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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 29 FEBRUARY 2024**

The board of directors (the “**Board**”) of China General Education Group Limited (the “**Company**”) is pleased to announce the interim results of the Company and its subsidiaries (together referred to as the “**Group**”) for the six months ended 29 February 2024 (the “**Interim Results**”). This announcement, containing full text of the 2024 interim report of the Company, complies with the relevant disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in relation to information to accompany preliminary announcements of the Interim Results. The Interim Results have been reviewed by the audit committee of the Company.

#### **PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This announcement of the Interim Results and the 2024 interim report of the Company are available on the websites of the Stock Exchange at <http://www.hkexnews.hk> and of the Company at <http://chinageg.cn>.

#### **CONTINUED SUSPENSION OF TRADING**

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended from 9:00 a.m. on 29 November 2022. Trading in the shares of the Company will remain suspended until further notice.

By order of the Board

**China General Education Group Limited**

**NIU Xiaojun**

*Executive Director*

Hong Kong, 18 June 2024

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

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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Niu Sanping *(resigned on 27 May 2024)*  
Mr. Niu Jian *(resigned on 27 May 2024)*  
Mr. Niu Xiaojun  
Ms. Zhang Zhonghua

### Independent Non-executive Directors

Mr. Zan Zhihong  
Mr. Hu Yuting  
Mr. Wong Chi Wah

## AUDIT COMMITTEE

Mr. Wong Chi Wah *(Chairman)*  
Mr. Zan Zhihong  
Mr. Hu Yuting

## REMUNERATION COMMITTEE

Mr. Hu Yuting *(Chairman)*  
Mr. Wong Chi Wah  
Mr. Niu Jian *(resigned on 27 May 2024)*

## NOMINATION COMMITTEE

Mr. Niu Sanping *(Chairman, resigned on 27 May 2024)*  
Mr. Zan Zhihong  
Mr. Hu Yuting

## COMPANY SECRETARY

Mr. Zhang Senquan

## HONG KONG LEGAL ADVISOR

Morgan, Lewis & Bockius

## AUTHORISED REPRESENTATIVES

Mr. Niu Xiaojun *(appointed on 27 May 2024)*  
Mr. Niu Jian *(resigned on 27 May 2024)*  
Mr. Zhang Senquan

## PLACE OF LISTING AND STOCK CODE

The Stock Exchange of Hong Kong Limited  
Stock Code: 2175

## HEAD OFFICE IN THE PEOPLE'S REPUBLIC OF CHINA

No. 99 Wucheng South Road  
Xiaodian District  
Taiyuan City  
Shanxi Province  
the PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 02, 8/F.,  
Tung Che Commercial Centre,  
246 Des Voeux Road West,  
Hong Kong

## REGISTERED OFFICE

P.O. Box 31119  
Grand Pavilion  
Hibiscus Way  
802 West Bay Road  
Grand Cayman KY1-1205  
Cayman Islands

## COMPANY'S WEBSITE

<http://chinageg.cn>

## CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

P.O. Box 31119  
Grand Pavilion  
Hibiscus Way  
802 West Bay Road  
Grand Cayman KY1-1205  
Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited  
17/F, Far East Finance Centre,  
16 Harcourt Road,  
Hong Kong

## PRINCIPAL BANKER

Shanghai Pudong Development Bank  
Taiyuan City, High-tech Industrial  
Development Zone Branch

# Management Discussion and Analysis

The board (the “**Board**”) of directors (the “**Directors**”) of China General Education Group Limited (the “**Company**”) is pleased to report the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 29 February 2024 (the “**Period**”).

## BUSINESS REVIEW

### Business Overview

We are a leading provider of private higher education in Shanxi Province, China. We operate a college (“**our College**”), in Taiyuan City, Shanxi Province, the People’s Republic of China (the “**PRC**”). According to Frost & Sullivan’s market research data, we ranked second among all private higher education institutions in Shanxi Province in terms of total full-time student enrollment, with a market share of 15.4% for the 2022/2023 school year. In 2011, our College was approved and upgraded by the Ministry of Education of the PRC to become the first private undergraduate college in Shanxi Province. Our solid reputation and extensive expertise in the private higher education sector have allowed us to continue to grow our College since then. The total number of students enrolled at our College has grown from approximately 8,000 students in the 2011/2012 school year to 19,463 students in the 2023/2024 school year. All students enrolled in our College were full-time students and most of our students enrolled were boarding students except for very few students who were approved by us to live off campus for personal reasons. As of 29 February 2024, we employed 707 full-time teachers and 579 part-time teachers.

During the Period, the total number of undergraduate majors and concentrations in our College reached 47, and four new undergraduate majors in cultural industry management, medical information engineering, network and new media, and midwifery were added. Our College operated two campuses, namely, Longcheng campus and Beige campus. As of 29 February 2024, we have purchased a piece of land with an area of 151,772.94 sq. m. around the Beige campus to expand our campus area to meet the needs of running schools, and we have obtained the real estate title certificate of the land and construction land planning permit. Currently, the total area of our campus is approximately 633,277 sq. m. with a building space of approximately 410,263 sq. m.

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

We focus on providing application-oriented education to equip our students with practical skills relevant to careers. We continue to optimize our course offerings and practical training programs to provide our students with the readily applicable skills. We offer mandatory and elective courses in entrepreneurship and innovation-related subjects, and provide a variety of opportunities for students to hone their business skills. We reinforce our application-oriented course offerings with meaningful collaboration with companies in private industry ranging from joint development and delivery of entire courses and construction of simulated work-environment training bases on our campuses, to inviting industry experts and visiting lecturers and helping arrange internship and practical training opportunities for our students. We believe our emphasis on developing advanced, career-focused skill sets helps make our students more appealing to potential employers. The implementation rate of graduation destinations for graduates of our College for 2022/2023 school year reached approximately 95.04%, ranking first in the province.

# Management Discussion and Analysis

## Enrollment

In the 2023/2024 school year, the overall number of full-time enrolled students of our College reached 19,463, representing an increase of 2.4% as compared to that of the 2022/2023 school year. Such increase in the number of enrolled students was mainly due to new courses with better employment prospects added and increase of admission quota in the 2023/2024 school year. In the 2023/2024 school year, our College newly enrolled 5,639 students, representing an increase of 3.7% over the 2022/2023 school year.

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

	School Year		Change	Percentage change
	2023/2024	2022/2023		
Total student enrollment <sup>(1)(2)</sup>	19,463	19,013	450	2.4%
Newly-enrolled students <sup>(1)(2)</sup>	5,639	5,440	199	3.7%
Admission quota	5,852	5,667	185	3.3%

Notes:

- (1) The student enrollment and newly-enrolled students information for the school years indicated was based on the internal records of our College. Total student enrollment 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 enrollment figures and certain other business operating data, and the student enrollment figures listed here for the 2023/2024 school year are the number of students as of 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		Change	Percentage change
	29 February 2024 RMB	28 February 2023 RMB		
Average Tuition Fee	15,547.3	15,539.5	7.8	0.1

## Management Discussion and Analysis

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

	School Year <sup>1</sup>	
	2023/2024	2022/2023
Undergraduate program <sup>2</sup>	19,463	19,013

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

### FUTURE OUTLOOK AND BUSINESS STRATEGIES

In terms of total full-time student enrollment, according to the Frost & Sullivan data, the Group ranks the second among all private higher education institutions in Shanxi Province with a market share of 15.4% for the 2022/2023 school year, which puts us in a favorable position.

Shanxi Province is one of the economically underdeveloped provinces in China where higher education resources in the province are relatively scarce. It is however growing at a rapid rate. The private higher education industry in Shanxi Province is also growing rapidly. In 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 such transformation of independent colleges, the total revenue of private higher education providers in Shanxi Province is expected to maintain steady growth. We believe that the Group can benefit from the increasing demand for private higher education.

We intend to continue to expand our business and school network. To achieve our goals, we plan to pursue the following business strategies: (i) increase our College’s capacity and student 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.

## Management Discussion and Analysis

With a view to creating synergies with our College in China and complying with the Qualification Requirement as further described in the section headed “Contractual Arrangements” in the prospectus of the Company dated 30 June 2021 (the “**Prospectus**”), we also plan to expand our network abroad by establishing a degree-granting higher education institution in the State of California in the United States (the “**US School**”) offering bachelor of science in business administration program and bachelor of science in marketing program. We 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與興辦教育促進民辦教育健康有序發展的若干意見》), according to which, school sponsors can freely elect to establish for-profit schools or non-profit schools with the exception that private schools providing compulsory education must be non-profit. Sponsors of non-profit private schools do not obtain school operating income, and operating balances are all used for running schools; for-profit private schools sponsors can obtain school operating income, and distribution of the school balances are based on relevant state regulations. Private schools which provided education services other than compulsory education and were approved for establishment before 7 November 2016 can freely elect to establish for-profit schools or non-profit schools.

## Management Discussion and Analysis

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

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

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

During the Period, our College has received a notice from the Department of Education of Shanxi Province and other relevant authorities for us to choose for-profit/non-profit private schools. As of 29 February 2024, we have officially applied for the registration of our College as a for-profit private school, and the relevant materials are still under approval.

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

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



## Management Discussion and Analysis

- our College shall have the discretion to determine the amount of fees to be charged in accordance with the 2016 Decision. If our College is registered as a for-profit private school, our College would be entitled to make its own decisions about the standards and types of the fees to be charged by our College based on our College's operating costs and market demand;
- our College may enjoy support from certain PRC government policies: the 2016 Decision stipulates that the governments at or above the county level in the PRC can provide various policy support to for-profit schools, such as preferential tax policies and student loans;
- there may be increased uncertainty about the extent of the benefits to be provided by the government supporting measures: according to the 2016 Decision, while land will be supplied to non-profit private schools by the government through allocation or other means, for-profit private schools are not expected to enjoy the same treatment as public schools and non-profit private schools; and
- our College will be subject to the requirements of applying for re-registration: the 2016 Decision also requires that private schools choosing to register as for-profit schools shall carry out financial settlement procedures, clarify property ownership, pay the relevant taxes and fees, and re-apply for registration.

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

Our Directors understand that the specific provisions have not yet been promulgated and there currently is no timeline for implementation. However, taking into account that (i) our College was legally established in 2006 and is validly existing under the current PRC laws; and (ii) according to the Frost & Sullivan data, we were the second largest private higher education institution in terms of full-time student enrollment in Shanxi Province with a market share of 15.4% in the 2022/2023 school year, our Directors consider that our College's situation will be a factor to be taken into account when the local government formalizes such specific provisions and it would be unlikely that they would impose any special provisions which our College would not be able to achieve.

## 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.

## Management Discussion and Analysis

For the Period, the Group's revenue amounted to approximately RMB184.1 million (six months ended 28 February 2023: RMB179.5 million), representing an increase of approximately RMB4.5 million or 2.5%. Such increase was primarily due to: (i) revenue from tuition fees for the Period amounted to RMB168.1 million (six months ended 28 February 2023: RMB164.0 million), representing an increase of approximately RMB4.1 million or 2.5%, which was because of more students admitted for the school year; and (ii) boarding fees for the Period amounted to RMB16.0 million (six months ended 28 February 2023: RMB15.5 million), representing an increase of approximately RMB0.5 million or 3.1%, which was because of more students 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 amortization, utilities expenses, maintenance costs, teaching expenses (including educational supplies, training expenses, research and development costs), student activity costs, office allowances, and others (including traveling and accommodation expenses for teaching staff).

The Group's cost of sales for the Period amounted to approximately RMB105.1 million (six months ended 28 February 2023: RMB86.3 million), representing an increase of approximately RMB18.8 million or 21.9%. The increase in cost of sales was primarily due to (i) the increase in the number of teaching staff and the steady improvement in remuneration and benefit package for employees; (ii) the increase in water, electricity and gas expenses; and (iii) the increase in depreciation expenses due to new teaching equipment.

### 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 RMB78.9 million (six months ended 28 February 2023: RMB93.3 million), representing a decrease of approximately RMB14.4 million or 15.4%. For the Period, the Group's gross profit margin was 42.9%, representing a decrease of approximately 9.1 percentage points as compared with that of the same period of last year. Such decrease was primarily due to the fact that the increase in revenue was less than 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 RMB13.2 million (six months ended 28 February 2023: RMB9.9 million), representing an increase of approximately RMB3.2 million or approximately 33.0%. The increase was mainly due to (i) the increase in bank interest income; and (ii) the increase in examination services and training income.

### Selling Expenses

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

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

# Management Discussion and Analysis

## 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 amortization of equipment and software for school administration and management use, office expenses (including travel and transportation expenses incurred by our administrative staff for business trips), maintenance costs, tax and utilities expenses.

Administrative expenses for the Period amounted to approximately RMB24.1 million (six months ended 28 February 2023: RMB23.1 million), representing an increase of approximately RMB1.0 million, which was primarily due to (i) the increase in the number of faculty and staff and the gradual increase in employee salaries and benefits; 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 gains and losses on asset disposal 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 RMB67.6 million (six months ended 28 February 2023: RMB79.8 million), representing a decrease of approximately RMB12.2 million or 15.3%.

## Current Assets and Current Liabilities

As of 29 February 2024, the Group's net current assets were approximately RMB654.3 million (31 August 2023: RMB642.0 million), representing an increase of approximately RMB12.3 million, which was primarily due to (i) prepayments, other receivables and other assets as of 29 February 2024 of approximately RMB41.8 million (31 August 2023: RMB52.4 million), representing a decrease of approximately RMB10.6 million; and (ii) as of 29 February 2024, financial assets at fair value through profit or loss were approximately RMB50.1 million (31 August 2023: RMB10.0 million), representing an increase of approximately RMB40.1 million, mainly due to the Group's use of idle funds to purchase wealth management products to improve the yield on funds; and (iii) the Group's cash and cash equivalents as of 29 February 2024 were approximately RMB773.2 million, representing a decrease of approximately RMB40.6 million from RMB813.8 million as of 31 August 2023; (iv) contract liabilities as of 29 February 2024 were approximately RMB149.8 million (31 August 2023: RMB157.1 million), representing a decrease of RMB7.3 million, mainly due to the proportional recognition of pre-collected tuition and accommodation fees from students during the Period; and (v) other payables and accrued expenses as of 29 February 2024 were approximately RMB58.8 million (31 August 2023: RMB69.8 million), representing a decrease of approximately RMB11.0 million; and (vi) deferred income as of 29 February 2024 was approximately RMB1.3 million (31 August 2023: RMB6.4 million), representing a decrease of approximately RMB5.1 million.

# Management Discussion and Analysis

## Liquidity, Capital Resources and Gearing Ratio

During the 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 29 February 2024, the balance of the Group's bank borrowings was RMB19.0 million (31 August 2023: MB19.5 million). As of 29 February 2024, the Group's gearing ratio, representing bank borrowings as a percentage of total equity, was 1.1% (31 August 2023: 1.1%).

## Cash and Cash Equivalents

As at 29 February 2024, cash and cash equivalents amounted to approximately RMB773.2 million, in which the balance denominated in RMB, Hong Kong dollars and United States dollars amounted to approximately RMB738.3 million, RMB5.5 million and RMB29.4 million, respectively (31 August 2023: RMB813.8 million, in which the cash and cash equivalents denominated in RMB, Hong Kong dollars and United States dollars amounted to approximately RMB788.3 million, RMB8.8 million and RMB16.8 million, respectively).

## Bank Borrowings

We primarily borrowed loans from banking institutions to finance our school's purchase of teaching equipment. As of 29 February 2024, the bank borrowings amounted to approximately RMB19.0 million (31 August 2023: RMB19.5 million) and all dominated in RMB. From the borrowing day (15 December 2022), the bank borrowings are subject to an effective interest rate of 3.2% per annum for the first three years, and the loan interest rate is 110 BPS lower than LPR from the fourth year. At the same time, for the loan interest, we have applied to the financial department for a financial interest subsidy of 2.5 percentage points, which has been approved, and the interest subsidy will be transferred after each interest payment. The following table sets forth the maturity profile of our interest-bearing bank borrowings as of the dates indicated:

	<b>29 February 2024 RMB'000 (Unaudited)</b>	31 August 2023 RMB'000 (Audited)
Analyzed as:		
Repayment within one year	<b>1,000</b>	1,000
Repayment in the second year	<b>1,625</b>	1,625
Repayment in the third to fifth year (inclusive)	<b>6,750</b>	6,750
Repayment after five years	<b>9,625</b>	10,125
	<b>19,000</b>	19,500

# Management Discussion and Analysis

## 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 29 February 2024, the Group did not have material contingent liabilities.

## Pledge of Assets

As at 29 February 2024, 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" of Corporate Governance and Other Information in this report and "Future Plans and Use of Proceeds" in the Prospectus, respectively.

Before the Company's listing, the Group has entered into a series of construction agreements for construction of Phase IV of our Beige campus of which some buildings are constructed by utilizing the net proceeds from the Company's initial public offering.

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

# Corporate Governance and Other Information

## INTERIM DIVIDEND

The Directors do not recommend the payment of a dividend for the six months ended 29 February 2024 (six months ended 28 February 2023: nil).

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

The net proceeds from the Company's issue of new shares at the time of its listing on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 16 July 2021 and the partial exercise of the over-allotment option on 6 August 2021 amounted to approximately RMB385.1 million. There has been no change in the intended use of net proceeds as previously disclosed in the Prospectus. A summary of the use of proceeds is set out below:

Purpose	Approx. % of total net proceeds allocated	Net proceeds allocated RMB'million	Unutilized amount at 1 September 2023 RMB'million	Utilized amount during the Period RMB'million	Unutilized amount at 29 February 2024 RMB'million	Expected timeline for intended use of unutilized amount at 29 February 2024
Construction of Phase IV of Beige campus						
– a teaching building	10.2%	39.3	16.0	1.6	14.4	December 2024 <sup>(Note 1)</sup>
– a library	34.8%	134.0	67.1	40.1	27.0	December 2024 <sup>(Note 1)</sup>
Acquisition of or investment in private education institutions or acquisition of a parcel of land	25.0%	96.3	–	–	–	N/A
Renovation and upgrade teaching buildings and dormitories on Longcheng campus	11.4%	43.9	29.4	3.2	26.2	December 2024 <sup>(Note 1)</sup>
Purchases of teaching equipment and furniture	8.6%	33.1	–	–	–	N/A
Working capital for general purposes	10.0%	38.5	–	–	–	N/A
<b>Total</b>	<b>100.0%</b>	<b>385.1</b>	<b>112.5</b>	<b>44.9</b>	<b>67.6</b>	

Notes:

- (1) The unutilized amount of net proceeds at 29 February 2024 intended use for construction of phase IV of Beige campus was RMB41.4 million in total of which the expected timeline for full utilization was extended from March 2024 to December 2024 due to the impact of the COVID-19 pandemic.
- (2) The unutilized amount of net proceeds at 29 February 2024 intended use for renovation and upgrade teaching buildings and dormitories on Longcheng campus was RMB26.2 million of which the expected timeline for full utilization was extended from December 2023 to December 2024 due to the impact of the COVID-19 pandemic.

## Corporate Governance and Other Information

### EMPLOYEE AND REMUNERATION POLICY

As at 29 February 2024, the Group had 1,720 employees (at 28 February 2023: 1,522). 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 programs to its employees. The Group participates in various employee social security plans for its employees that are administered by local governments, including housing, pension, medical insurance, occupational injury insurance, maternity insurance and unemployment insurance. The total staff cost, including Directors' remuneration, incurred by the Group for the six months ended 29 February 2024 was approximately RMB63.9 million (six months ended 28 February 2023: RMB52.2 million), representing an increase of approximately RMB11.7 million or approximately 22.6%, which was mainly due to increases in the number of employees, the remuneration to directors and 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 has 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 of 29 February 2024, the trustee of the RSU Scheme held a total of 37,481,000 shares of the Company 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 of the Company 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 2023 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 2023 and 29 February 2024. 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 29 February 2024 divided by weighted average number of Shares in issue for the six months ended 29 February 2024 is nil.

## Corporate Governance and Other Information

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 29 February 2024, the interests and short positions of the Directors and the chief executive of the Company in the ordinary shares, each with a nominal value of US\$0.00001, of the Company (the "Shares"), underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix C3 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), were as follows:

#### Long position in the Company

Name of Director	Capacity	Number of Shares interested	Approximate percentage of issued share capital of the Company <i>(Note 3)</i>
Mr. Niu Sanping (resigned on 27 May 2024)	Interest in a controlled corporation <i>(Note 1)</i>	266,250,000	52.67%
Mr. Niu Jian (resigned on 27 May 2024)	Interest in a controlled corporation <i>(Note 2)</i>	108,750,000	21.51%

*Notes:*

- (1) Mr. Niu Sanping beneficially owns the entire issued share capital of Niusanping Limited which in turn owns 266,250,000 Shares, representing 52.67% of the Company's issued share capital. Therefore, Mr. Niu Sanping is deemed to be interested in the same as Niusanping Limited.
- (2) Mr. Niu Jian beneficially owns the entire issued share capital of Niujian Limited which in turn owns 108,750,000 Shares, representing 21.51% of the Company's issued share capital. Therefore, Mr. Niu Jian is deemed to be interested in the same as Niujian Limited.
- (3) The percentage is calculated on the basis of 505,517,000 Shares in issue as at 29 February 2024.



## Corporate Governance and Other Information

### Long position in the associated corporations

Name of Director	Capacity	Associated corporation	Percentage of shareholding
Mr. Niu Sanping (resigned on 27 May 2024)	Beneficial owner	Shanxi Tongcai <sup>(Note 1)</sup>	71%
	Interest in a controlled corporation <sup>(Note 2)</sup>	Shanxi Technology and Business College (山西工商學院) <sup>(Note 1)</sup>	100%
Mr. Niu Jian (resigned on 27 May 2024)	Beneficial owner	Shanxi Tongcai	29%

Notes:

- [1] The Group currently conducts private higher education business through Shanxi Tongcai Educational Technology Company Limited (山西通才教育科技有限公司) (“**Shanxi Tongcai**”) and our College (collectively the “**PRC Affiliated Entities**”) in the PRC. Shanxi Tongshi Tiancai Educational Technology Co., Ltd. (山西通實天才教育科技有限公司), which is a limited liability company established as a wholly foreign owned enterprise under the laws of the PRC and an indirect wholly-owned subsidiary of the Company, does not hold any equity interest in the PRC Affiliated Entities, but has entered into various agreements and arrangements with, among others, the PRC Affiliated Entities, Mr. Niu Sanping and Mr. Niu Jian (collectively the “**Contractual Arrangements**”) through which the Group obtains control over and derives the economic benefits from the PRC Affiliated Entities. Details of the Contractual Arrangements are set out under the section headed “Continuing Connected Transactions” in the 2023 annual report and the Prospectus, respectively.
- [2] Mr. Niu Sanping is interested in 71% of Shanxi Tongcai which is the sole school sponsor of our College. Therefore, Mr. Niu Sanping is deemed to be interested in 100% of our College.

Save as disclosed above, none of the Directors, chief executive and their associates had any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations as at 29 February 2024.

# Corporate Governance and Other Information

## SUBSTANTIAL SHAREHOLDERS

As at 29 February 2024, the register maintained by the Company pursuant to Section 336 of the SFO showed that other than the interests disclosed above in respect of certain Directors and chief executive, the following entities had notified the Company of relevant interests in the Shares and underlying Shares of the Company.

Name of Shareholders	Capacity	Nature of Interest	Number of Shares interested	Approximate percentage of issued share capital of the Company <sup>(Note 4)</sup>
Niusanping Limited <sup>(Note 1)</sup>	Beneficial owner	Long	266,250,000	52.67%
Niujian Limited <sup>(Note 2)</sup>	Beneficial owner	Long	108,750,000	21.51%
Futu Trustee Limited <sup>(Note 3)</sup>	Trustee	Long	37,481,000	7.41%

Notes:

- (1) Niusanping Limited is a company incorporated in the British Virgin Islands and wholly-owned by Mr. Niu Sanping.
- (2) Niujian Limited is a company incorporated in the British Virgin Islands and wholly-owned by Mr. Niu Jian.
- (3) Futu Trustee Limited is the appointed trustee for the administration of the RSU Scheme. To the best knowledge, information and belief of the Directors after making all reasonable enquiries, Futu Trustee Limited and its ultimate beneficial owners are third parties independent of the Company and are not connect persons (as defined under the Listing Rules) of the Company.
- (4) The percentage is calculated on the basis of 505,517,000 Shares in issue as at 29 February 2024.

Save as disclosed above, the Directors are not aware of any other person or corporation having an interest or short position in the Shares or the underlying Shares of the Company or its associated corporation(s) which would require to be recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

## 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 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.

## Corporate Governance and Other Information

### EVENTS AFTER THE END OF THE REPORTING PERIOD

Since the Company has received allegations with respect to the listing on the Stock Exchange (the “**Listing**”) and the use of proceeds from the Listing (the “**Allegations**”), which may 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 2023 and the interim results for the six months ended 28 February 2023 and 29 February 2024. 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 7 June 2024. The trading of the Company’s shares has been suspended since 29 November 2022. In view of, among others, the Allegations and the delay in publication of the financial results of the Group, the Stock Exchange has provided certain resumption guidance (the “**Resumption Guidance**”) on the Group for the purpose of the resumption of trading of the Company’s shares, which included (among others) conducting an appropriate independent investigation into the Allegations and announcing the findings and taking appropriate remedial actions. Currently, the Company is in the process of fulfilling the guidance under the Resumption Guidance.

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 and 7 June 2024.

### REVIEW OF INTERIM RESULTS

The interim results and this interim report 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.

### 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.

### BOARD OF DIRECTORS

As at the date of this report, the Board of the Company comprises Mr. Niu Xiaojun and Ms. Zhang Zhonghua as executive Directors, and Mr. Zan Zhihong, Mr. Hu Yuting and Mr. Wong Chi Wah as independent non-executive Directors.

By Order of the Board

**China General Education Group Limited**

**Niu Xiaojun**

*Executive Director*

Hong Kong, 18 June 2024

# Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 29 February 2024

	Notes	For the six months ended	
		29 February 2024 (Unaudited) RMB'000	28 February 2023 (Unaudited) RMB'000
REVENUE	5	<b>184,056</b>	179,522
Cost of sales		<b>(105,124)</b>	(86,262)
Gross profit		<b>78,932</b>	93,260
Other income and gains	5	<b>13,160</b>	9,897
Selling expenses		<b>(243)</b>	(216)
Administrative expenses		<b>(24,060)</b>	(23,099)
Other expenses		<b>(95)</b>	-
Finance costs		<b>(68)</b>	(26)
PROFIT BEFORE TAX	6	<b>67,626</b>	79,816
Income tax expense	7		
PROFIT FOR THE PERIOD		<b>67,626</b>	79,816
Attributable to:			
Owners of the Company		<b>67,626</b>	79,816
		<b>67,626</b>	79,816
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic and diluted			
- For profit for the Period		<b>RMB0.14</b>	RMB0.17

# Interim Condensed Consolidated Statement of Other Comprehensive Income

For the six months ended 29 February 2024

	For the six months ended	
	29 February 2024 (Unaudited) RMB'000	28 February 2023 (Unaudited) RMB'000
Notes		
PROFIT FOR THE PERIOD	<u>67,626</u>	79,816
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>(1,282)</u>	1,660
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	<u>(1,282)</u>	1,660
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	<u>(1,282)</u>	1,660
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>66,344</u>	81,476
Attributable to:		
Owners of the Company	<u>66,344</u>	81,476
	<u>66,344</u>	81,476

# Interim Condensed Consolidated Statement of Financial Position

At as 29 February 2024

	Notes	29 February 2024 (Unaudited) RMB'000	31 August 2023 (Audited) RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	919,779	862,262
Right-of-use assets		189,679	191,932
Other intangible assets		5,908	6,950
Other non-current assets		22,548	23,251
<b>Total non-current assets</b>		<b>1,137,914</b>	1,084,395
<b>CURRENT ASSETS</b>			
Trade receivables	11	74	13
Prepayments, other receivables and other assets	12	41,792	52,408
Financial assets at fair value through profit or loss	13	50,124	10,011
Cash and cash equivalents	14	773,199	813,844
<b>Total current assets</b>		<b>865,189</b>	876,276
<b>CURRENT LIABILITIES</b>			
Bank borrowings		1,000	1,000
Contract liabilities		149,771	157,135
Other payables and accruals	15	58,814	69,778
Deferred income		1,274	6,358
<b>Total current liabilities</b>		<b>210,859</b>	234,271
<b>NET CURRENT ASSETS</b>		<b>654,330</b>	642,005
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,792,244</b>	1,726,400
<b>NON-CURRENT LIABILITY</b>			
Interest-bearing bank borrowings		18,000	18,500
<b>Total non-current liability</b>		<b>18,000</b>	18,500
<b>Net assets</b>		<b>1,774,244</b>	1,707,900
<b>EQUITY</b>			
Equity attributable to owners of the parent			
Share capital	16	33	33
Reserves		1,774,211	1,707,867
<b>Total equity</b>		<b>1,774,244</b>	1,707,900

# Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 29 February 2024

	Attributable to owners of the parent								
	Share capital RMB'000	Share premium RMB'000	Shares held for the share award plan RMB'000	Capital reserve RMB'000	Statutory and other surplus reserves RMB'000	Other reserve* RMB'000	Exchange fluctuation reserve* RMB'000	Retained profits* RMB'000	Total equity RMB'000
As at 1 September 2023 (audited)	33	376,911	(123,131)	90,500	355,858	(42)	14,684	993,087	1,707,900
Profit for the Period	-	-	-	-	-	-	-	67,626	67,626
Other comprehensive loss for the Period exchange differences on translation of financial statements	-	-	-	-	-	-	(1,282)	-	(1,282)
Total comprehensive income for the Period	-	-	-	-	-	-	(1,282)	67,626	66,344
Appropriations to statutory surplus reserves	-	-	-	-	13,518	-	-	(13,518)	-
As at 29 February 2024 (unaudited)	<b>33</b>	<b>376,911*</b>	<b>(123,131)*</b>	<b>90,500*</b>	<b>369,376*</b>	<b>(42)*</b>	<b>13,402*</b>	<b>1,047,195*</b>	<b>1,774,244</b>

\* These reserve accounts comprise the consolidated reserves of RMB1,774,211,000 (31 August 2023: RMB1,707,867,000) in the interim condensed consolidated statement of financial position as at 29 February 2024.

	Attributable to owners of the parent								
	Share capital RMB'000	Share premium RMB'000	Shares held for the share award plan RMB'000	Capital reserve RMB'000	Statutory and other surplus reserves RMB'000	Other reserve* RMB'000	Exchange fluctuation reserve* RMB'000	Retained profits* RMB'000	Total equity RMB'000
As at 1 September 2022 (audited)	33	376,911	(123,131)	90,500	317,309	(42)	7,655	894,380	1,563,615
Profit for the Period	-	-	-	-	-	-	-	79,816	79,816
Other comprehensive loss for the Period exchange differences on translation of financial statements	-	-	-	-	-	-	1,660	-	1,660
Total comprehensive income for the Period	-	-	-	-	-	-	1,660	79,816	81,476
Appropriations to statutory surplus reserves	-	-	-	-	21,538	-	-	(21,538)	-
As at 28 February 2023 (unaudited)	33	376,911	(123,131)*	90,500*	338,847*	(42)*	9,315*	952,658*	1,645,091

# Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 29 February 2024

	Notes	For the six months ended	
		29 February 2024 (Unaudited) RMB'000	28 February 2023 (Unaudited) RMB'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		<b>67,636</b>	79,816
Adjustments for:			
Finance costs		<b>69</b>	26
Bank interest income	5	<b>(7,143)</b>	(6,681)
Interest income from financial products	5	<b>(171)</b>	-
Loss on disposal of items of property, plant and equipment, net	6	<b>18</b>	-
Fair value losses on financial assets at fair value through profit or loss	6	<b>-</b>	25
Depreciation of property, plant and equipment	6	<b>19,821</b>	17,653
Depreciation of right-of-use assets	6	<b>2,253</b>	1,554
Amortisation of other intangible assets	6	<b>1,111</b>	1,455
Increase in trade receivables		<b>(61)</b>	(180)
Decrease/(increase) in prepayments, other receivables and other assets		<b>(1,017)</b>	(11,039)
Decrease in contract liabilities		<b>(7,364)</b>	(67,521)
Decrease in other payables and accruals		<b>(10,964)</b>	7,595
Decrease in amount due to a director	18	<b>-</b>	-
Decrease in amounts due to related parties	18	<b>-</b>	-
Decrease in deferred income		<b>(1,964)</b>	(4,088)
Cash generated from operations		<b>62,214</b>	18,615
Interest received		<b>7,143</b>	4,429
Income tax paid			
Net cash flows generated from operating activities		<b>69,357</b>	23,044



# Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 29 February 2024

	Notes	For the six months ended	
		29 February 2024 (Unaudited) RMB'000	28 February 2023 (Unaudited) RMB'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		59	-
Acquisition of land use rights		-	-
Additions to other intangible assets		(70)	(2,110)
Purchases of items of property, plant and equipment		(80,474)	(47,762)
Receipt of government grants for equipment and other intangible assets		-	3,926
Purchases of financial assets at fair value through profit or loss		(50,001)	-
Proceeds from sale of financial assets at fair value through profit or loss		22,335	16,330
Net cash flows used in investing activities		<b>(108,151)</b>	(29,616)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Principal portion of lease payments		-	(408)
Interest portion of lease payments		-	(15)
Bank borrowings received			20,000
Repayment of bank borrowings		(500)	-
Interest paid		(69)	(11)
Shares purchased for the share award plan		-	-
Proceeds from issue of shares		-	-
Net cash flows used in financing activities		<b>(569)</b>	19,566
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of period		<b>813,844</b>	860,417
Effect of foreign exchange rate changes, net		<b>(1,282)</b>	1,635
CASH AND CASH EQUIVALENTS AT END OF PERIOD	13	<b>773,199</b>	875,046
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	13	<b>773,199</b>	875,046
Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows		<b>773,199</b>	875,046

# Notes to Interim Condensed Consolidated Financial Information

For the six months ended 29 February 2024

## 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 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 Company is an investment holding company. 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.

## 2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 29 February 2024 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 2023.

## 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 2023.

## 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.

# Notes to Interim Condensed Consolidated Financial Information

For the six months ended 29 February 2024

## 5. REVENUE, OTHER INCOME AND GAINS

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

	For the six months ended	
	29 February 2024 RMB'000 (Unaudited)	28 February 2023 RMB'000 (Unaudited)
<b>Revenue from contracts with customers</b>		
Tuition fees	168,061	164,002
Boarding fees	15,995	15,520
Total revenue from contracts with customers	184,056	179,522
Other income and gains		
Bank interest income	9,424	6,681
Interest income from financial products	171	–
Examination and training income	1,353	311
Operating income	952	925
Fair value gains on financial assets at fair value through profit or loss	–	(25)
Others	1,260	2,004
	13,160	9,897

### Revenue from contracts with customers

	For the six months ended	
	29 February 2024 RMB'000 (Unaudited)	28 February 2023 RMB'000 (Unaudited)
<b>Timing of revenue recognition</b>		
Tuition fees recognised over time	168,061	164,002
Boarding fees recognised over time	15,995	15,520
	184,056	179,522

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.

# Notes to Interim Condensed Consolidated Financial Information

For the six months ended 29 February 2024

## 6. PROFIT BEFORE TAX

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

		For the six months ended	
		29 February	28 February
		2024	2023
	Notes	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Employee benefit expense (excluding directors' and chief executive's remuneration):			
Wages and salaries		46,108	38,696
Pension scheme contributions (defined contribution scheme)		14,537	10,652
Depreciation of property, plant and equipment		19,821	17,653
Depreciation of right-of-use assets		2,253	1,554
Amortisation of other intangible assets		1,111	1,455
Fair value gains on financial assets at fair value through profit or loss		-	25
Loss on disposal of items of property, plant and equipment, net	(a)	18	-
Government grants – related to income	(b)	-	(2,529)

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

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

## 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.

# Notes to Interim Condensed Consolidated Financial Information

For the six months ended 29 February 2024

## 7. INCOME TAX *(continued)*

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 report, 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.

	<b>For the six months ended</b>	
	<b>29 February</b>	28 February
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Current – the PRC		
Charge for the Period	-	-
Total tax charge for the Period	-	-

## 8. DIVIDENDS

No dividend has been paid or declared by the Company in the Period (six months ended 28 February 2023: nil).

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

The calculation of the basic earnings per share amount is based on the profit for the Period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 468,036,000 (six months ended 28 February 2023: 472,528,005) in issue during the Period, as adjusted to reflect the shares held for the share award plan during the Period.

The calculation of the diluted earnings per share amounts is based on the profit for the Period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the Period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed conversion of all dilutive potential ordinary shares into ordinary shares under the share award plan.

# Notes to Interim Condensed Consolidated Financial Information

For the six months ended 29 February 2024

## 9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT *(continued)*

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

	For the six months ended	
	29 February 2024	28 February 2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the calculation of basic and diluted earnings per share	67,613	79,816
	Number of shares	
	29 February 2024	28 February 2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
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	(37,481,000)	(32,988,995)
Weighted average number of ordinary shares in issue used in the calculation of basic and diluted earnings per share	468,036,000	472,528,005

## 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 29 February 2024, the Group acquired assets at a cost of RMB89,869,000 (28 February 2023: RMB52,775,000), including construction in progress of RMB71,525,000 (28 February 2023: RMB17,720,000).

Assets with a net book value of RMB17,573 were disposed of by the Group during the six months ended 29 February 2024 (28 February 2023: RMB118), resulting in a net loss on disposal of RMB17,573 (28 February 2023: net loss of RMB118).

# Notes to Interim Condensed Consolidated Financial Information

For the six months ended 29 February 2024

## 11. 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:

	<b>29 February 2024 RMB'000 (Unaudited)</b>	31 August 2023 RMB'000 (Audited)
Tuition fees receivable	71	13
Boarding fees receivable	3	-
	<b>74</b>	13

## 12. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	<b>29 February 2024 RMB'000 (Unaudited)</b>	31 August 2023 RMB'000 (Audited)
Prepaid service expense	9,219	6,396
Redemption receivables	18,204	30,708
Loan receivables	14,000	14,000
Other receivables	4,369	5,304
	<b>45,792</b>	56,408
Less: Provision for impairment	<b>(4,000)</b>	(4,000)
	<b>41,792</b>	52,408

## 13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>29 February 2024 RMB'000 (Unaudited)</b>	31 August 2023 RMB'000 (Audited)
Unlisted investments, at fair value	50,124	10,011

The above unlisted investments are financial management and fund products. Since the contractual cash flows of these products are not only principal and interest payments, they are mandated to be classified as financial assets at fair value through profit or loss.

# Notes to Interim Condensed Consolidated Financial Information

For the six months ended 29 February 2024

## 14. CASH AND CASH EQUIVALENTS

	<b>29 February 2024 RMB'000 (Unaudited)</b>	31 August 2023 RMB'000 (Audited)
Cash and bank balances	<b>667,866</b>	813,844
Time deposits	<b>105,333</b>	–
Cash and cash equivalents	<b>773,199</b>	813,844
Cash and cash equivalents denominated in:		
– RMB	<b>738,322</b>	788,295
– HK\$	<b>5,474</b>	8,777
– US\$	<b>29,403</b>	16,772

## 15. OTHER PAYABLES AND ACCRUALS

	<b>29 February 2024 RMB'000 (Unaudited)</b>	31 August 2023 RMB'000 (Audited)
Payables for purchase and construction of property, plant and equipment	<b>7,977</b>	16,801
Payables for listing expenses	<b>131</b>	100
Miscellaneous fees received from students	<b>3,543</b>	2,695
Subsidies payable to students	<b>11,297</b>	15,502
Payables for logistics services and other services	<b>8,447</b>	7,427
Payables for salaries, social insurance, and housing fund	<b>15,187</b>	11,358
Other tax payables	<b>4,458</b>	4,452
Other payables	<b>7,774</b>	11,443
	<b>58,814</b>	69,778



# Notes to Interim Condensed Consolidated Financial Information

For the six months ended 29 February 2024

## 16. SHARE CAPITAL

	<b>29 February 2024 RMB'000 (Unaudited)</b>	31 August 2023 RMB'000 (Audited)
Authorised:		
5,000,000,000 ordinary shares of US\$0.00001 each as at 29 February 2024 (2023: 5,000,000,000 ordinary shares)	<b>342</b>	342
Issued and fully paid:		
505,517,000 ordinary shares as at 29 February 2024 (2023: 505,517,000 ordinary shares)	<b>33</b>	33

## 17. COMMITMENTS

The Group had the following capital commitments at the end of each reporting period:

	<b>29 February 2024 RMB'000 (Unaudited)</b>	31 August 2023 RMB'000 (Audited)
Contracted, but not provided for:		
Property	<b>123,948</b>	180,063
Teaching facilities	<b>26,269</b>	15,634
	<b>150,217</b>	195,697

# Notes to Interim Condensed Consolidated Financial Information

For the six months ended 29 February 2024

## 18. RELATED PARTY TRANSACTIONS

### (a) Names and relationship

The directors of the Group are of the opinion that the following parties/companies are related parties that had transactions or balances with the Group during the Period.

Name	Note	Relationship
Mr. Niu Sanping		Director of the Company
Mr. Niu Jian		Director of the Company/son of Mr. Niu Sanping
Niujian Limited		One of the shareholders of the Company
Niusanping Limited		One of the shareholders of the Company
Shanxi Tongcai Education Investment Co., Ltd. (" <b>Tongcai Investment</b> ")	(i)	A company jointly owned by Mr. Niu Sanping, Mr. Niu Jian and an independent third party

(i) This company was jointly controlled by Mr. Niu Sanping and Mr. Niu Jian before 12 July 2021.

### (b) Compensation of key management personnel of the Group

	For the six months ended	
	29 February 2024 RMB'000 (Unaudited)	28 February 2023 RMB'000 (Unaudited)
Short term employee benefits	2,718	2,479
Pension scheme contributions	137	125
	<b>2,855</b>	2,604

# Notes to Interim Condensed Consolidated Financial Information

For the six months ended 29 February 2024

## 19. BORROWINGS

Name		29 February 2024 RMB'000 (Unaudited)	31 August 2023 RMB'000 (Audited)
Interest-bearing bank borrowings	(a)	19,000	19,500
		19,000	19,500

(a) On 15 December 2022, a bank borrowing of RMB20,000,000 was used for the school's purchase of teaching equipment. The bank loan shall bear an effective interest rate of 3.2% per annum for the first three years, and the loan interest rate shall be implemented in accordance with the LPR minus 110 BPS starting from the fourth year. At the same time, we have enjoyed a financial interest discount of 2.5 percentage points approved by the financial department for the loan interest rate.

(b) The maturity of borrowings is analyzed as follows:

	29 February 2024 RMB'000 (Unaudited)	31 August 2023 RMB'000 (Audited)
Within 1 year	1,000	1,000
2 years	1,625	1,625
3 to 5 years	6,750	6,750
After 5 years	9,625	10,125
	19,000	19,500

(c) The carrying amounts of the borrowings are denominated in RMB.

## 20. EVENTS AFTER THE REPORTING PERIOD

No significant events have taken place subsequent to 29 February 2024 and up to the date of approval of these financial statements.