Edvantage Group Holdings Limited
中 滙 集 團 控 股 有 限 公 司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 0382)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 AUGUST 2019

HIGHLIGHTS

	Note	**For the year ended 31 August 2019**	2018	**Percentage increase**
Revenue *(RMB'000)*		**704,239**	636,381	10.7%
Gross profit *(RMB'000)*		**342,362**	290,434	17.9%
Adjusted net profit *(RMB'000)*	(i)	**236,919**	181,461	30.6%
Profit for the year attributable to owners of the Company *(RMB'000)*		**216,762**	161,625	34.1%
Basic earnings per share *(RMB cents)*		**27.68**	21.55	28.4%
Dividend per share				
Final dividend (proposed) *(HK cent)*		**1**	—	N/A
Number of students		**33,043**	32,217	2.6%

Note:

(i) Adjusted net profit is determined by adjusting profit for the year from continuing operations of RMB215,054,000 (2018: RMB177,151,000) for the effect of listing expenses of RMB38,896,000 (2018: RMB4,174,000) and net foreign exchange gain of RMB17,031,000 (2018: net foreign exchange loss of RMB136,000).

RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Edvantage Group Holdings Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 August 2019 with comparative figures for the year ended 31 August 2018 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 August 2019

	NOTES	**2019** *RMB'000*	2018 *RMB'000*
Continuing operations			
Revenue	3	**704,239**	636,381
Cost of revenue		**(361,877)**	(345,947)
Gross profit		**342,362**	290,434
Other income		**22,389**	17,190
Investment income		**4,565**	1,012
Other gains and losses	4	**29,413**	14,368
Selling expenses		**(7,221)**	(8,938)
Administrative expenses		**(81,697)**	(67,438)
Listing expenses		**(38,896)**	(4,174)
Finance costs		**(27,725)**	(17,665)
Profit before taxation		**243,190**	224,789
Taxation	5	**(28,136)**	(47,638)
Profit for the year from continuing operations	6	**215,054**	177,151
Discontinued operation			
Profit (loss) for the year from discontinued operation	7	**7,464**	(1,703)
Profit for the year		**222,518**	175,448
Other comprehensive income (expense)			
Item that will not be reclassified to profit or loss:			
Fair value gain on buildings transferred to investment properties		**4,856**	—
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(275)**	245
Other comprehensive income for the year		**4,581**	245
Total comprehensive income for the year		**227,099**	175,693

	NOTE	2019 RMB'000	2018 RMB'000
Profit (loss) for the year attributable to owners of the Company			
— from continuing operations		**209,291**	163,328
— from discontinued operation		**7,471**	(1,703)
		216,762	161,625
Profit (loss) for the year attributable to non-controlling interests			
— from continuing operations		**5,763**	13,823
— from discontinued operation		**(7)**	—
		5,756	13,823
		222,518	175,448
Total comprehensive income for the year attributable to			
— owners of the Company		**220,954**	161,870
— non-controlling interests		**6,145**	13,823
		227,099	175,693
From continuing and discontinued operations			
Earnings per share	9		
— Basic *(RMB cents)*		**27.68**	21.55
— Diluted *(RMB cents)*		**27.68**	N/A
From continuing operations			
Earnings per share	9		
— Basic *(RMB cents)*		**26.72**	21.78
— Diluted *(RMB cents)*		**26.72**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 August 2019

	NOTES	2019 RMB'000	2018 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,180,097**	1,175,743
Prepaid lease payments		**198,955**	54,269
Investment properties		**44,900**	—
Interest in an associate		**—**	200
Deposits paid for acquisition of property, plant and equipment		**2,457**	3,307
Deferred tax asset		**5,423**	4,944
		1,431,832	1,238,463
CURRENT ASSETS			
Inventories		**455**	494
Trade receivables, deposits, prepayments and other receivables	10	**31,805**	22,582
Amounts due from related parties		**2,330**	115,088
Financial assets at fair value through profit or loss		**252,666**	869,259
Prepaid lease payments		**5,288**	1,547
Pledged bank deposits		**50,000**	—
Bank balances and cash		**1,352,220**	148,763
		1,694,764	1,157,733
CURRENT LIABILITIES			
Contract liabilities		**681,756**	568,239
Trade payables	11	**6,642**	8,065
Other payables and accrued expenses		**106,374**	83,249
Amounts due to related parties		**3,131**	11,702
Amount due to an associate		**—**	200
Amounts due to directors		**—**	28,330
Deferred income		**6,458**	5,783
Income tax payable		**39,822**	28,480
Bank borrowings		**166,399**	213,900
Dividend payable		**8,232**	17,391
Financial guarantee contract		**—**	58,281
		1,018,814	1,023,620
NET CURRENT ASSETS		**675,950**	134,113
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,107,782**	1,372,576

	2019 *RMB'000*	2018 *RMB'000*
NON-CURRENT LIABILITIES		
Bank borrowings	**389,600**	567,700
Deferred tax liabilities	**112,522**	105,746
	502,122	673,446
	1,605,660	699,130
CAPITAL AND RESERVES		
Share capital	**70,005**	21
Reserves	**1,535,655**	626,202
Equity attributable to owners of the Company	**1,605,660**	626,223
Non-controlling interests	**—**	72,907
	1,605,660	699,130

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands and registered as an exempted company with limited liability under the Companies Law Chapter 22 of the Cayman Islands on 18 October 2018. Its immediate and ultimate holding company is Debo Education Investments Holdings Limited. The ultimate controlling shareholders of the Group are Mr. Liu Yung Chau ("**Mr. Liu**") and Ms. Chen Yuan, Rita ("**Ms. Chen**"), the spouse of Mr. Liu. Mr. Liu is the chairman and an executive director of the Company, and Ms. Chen is an executive director of the Company. The shares of the Company had been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 16 July 2019 (the "**Listing Date**"). The address of the Company's registered office is at Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and the principal place of business of the Company in Hong Kong is at Room 1115, 11/F, Wing On Plaza, 62 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong.

The Company is an investment holding company. The principal activities of its subsidiaries are mainly engaged in the operation of private higher education and vocational education institutions in the People's Republic of China (the "**PRC**") and overseas.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board ("**IASB**").

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The consolidated financial statements are presented in RMB.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRSs

The Group has consistently applied all IFRSs issued by the IASB, which are effective for the Group's financial year throughout the years ended 31 August 2018 and 2019.

3. REVENUE AND SEGMENT INFORMATION

Revenue from major services

The following is an analysis of the Group's revenue from continuing operations from its major service lines:

	2019 *RMB'000*	2018 *RMB'000*
Tuition fees recognised overtime	**647,220**	579,787
Boarding fees recognised overtime	**55,982**	53,797
Fees from university cooperation programme recognised overtime	**1,037**	2,797
	704,239	636,381

The Group is mainly engaged in the provision of private higher education and vocational education institution services in the PRC and overseas. Operating segments have been identified on the basis of internal management reports and prepared in accordance with the relevant accounting principles and financial regulations applicable in the PRC which conform with IFRSs, that are regularly reviewed by the chief operating decision makers ("**CODM**"), Mr. Liu and Ms. Chen, for the purposes of resource allocation and assessment of segment performance focusing on types of services provided. Each category of education operation in the same location and under similar environment constitutes an operating segment.

Specifically, the Group's reportable segments under IFRS 8 are as follows:

1. PRC higher education and vocational education — operation of higher education and vocational education institutions in the PRC; and

2. Overseas higher education and vocational education — operation of higher education and vocational education institutions in the regions other than the PRC.

No operating segments have been aggregated in arriving at the reportable segments of the Group. An operating segment regarding the technical education operation was discontinued in October 2018. The segment information reported does not include any amount for this discontinued operation, which is described in more details in note 7.

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segments from continuing operations:

For the year ended 31 August 2019

Continuing operations

	PRC higher education and vocational education *RMB'000*	Overseas higher education and vocational education *RMB'000*	Segment total *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
Revenue					
External sales and segment revenue	694,441	9,798	704,239	—	704,239
Segment profit (loss)	286,927	(9,394)	277,533	—	277,533
Unallocated corporate expenses					(13,520)
Unallocated corporate income					1,042
Other gains and losses					17,031
Listing expenses					(38,896)
Profit before taxation from continuing operations					243,190

For the year ended 31 August 2018

Continuing operations

	PRC higher education and vocational education *RMB'000*	Overseas higher education and vocational education *RMB'000*	Segment total *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
Revenue					
External sales	625,437	10,944	636,381	—	636,381
Inter-segment sales	—	535	535	(535)	—
Segment revenue	625,437	11,479	636,916	(535)	636,381
Segment profit (loss)	240,449	(2,474)	237,975	—	237,975
Unallocated corporate expenses					(8,899)
Unallocated corporate income					23
Other gains and losses					(136)
Listing expenses					(4,174)
Profit before taxation from continuing operations					224,789

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profits (losses) represent the profits earned by/losses incurred from each segment without allocation of certain administrative expenses, selling expenses, certain other income, certain investment income, certain other gains and losses and listing expenses. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

4. OTHER GAINS AND LOSSES

	2019	2018
	RMB'000	*RMB'000*
Continuing operations		
Net foreign exchange gain (loss)	**17,031**	(136)
Fair value change on financial assets at fair value through profit or loss	**12,405**	7,932
Financial guarantee income	**5,024**	2,010
Gain from changes in fair value of investment properties	**500**	—
Recovery of trade receivables previously written-off	**35**	—
Write off of property, plant and equipment	**(5,485)**	—
Impairment loss recognised on trade receivables	**(97)**	(61)
Gain on disposal of subsidiaries	**—**	4,667
Gain on disposal of an associate	**—**	36
Loss on disposal of property, plant and equipment	**—**	(80)
	29,413	14,368

5. TAXATION

	2019	2018
	RMB'000	*RMB'000*
Continuing operations		
Current tax		
— Hong Kong Profits Tax	**476**	2,908
— PRC Enterprise Income Tax	**19,589**	21,346
Withholding tax	**1,774**	900
	21,839	25,154
Deferred tax	**6,297**	22,484
Total	**28,136**	47,638

6. PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS

	2019	2018
	RMB'000	*RMB'000*
Profit for the year from continuing operations has been arrived at after charging:		
Staff costs, including directors' remuneration		
— salaries and other allowances	**189,582**	143,233
— retirement benefit scheme contributions	**19,903**	18,076
Total staff costs	**209,485**	161,309
Depreciation of property, plant and equipment	**59,650**	62,358
Amortisation of prepaid lease payments	**4,460**	1,560
Auditor's remuneration	**3,258**	251
Minimum operating lease rental expense in respect of rented premises	**4,938**	4,108

7. DISCONTINUED OPERATION

During the year ended 31 August 2019, the Group completed disposal of its subsidiary, Guangdong Sun City Industrial Co., Ltd. and its subsidiaries (collectively referred to as "**Sun City Industrial Group**"), which were mainly engaged in provision of technical education and other services in the PRC. The disposals are consistent with the Group's long-term policy to focus its activities on operation of private higher education and vocational education institutions.

The profit (loss) for the year from the discontinued operation is set out below.

	2019	2018
	RMB'000	*RMB'000*
Loss from discontinued operation for the year	**(648)**	(1,703)
Gain on disposal of discontinued operation *(note 12)*	**8,112**	—
	7,464	(1,703)

The results of the discontinued operation are as follows:

	2019	2018
	RMB'000	*RMB'000*
Revenue	**840**	2,891
Cost of revenue	**(1,468)**	(4,503)
Other income	**88**	3
Investment income	**2**	4
Other gains and losses	**—**	69
Share of results of associates	**—**	(27)
Selling expenses	**—**	(15)
Administrative expenses	**(110)**	(125)
Loss for the year from discontinued operation	**(648)**	(1,703)
Loss for the year from discontinued operation include the following:		
Staff costs, including directors' remuneration		
— salaries and other allowances	**812**	2,082
— retirement benefit scheme contribution	**134**	406
	946	2,488
Depreciation of property, plant and equipment	**103**	510
Auditor's remuneration	**1**	7

The net cash (outflow) inflow from discontinued operation are as follows:

	2019	2018
	RMB'000	*RMB'000*
Operating activities	**(1,285)**	1,685
Investing activities	**(176)**	3,505
Financing activities	**568**	430
Net cash (outflow) inflow	**(893)**	5,620

8. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 August 2019 (2018: nil).

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 August 2019 of HK1 cent (2018: nil) per ordinary share, in an aggregate amount of approximately HK$10,184,000 (2018: nil), has been proposed by the Board and is subject to approval by the shareholders at the forthcoming annual general meeting.

On 30 June 2018, Shiny World (China) Limited ("Shiny World"), a subsidiary of the Group, declared dividends of RMB17,391,000 to Tri-grain Investments Limited, a former shareholder of Shiny World.

9. EARNINGS PER SHARE

For continuing operations

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2019	2018
	RMB'000	*RMB'000*
Profit for the year from continuing operations attributable to owners of the Company for the purpose of calculating basic and diluted earnings per share	**209,291**	163,328

	2019	2018
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**783,147,611**	750,000,000
Effect of dilutive potential ordinary shares: Over-allotment options	**60,955**	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**783,208,566**	N/A

The weighted average number of ordinary shares for the purpose of basic earnings per share for the year ended 31 August 2018 had been adjusted retrospectively and on the assumption that the reorganisation as set out in the prospectus of the Company dated 4 July 2019 (the "**Prospectus**") and the share allotments of 750,000,000 shares had been effective since 1 September 2017.

No diluted earnings per share for the year ended 31 August 2018 was presented as there were no potential dilutive ordinary shares in issue during the year ended 31 August 2018.

For continuing and discontinued operations

The calculation of the basic and diluted earnings per share from continuing and discontinued operations attributable to owners of the Company during the year is based on the consolidated profit for the year from continuing and discontinued operations attributable to owners of the Company and the denominators detailed above for basic and diluted earnings per share.

For discontinued operation

Basic and diluted earnings per share from discontinued operations are RMB0.96 cents per share and RMB0.96 cents per share, respectively (2018: basic loss per share of RMB0.23 cents), based on the profit for the year from discontinued operation attributable to owners of the Company of RMB7,471,000 (2018: loss for the year from discontinued operation attributable to owners of the Company of RMB1,703,000) and the denominators detailed above for both basic and diluted earnings per share.

10. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2019	2018
	RMB'000	*RMB'000*
Trade receivables	**393**	719
Less: allowance for credit losses	**(81)**	(47)
	312	672
Receivables from education departments	**306**	509
Deposits, prepayments and other receivables	**31,187**	21,401
Total	**31,805**	22,582

The following is an analysis of trade receivables and receivables from education departments, net of allowance for credit losses, by age, presented based on debit note.

	2019	2018
	RMB'000	*RMB'000*
0–30 days	**—**	200
31–90 days	**251**	419
91–180 days	**225**	135
181–365 days	**94**	242
Over 365 days	**48**	185
Total	**618**	1,181

11. TRADE PAYABLES

The credit period granted by suppliers on purchase of consumables and provision of services ranged from 30 days to 60 days.

The following is an aged analysis of trade payables presented based on invoice date at 31 August 2019 and 2018.

	2019	2018
	RMB'000	*RMB'000*
0–60 days	**1,799**	2,286
61–180 days	**1,008**	1,546
181–365 days	**607**	2,377
Over 365 days	**3,228**	1,856
	6,642	8,065

12. DISPOSAL OF SUBSIDIARIES

As referred to note 7, the Group discontinued the technical education operation at the time of disposal of Sun City Industrial Group on 26 October 2018. The net assets of Sun City Industrial Group at the date of disposal were as follows:

	RMB'000
Consideration received:	
Cash	9,900
Total consideration	9,900

	RMB'000
Analysis of assets and liabilities over which the control was lost:	
Property, plant and equipment	2,185
Bank balances and cash	5,580
Amounts due from former related parties	407
Trade and other receivables	337
Trade payables	(210)
Other payables and accrued expenses	(2,405)
Contract liabilities	(4,087)
Net assets disposed of	1,807
Gain on disposal:	
Consideration received	9,900
Net assets disposed of	(1,807)
Non-controlling interests	19
	8,112
Net cash inflow arising on disposal:	
Cash consideration received	9,900
Less: bank balances and cash disposed of	(5,580)
	4,320

MANAGEMENT DISCUSSION AND ANALYSIS

Market Overview

According to Frost & Sullivan, China's private higher education industry has been developing rapidly in recent years. During the reporting period, the Chinese government has promulgated a series of policies conducive to the development of private higher education, including *Implementation Plan for the Acceleration of Education Modernization 2018–2022* ("加快推進教育現代化實施方案2018–2022年"), *China's Education Modernization* ("中國教育現代化") and *Implementation Plan for the Reform of Vocational Education in China* ("國家職業教育改革實施方案"). At the same time, during their official visits to cities, President Xi Jinping and Premier Li Keqiang both pointed out that China would put in great effort to develop vocational education. According to Frost & Sullivan, China's total revenue from private higher education industry steadily increased from RMB77.9 billion in 2013 to RMB115.1 billion in 2017, representing a compound annual growth rate ("**CAGR**") of 10.3% and is expected to further rise to RMB181.2 billion in 2022, representing a CAGR of 9.5%.

All of the Group's PRC operating schools are in Guangzhou which is the part of Guangdong-Hong Kong-Macau Greater Bay Area ("**Greater Bay Area**"). According to Frost & Sullivan, Greater Bay Area is one of the most developed regions in China with economic momentum. It witnessed a steady growth of its nominal GDP from RMB7.3 trillion in 2013 to RMB10.2 trillion in 2017, registering a CAGR of 8.7% over the period. The *Outline Development Plan of Guangdong-Hong Kong-Macao Greater Bay Area* ("粵港澳大灣區發展規劃綱要"), promulgated in February 2019, also clearly stated its support to the development of education cooperation and the construction of international education demonstration zone, and the acceleration in the construction of world-renowned universities and disciplines by international standards within the area. According to Frost & Sullivan, Guangdong's tertiary industry has witnessed promising growth in recent years (tertiary industry covers a range of sectors, with accounting, financial services and international trade being short on talents). The tertiary industry's development has created a lot of employment opportunities and a substantial demand for workforce. According to Frost & Sullivan, the proportion of people employed in the tertiary industry increased from 35.1% to 38.5% during the period from 2013 to 2017. The proportion of employed persons in the tertiary industry in Guangdong Province is expected to increase to 42.2% in 2022, suggesting growing demand for education services provided by higher education institutions that focus on cultivating student's profession-oriented skills and preparing them to better integrate into the professional society.

Business Review

According to Frost & Sullivan, in terms of total student enrolment of business majors for the 2017/2018 school year, the Group is the largest private higher education group in the Greater Bay Area. The Group currently operates two private schools in China, i.e. Huashang College Guangdong University of Finance and Economics ("**Huashang College**") and Guangzhou Huashang Vocational College ("**Huashang Vocational College**") and one private vocational education institution in Australia, Global Business College of Australia ("**GBCA**"). Below is the operational performance of the Group's schools within the reporting period:

Huashang College

As an independent college located at Zengcheng District of Guangzhou, Guangdong Province, Huashang College provides various bachelor's degree programmes. Through its cooperation with overseas institutions, Huashang College offered 34 bachelor's degree programmes and abundant international courses in the 2018/2019 school year. As of 31 August 2019, the top 5 majors (in terms of student enrolment) were accounting, English, international economics and trade, financial engineering and Chinese literature. Among them, accounting was designated as a "featured key disciplines in Guangdong Province" ("廣東省重點學科") and journalism was designated as a "key development disciplines of colleges in Guangdong province" ("廣東省高校重點培育學科"). In September 2016, Huashang College also cooperated with Guangdong Association of Management Accountants to launch the first bilingual programme ("**GAMA class**"). For the year ended 31 August 2019, its total number of students was 22,665. For the 2018/2019 school year, the initial employment rate of Huashang College graduates was 97.4%, being 4.0 percentage points higher than the average level of initial employment rate recorded by undergraduates of the general higher education sector in Guangdong Province as well as ranking No.1 among the independent colleges in Guangdong Province.

Huashang Vocational College

Established in 2009, Huashang Vocational College is in Zengcheng District of Guangzhou, Guangdong Province. As a full-time, higher vocational college approved by Guangdong Province Government and recognized by the Ministry of Education. Huashang Vocational College offers 32 junior college diploma programmes for the 2018/2019 school year including business, economics and management, among others. As of 31 August 2019, the school's top five majors in terms of student enrolment were accounting, electronic commerce, business English, internet technology, and marketing. Huashang Vocational College has two affiliated colleges, Huashang Auto Engineering School and Huashang Hospitality Management School, which were established in May 2015 and September 2014, respectively. As of 31 August 2019, Huashang Auto Engineering School had a total of 331 students and Huashang Hospitality Management School had a total of 469 students. Tourism and hotel management was designated as a "key disciplines" ("重點建設學科") in Huashang Hospitality Management School by Department of Education of Guangdong Province in 2014. For the year ended 31 August 2019, the total number of students in Huashang Vocational College was 9,541. For the 2018/2019 school year, its initial employment rate of Huashang Vocational College graduates was 97.7%, being 1.6 percentage points higher than the average level of initial employment rate recorded by junior college graduates of the general higher education sector in Guangdong Province as well as ranked No.4 among private vocational colleges in Guangdong Province.

GBCA

As the first overseas education institution of the Group, GBCA is a vocational education and training organisation recognised by the Australian Skills Quality Authority ("**ASQA**") and is committed to providing a multicultural academic platform for students from both Australia and abroad, aiming to improve students' practical skills and graduate employability. GBCA currently offers 15 training programmes that are divided into five main categories: interpreting, English, business and accounting, information technology and childcare and community services programmes. Students will receive certifications issued by GBCA which are recognised or endorsed by relevant training agencies, such as the National Accreditation Authority for Translators and Interpreters, or a diploma or advanced diploma upon completing all courses required by the respective programmes. For the year ended 31 August 2019, its total number of students was 837.

Enrolment and Utilization

The table below sets forth the number of students and utilization rate# of the Group for the school years of 2017/2018 and 2018/2019 respectively:

	Number of students/school year			Utilization rate/school year		
	2017/2018	**2018/2019**	**Change (%)**	**2017/2018**	**2018/2019**	**Change (%)**
Huashang College	21,770	22,665	4.1%	91.3%	95.1%	3.8%
Huashang Vocational College	9,735	9,541	(2.0%)	88.1%	86.4%	(1.7%)
GBCA*	712	837	17.6%	N/A	N/A	N/A
Grand total	**32,217**	33,043	2.6%	**90.3%**	94.7%	4.4%

Notes:

* Since GBCA does not provide accommodation for its students. As such, utilization rate is not available for GBCA

\# Utilisation rate equals to the schools' actual student enrolment according to internal records of respective schools in August, divided by the approximate number of students that the schools' dormitories are designed to accommodate for the relevant school year, which is derived from the number of beds in the standard rooms of the relevant dormitories according to internal records at the commencement of the relevant school year in September

Tuition Fees and Boarding Fees

The table below sets forth the Group's tuition fees, boarding fees and other revenue* for the year ended 31 August 2018 and 2019 respectively:

	For the year ended 31 August			
	2018	**2019**	**Change**	**Change (%)**
	RMB'000	*RMB'000*	*RMB'000*	
Tuition fees				
Huashang College	431,531	494,802	63,271	14.7%
Huashang Vocational College	140,109	143,657	3,548	2.5%
GBCA#	8,147	8,761	614	7.5%
Grand total	579,787	647,220	67,433	11.6%
Boarding fees and other revenue				
Huashang College	37,052	39,233	2,181	5.9%
Huashang Vocational College	16,745	16,749	4	0.02%
GBCA#	2,797	1,037	(1,760)	(62.9%)
Grand total	56,594	57,019	425	0.8%

Notes:

* Other revenue represents the university cooperation programme fees which were mainly attributable to the undergraduate programmes provided through cooperation of GBCA and the University of Canberra

\# Since GBCA does not provide accommodation for its students, its revenue only included tuition fees and fees from university cooperation programme

Outlook

Benefited from the support of favourable national policies and growing demand over supply of bachelor's degree programmes in vocational education and training, the Group will keep enhancing its leading position among private higher education institutions in Greater Bay Area, and further promote its reputation at home and abroad. Looking forward, the Group will promote its business growth through three strategies stated below and push forward the ecological construction of smart campuses by the way of informationization:

Business and Cashflow Stabilization Strategy

The Group will increase its investment in existing campuses and teaching facilities at Huashang College and Huashang Vocational College to further improve the overall environment of its campuses in Zengcheng District. The Group plans to build a Science & Technology Centre and an International Conference Centre at its Zengcheng campus to satisfy the expansion needs of the schools in the next few years. The Science & Technology Centre, with a total GFA of approximately 69,000 sq.m. and estimated capital expenditure amounting to approximately RMB200 million, will be used for education activities. With a total GFA of approximately 28,000 sq.m. and estimated capital expenditure amounting to approximately RMB75 million, the International Conference Centre will be used to host industry meetings, seminars, academic activities and practical training. To further expand the Group's campus network in China, Huashang College is constructing an approximately 533,300 sq.m. new campus in Sihui of Zhaoqing, Guangdong Province, which will accommodate approximately 16,000 students with an estimated total investment of approximately RMB800 million. The Sihui campus is being expected to put into operation in September 2020, which could improve the education resources of Huashang College and Huashang Vocational College, while the total number of students will have an increase of 3,000. For the next few years, the number of students will also record an annual 3,000 increase. The Group is also considering establishing other branches to supplement school resources, thus keep a sustainable powerful internal growth.

Enrich Diversified Education Services & Upgrade Branding Influence Strategy

In order to keep in line with the development of society, the Group continues to optimize disciplines and offers diversified education services, while students can earn a lot. In addition, the Group plans to set up a new office in Shenzhen, the purpose being to serve as the base for innovation entrepreneurship and Fintech and other vocational training. In addition, the Group is considering to acquire new schools in the Pan-Pearl River Delta area, where is economically robust and developed with a strong demand for quality private high education schools as well as education institutions with great development potential in other regions. The Group is in the process of study and negotiation of prospective projects. All plans are under steady progress. The Group will disclose the details of merger and acquisition to the public in due course.

Optimize Pricing Strategy by Internationalization

In addition to GBCA, the Group will follow the asset-light model and launch new campuses in Singapore and London, as a way of expanding its overseas network. To accelerate its overseas expansion, the Group will also take mergers and acquisition of targeted institutions into consideration. The Group's overseas expansion has been supported massively by students and their parents. The building-up of an overseas network will not only offer more options of destination to those who wish to study abroad, but also help students to gain international exposure and improve their language capability.

Building-up of Ecosystem on Smart Campus

Taking advantage of the Group's rich experience in operating schools and its understandings of the education industry, the Group officially kicked off its Smart Campus project in 2015 and launched an online APP, Huashang e-Home, which combined marketing, smart service, talent training, platform for start-ups by students, export of successful cases of operational management, and income generation. As of 31 August 2019, Huashang e-Home has over 220,000 real-name users with an average daily active user ("**DAU**") of 24,000. Until now, 572 services were launched accumulatively to serve more than 1,000,000 people. In the future, the Group will Focus on the "5A" intelligence innovative entrepreneurship stage of colleges. Based on the talent cultivation with internet model, break the innovative entrepreneurship ecosystem construction of traditional campus, combine the school life with entrepreneurship and create the "5A" new innovative entrepreneurship model, i.e. Anyone can do Any business and get Any services related to entrepreneurship and employment at Anywhere in Anytime. The Group will continue its steadfast efforts to build a digital campus platform that facilitates better study and life for the Huashang students. The Group will continue its Smart Campus development to popularization and application about the superior solution of integration in teaching quality, student management, office automation, supporting service administrative management and resources optimization.

Financial Review

Revenue

The Group's revenue mainly represents income derived from tuition fees and boarding fees for the education services provided in the normal course of business at its PRC operating schools and GBCA as well as fees from university cooperation programme recognised overtime for providing various resources and administrative support to the University of Canberra which provided certain of its bachelor's degree programmes at GBCA. For the year ended 31 August 2019, the Group' revenue was approximately RMB704.2 million, representing an increase of approximately 10.7% year-on-year from approximately RMB636.4 million for the corresponding period of last year, which is attributable to the increases in both student enrolment and average tuition fees within the reporting period.

Cost of Revenue

Cost of revenue consists primarily of staff costs, education expenses, depreciation and amortisation, property management expenses, rental expenses, one-off expenses and others. For the year ended 31 August 2019, the Group's cost of revenue amounted to approximately RMB361.8 million, increased by approximately 4.6% year-on-year from approximately RMB346.0 million for the corresponding period of last year.

Gross Profit and Gross Margin

For the year ended 31 August 2019, the Group recorded a gross profit of approximately RMB342.4 million, representing an increase of approximately 17.9% year-on-year from approximately RMB290.4 million for the corresponding period last year. For the year ended 31 August 2019, the Group achieved a gross margin of 48.6%, up by 3.0 percentage points year-on-year as compared with the corresponding period of last year.

Other Income

Other income consists primarily of management fee income, government grants, non-regular training fee income, system maintenance and other service income and others. For the year ended 31 August 2019, the Group recorded other income of approximately RMB22.4 million, representing an increase of approximately 30.2% year-on-year from approximately RMB17.2 million for the same period of last year.

Investment Income

Investment income consists primarily of imputed interest income from amount due from a related party and interest income from banks. For the year ended 31 August 2019, the Group recorded approximately RMB4.6 million from investment income, representing an increase of approximately 360.0% year-on-year from approximately RMB1.0 million for the same period of last year.

Other Gains and Losses

Other gains and losses consist primarily of fair value change on financial assets at fair value through profit or loss, impairment loss recognised on trade receivables, recovery of trade receivables previously written-off, net foreign exchange gain or loss, loss on disposal of property, plant and equipment, write off of property, plant and equipment, gain from changes in fair value of investment properties, gain on disposal of subsidiaries, gain on disposal of an associate and financial guarantee income. For the year ended 31 August 2019, the Group's other gains and losses amounted to approximately RMB29.4 million, representing an increase of approximately 104.2% year-on-year compared with approximately RMB14.4 million for the same period of last year.

Selling and Administrative Expenses

Selling expenses consist of advertising expenses, recruiting expenses, salary expenses and commission fees GBCA paid to admission agents. For the year ended 31 August 2019, the Group's selling expenses amounted to approximately RMB7.2 million, representing an approximately 19.1% year-on-year decrease compared with approximately RMB8.9 million for the same period of last year. Administrative expenses primarily consist of administrative payroll, repair, maintenance and property management expenses, office expenses, depreciation and amortisation, donation, business development related expenses, other tax expenses, one-off expenses and others. For the year ended 31 August 2019, the Group's administrative expenses amounted to approximately RMB81.7 million, representing an increase of approximately 21.2% year-on-year as compared with approximately RMB67.4 million for the same period of last year.

Listing Expenses

For the year ended 31 August 2019, the Group recorded one-off listing expenses of approximately RMB38.9 million in connection with the Initial Public Offering, representing an increase of approximately 826.2% year-on-year as compared with approximately RMB4.2 million for the same period of last year.

Finance Costs

The Group's finance costs include any costs incurred by interest expenses on bank borrowings (after deducting amounts capitalised in the cost of property, plant and equipment). For the year ended 31 August 2019, the Group recorded finance costs of approximately RMB27.7 million, representing an increase of approximately 56.5% year-on-year as compared with approximately RMB17.7 million for the same period of last year.

Profit Before Taxation

For the year ended 31 August 2019, the Group recorded a profit before taxation of approximately RMB243.2 million, representing an increase of approximately 8.2% year-on-year from approximately RMB224.8 million for the same period of last year.

Taxation

For the year ended 31 August 2019, the Group recorded approximately RMB28.1 million in taxation, representing a decrease of approximately 41.0% year-on-year from approximately RMB47.6 million for the same period of last year. As of 31 August 2019, the Group did not have any taxation related disputes with any authorities, or any other unresolved taxation issues.

Adjusted Net Profit

Adjusted net profit is determined by adjusting profit for the year from continuing operations of approximately RMB215.0 million (2018: approximately RMB177.1 million) for the effect of listing expenses of approximately RMB38.9 million (2018: approximately RMB4.2 million) and net foreign exchange gain of approximately RMB17.0 million (2018: net foreign exchange loss of approximately RMB0.1 million). The Group's adjusted net profit increased significantly by approximately 30.6% from approximately RMB181.4 million for the year ended 31 August 2018 to approximately RMB236.9 million for the year ended 31 August 2019.

Property, Plant and Equipment

As of 31 August 2019, the Group's property, plant and equipment amounted to approximately RMB1,180.1 million, representing an increase of approximately 0.4 % year-on-year to approximately RMB1,175.7 million recorded as at 31 August 2018. Such an increase is a result of the construction of a new campus at Sihui of Zhaoqing, Guangdong Province and the reconstruction and expansion of the existing campus.

Capital Expenditures

For the year ended 31 August 2019, the Group recorded approximately RMB254.4 million in capital expenditures, an increase of approximately 92.0% year-on-year from approximately RMB132.5 million for the same period of last year, which was mainly attributable to the costs incurred for maintaining and enhancing the existing school premises, construction of new school premises and acquisition of land for education purpose.

Bank Balances and Cash

As of 31 August 2019, the Group's bank balances and cash was approximately RMB1,352.2 million, representing an increase of approximately 808.7% year-on-year from approximately RMB148.8 million for the same period of last year. The increase was mainly attributable to net proceeds of the Company's Global Offering in the current year amounting to approximately RMB672.4 million and the transfer of structured deposits to bank balance and cash.

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.

USE OF 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 on 16 July 2019 and pursuant to the partial exercise of the over-allotment option on 8 August 2019 amounted to approximately RMB583.0 million, after deducting underwriting commissions and other listing expenses paid and payable by the Group in the global offering. Such net proceeds are intended to be or have been applied in accordance with the proposed applications as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus. 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	Percentage of total net proceeds	Net proceeds	Utilised amount during the period from the Listing Date to 31 August 2019	Unutilised amount at 31 August 2019	Expected timeline for intended use of unutilised amount at 31 August 2019
		RMB'million	*RMB'million*	*RMB'million*	
Establishment and development of Huashang College Sihui Campus	30%	174.9	3.8	171.1	September 2020
Construction of a science and technology centre	7%	40.8	0.1	40.7	September 2020
Construction of an international conference centre	3%	17.4	9.1	8.3	December 2019
Investments in new education institutions or acquisitions of other education institutions	30%	174.9	—	174.9	*Note (i)*
Supporting existing overseas operations in Australia and other overseas expansions	10%	58.3	0.2	58.1	N/A
Establishment of the education institutions in the United Kingdom	5%	29.2	—	29.2	Early 2020
Establishment of the education institutions in Singapore	5%	29.2	—	29.2	Mid 2020
Working capital and for general corporate purposes	10%	58.3	48.9	9.4	N/A
	100%	583.0	62.1	520.9	

Note:

(i) As of the date of this announcement, no legal binding agreement in respect of the investments in new education institutions or acquisitions of other education institutions, has been entered into by the Group.

HUMAN RESOURCES

As at 31 August 2019, the Group had approximately 2,300 employees. The Group offers competitive remuneration packages to the employees, which are determined in accordance with the relevant laws and regulations of the local jurisdictions where the Group operates and the individual qualification, experience and performance of the relevant employees, as well as the prevailing salary levels in the market. In addition, the Group provides other comprehensive fringe benefits to the employees, including social insurance and mandatory provident funds, complying with the applicable laws and regulations.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the articles of association of the Company, or the laws of Cayman Islands, which would oblige the Company to offer new shares of the Company on a pro-rata basis to its existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

The shares of the Company were first listed on the Main Board of the Stock Exchange on 16 July 2019. Neither the Company nor its subsidiaries have purchased, redeemed or sold any of the Company's listed securities during the period from the Listing Date and up to the date of this announcement.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting (the "**AGM**") of the Company will be held on 21 January 2020. Notice of the AGM will be published and issued to the shareholders in due course.

FINAL DIVIDEND

The Board has resolved to recommend payment of a final dividend in respect of the year ended 31 August 2019 of HK1 cent (2018: nil) per ordinary share to shareholders whose names appear on the register of members of the Company on 12 February 2020. It is subject to approval by the shareholders at the AGM of the Company, and, if approved, will be paid in cash on or around 28 February 2020.

CLOSURE OF REGISTER OF MEMBERS

Entitlement to attend and vote at the AGM

The register of members of the Company will be closed during the period from 16 January 2020 to 21 January 2020, both days inclusive and during which period no share transfer will be effected, for the purpose of ascertaining shareholders' entitlement to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 15 January 2020.

Entitlement to the proposed final dividend

The register of members of the Company will be closed during the period from 10 February 2020 to 12 February 2020, both days inclusive and during which period no share transfer will be effected, for the purpose of ascertaining shareholders' entitlement to the proposed final dividend. In order to establish entitlements to the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 7 February 2020.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, as at the date of this announcement, the Company has maintained the public float as required under the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

CORPORATE GOVERNANCE

The Company recognises the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the shareholders of the Company as a whole. The Company has adopted the code provisions as set out in the Corporate Governance Code (the "**CG Code**") as contained in Appendix 14 to the Listing Rules as its own code to govern its corporate governance practices.

In the opinion of the Directors, the Company has complied with the relevant code provisions contained in the CG Code during the period from the Listing Date and up to the date of this announcement.

The Board will continue to review and monitor the practices of the Company with an aim to maintaining a high standard of corporate governance.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its code of conduct regarding dealings in the securities of the Company by the Directors and the Company's senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Company's securities.

Upon specific enquiry, all Directors confirmed that they have complied with the Model Code during the period from the Listing Date and up to the date of this announcement. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Company during the period from the Listing Date and up to the date of this announcement.

REVIEW OF FINANCIAL STATEMENTS

Audit Committee

The Company has established an audit committee (the "**Audit Committee**") with written terms of reference in accordance with the Listing Rules. The Audit Committee comprises three independent non-executive Directors, namely, Mr. Lo Chi Chiu, Mr. Xu Gang and Mr. Li Jiatong. Mr. Lo Chi Chiu is the chairman of the Audit Committee.

The Audit Committee had reviewed together with the management of the Company, the Group's audited consolidated financial statements and annual results for the year ended 31 August 2019, the accounting principles and policies adopted by the Group and discussed internal control and financial reporting matters of the Group.

Scope of Work of Deloitte Touche Tohmatsu

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 2019 as set out in this announcement have been agreed by the Group's auditor, Deloitte Touche Tohmatsu (the "**Auditor**"), to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 August 2019.

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 announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.edvantagegroup.com.hk). The annual report of the Company for the year ended 31 August 2019 will be despatched to the shareholders of the Company and published on the aforesaid websites in due course.

By order of the Board
Edvantage Group Holdings Limited
Liu Yung Chau
Chairman and Executive Director

Hong Kong, 5 November 2019

As at the date of this announcement, the executive Directors are Mr. Liu Yung Chau, Ms. Chen Yuan, Rita and Ms. Liu Yi Man, the non-executive Director is Mr. Liu Yung Kan; and the independent non-executive Directors are Mr. Xu Gang, Mr. Lo Chi Chiu and Mr. Li Jiatong.