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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 ANNUAL RESULTS FOR THE YEAR ENDED 31 AUGUST 2025

The board (the “**Board**”) of directors (the “**Directors**”) of China General Education Group Limited (the “**Company**”) is pleased to announce the consolidated financial results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 August 2025 (the “**Year**”) as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 August 2025

	<i>Notes</i>	2025 RMB'000	2024 RMB'000
Revenue	3	329,792	331,138
Cost of sales		<u>(188,248)</u>	<u>(173,610)</u>
Gross profit		141,544	157,528
Other income and gains	3	12,710	19,392
Selling expenses		(283)	(288)
Administrative expenses		(69,262)	(67,374)
Finance cost		(68)	(143)
Other expenses		<u>(176)</u>	<u>(699)</u>
Profit before taxation	4	84,465	108,416
Income tax expense	5	<u>(8,132)</u>	<u>—</u>
Profit for the year attributable to equity shareholders of the Company		<u>76,333</u>	<u>108,416</u>
Earnings per share attributable to ordinary equity holders of the parent	7		
Basic and diluted			
– For profit for the year		<u>RMB0.16</u>	<u>RMB0.23</u>

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Other comprehensive loss		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(5)</u>	<u>(569)</u>
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	<u>(5)</u>	<u>(569)</u>
Other comprehensive loss for the year, net of tax	<u>(5)</u>	<u>(569)</u>
Total comprehensive income for the year attributable to equity shareholders of the Company	<u><u>76,328</u></u>	<u><u>107,847</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 August 2025

	Notes	2025 RMB'000	2024 RMB'000
Non-current assets			
Property, plant and equipment		1,412,661	1,026,697
Right-of-use assets		183,563	187,987
Other intangible assets		3,548	4,828
Other non-current assets		87,263	57,859
		<u>1,687,035</u>	<u>1,277,371</u>
Current assets			
Trade receivables	8	35	35
Prepayments, other receivables and other assets	9	7,062	11,489
Financial assets at fair value through profit or loss	10	—	70,128
Cash and cash equivalents		490,830	695,897
		<u>497,927</u>	<u>777,549</u>
Current liabilities			
Other payables and accruals	11	103,489	63,655
Contract liabilities	12	142,139	149,644
Lease liability		210	349
Bank borrowing		5,432	1,625
Deferred income		4,967	6,815
Tax payable		8,132	—
		<u>264,369</u>	<u>222,088</u>
Net current assets		<u>233,558</u>	<u>555,461</u>
Total assets less current liabilities		<u>1,920,593</u>	<u>1,832,832</u>
Non-current liabilities			
Bank borrowing		28,518	16,875
Lease liability		—	210
		<u>28,518</u>	<u>17,085</u>
Net assets		<u>1,892,075</u>	<u>1,815,747</u>
Equity			
Equity attributable to owners of the Company			
Share capital		33	33
Reserves		1,892,042	1,815,714
Total equity		<u>1,892,075</u>	<u>1,815,747</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 August 2025

1. GENERAL INFORMATION

China General Education Group Limited (the “**Company**”) was incorporated in the Cayman Islands on 14 September 2018 as an exempted company with limited liability under the Companies Act of the Cayman Islands. The registered office address of the Company is P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands.

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 16 July 2021. The trading in the shares of the Company on the Stock Exchange have been suspended for trading since 29 November 2022 and resumed for trading on 15 October 2024.

The Company is an investment holding company. During the year, the Company and its subsidiaries (collectively referred to as the “**Group**”) were principally engaged in the provision of higher education services in the People’s Republic of China (the “**PRC**”). There has been no significant change in the Group’s principal activities during the year.

In the opinion of the directors, the holding company and the ultimate holding company of the Company is Niusanping Limited, which is incorporated in British Virgin Islands and owned as to 52.67% equity interest held by Mr. Niu Sanping.

2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards (“**IFRSs**”), International Accounting Standards (“**IASs**”) and interpretations) issued by the International Accounting Standards Board (“**IASB**”) and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which have been measured at fair value.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 August 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 APPLICATION OF REVISED IFRS ACCOUNTING STANDARDS AND CHANGES IN OTHER ACCOUNTING POLICIES AND DISCLOSURES

Amendments to IFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to IFRS Accounting Standards issued by the IASB for the first time, which are mandatorily effective for the Group's annual period beginning on or after 1 September 2024 for the preparation of the consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The application of the amendments to IFRS Accounting Standards in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

New and amendments to IFRS Accounting Standards in issue but not yet effective

The Group has not applied the following new and revised IFRS Accounting Standards, that have been issued but are not yet effective, in these consolidated financial statements:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ³
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11 ³
Amendments to IAS 21	Lack of Exchangeability ²
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency ⁴
IFRS 18	Presentation and Disclosure in Financial Statements ⁴

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or 1 January 2025.

³ Effective for annual periods beginning on or 1 January 2026.

⁴ Effective for annual periods beginning on or 1 January 2027.

Except for the new and amendments to IFRS Accounting Standards mentioned below, the directors anticipate that the application of all other new and amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 “Presentation and Disclosure in Financial Statements”, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 Presentation of Financial Statements. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the consolidated statement of profit or loss, provides disclosures on management-defined performance measures in the notes to the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 “Statement of Cash Flows” and IAS 33 “Earnings per Share” are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the consolidated statement of profit or loss and disclosures in the future consolidated financial statements. The Company is in the process of assessing the detailed impact of IFRS 18 on the Group’s consolidated financial statements.

3. REVENUE, OTHER INCOME AND GAINS

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

	Note	2025 RMB'000	2024 RMB'000
Revenue			
Tuition fees		300,956	302,364
Boarding fees		28,836	28,774
Total revenue from contracts with customers		329,792	331,138
Other income and gains			
Bank interest income		7,958	13,267
Examination and training income		1,247	2,393
Fair value gains on financial assets at fair value through profit or loss		300	834
Government grant	(i)	33	7
Others		3,172	2,891
		12,710	19,392

- (i) The government grant represents the one-off government grants that were received from local government authorities of which were not capital in nature. No special conditions need to be fulfilled for receiving such government grants.

Revenue from contracts with customers

(a) Disaggregated revenue information

	2025 RMB'000	2024 RMB'000
Timing of revenue recognition		
Tuition fees recognised over time	300,956	302,364
Boarding fees recognised over time	28,836	28,774
	329,792	331,138

The Group's contracts with students for college education programmes and boarding services can be terminated anytime without compensation. Tuition and boarding fees are determined and paid by the students before the start of each academic year.

(b) Performance obligations

The performance obligation is satisfied over time as services are rendered in each academic year. Tuition fees and boarding fees are required in advance prior to the beginning of each academic year. Revenue expected to be recognised in the future related to performance obligations that are unsatisfied or partially unsatisfied as at the end of the reporting period within one year. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

4. PROFIT BEFORE TAXATION

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

		2025	2024
	Notes	RMB'000	RMB'000
Employee benefit expense (excluding directors' and chief executive's remuneration):			
Wages and salaries		104,217	93,595
Pension scheme contributions (defined contribution scheme)		26,136	22,752
Consultancy fee		2,362	2,410
Utilities		15,225	15,225
Property management fee		8,795	8,623
Repairs and maintenance		26,367	15,453
Depreciation of property, plant and equipment		36,309	39,622
Depreciation of right-of-use assets		4,964	4,620
Amortisation of other intangible assets (included in administrative expenses)		2,130	2,192
Auditor's remuneration		1,750	1,880
Loss on disposal of items of property, plant and equipment, net	(a)	27	18
Government grants	(b)	(2,323)	(2,950)
		<u>104,217</u>	<u>93,595</u>

Notes:

- (a) Loss on disposal of items of property, plant and equipment and donation expenses are included in other expenses in the consolidated statement of profit or loss and other comprehensive income.
- (b) Various government grants have been received for certain teaching and research activities. The government grants received have been deducted from cost of sales in the consolidated statement of profit or loss and other comprehensive income when they relate to income. Government grants received for which related expenditure has not yet been undertaken are included in deferred income in the consolidated statement of financial position. There are no unfulfilled conditions or contingencies relating to these grants.

5. INCOME TAX EXPENSE

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% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the year.

According to the Implementation Rules for the Law for Promoting Private Education, private schools for which the school sponsors do not require reasonable returns are eligible to enjoy the same preferential tax treatment as public schools. The preferential tax treatment policies applicable to private schools requiring reasonable returns are to be separately formulated by the financing authority, taxation authority and other authorities under the State Council. Shanxi Technology and Business College (the “College”) was on the list of qualified non-profit organisations entitled to CIT exemption on qualified income issued by the Shanxi Department of Ministry of Finance and the Shanxi Administration of Taxation in December 2020 for a period of five years up to 31 December 2024. Subsequently, the College is submitting the CIT exemption extension application in December 2025. The directors of the Company consider that the College has historically enjoyed the preferential tax treatment since their establishment and are confident to obtain the exemption for the coming five-year period from 1 January 2025 to 31 December 2029. As a result, no income tax expense was recognised by the College for the income from the provision of formal educational services during the year.

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

Corporate income tax of the Group has been provided at the applicable tax rates on the estimated taxable profits arising in Mainland China during the year.

The major components of income tax expense of the Group are as follows:

	2025 <i>RMB’000</i>	2024 <i>RMB’000</i>
Current tax	—	—
Corporate income tax in Mainland China		
Charge for the year	<u>8,132</u>	<u>—</u>
Total tax charge for the year	<u><u>8,132</u></u>	<u><u>—</u></u>

6. DIVIDENDS

No dividend has been paid or declared by the Company in the current year (2024: nil).

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

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 August 2025 and 2024. The calculations of basic and diluted earnings per share are based on:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic and diluted earnings per share calculation:		
Profit attributable to ordinary equity holders of the parent	<u>76,333</u>	<u>108,416</u>
	Number of shares	
	2025	2024
Shares		
Number of issued shares on 1 September	505,517,000	505,517,000
Weighted average number of shares held for the Restricted Share Unit Scheme	<u>(37,481,000)</u>	<u>(37,481,000)</u>
Adjusted weighted average number of ordinary shares in issue used in the basic and diluted earnings per share calculation	<u>468,036,000</u>	<u>468,036,000</u>

8. TRADE RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Tuition fees receivable	32	32
Boarding fees receivable	<u>3</u>	<u>3</u>
	<u>35</u>	<u>35</u>

The Group's students are required to pay tuition fees and boarding fees in advance for the upcoming academic year, which normally commences in September. The outstanding receivables represent amounts due from students who have applied for deferred payments of tuition fees and boarding fees. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables were immaterial, there is no significant concentration of credit risk to the Group. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing and aged within one year.

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

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

As at 1 September 2023, trade receivables from contracts with customers amounted to RMB13,000.

9. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Prepaid service expense	956	7,469
Loan receivables (<i>note a</i>)	4,000	4,000
Interest receivables	454	221
VAT receivables	2,463	315
Other receivables	3,189	3,484
	<u>11,062</u>	<u>15,489</u>
Less: Provision for impairment	<u>(4,000)</u>	<u>(4,000)</u>
	<u>7,062</u>	<u>11,489</u>

- (a) The loan receivable related to the Group entered into a loan agreement with a PRC private company (“Payee”) on 7 July 2021, pursuant to which the Group transferred RMB21,000,000 to the Payee without interest and repayable upon the Group subscribe of the designated investment product. The Payee repaid RMB17,000,000 to the Group in August and September 2021. As the Payee had not repaid the remaining amount of RMB4,000,000 by July 2022, the Group filed a civil litigation against the Payee and obtained court judgments against the Payee for the outstanding amount and the corresponding interest in July 2023. The management considered this balance to be doubtful and have recognised expected credit losses for the full outstanding amount of RMB4,000,000 at 31 August 2025 and 2024.

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

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

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Unlisted investments, at fair value	<u>—</u>	<u>70,128</u>

The above unlisted investments were wealth management and fund products. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

11. OTHER PAYABLES AND ACCRUALS

	Note	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Payables for purchase and construction of property, plant and equipment		50,039	9,961
Payables for listing expenses		—	100
Miscellaneous fees received from students	(a)	2,719	2,704
Subsidies received on students' behalf		18,558	17,300
Payables for logistics services and other services		10,410	7,772
Payables for salaries, social insurance, and housing fund		10,380	9,615
Other tax payables		5,353	4,747
Accruals		1,750	6,880
Other payables		<u>4,282</u>	<u>4,576</u>
		<u>103,489</u>	<u>63,655</u>

Note:

- (a) The amount represents the miscellaneous fees received from students which will be paid out on behalf of students.

The above balances are unsecured and non-interest-bearing. The carrying amounts of other payables and accruals at the end of the years approximated to their fair values due to their short-term maturities.

12. CONTRACT LIABILITIES

The Group recognised the following revenue-related contract liabilities, which represented the unsatisfied performance obligation as at the end of the reporting period, and are expected to be recognised within one year:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Tuition fees	125,195	130,379
Boarding fees	<u>16,944</u>	<u>19,265</u>
Contract liabilities	<u><u>142,139</u></u>	<u><u>149,644</u></u>

The Group receives tuition and boarding fees from students in advance prior to the beginning of each academic year. Tuition and boarding fees are recognised proportionately over the period of the applicable programmes. The students are entitled to the refund of payments in relation to the proportionate services not rendered.

Significant changes in the contract liability balances during the year are as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
At the beginning of the year	149,644	157,135
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year	(149,644)	(157,135)
Increase due to cash received, net of the amounts recognised as revenue during the year	<u>142,139</u>	<u>149,644</u>
At the end of the year	<u><u>142,139</u></u>	<u><u>149,644</u></u>

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is an extract from the independent auditors' report on the Group's consolidated financial statements for the year ended 31 August 2025:

QUALIFIED OPINION

In our opinion, except for the possible effects on the matters described in the section of "Basis for Qualified Opinion" of our report, the consolidated financial statements give a true and fair view of, the consolidated financial position of the Group as at 31 August 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (the "IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR QUALIFIED OPINION

As detailed in our auditor's report on the Group's consolidated financial statements for the year ended 31 August 2024, dated 28 November 2024, we expressed a qualified opinion on the consolidated financial statements for the year ended 31 August 2024 due to various limitations on evidence available to us in relation to the matters described below.

Limitation of scope on provision of current taxation and tax payable

As disclosed in notes 3 and 10 to the consolidated financial statements, no corporate income tax ("CIT") was provided on the income from the provision of formal educational services by the Group's college in PRC for the year ended 31 August 2025. According to the Implementation Rules for the Law for Promoting Private Education (the "Implementation Rules"), private schools, whether requiring reasonable returns or not, may enjoy preferential tax treatments. The Implementation Rules provide that the relevant authorities under the State Council may introduce preferential tax treatments and related policies applicable to private schools requiring reasonable returns. The college of the Group was on the list of qualified non-profit organisations entitled to CIT exemption on qualified income issued by the Shanxi Department of Ministry of Finance and the Shanxi Administration of Taxation in December 2020 for a period of five years up to 31 December 2024. The college is submitting the CIT exemption extension application in December 2025, however, the result of application will not be released until March 2026. If the tax authorities refuse to extend the CIT exemption to the college, the college's income will be subject to CIT at a rate of 25% from 1 January 2025. The directors of the Company are confident to obtain the exemption successfully and, therefore, consider no CIT to be provided on the college's income from 1 January 2025 onwards. We were unable to obtain sufficient appropriate audit evidence to support the entitlement of the CIT exemption starting from 1 January 2025 to 31 December 2029. Due to the limitation on our scope of work, we were unable to satisfy ourselves as to whether it is appropriate not to provide for CIT for the college's income for the period from 1 January 2025 to 31 August 2025.

Consequently, we were unable to determine whether any adjustments to the (i) current tax payable balances recognised in the consolidated statement of financial position as at 31 August 2025; (ii) income tax expense recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 August 2025; and (iii) provisions for other tax related expense as at 31 August 2025 and for the year ended 31 August 2025 were necessary. Any adjustments to these amounts might have consequential effects on the Group's financial position as at 31 August 2025 and its financial performance for the year ended 31 August 2025, and the related elements and disclosures thereof in these consolidated financial statements. These adjustments could be material but not pervasive to the consolidated financial statements of the Group as a whole, accordingly, we issue a qualified opinion on the consolidated financial statements of the Group for the year ended 31 August 2025.

Limitation of scope on comparative information

(i) Comparative information – Redemption receivable from a private fund

The Company invested in a private fund (the “**Fund**”) of USD7,770,000 (equivalent to RMB49,800,000) through entering into an investment agreement in July 2021. On 28 February 2022, the Group requested for full redemption of this investment of USD7,197,000 (equivalent to RMB49,696,000). Notwithstanding the fact that there are disputes on the redemption amount and the relevant fees, the Fund agreed to repay the redemption proceeds of RMB48,102,000 to the Company by instalments. As at 1 September 2023, the amount of RMB30,708,000 redemption receivable was included in prepayment, other receivable and other assets. During the year ended 31 August 2024, the carrying amount was repaid by the Fund.

(ii) Comparative information – Loans to former related company

On 9 March 2022, the Company provided an interest-free loan of RMB10,000,000 to a former related company, Beijing Tongcai Education Consultant Limited (“**Beijing Tongcai**”). The loan was originally repayable within one year. The amount of RMB10,000,000 has been classified and included in prepayments, other receivables and other assets as at 1 September 2023. As there were disputes with the cooperation parties, and the parties could not reach consensus after continuous negotiation, the project was formally terminated in January 2023. As Beijing Tongcai did not have sufficient capital to repay the loan after suspension of the project, the Company agreed to extend the loan until March 2024 and then further extended until March 2025. During the year ended 31 August 2024, Beijing Tongcai fully settled the loan balance of RMB10,000,000 to the Group.

(iii) Comparative information – Payments for consultancy fee

During the year ended 31 August 2022, the Group entered into an agreement of the provision of consultant services in relation to tendering of land-use-right in the People’s Republic of China (the “PRC”) of RMB20,000,000. The amount was paid during the year ended 31 August 2022 and has been classified and included in other non-current assets as at 31 August 2022. During the year ended 31 August 2023, the Group acquired the related land-use-right with a consideration of RMB104,280,000, and capitalised the related consultancy fee of RMB4,700,000. The remaining of RMB15,300,000 was included other non-current assets as at 1 September 2023. During the year ended 31 August 2024, the service provider refunded the prepaid consultancy fee of RMB15,300,000 to the Group.

As detailed in our auditor’s report dated 28 November 2024, we were unable to obtain sufficient appropriate audit evidence regarding the validity, commercial substance and classification of the matters described in paragraphs (i) to (iii) above. We issued a qualified opinion due to, amongst other matters, that any adjustments found to be necessary in respect of these matters might have consequential effects on the Group’s financial performance and cash flows for the year ended 31 August 2024 and related disclosures in the notes to the consolidated financial statements of the Group for the year ended 31 August 2024. Accordingly, our opinion on the current year’s consolidated financial statements is modified because of the possible effects of these matters on the comparability of the related current year’s figures and the corresponding figures.

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

The Board and the audit committee of the Company (the “**Audit Committee**”) noted that the consolidated financial statements of the Company for the year ended 31 August 2025 were subject to the qualified opinion (the “**Qualified Opinion**”) of the auditors, on the basis as set out in the section headed “Basis for Qualified Opinion” in the independent auditor’s report.

The Board and the Audit Committee did not express different views from that of the auditors. The Board and the Audit Committee are of the view that the Qualified Opinion for the year ended 31 August 2025 is due to the limitation of the scope on the provision of current taxation and tax payable and limitation of the scope on comparative information. The Audit Committee also critically reviewed the matters after discussion with the auditors and the Board, and confirmed that it agreed with the Board’s position and basis of the Qualified Opinion.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Business Overview

We are a leading provider of private higher education in Shanxi Province, China, and operate a college in Taiyuan City, Shanxi Province, the PRC (the “College”). In 2011, the College was approved and upgraded by the Ministry of Education of the PRC to become the first private undergraduate college in Shanxi Province. Our solid reputation and extensive expertise in the private higher education sector have allowed the College to continue to grow since then. The total number of students enrolled at the College has grown from approximately 8,000 students in the 2011/2012 school year to 19,276 students in the 2024/2025 school year. All students enrolled in the College were full-time students and most of the students enrolled were boarding students, except for very few students who were approved by us to live off campus for personal reasons. As of 31 August 2025, we employed 733 full-time teachers and 540 part-time teachers. During the reporting period, the total number of undergraduate majors and concentrations in the College reached 50. As of 31 August 2025, the College operated two campuses, namely, Longcheng campus and Beige campus, with a total area of approximately 621,147 sq. m. and building space of approximately 422,069 sq. m.

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

We focus on providing application-oriented courses to equip its students with practical skills relevant to careers. We continue to optimise course offerings and practical training programmes to provide students with 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 collaborations with companies in the private sector, ranging from joint development, delivery of entire courses, constructing simulated work-environment training bases on campuses, inviting industry experts and visiting lecturers and helping to arrange internships and practical training opportunities for students. We believe the emphasis on developing advanced, career-focused skill sets makes our students more appealing to potential employers. The implementation rate of graduation destinations for graduates of the College for 2024/2025 school year reached approximately 94.99%.

Enrolment

In the 2024/2025 school year, the overall number of full-time enrolled students of the College reached 19,276, representing a decrease of 0.7% as compared to that of the 2023/2024 school year, and the College had 5,255 newly-enrolled students, representing a decrease of 6.8% in the 2023/2024 school year.

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

	School year			Percentage change
	2024/2025	2023/2024	Change	
Total student enrolment ⁽¹⁾⁽²⁾	19,276	19,416	-140	-0.7%
Newly-enrolled students ⁽¹⁾⁽²⁾	5,255	5,639	-384	-6.8%
Admission quota	5,541	5,852	-311	-5.3%

Notes:

- (1) The information in relation to student enrolment and newly-enrolled students for the school years indicated was based on the internal records of the College. Total student enrolment includes newly-enrolled students and returning students.
- (2) Our school year generally ends in July and prior to that, the current year's graduate data of the student cadastral system will be gradually removed. Therefore, we use 30 June as the benchmark time to determine and present the number of students enrolled in our annual report, and the number of students enrolled for the 2024/2025 school year is the number of students as at 30 June of the relevant school year.
- (3) The number of new students the College may admit for each school year is generally limited by an admission quota specified by the relevant education authorities, and is subject to subsequent adjustment by such authorities after admitting prospective students based on students' listed preferences and the scores they obtained. The original admission quota and any subsequent adjustments made by the relevant education authorities are beyond our control.

Tuition Fees Standards

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

	School year			
	2024/2025	2023/2024	Amount	Percentage
	<i>RMB</i>	<i>RMB</i>	<i>change</i> <i>RMB</i>	<i>change</i> <i>%</i>
Average tuition fee	<u>15,580.2</u>	<u>15,560.9</u>	<u>19.3</u>	<u>0.1</u>

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

	School year	
	2024/2025	2023/2024
Undergraduate programmes	<u>19,276</u>	<u>19,416</u>

Notes:

- (1) The number of students enrolled for the school years 2024/2025 and 2023/2024 listed here have the same meaning as the above table.
- (2) The number of students includes the number of (i) students who were admitted to four-year undergraduate programmes by taking the National Higher Education Entrance Examination, (ii) students who were admitted after graduating from junior colleges and continue their studies at the College as third-year undergraduate students, and (iii) students who were admitted after graduating from secondary vocational schools.
- (3) The undergraduate enrolment plan in the 2024/2025 school year was 5,541 students, representing a decrease of 311 students as compared to the 2023/2024 school year, and the actual number of students enrolled is 5,255.

Future Outlook and Business Strategies

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 pace. The private higher education industry in Shanxi Province is also growing rapidly. In 2021, one independent college in Shanxi Province was transformed to become a public higher education institution in accordance with the “Report of Department of Education of Shanxi Province on the Transfer of Independent Colleges” (《山西省教育廳關於全省獨立學院轉設的報告》) and “Jiaofahan (2021) No. 10” document. After an adjustment period to such transformation of independent colleges, the total revenue of private higher education providers in Shanxi Province is expected to maintain a steady growth. We believe that the Group can benefit from the increasing demand for private higher education.

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

With a view to create synergies with the College in China and complying with the Qualification Requirement as further described in the section headed “Contractual Arrangements” in the prospectus of the Company dated 30 June 2021 (the “**Prospectus**”), 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 programmes and bachelor of science in marketing programmes. We have engaged an agent, who is principally engaged in education consultancy and California Bureau for Private Postsecondary Education licensing services, to assist us in establishing General Business University of California Incorporated, the operating entity for the US School, and filing applications with the Bureau for Private Postsecondary Education regarding the establishment of the US School in June 2021.

On 30 January 2024, the Company was notified by the California (Bureau) for Private Postsecondary Education that, in accordance with the California Private Postsecondary Education Act, the California Education Code (CEC) and California Code of Regulations, Title 5 (5CCR), the Company’s application to operate a degree-awarding higher education institution in the State of California in the United States, was being rejected. We are actively looking for new agents to solve this problem. The Company believes that these problems will not pose 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 schools for which the school sponsor(s) require reasonable returns, or schools for which the school sponsor(s) do not require reasonable returns. Instead, the school sponsor(s) of a private school may choose for the school to be a for-profit private school or a non-profit private school, with the exception that the schools providing compulsory education must be non-profitable. The school sponsors of for-profit private schools are allowed to receive income from the operation of the schools and the balance of running such schools. By contrast, the school sponsors of non-profit private schools are prohibited from receiving income from the operation of the schools, and the balance of running such schools shall be only used for the operation of the schools. In addition, for-profit private schools are entitled to have discretion in determining the fees collected from the students in accordance with the market conditions while the fee collection of non-profit private schools shall be subject to provincial government regulation. For details of the 2016 Decision, including the key differences between a for-profit private school and a non-profit private school under the 2016 Decision, please see “Regulatory Overview – Regulations on Private Education in the PRC – The Law for Promoting Private Education and the Implementation Rules for the Law for Promoting Private Education” of the Prospectus.

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

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

Change in Composition of Board Committees for the year ended 31 August 2025

With effect from 29 August 2025, Ms. Zhang Zhonghua, an executive Director and Mr. Hu Binbong, an independent non-executive Director, have been appointed as a member of our nomination committee.

Following the above changes, our nomination committee will comprise Mr. Zhang Zhiwei (Chairman), Ms. Zhang Zhonghua, Mr. Zan Zhihong, Mr. Hu Yuting and Mr. Hu Binbong.

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

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

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

- the rights and interests of the sponsors of the College will be protected in more definitive and favourable ways: the 2016 Decision provides that the school sponsors of for-profit private schools can obtain the schools' operating profits, and the remaining assets upon liquidation after the settlement of the school's indebtedness in accordance with the PRC Company Law and other relevant laws and administrative regulations, and the standards and types of the fees should be published to the public and subject to supervision by relevant competent authorities;
- the College shall have the discretion to determine the amount of fees to be charged in accordance with the 2016 Decision. If the College is registered as a for-profit private school, the College would be entitled to make its own decisions about the standards and types of the fees to be charged by the College based on the College's operating costs and market demand;
- the College may enjoy support from certain PRC government policies: the 2016 Decision stipulates that the governments at or above the county level in the PRC can provide various policy support to for-profit schools, such as preferential tax policies and student loans;

- there may be increased uncertainty about the extent of the benefits to be provided by the government supporting measures: according to the 2016 Decision, while land will be supplied to non-profit private schools by the government through allocation or other means, for-profit private schools are not expected to enjoy the same treatment as public schools and non-profit private schools; and
- the College will be subject to the requirements of applying for re-registration: the 2016 Decision also requires that private schools choosing to register as for-profit schools shall carry out financial settlement procedures, clarify property ownership, pay the relevant taxes and fees, and re-apply for registration.

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

The Directors understand that the specific provisions have not yet been promulgated and there is currently no timeline for implementation. However, taking into account that the College was legally established in 2004 and is validly existing under the current PRC laws, the Directors consider that the College's situation will be a factor to be taken into account when the local government formalises such specific provisions and it would be unlikely that they would impose any special provisions which the College would not be able to achieve.

FINANCIAL REVIEW

Revenue

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

For the Year, the Group's revenue was approximately RMB329.8 million (2024: RMB331.1 million), representing a decrease of approximately RMB1.3 million or approximately 0.4%. The decrease was mainly due to the decrease in the revenue from tuition fees by approximately RMB1.4 million or approximately 0.5% to approximately RMB301.0 million for the Year (2024: approximately RMB302.4 million) as a result of the decrease in student enrolment in the current school year.

Cost of Sales

The Group's cost of sales primarily consists of salary costs (including basic salaries, social security contributions, bonuses and benefits for the teaching staff), depreciation and amortisation, utilities expenses, maintenance costs, teaching expenses (including educational supplies, training expenses, research and development costs), student activity costs, office allowances, and others (including traveling and accommodation expenses for teaching staff).

The Group's cost of sales for the Year amounted to approximately RMB188.2 million (2024: RMB173.6 million), representing an increase of approximately RMB14.6 million or approximately 8.4%. The increase in cost of sales was primarily due to (i) the increase in staff costs; (ii) the increase in repair and maintenance expenses.

Gross Profit and Gross Profit Margin

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

The Group's gross profit for the Year amounted to approximately RMB141.5 million (2024: RMB157.5 million), representing a decrease of approximately RMB16.0 million or approximately 10.2%. The Group's gross profit margin for the Year was approximately 42.9%, representing a decrease of approximately 4.7% as compared with last year. Such decrease was mainly due to the increase in the cost of sales and the decrease in revenue for the Year.

Other Income and Gains

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

The Group's other income and gains for the Year amounted to approximately RMB12.7 million (2024: approximately RMB19.4 million), representing a decrease of approximately RMB6.7 million. Such decrease was mainly due to (i) the decrease in interest income from bank deposits; and (ii) the decrease in income from examination and training.

Selling and Distribution Expenses

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

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

Administrative Expenses

The Group's administrative expenses primarily consist of salary expenses for administrative staff, logistic expenses (including the property management fees charged by an independent third party for providing property management, cleaning, greenery maintenance and garbage disposal services), depreciation of land for administrative purposes and amortisation of equipment and software for school administration and management use, office expenses (including travel and transportation expenses incurred by our administrative staff for business trips), maintenance costs, tax and utilities expenses.

The Group's administrative expenses for the Year were approximately RMB69.3 million (2024: RMB67.4 million), representing an increase of approximately RMB1.9 million. This was mainly due to (i) the increase in staff costs; (ii) the increase in maintenance and repair expenses; and (iii) the decrease in consultancy expenses and depreciation and amortisation expenses.

Other Expenses

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

The Group's other expenses for the Year were approximately RMB0.2 million (2024: RMB0.7 million), representing a decrease of approximately RMB0.5 million. This was mainly due to the decrease in external donations for the Year.

Finance Costs

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

The finance costs for the year have not changed significantly.

Income Tax Expenses

The Group's income tax expense was RMB8.1 million (2024: RMB0 million) for the Year. Increased by RMB8.1 million, which was primarily due to income tax expenses arising from the accrual of service fees under the agreement.

Profit for the Year

As a result of the combined effects of the above income, costs and expenses for the Year, the Group recorded a profit of approximately RMB76.3 million (2024: RMB108.4 million), representing a decrease of approximately RMB32.1 million or approximately 29.6%.

Current Assets and Current Liabilities

As of 31 August 2025, the Group's net current assets amounted to approximately RMB233.6 million (2024: RMB555.5 million), representing a decrease of approximately RMB321.9 million. The decrease was primarily due to the current assets (i) as at 31 August 2025, the Group's cash and cash equivalents were approximately RMB490.8 million (2024: RMB695.9 million), representing a decrease of RMB205.1 million; and (ii) as at 31 August 2025, the Group's financial assets at fair value through profit or loss were approximately RMB0 million (2024: RMB70.1 million), representing a decrease of approximately RMB70.1 million, mainly due to the principal-guaranteed wealth management products had low interest rates and were not renewed upon maturity; and (iii) as at 31 August 2025, the Group's prepayments, other receivables and other assets were approximately RMB7.1 million (2024: RMB11.5 million), representing a decrease of RMB4.4 million; current liabilities (iv) as at 31 August 2025, the Group's bank borrowings were approximately RMB5.4 million (2024: RMB1.6 million), representing an increase of RMB3.8 million; and (v) as at 31 August 2025, the Group's contract liabilities were approximately RMB142.1 million (2024: RMB149.6 million), representing a decrease of RMB7.5 million. This was mainly due to the decrease in the advance collection of tuition and boarding fees for the next academic year compared to the previous year; and (vi) as at 31 August 2025, the Group's other payables and accruals were approximately RMB103.5 million (2024: RMB63.7 million), representing an increase of RMB39.8 million; and (vii) as at 31 August 2025, the Group's deferred income were approximately RMB5.0 million (2024: RMB6.8 million), representing a decrease of RMB1.8 million; and (viii) as at 31 August 2025, the Group's taxes payable amounted to approximately RMB8.1 million (2024: RMB0 million), representing an increase of RMB8.1 million.

Liquidity, Capital Resources and Gearing Ratio

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

As at 31 August 2025, the balance of the Group's bank borrowings was RMB34.0 million (31 August 2024: RMB18.5 million). As of 31 August 2025, the Group's gearing ratio, representing bank borrowings as a percentage of total equity, was 1.8% (31 August 2024: 1.0%).

Property, Plant and Equipment

As of 31 August 2025, the Group's property, plant and equipment amounted to approximately RMB1,412.7 million, representing an increase of RMB386.0 million from approximately RMB1,026.7 million as of 31 August 2024. Such increase was mainly due to the addition of teaching equipment for better provision of teaching services, and the increase of the construction of the new Beige campus in progress.

Cash and Cash Equivalents

As of 31 August 2025, the Group's cash and cash equivalents was approximately RMB490.8 million, representing a decrease of RMB205.1 million from approximately RMB695.9 million as at 31 August 2024. The decrease was mainly due to the payment of construction in progress for the new Beige campus.

As of 31 August 2025, cash and cash equivalents denominated in RMB, HKD and USD amounted to RMB442.4 million, RMB0.1 million and RMB48.3 million, respectively (2024: cash and cash equivalents denominated in RMB, HKD and USD amounted to RMB645.8 million, RMB2.7 million and RMB47.4 million, respectively).

Bank Borrowings

As at 5 August 2025, the Group obtained a banking facility of RMB500.0 million from a banking institution for the expansion project of the new Beige campus. The amount was secured by the pledge of the rights over the collection of tuition fees and boarding fees, and supported by a guarantee provided by another subsidiary of the Group. As of 31 August 2025, the total bank borrowings amounted to approximately RMB34.0 million (31 August 2024: RMB18.5 million). The following table sets forth the maturity profile of the interest-bearing bank borrowings as at the dates indicated:

	31 August 2025 RMB'000	31 August 2024 RMB'000
Analysed as:		
Repayment within one year	<u>5,432</u>	<u>1,625</u>
Repayment in the second year	5,432	2,250
Repayment in the third to fifth year (inclusive)	14,938	6,750
Repayment after five years	<u>8,148</u>	<u>7,875</u>
	<u>33,950</u>	<u>18,500</u>

The Group's gearing ratio, expressed as a percentage of bank borrowings over total equity, was 1.8% as of 31 August 2025 (2024: 1.0%).

Capital Expenditures

Capital expenditures of the Group primarily related to the construction of the Beige campus, educational equipment and other intangible assets. For the Year, the Group's capital expenditures amounted to RMB415.5 million (2024: RMB272.1 million).

Commitments

The Group's capital commitments are primarily related to the acquisition of buildings and teaching facilities. The following table sets forth a summary of the capital commitments as of 31 August 2025:

	At 31 August	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Contracted, but not provided for:		
Property	636,697	1,023,437
Teaching facilities	13,982	19,625
	<u>650,679</u>	<u>1,043,062</u>

Foreign Exchange Risk Management

For the Group's operation in the PRC, the major revenue and expenses are denominated in RMB, while there are certain monetary assets and monetary liabilities that are denominated in Hong Kong dollars, which would expose the Group to foreign exchange risk. The Group currently does not have a foreign currency hedging policy. However, the management of the Company monitors foreign exchange exposure and will consider hedging significant foreign currency exposure when the need arises.

For the Group's operation outside the PRC, the major revenue and expenses are denominated in local currencies.

Employees and Remuneration Policy

The Group had 1,756 employees (2024: 1,712 employees), increased by 44 employees during the Year. The remuneration policy and package of the Group's employees, including bonuses and a share option scheme, are periodically reviewed in accordance with industry practice and result performance of the Group. The Group provides external and internal training programmes to its employees. The Group participates in various employee social security plans for its employees that are administered by local governments, including housing, pension, medical insurance, occupational injury insurance, maternity insurance and unemployment insurance. The total remuneration cost incurred by the Group for the Year was approximately RMB132.0 million (2024: RMB121.3 million), representing an increase of approximately RMB10.7 million.

Contingent Liabilities

As at 31 August 2025, the Group did not have material contingent liabilities.

Pledge of Assets

As at 31 August 2025, the Group entered into a new loan agreement with a credit facility of RMB500.0 million for the construction of the new Beige campus. The contract stipulates that the collection rights of tuition fees and boarding fees of Shanxi Technology and Business College shall be pledged during the loan period.

Material Acquisition and Disposals

During the Year, the Group had no material acquisitions or disposals of subsidiaries, associates and/or joint ventures.

Significant Investments

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

Future Plans for Material Investments or Capital Assets

As at 6 November 2025 (after trading hours), the Company as the purchaser, the vendors and relevant parties entered into an Equity Purchase Agreement pursuant to which the core vendors conditionally agreed to sell, and the Company conditionally agreed to acquire, the 100% equity interest of Guangzhou Tongmeng Art Education Consulting Co., Ltd.* (廣州市茼盟美術教育諮詢有限公司) (the “**Target Company**”), a company principally engaged in providing art exam training services (藝考培訓), that was beneficially owned by the core vendors, at the total consideration of RMB312,000,000.

For further details of the acquisition of the Target Company, please refer to the announcement of the Company dated 6 November 2025.

Purchase, Sale or Redemption of the Company’s Listed Securities

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

Restricted Share Unit Scheme

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

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

The Company entered into a trust deed on 8 February 2022 to appoint Futu Trustee Limited as the trustee for the administration of the RSU Scheme pursuant to the rules of the RSU Scheme. As of 31 August 2025, the trustee of the RSU Scheme purchased a total of 37,481,000 Shares of the Company from the Stock Exchange of Hong Kong Limited 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.

Pension Scheme

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

USE OF NET PROCEEDS FROM THE LISTING

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

Reference is made to the announcement entitled “Announcement of Annual Results for year ended 31 August 2024 and Proposed Amendments to the Memorandum and Articles of Association and Change in Use of Proceeds and Change in Composition of Board Committee” as published by the Company on 28 November 2024. As at 31 August 2024, the unutilised proceeds from the Listing amounted to approximately RMB38.6 million (the “**Unutilised Net Proceeds**”), which comprised (i) approximately RMB14.4 million which was originally designated for the purpose of construction of a teaching building for Phase IV of Beige campus (the “**Construction Project**”); and (ii) approximately RMB24.2 million was designated for the purpose of renovation and upgrade of teaching buildings and dormitories on Longcheng campus (the “**Renovation Project**”). As at 31 August 2024, both the Construction Project and the Renovation Project had been completed, and the actual cost for both projects was lower than the expected cost.

The Group purchased another piece of land around the Beige campus to expand its campus area to meet the needs of running schools. The Group has commenced construction works for the new Beige campus, which includes teaching buildings and dormitory facilities. After careful consideration and evaluation of the Group’s operation, the Directors resolved to change the use of the Unutilised Net Proceeds for the construction projects of the new Beige campus to meet the needs for the continuous optimisation of various school performance indicators. The Board was of the view that the aforementioned change in use of proceeds from the Listing would enable the Group to utilise the Unutilised Net Proceeds for the operation and expansion of the Group’s business, which would facilitate the Group to deploy its financial resources in a more flexible and efficient manner, which was in line with the business strategies of the Group and was in the best interest of the Company and its Shareholders as a whole.

The Unutilised Net Proceeds were utilised in full for the construction projects of the new Beige campus before 31 August 2025 as expected at the time changing the use of the Unutilised Net Proceeds. There has been no change in the intended use of Unutilised Net Proceeds as previously disclosed. A summary of the use of net proceeds from the Listing for the year ended 31 August 2025 is set out below:

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

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 August 2025.

DIVIDENDS

The Directors do not recommend the payment of a dividend for the year ended 31 August 2025 (2024: nil). There is no arrangement that any Shareholder has waived or agreed to waive any dividend.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting (the "AGM") will be held on 15 January 2026. A notice convening the AGM and all other relevant documents will be published and dispatched to the Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 12 January 2026 to Thursday, 15 January 2026, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all duly completed and signed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Friday, 9 January 2026.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules (the “**CG Code**”) as its own code of corporate governance. The Company has complied with the code provisions as set out in the CG Code for the year ended 31 August 2025.

CHANGES ON MEMORANDUM AND ARTICLES OF ASSOCIATION

In order to update the Company's memorandum and articles of association (the “**Memorandum and Articles**”) so as to, among other things, reflect the current requirements of the Listing Rules and make other housekeeping improvements to the Memorandum and Articles, certain amendments to the Memorandum and Articles and the amended and restated Memorandum and Articles (the “**Amended and Restated Memorandum and Articles**”) were approved by the Shareholders by way of a special resolution at the annual general meeting on 18 February 2025.

The Amended and Restated Memorandum and Articles was also adopted by the Company on 18 February 2025. Details of the amendments to the Memorandum and Articles were set out in the circular to the Shareholders sent on 31 December 2024.

There have been no changes in the Company's Amended and Restated Memorandum and Articles up to the date of this announcement since its adoption on 18 February 2025.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix C3 of the Listing Rules (the “**Model Code**”) as its own code of conduct for the Directors in their dealing in the Company's securities transactions. Having made specific enquiry to all the Directors, each of the Directors confirmed that he/she had complied with the Model Code since the Listing and up to 31 August 2025.

RESUMPTION OF TRADING IN SHARES

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

- (a) conduct an appropriate independent investigation into the allegations, announce the findings and take appropriate remedial actions;
- (b) publish all outstanding financial results required under the Listing Rules and address any audit modifications;
- (c) demonstrate the Company’s compliance with Rule 13.24 of the Listing Rules;
- (d) announce all material information for the Company’s Shareholders and investors to appraise its position; and
- (e) conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to meeting the obligations under the Listing Rules. The annual results and the ESG report for the year ended 31 August 2022 and the interim results for the six months ended 28 February 2023 were subsequently published on 10 June 2024, and the annual results and the ESG report for the year ended 31 August 2023 and the interim results for the six months ended 29 February 2024 were subsequently published on 19 June 2024.

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

EVENTS AFTER THE REVIEW PERIOD

Reference is made to the announcement of the Company dated 6 November 2025 in relation to the acquisition of the Target Company. The Company as the purchaser, the vendors, the Target Company and other relevant parties, on 6 November 2025, entered into an conditional share purchase agreement (the “**Equity Purchase Agreement**”) pursuant to which the core vendors conditionally agreed to sell, and the Company conditionally agreed to acquire 100% equity interest of the Target Company at the total consideration in the sum of RMB312,000,000 (the “**Acquisition**”) by four tranches of payments subject to fulfilments of relevant conditions as set out in the Equity Purchase Agreement. Upon completion of the Acquisition, the Company will own 100% equity interest of the Target Company which will become a wholly-owned subsidiary of the Company. The financial results of the Target Company and its subsidiaries will be consolidated in the financial statements of the Group. The Company will make further announcement(s) in relation to the Acquisition in accordance with the Listing Rules.

Other than the Acquisition as disclosed above, there were no significant events took place subsequent to 31 August 2025 and up to the date of this announcement.

AUDIT COMMITTEE

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters. The audit committee of the Company, together with the Board, has reviewed the Group’s annual results and consolidated financial statements for the year ended 31 August 2025.

SCOPE OF WORK FOR ANNUAL RESULTS ANNOUNCEMENT BY AUDITOR

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 August 2025 as set out in this preliminary announcement have been agreed by the Group’s independent auditor, Moore CPA Limited (the “**Auditor**”), to the amounts set out in the Group’s consolidated financial statements for the year ended 31 August 2025. The work performed by the Auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Auditor on this preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (<http://chinageg.cn>). The annual report for the reporting period containing all the information required by Appendix D2 to the Listing Rules will be dispatched to the Shareholders Company and available on the same websites in due course.

APPRECIATION

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

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

Hong Kong, 27 November 2025

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