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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)

SUPPLEMENTAL ANNOUNCEMENT

DISCLOSABLE TRANSACTION

IN RELATION TO THE ACQUISITION OF THE TARGET COMPANY

Reference is made to the announcement of the Company dated 6 November 2025 (the “**Announcement**”) in relation to the Acquisition. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the Announcement. This announcement is made to provide further information regarding the Acquisition.

A. BASIS OF THE CONSIDERATION

The Company would further supplement the following information in addition to those under the sub-section in headed “Basis of the Consideration” of the section headed “Key Terms of the Equity Purchase Agreement” in the Announcement.

The Consideration was determined by the parties of the Equity Purchase Agreement to be lower than the appraised value of RMB541.8 million based in arm’s length negotiation, and the Consideration represents a discount that is to the clear benefit of the Group and the Shareholders. The Board considers the Consideration to be fair and reasonable as it is not solely based on the valuation but also incorporates significant strategic value and future synergies between the Group and the Target Group Companies. The Vendors had been seeking potential purchasers for a period of time and they have strong motivation to enter the private higher education industry, which they perceive as less saturated than their current non-academic education field and the competition is less fierce. At the same time, the Company sees high growth potential in the industry of art exam training services. Hence, the strategic pivot for the Vendors aligns with the Group’s development objectives and the Consideration reflects these long-term strategic benefits.

B. VALUATION OF THE TARGET COMPANY

Based on the valuation report prepared by an independent valuer using the income approach (the “**Valuation Report**”), the appraised value of all equity interest of the Target Company as at 31 August 2025 (the “**Valuation Benchmark Date**”) was RMB541.8 million.

Selection of Valuation Method

When selecting an appropriate valuation method, the independent valuer considered the applicability of the income approach, the market approach and the asset-based approach. As the Target Company is an asset-light company in the education and training sector, the asset-based approach cannot adequately reflect its profitability and intrinsic brand value, and thus fails to accurately represent its equity value. Consequently, the asset-based approach was not adopted. Furthermore, the market approach was deemed unsuitable since the Target Company lacks the public and active comparable transactions required for its application. On the other hand, the income approach was considered most appropriate. The Target Company demonstrates a history of profitability and strong financial performance, enabling a reasonable projection of its future earnings. These earnings, along with their duration and associated risks, can be quantified, thus satisfying the key premises of the income approach.

Forecast Period

The forecast period under the Valuation Report is from 1 September 2025 to 31 August 2030.

General Assumptions

A number of general assumptions have been made in the preparation of the Valuation Report, which include:

- (a) there will be no significant changes in the currently effective national laws, regulations, policies, macroeconomic conditions, or in the political, economic, and social environment of the regions where the parties involved in the Acquisition are located;
- (b) the industry in which the Target Group Companies operate will maintain stable development, with no major changes in industry policies, management systems, or relevant regulations;
- (c) there will be no significant changes after the Valuation Benchmark Date in factors such as interest rates, exchange rates, tax bases and rates, and policy-related levies and charges affecting the Target Group Companies; and
- (d) no force majeure events or unforeseen factors will arise after the Valuation Benchmark Date that would materially and adversely affect the entity being assessed.

Specific Assumptions

A number of specific assumptions have been made in the preparation of the Valuation Report, which include:

- (a) the general corporate information, property rights documentation, policy documents, and other relevant materials provided by the Target Company are authentic and valid;

- (b) the acquisition and construction processes of the assets involved in the Target Group Companies have complied with all relevant national laws and regulations;
- (c) the physical assets involved in the Target Group Companies are free from major technical issues affecting their continued use, and that their key components and materials have no potential major quality defects;
- (d) the assets within the assessment scope are genuine, complete, free from ownership defects, unencumbered by any mortgage, lien, or guarantee, and are not subject to any other transaction restrictions;
- (e) the management of the Target Company will be responsible, stable, and competent in their positions after the Valuation Benchmark Date;
- (f) there are no significant differences between the accounting policies used in the historical financial data provided by the Target Company and those used for the profit forecasts;
- (g) after the Valuation Benchmark Date, the Target Group Companies will maintain its current business scope and operational methods, based on its existing management approach and level;
- (h) all licenses, permits, consents, or other legal/administrative authorisations required from relevant local or national government bodies or groups for the asset usage models underlying the value estimates in the Valuation Report are valid and in compliant use as at the Valuation Benchmark Date, and that they will be renewed or reissued upon expiration. It is also assumed that the core management and technical personnel of the entity being assessed will remain relatively stable during the forecast period, without significant changes affecting business development and profit realisation;
- (i) after the Valuation Benchmark Date, the cash inflows and outflows of the Target Group Companies will occur evenly; and
- (j) the relevant data from listed companies sourced from Wind/iFinD is authentic and reliable.

Key Inputs

Under the income approach, the discounted cash flow (DCF) method was adopted. The calculation model is as follows:

$$\text{Total equity value} = \text{enterprise value} - \text{interest-bearing debt value}$$

(a) Enterprise Value

Enterprise value refers to the sum of the total equity interest value and the interest-bearing debt value. Based on the asset allocation and utilisation of the Target Group Companies, the enterprise value is calculated as follows:

$$\text{Enterprise value} = \text{value of operating assets} + \text{value of surplus assets} + \text{value of non-operating assets} - \text{value of non-operating liabilities}$$

1. Value of Operating Assets

Operating assets are those assets and liabilities related to the production and operation of the Target Group Companies, involved in the projection of post-valuation date free cash flows to the firm. The value of operating assets is calculated as follows:

$$P = \sum_{i=1}^n \frac{F_i}{(1+r)^i} + \frac{F_{n+1}}{r \times (1+r)^n}$$

Where:

- P : value of operating assets as of the Valuation Benchmark Date
- F_i : expected free cash flow in the i -th year after the Valuation Benchmark Date
- F_{n+1} : expected free cash flow in the terminal year (first year after the detailed forecast period)
- r : discount rate (weighted average cost of capital (“WACC”) is adopted here)
- n : detailed forecast period
- i : the i -th year within the detailed forecast period (mid-year discounting is applied)

Income Projection Period

By analysing the development prospects of the industry in which the Target Group Companies operate and their own operational circumstances, no factors were identified that would impact its ability to continue as a going concern. Therefore, this valuation assumes the Target Group Companies will continue its operations indefinitely beyond the Valuation Benchmark Date, and the income projection period is set as perpetual.

Income Metric

In accordance with the principle of consistency between the expected income metric and the discount rate, free cash flow to the Target Group Companies is used to determine the enterprise value income metric for the subject being valued.

Free cash flow to the Target Group Companies = earnings before interest after taxes + depreciation and amortisation – capital expenditures – net increase in working capital

Discount Rate

As the income metric in this valuation is free cash flow to the Target Group Companies, and adhering to the principle of consistency between the income metric and the discount rate, the discount rate is determined using the WACC model. The calculation formula is as follows:

$$WACC = K_e \times \frac{E}{E + D} + K_d \times (1 - t) \times \frac{D}{E + D}$$

Where:

- K_e : cost of equity capital
- K_d : cost of interest-bearing debt
- E : market value of equity
- D : market value of interest-bearing debt
- t : income tax rate

Among these, the cost of equity capital is calculated using the capital asset pricing model:

$$K_e = R_f + MRP \times \beta_L + R_C$$

Where:

- R_f : risk-free rate
- MRP : market risk premium
- β_L : levered beta (systematic risk coefficient)
- R_C : company-specific risk adjustment factor

2. Value of Surplus Assets

Surplus assets refer to those assets held as at the Valuation Benchmark Date that exceed the requirements for the entity's production and operation and are not involved in the projection of post-valuation date free cash flows to the firm. The Target Group Companies have no surplus assets.

3. Value of Non-operating Assets and Liabilities

Non-operating assets and liabilities are those assets and liabilities unrelated to the production and operation of the entity being evaluated and not involved in the projection of post-valuation date free cash flows to the firm. For the entity being evaluated, these include other receivables, other current assets, development costs, deferred tax assets, and other payables. The cost approach was used to assess these items.

(b) *Interest-Bearing Debt Value*

Interest-bearing debt refers to liabilities that require interest payments as at the Valuation Benchmark Date. As at Valuation Benchmark Date, the Target Group Companies have no interest-bearing debt.

Based on the valuation assumptions and key inputs, the independent valuer has arrived at an assessed value of the 100% equity interest of the Target Company to be RMB541.8 million, adjusted from the book value of RMB50.5 million, resulting in an increase in value of RMB491.3 million.

C. REVIEW BY THE REPORTING ACCOUNTANTS

Pursuant to Rule 14.60A(2) of the Listing Rules, a letter from the issuer's auditors or reporting accountants confirming that they have reviewed the accounting policies and calculations for the forecast and containing in the announcement their report is required. The Company has engaged Jon Gepsom CPA Limited ("**Jon Gepsom**"), the reporting accountants, to report on the calculations of the discounted future estimated cash flows used in the Valuation Report, which do not involve the adoption of accounting policies, as to whether and so far as the calculations are concerned, have been properly compiled in all material respects, in accordance with the bases and assumptions adopted by the Board. A text of the report from Jon Gepsom in compliance with Rule 14.60A(2) of the Listing Rules is set out in Appendix I to this Announcement.

D. LETTER FROM THE BOARD

A text of the letter from the Board in compliance with Rule 14.60A(3) of the Listing Rules is set out in Appendix II to this Announcement.

E. EXPERT'S QUALIFICATION AND CONSENT

In compliance with Rule 14.60A(4), the qualifications of the expert who has given their opinions and advice included in this Announcement are set out below:

Name	Qualification
Jon Gepsom CPA Limited	Certified Public Accountants

The expert mentioned above has given and has not withdrawn its written consent to the issue of this Announcement with the inclusion of its letters and/or opinions and the references to its name (including its qualification) included herein in the form and context in which it appears. As at the date of this Announcement, neither the expert mentioned above nor its subsidiaries held any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, Jon Gepsom is a third party independent of the Group and its connected persons.

F. METHOD OF PAYMENT OF THE CONSIDERATION

As at the date of this announcement, the Company has not yet formulated a definitive plan for the amount of the Second Tranche Payment, the Third Tranche Payment and the Fourth Tranche Payment to be settled by cash or Consideration Shares. This is primarily due to the fact that the relevant payment dates are not imminent and the Company believes that deferring this decision will allow for a more informed and strategic allocation based on the prevailing circumstances at that time. For instance, the Second Tranche Payment is scheduled for the later of (a) the expiry of 60 business days after the date of issue of the 2026 Annual Audit Report, or (b) the day after the first anniversary of the First Payment Date (subject to the fulfilment of certain conditions as specified in the Announcement), which is estimated to be in late 2026 or early 2027, being more than one year from the date of the Equity Purchase Agreement.

When making the election of payment method, the key factors to be considered by the Board shall include (a) the Company's then financial and liquidity position, (b) the Company's intended usage of cash reserves, and (c) the Company's development plans and capital requirements in the short term.

G. EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the existing shareholding structure of the Company and the effect of allotment and issue of the Consideration Shares on the shareholding structure of the Company immediately upon the settlement of the Fourth Tranche Payment is set out as below:

Name of Shareholder	As at the date of this announcement		Immediately after the settlement of the Fourth Tranche Payment, the allotment and issue of all Consideration Shares ⁽¹⁾	
	<i>Number of Shares</i>	<i>Approximately percentage of number of Shares in issue (%)</i>	<i>Number of Shares</i>	<i>Approximately percentage of number of Shares in issue (%)</i>
Controlling Shareholders ⁽²⁾	266,250,000	52.67%	266,250,000	46.76%
Mr. Su Xing	–	–	18,695,583	3.28%
Mr. Li Xiao Tian	–	–	45,199,096	7.94%
Other shareholders	239,267,000	47.33%	239,267,000	42.02%
Total	505,517,000	100.00%	569,411,679⁽³⁾	100.00%

Notes:

- (1). Assuming (i) the Second Tranche Payment, the Third Tranche Payment and the Fourth Tranche Payment will be entirely settled by the allotment and issue of the Consideration Shares; (ii) the Acquisition is completed and the Consideration Shares are allotted and issued; (iii) and there is no other change in the total issued Shares other than allotment and issue of the Consideration Shares.
- (2). The controlling Shareholders consist of Mr. Niu Sanping and Niusanping Limited. Mr. Niu San Ping beneficially owns the entire issued share capital of Niusanping Limited which in turn owns 266,250,000 Shares, representing 52.67% of the Company's issued share capital. Therefore, Mr. Niu Sanping is deemed to be interested in the same as Niusanping Limited.
- (3). The estimated number of the Consideration Shares to be issued under the Acquisition is calculated based on the aggregate consideration of the Second Tranche Payment, the Third Tranche Payment and the Fourth Tranche Payment divided by HK\$3.75 (being the closing price of the shares as at the date of the Equity Purchase Agreement), taking into account the exchange rate of HK\$1 = RMB0.9115. The number of the Consideration Shares is subject to change due to exchange rate and the adjustments in the Second Tranche Payment, the Third Tranche Payment and the Fourth Tranche Payment.

The Company intends to use General Mandate as at the date of the Announcement. As at the date of this announcement, the General Mandate has not yet been utilised. Accordingly, there are sufficient Shares for the Company to issue under the General Mandate in order to settle the Consideration.

The above supplemental information does not affect the other information contained in the Announcement, and saved as disclosed above, all other information therein remains unchanged.

By order of the Board
China General Education Group Limited
ZHANG Zhiwei
Chairman

Hong Kong, 19 December 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.

APPENDIX I – LETTER FROM JON GEPSOM

The following is the text extracted from a report received from Jon Gepsom, for the purpose of incorporation in this Announcement.

INDEPENDENT ASSURANCE REPORT ON THE CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE VALUATION OF ENTIRE ISSUED CAPITAL OF GUANGZHOU TONGMENG ART EDUCATION CONSULTING CO., LTD.

TO THE DIRECTORS OF CHINA GENERAL EDUCATION GROUP LIMITED

We have examined the calculations of the discounted future estimated cash flows of Guangzhou Tongmeng Art Education Consulting Co., Ltd.* (廣州市苧盟美術教育諮詢有限公司) (the “**Target Company**”), its subsidiaries and Guangzhou Nanshan District Beige Tongmeng Education and Training Centre Co., Ltd.* (廣州市南沙區北格苧盟教育培訓中心有限公司) (together with the Target Company and its subsidiaries collectively referred to as the “**Target Group Companies**”), a company which its 49% equity interest is held by the Target Company, on which the valuation prepared by the Board of Directors of China General Education Group Limited (the “**Company**”) dated 5 November 2025, of the entire issued capital of the Target Company as at 31 August 2025 (the “**Valuation**”) is based. The Target Company is a company established in the People’s Republic of China (the “**PRC**”) with limited liability and the principal activities of the Target Group Companies are provision of art exam training services. The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and will be included in an announcement dated 19 December 2025 to be issued by the Company in connection with the acquisition of the entire issued capital of the Target Company (the “**Announcement**”).

* *The English name is for identification purpose only*

Directors’ Responsibility for the Discounted Future Estimated Cash Flows

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors of the Company and set out in the Announcement (the “**Assumptions**”). This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibility

Our responsibility is to express an opinion on whether the calculations of the discounted future estimated cash flows have been properly compiled, in all material respects, in accordance with the Assumptions on which the Valuation is based and to report solely to you, as a body, as required by Rule 14.60A(2) of the Listing Rules, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Our engagement was conducted in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the HKICPA. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the Assumptions. Our work was limited primarily to making inquiries of the Company’s management, considering the analyses and assumptions on which the discounted future estimated cash flows are based and checking the arithmetic accuracy of the compilation of the discounted future estimated cash flows. Our work does not constitute any valuation of the entire issued capital of the Target Company.

Because the Valuation relates to discounted future estimated cash flows, no accounting policies of the Company have been adopted in its preparation. The Assumptions include hypothetical assumptions about future events and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Valuation and the variation may be material. Accordingly, we have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and do not express any opinion whatsoever thereon.

Opinion

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the Assumptions.

Jon Gepsom CPA Limited
Certified Public Accountants
Hong Kong
19 December 2025

APPENDIX II – LETTER FROM THE BOARD OF DIRECTORS

Dear Sir/Madam,

Reference is made to the announcement dated 6 November 2025 (the “**Announcement**”) issued by China General Education Group Limited (the “**Company**”) in respect of the disclosable transaction for acquisition of the 100% equity interest of Guangzhou Tongmeng Art Education Consulting Co., Ltd.* (廣州市苜盟美術教育諮詢有限公司) (the “**Target Company**”) and the valuation of the Target Company which constitutes a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

We have reviewed the basis and assumptions on which the valuation of the Target Company was based. We have also considered the letter dated 19 December 2025 issued by Jon Gepsom CPA Limited, being the reporting accountants of the Company, regarding the accuracy of the calculation relating to the forecasts in the valuation and whether the forecast was duly prepared based on the assumptions.

Based on the above, we are of the view that the valuation has been made after due and careful enquiry.

The Board of Directors of
China General Education Group Limited
Hong Kong, 19 December 2025

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