension scheme contributions (defined contribution scheme)		13,715	14,537
Depreciation of property, plant and equipment		17,639	19,821
Depreciation of right-of-use assets		2,422	2,253
Amortisation of other intangible assets		1,054	1,111
Loss on disposal of items of property, plant and equipment, net	(a)	<u>2</u>	<u>18</u>

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

7. INCOME TAX

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

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

China General Education Group (Hong Kong) Limited was subject to profits tax at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the Period. 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 Period.

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 Period and up to the date of this announcement, the college of the Group has historically enjoyed the preferential tax treatment since their establishment. As a result, no income tax expense was recognised by the college of the Group for the income from the provision of formal educational services during the Period.

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

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 Period.

	For the six months ended	
	28 February	29 February
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current – the PRC		
Charge for the Period	—	—
Total tax charge for the Period	<u>—</u>	<u>—</u>

8. DIVIDENDS

No dividend has been paid or declared by the Company in the Period (six months ended 29 February 2024: nil).

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The Group had no potentially dilutive ordinary shares in issue as at 28 February 2025 and 29 February 2024. The calculations of basic and diluted earnings per share are based on:

	For the six months ended	
	28 February 2025 RMB'000 (Unaudited)	29 February 2024 RMB'000 (Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the calculation of basic and diluted earnings per share	<u>51,767</u>	<u>67,626</u>
	Number of shares	
	For the six months ended	
	28 February 2025	29 February 2024
Shares		
Weighted average number of ordinary shares in issue during the Period used in the calculation of basic earnings per share	505,517,000	505,517,000
Weighted average number of shares held for the RSU Scheme	<u>(37,481,000)</u>	<u>(37,481,000)</u>
Weighted average number of ordinary shares in issue used in the calculation of basic and diluted earnings per share	<u>468,036,000</u>	<u>468,036,000</u>

10. TRADE RECEIVABLES

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

	28 February 2025 RMB'000 (Unaudited)	31 August 2024 RMB'000 (Audited)
Tuition fees receivable	93	32
Boarding fees receivable	<u>6</u>	<u>3</u>
	99	35

11. EVENTS AFTER THE REPORTING PERIOD

No significant events have taken place subsequent to 28 February 2025 and up to the date of approval of these financial statements.

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 19,313 students in the 2024/2025 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 28 February 2025, we employed 753 full-time teachers and 511 part-time teachers.

During the reporting Period, the total number of undergraduate majors and concentrations in the College reached 50, and three new undergraduate majors in art education, film production, and sports economics and management were added. As at 28 February 2025, the College has been operating two campuses, namely, Longcheng campus and Beige campus, with a total area of approximately 621,147 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 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. We reinforces its application-oriented course offerings with meaningful collaborations with companies in the private sector, ranging from joint development, delivery of entire courses, constructing work-environment-like training bases on its campuses, inviting industry experts and guest lecturers, and assisting in arranging internships and practical training opportunities for its students. The Group believes its emphasis on developing advanced, career-focused skill sets makes our 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 2024/2025 school year, the overall number of full-time enrolled students of our College reached 19,313, representing a decrease of 0.8% as compared to that of the 2023/2024 school year. In the 2024/2025 school year, our College newly enrolled 5,256 students, representing a decrease of 6.8% over the 2023/2024 school year.

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

	School Year			Percentage change
	2024/2025	2023/2024	Change	
Total student enrolment ⁽¹⁾⁽²⁾	19,313	19,463	-150	-0.8%
Newly-enrolled students ⁽¹⁾⁽²⁾	5,256	5,639	-383	-6.8%
Admission quota	5,541	5,852	-311	-5.3%

Notes:

- (1) The student enrolment and newly-enrolled students information for the school years indicated was based on the internal records of our College. Total student enrolment includes newly-enrolled students and returning students.
- (2) Although our school year typically starts at the beginning of September, the administrative work that facilitates the registration of students' academic documents, the collection of tuition and boarding fees and other admission-related activities are generally completed by the end of September. Accordingly, we use 30 September as a benchmark point in time to determine and present our enrolment figures and certain other business operating information, and the student enrolment figures listed here for the 2024/2025 school year are the number of students as at 30 September of such school year.
- (3) The number of new students our College may admit for each school year is generally limited by an admission quota specified by the relevant education authorities, and 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 our control.

Tuition Fees Standards

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

	For the six months ended			Percentage change %
	28 February	29 February	Change	
	2025 RMB	2024 RMB	RMB	
Average Tuition Fee	<u>15,585.3</u>	<u>15,547.3</u>	<u>38</u>	<u>0.2</u>

The following table sets forth the number of our students who participated in the undergraduate programmes offered by our College for the 2024/2025 school year and the 2023/2024 school year:

	School Year	
	2024/2025	2023/2024
Undergraduate programmes ²	<u>19,313</u>	<u>19,463</u>

Notes:

- (1) The number of students enrolled for the school years 2024/2025 and 2023/2024 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 study at our 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 2024/2025 school year was 5,541 students, representing a decrease of 311 students as compared to the 2023/2024 school year, and the actual number of students enrolled is 5,256.

FUTURE OUTLOOK AND BUSINESS STRATEGIES

In terms of total full-time student enrolment, according to the Frost & Sullivan research, the Group ranks the second among all private higher education institutions in Shanxi Province with a market share of 15.7% for the 2023/2024 school year, which puts us in a favourable 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 2021, one independent college in Shanxi Province was transformed to become a public higher education institution 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》) and “Jiaofahan (2021) No. 10” document. After an adjustment period to this transformation of independent colleges, the total revenue of private higher education providers in Shanxi Province is expected to maintain steady growth. We believe that the Group can benefit from the increasing demand for private higher education.

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

With a view to creating synergies with our College in China and complying with the Qualification Requirement as further described in the section headed “Contractual Arrangements” in the prospectus of the Company dated 30 June 2021 (the “**Prospectus**”), we also plan to expand our network abroad by establishing a degree-granting higher education institution in the State of California in the United States (the “**US School**”) offering bachelor of science in business administration programme and bachelor of science in marketing programme. We had engaged an agent, who is principally engaged in education consultancy and California Bureau for Private Postsecondary Education (the “**BPPE**”) licensing services, to assist us in establishing General Business University of California Incorporated, the operating entity for the US School, and filing applications with the BPPE regarding the establishment of the US School in June 2021.

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), our Company’s application to operate a degree-awarding higher education institution in California, USA, was rejected. We are actively looking for new agents to solve this problem. The Company believes that these problems will not have a significant impact on our 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 either schools for which the school sponsor(s) require reasonable returns or schools for which the school sponsor(s) do not require reasonable returns. Instead, the school sponsor(s) of a private school may choose for the school to be a for-profit private school or a non-profit private school, with the exception that the schools providing compulsory education must be non-profit. The school sponsors of for-profit private schools are allowed to receive income from the operation of the school and the balance of running such schools. By contrast, the school sponsors of non-profit private schools are prohibited from receiving income from the operation of the school and the balance of running such schools shall be only used for the operation of the schools. In addition, for-profit private schools are entitled to have discretion in determining the fees collected from the students in accordance with the market conditions while the fee collection of non-profit private schools shall be subject to provincial government regulation. For details of the 2016 Decision, including the key differences between a for-profit private school and a non-profit private school under the 2016 Decision, please see “Regulatory Overview – Regulations on Private Education in the PRC – The Law for Promoting Private Education and the Implementation Rules for the Law for Promoting Private Education” of the Prospectus.

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

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 they are included in the Shanxi Provincial Price Catalog, the fees are decided by the government, if not, the non-profit private schools can decide independently. Pursuant to the Implementation Measures on the Supervision and Administration of For-Profit Private Schools of Shanxi Province, the items and standards charged by for-profit private schools are determined independently by the school based on factors such as school cost and market demand and shall disclose to the public.

In the event that our College successfully registers as a for-profit private school, the potential impact of the 2016 Decision includes the following:

- the rights and interests of the sponsors of our College will be protected in more definitive and 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 publicised to the public and subject to supervision by relevant competent authorities;
- our College shall have the discretion to determine the amount of fees to be charged in accordance with the 2016 Decision. If our College is registered as a for-profit private school, our College would be entitled to make its own decisions about the standards and types of the fees to be charged by our College based on our College's operating costs and market demand;

- our College may enjoy support from certain PRC government policies: the 2016 Decision stipulates that the governments at or above the county level in the PRC can provide various policy support to for-profit schools, such as preferential tax policies and student loans;
- there may be increased uncertainty about the extent of the benefits to be provided by the government supporting measures: according to the 2016 Decision, while land will be supplied to non-profit private schools by the government through allocation or other means, for-profit private schools are not expected to enjoy the same treatment as public schools and non-profit private schools; and
- our College will be subject to the requirements of applying for re-registration: the 2016 Decision also requires that private schools choosing to register as for-profit schools shall carry out financial settlement procedures, clarify property ownership, pay the relevant taxes and fees, and re-apply for registration.

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

The Directors of our Company understand that the specific provisions have not yet been promulgated and there currently is no timeline for implementation. However, taking into account that (i) our College was legally established in 2004 and is validly existing under the current PRC laws; and (ii) according to the Frost & Sullivan research, we were the second largest private higher 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, our Directors consider that our 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 our College would not be able to achieve.

FINANCIAL REVIEW

Revenue

Revenue represents the value of services provided during the Period. The Group derives revenue from tuition fees and boarding fees that our College collected from students.

For the Period, the Group's revenue amounted to approximately RMB183.1 million (six months ended 29 February 2024: RMB184.1 million), representing a decrease of approximately RMB1.0 million or 0.5%. Such decrease was primarily due to the revenue from tuition fees for the Period amounted to RMB167.1 million (six months ended 29 February 2024: RMB168.1 million), representing a decrease of approximately RMB1.0 million or 0.6%, the decrease of tuition fees was because less students were being admitted for the 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 our faculty and 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 Period amounted to approximately RMB106.9 million (six months ended 29 February 2024: RMB105.1 million), representing an increase of approximately RMB1.8 million or approximately 1.8%. The increase in cost of sales was primarily due to (i) the steady improvement in remuneration and benefit package for the teaching staff; (ii) the increase in teaching expenses to provide better teaching services to the students; (iii) the increase in maintenance expenses; (iv) the decrease in office expenses and water, electricity, and gas expenses; and (v) the decrease in depreciation expenses of assets.

Gross Profit and Gross Profit Margin

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

The Group's gross profit for the Period amounted to approximately RMB76.1 million (six months ended 29 February 2024: RMB78.9 million), representing a decrease of approximately RMB2.8 million or approximately 3.6%. For the Period, the Group's gross profit margin was 41.6%, representing a decrease of approximately 1.3 percentage points as compared with that of the previous Period. Such decrease was primarily due to the fact that the decrease in revenue and the increase in cost of sales during the Period.

Other Income and Gains

The Group's other income and gains mainly consist of bank interest income, interest income from financial products, examination and training income and others.

The Group's other income and gains during the Period amounted to approximately RMB5.7 million (six months ended 29 February 2024: RMB13.2 million), representing a decrease of approximately RMB7.5 million or approximately 56.6%. The decrease was mainly due to (i) the decrease in bank interest income; (ii) the decrease in examination services and training income; (iii) decrease in differences due to exchange rate fluctuations as compared to the previous year.

Selling and Distribution Expenses

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

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

Administrative Expenses

The Group's administrative expenses consist of salary expenses for administrative staff, logistic expenses (including the property management fees charged by independent third parties 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 our administrative staff for business trips), maintenance costs, tax and utilities expenses.

Administrative expenses for the Period amounted to approximately RMB29.7 million (six months ended 29 February 2024: RMB24.1 million), representing an increase of approximately RMB5.6 million, which was primarily due to (i) the increase in maintenance expenses; and (ii) the increase in office expenses in order to provide better management services.

Other Expenses

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

There were no significant changes in other expenses during the Period.

Financing Costs

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

There were no significant changes in financing costs during the Period.

Income Tax Expense

No income tax expense for our operations was incurred during the Period.

Profit for the Period

As a result of the combined effects of the above income, costs and expenses for the Period, the Group recorded a profit of approximately RMB51.8 million (six months ended 29 February 2024: RMB67.6 million), representing a decrease of approximately RMB15.8 million or 23.5%.

Current Assets and Current Liabilities

As at 28 February 2025, the Group's net current assets were approximately RMB426.4 million (31 August 2024: RMB555.5 million), representing a decrease of approximately RMB129.1 million, which was primarily due to (i) as at 28 February 2025, the Group's cash and cash equivalents amounted to approximately RMB595.7 million (31 August 2024: RMB695.9 million), representing a decrease of RMB100.2 million; and (ii) as at 28 February 2025, the Group's financial assets at fair value through profit or loss were RMB0 million (31 August 2024: RMB70.1 million), representing a decrease of approximately RMB70.1 million, mainly due to no renewal on redemption of wealth management products on expiry; and (iii) as at 28 February 2025, the Group's prepayments, other receivables and other assets were approximately RMB26.7 million (31 August 2024: RMB11.5 million), representing an increase of RMB15.2 million; (iv) as at 28 February 2025, the Group's bank borrowings were RMB0 million (31 August 2024: RMB1.6 million), representing a decrease of RMB1.6 million; and (v) as at 28 February 2025, the Group's other payables and accrued expenses were approximately RMB44.6 million (31 August 2024: RMB63.7 million), representing a decrease of RMB19.1 million; and (vi) as at 28 February 2025, the Group's deferred income was approximately RMB1.7 million (31 August 2024: RMB6.8 million), representing a decrease of RMB5.1 million.

Liquidity, Capital Resources and Gearing Ratio

During the reporting Period, we funded our capital expenditures and working capital requirements primarily through cash from redemption of financial assets at fair value through profit or loss upon maturity and tuition fees and boarding fees received in advance from students in our school operations. In the future, we believe that our liquidity requirements will be satisfied using a combination of cash flows generated from our 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 28 February 2025, the balance of the Group's bank borrowings was RMB0 million (31 August 2024: RMB18.5 million). As at 28 February 2025, the Group's gearing ratio, representing bank borrowings as a percentage of total equity, was 0% (31 August 2024: 1.0%).

Cash and Cash Equivalents

As at 28 February 2025, cash and cash equivalents amounted to approximately RMB595.7 million, in which the balance denominated in RMB, Hong Kong dollars and United States dollars amounted to approximately RMB547.4 million, RMB0.1 million and RMB48.2 million, respectively (31 August 2024: RMB695.9 million, in which the cash and cash equivalents denominated in RMB, Hong Kong dollars and United States dollars amounted to approximately RMB645.8 million, RMB2.7 million and RMB47.4 million, respectively).

Bank Borrowings

During the Period, we have fully repaid the bank borrowings up to 31 August 2024 amounting to RMB18.5 million.

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 closely 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.

Contingent Liabilities

As at 28 February 2025, the Group did not have material contingent liabilities.

Pledge of Assets

As at 28 February 2025, the Group did not pledge any assets.

Material Acquisitions and Disposals

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

Significant Investments

During the Period, the Group did not hold any significant investments.

Future Plans for Material Investments or Capital Assets

With a view of reinforcing its leading position in Shanxi Province, the PRC and enhancing its reputation, the Group has planned a number of expansion projects with the use of proceeds from the Company's initial public offering. Further details of such expansion projects are set out under the section headed "Use of Net Proceeds from the Company's Initial Public Offering" in this report and "Future Plans and Use of Proceeds" in the Prospectus, respectively.

Other than those disclosed in this announcement, there was no plan authorised by the Board for material investments or additions of capital assets at the date of this announcement.

INTERIM DIVIDEND

The Directors do not recommend the payment of a dividend for the six months ended 28 February 2025 (six months ended 29 February 2024: nil).

USE OF NET PROCEEDS FROM THE LISTING

The ordinary shares, each with a nominal value of US\$0.00001, of the Company (the "**Shares**") were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 16 July 2021 (the "**Listing**"). The Company received net proceeds from the Listing of approximately RMB385.1 million. Such net proceeds were applied in accordance with the proposed applications as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus during the period from the Listing to 31 August 2024.

Reference is made to the announcement entitled "Announcement of Annual Results for 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" as published by the Company on 28 November 2024. As at 31 August 2024, the unutilised proceeds from the Listing amounted to approximately RMB38.6 million (the "**Unutilised Net Proceeds**"), which comprised (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.

The Group purchased another piece of land around the Beige campus to expand its campus area to meet the needs of running schools. 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 as a whole.

Save as disclosed above, 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 28 February 2025 is set out below:

Purpose	Original net	Utilised	Unutilised	Revised net	Utilised	Unutilised	Expected
	proceeds allocated	amount up to 31 Aug 2024	amount at 1 Sep 2024	proceeds allocated	amount during the Period	amount at 28 Feb 2025	timeline for intended use of unutilised amount at 28 Feb 2025
	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>	
Construction of Phase IV of Beige campus							
– a teaching building	39.3	24.9	14.4	–	–	–	N/A
– a library	134.0	134.0	–	–	–	–	N/A
Acquisition of or investment in private education institutions or acquisition of a parcel of land	96.3	96.3	–	–	–	–	N/A
Renovation and upgrade of teaching buildings and dormitories on Longcheng campus	43.9	19.7	24.2	–	–	–	N/A
Purchases of teaching equipment and furniture	33.1	33.1	–	–	–	–	N/A
Working capital for general purposes	38.5	38.5	–	–	–	–	N/A
Construction of teaching buildings and dormitories on new Beige campus	–	–	–	38.6	19.6	19.0	August 2025
Total	385.1	346.5	38.6	38.6	19.6	19.0	

EMPLOYEE AND REMUNERATION POLICY

As at 28 February 2025, the Group had 1,690 employees (at 29 February 2024: 1,720). The remuneration policy and package of the Group's employees, including bonuses, a share option scheme and a restricted share unit 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 staff cost, including Directors' remuneration, incurred by the Group for the six months ended 28 February 2025 was approximately RMB66.6 million (six months ended 29 February 2024: RMB63.9 million), representing an increase of approximately RMB2.7 million or approximately 4.2%, which was mainly due to increases in the improvement in remuneration and benefit package for teaching and administrative staff during the Period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Period.

SHARE SCHEMES

Restricted Share Unit Scheme

The Board adopted the restricted share unit scheme of the Company ("**RSU Scheme**") on 13 January 2022 (i) to recognise the contributions by certain participants and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group.

For further details of the RSU Scheme, please refer to the announcement of the Company dated 27 January 2022.

The Company entered into a trust deed on 8 February 2022 to appoint Futu Trustee Limited as the trustee for the administration of the RSU Scheme pursuant to the rules of the RSU Scheme. As at 29 February 2024, the trustee of the RSU Scheme held a total of 37,481,000 Shares which were purchased on the Stock Exchange at an aggregate consideration of approximately RMB123.1 million pursuant to the terms of the trust deed of the RSU Scheme. No Shares under the RSU Scheme have been granted or agreed to be granted since its adoption.

Share Option Scheme

The share option scheme of the Company (the “**Share Option Scheme**”) was adopted pursuant to a resolution passed on 23 June 2021 and will expire no later than 10 years from 23 June 2021. Details of the Share Option Scheme are set out under the section headed “Share Option Scheme” in the 2024 annual report and the Prospectus, respectively. The Group has not granted any share options under the Share Option Scheme since its adoption.

The total number of Shares available for grant under the Share Option Scheme was 50,000,000 Shares at 1 September 2024 and 28 February 2025. There is no service provider sublimit under the Share Option Scheme. The number of Shares that may be issued in respect of options and awards granted under all schemes of the Company during the six months ended 28 February 2025 divided by weighted average number of Shares in issue for the six months ended 28 February 2025 is nil.

RESUMPTION OF TRADING IN SHARES

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.

EVENTS AFTER THE REVIEW PERIOD

There was no significant events took place subsequent to 28 February 2025 and up to the date of this announcement.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) as its own code of corporate governance. The Company has complied with the code provisions as set out in the CG Code during the Period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 the Group's code of conduct to regulate the securities transactions of the Directors. Having made specific enquiries, all Directors confirmed that they have complied with the Model Code during the Period.

REVIEW OF INTERIM RESULTS

The interim results of the Group for the Period have not been audited, but have been reviewed by the audit committee of the Company (the “**Audit Committee**”) comprising three independent non-executive Directors, namely Mr. Wong Chi Wah, Mr. Zan Zhihong and Mr. Hu Yuting. Mr. Wong Chi Wah is the chairman of the Audit Committee.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (<http://chinageg.cn>). The interim report of the Company for the six months ended 28 February 2025 will be dispatched to the shareholders and made available on the same websites in due course.

APPRECIATION

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

By order of the Board
China General Education Group Limited
Zhang Zhiwei
Chairman and Executive Director

Hong Kong, 29 April 2025

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