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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 29 FEBRUARY 2020

HIGHLIGHTS

	Note	**Six months ended 29 February 2020 (unaudited)**	28 February 2019 (audited)	**Percentage increase**
Revenue *(RMB'000)*		**418,256**	351,795	18.9%
Gross profit *(RMB'000)*		**204,074**	165,517	23.3%
Adjusted net profit *(RMB'000)*	(i)	**150,844**	111,428	35.4%
Profit for the period attributable to owners of the Company *(RMB'000)*		**147,135**	92,991	58.2%
Basic earnings per share *(RMB cents)*		**14.45**	12.40	16.5%
Dividend per share — Interim dividend *(HK cents)*		**4.90**	—	N/A
Number of student enrolments		**35,300**	32,693	8.0%

Note:

(i) For the six months ended 29 February 2020, adjusted net profit is determined by adjusting profit for the period from continuing operations of RMB147,135,000 for the effect of net foreign exchange loss of RMB2,364,000 and share-based payments of RMB1,345,000.

For the six months ended 28 February 2019, adjusted net profit is determined by adjusting profit for the period from continuing operations of RMB91,283,000 for the effect of net foreign exchange gain of RMB565,000 and listing expenses of RMB20,710,000.

RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Edvantage Group Holdings Limited (the "**Company**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 29 February 2020 (the "**reporting period**") with comparative figures for the six months ended 28 February 2019 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 29 February 2020

		Six months ended	
	NOTES	**29 February 2020** ***RMB'000*** **(unaudited)**	28 February 2019 *RMB'000* (audited)
Continuing operations			
Revenue	3	**418,256**	351,795
Cost of revenue		**(214,182)**	(186,278)
Gross profit		**204,074**	165,517
Other income		**12,368**	11,330
Investment income		**10,850**	285
Other gains and losses	4	**2,882**	14,822
Selling expenses		**(4,267)**	(2,981)
Administrative expenses		**(59,419)**	(33,163)
Listing expenses		**—**	(20,710)
Finance costs		**(11,979)**	(14,431)
Profit before taxation		**154,509**	120,669
Taxation	5	**(7,374)**	(29,386)
Profit for the period from continuing operations	6	**147,135**	91,283
Discontinued operation			
Profit for the period from discontinued operation		**—**	7,464
Profit for the period		**147,135**	98,747
Other comprehensive income			
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		**393**	232
Other comprehensive income for the period		**393**	5,088
Total comprehensive income for the period		**147,528**	103,835

	NOTE	Six months ended **29 February 2020** ***RMB'000*** **(unaudited)**	 28 February 2019 *RMB'000* (audited)
Profit for the period attributable to owners of the Company			
— from continuing operations		**147,135**	85,520
— from discontinued operation		**—**	7,471
		147,135	92,991
Profit (loss) for the period attributable to non-controlling interests			
— from continuing operations		**—**	5,763
— from discontinued operation		**—**	(7)
		—	5,756
		147,135	98,747
Total comprehensive income for the period attributable to			
— owners of the Company		**147,528**	97,690
— non-controlling interests		**—**	6,145
		147,528	103,835
From continuing and discontinued operations			
Earnings per share	8		
Basic *(RMB cents)*		**14.45**	12.40
Diluted *(RMB cents)*		**14.45**	N/A
From continuing operations			
Earnings per share	8		
Basic *(RMB cents)*		**14.45**	11.40
Diluted *(RMB cents)*		**14.45**	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 29 February 2020

	NOTES	At 29 February 2020 RMB'000 (unaudited)	At 31 August 2019 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	**1,378,881**	1,180,097
Right-of-use assets	9	**268,570**	—
Prepaid lease payments		**—**	198,955
Investment properties		**44,900**	44,900
Goodwill		**1,546**	—
Intangible assets		**7,589**	—
Deposits paid for acquisition of property, plant and equipment		**70,382**	2,457
Deferred tax asset		**4,387**	5,423
		1,776,255	1,431,832
CURRENT ASSETS			
Inventories		**519**	455
Trade receivables, deposits, prepayments and other receivables	10	**144,477**	31,805
Amounts due from related parties		**3,332**	2,330
Financial assets at fair value through profit or loss		**104,433**	252,666
Prepaid lease payments		**—**	5,288
Pledged bank deposits		**—**	50,000
Bank balances and cash		**742,315**	1,352,220
		995,076	1,694,764
CURRENT LIABILITIES			
Contract liabilities		**418,844**	681,756
Trade payables	11	**6,932**	6,642
Other payables and accrued expenses		**83,821**	106,374
Amounts due to related parties		**1,102**	3,131
Deferred income		**5,882**	6,458
Income tax payable		**42,452**	39,822
Bank borrowings		**49,400**	166,399
Lease liabilities		**4,800**	—
Dividend payable		**—**	8,232
		613,233	1,018,814
NET CURRENT ASSETS		**381,843**	675,950
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,158,098**	2,107,782

	At 29 February 2020 *RMB'000* (unaudited)	At 31 August 2019 *RMB'000* (audited)
NON-CURRENT LIABILITIES		
Bank borrowings	**280,400**	389,600
Lease liabilities	**25,279**	—
Deferred tax liabilities	**115,060**	112,522
	420,739	502,122
	1,737,359	1,605,660
CAPITAL AND RESERVES		
Share capital	**70,005**	70,005
Reserves	**1,667,354**	1,535,655
	1,737,359	1,605,660

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (the "**IASB**") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain investment properties and financial instruments, which are measured at fair values at the end of each reporting period.

Other than the accounting policies of business combinations, goodwill, intangible assets, share-based payments and changes in accounting policies resulting from application of new and amendments to International Financial Reporting Standards ("**IFRSs**") stated below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 29 February 2020 are the same as those presented in the Group's annual financial statements for the year ended 31 August 2019.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair values, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in IFRS 16 *Lease*) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

Intangible assets

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Share-based payments

Equity-settled share-based payment transactions

Share options granted to employees under share option scheme

The Group operates a share option scheme which allows it to grant share options to selected employees. Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessments of all relevant non-marketing vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share option reserve.

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

When share options granted are vested, the amount previously recognised in share option reserve will be transferred to retained profits.

Shares granted to employees under share award scheme

The Group operates share award scheme which allows it to grant shares to selected employees. For the shares granted to the employees, the fair value of the employee services received in exchange for the grant of the shares is recognised as an expense over the vesting period. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares granted.

At the end of each reporting period, the Group revises its estimate of the number of award shares that are expected to vest. The impact of the revision of original estimates, if any, is recognised in profit or loss, such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share award reserve.

At the time when the award shares are vested, the amount previously recognised in shares held under share award scheme and the amount of the share award reserve will be transferred to retained profits.

Application of new and amendments to IFRSs

In the current interim period, the Group has applied, for the first time, certain new and amendments to IFRSs issued by the IASB which are mandatory effective for the annual period beginning on or after 1 September 2019 for the preparation of the Group's condensed consolidated financial statements.

Except as described below, the application of the new and amendments to IFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

2.1 Impacts and changes in accounting policies of application on IFRS 16 Leases

The Group has applied IFRS 16 for the first time in the current interim period. IFRS 16 superseded IAS 17 *Leases* ("**IAS 17**"), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 *Determining whether an Arrangement contains a Lease* and has not applied this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 September 2019, the Group applies the definition of a lease in accordance with the requirements set out in IFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied IFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 September 2019.

Application of IFRS 16.C8(b)(ii) transition

As at 1 September 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying IFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

On transition, the Group has made the following adjustments upon application of IFRS 16:

Other than the reclassification of prepaid lease payments of RMB204,243,000 and adjustments on rental deposits of RMB55,000 and accrued lease liabilities relating to rent-free period of RMB1,597,000, the Group recognised lease liabilities of RMB24,412,000 and related right-of-use assets of RMB24,412,000 at 1 September 2019 by applying IFRS 16.C8(b)(ii) transition.

As a lessor

In accordance with the transitional provisions in IFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with IFRS 16 from the date of initial application and comparative information has not been restated. The application of IFRS 16 by the Group as a lessor in the current period has had no material impact on the Group's financial position as at 29 February 2020 and the results for the six months ended 29 February 2020.

2.2 Impacts and changes in accounting policies of application on IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The interpretation requires the Group to determine whether uncertain tax positions are assessed separately or as a group; and assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by individual group entities in their respective income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

Although the Implementation Rules for the Law for Promoting Private Education (the "**Implementation Rules**") has been announced, the details underlying the Implementation Rules has not been finalised, the educational institution of the Group in the People's Republic of China (the "**PRC**") has not yet elected to be for-profit or not-for-profit schools, there will be uncertainty whether the schools could continue to follow previous PRC Enterprise Income Tax exemption treatment for the tuition related income, when facts and circumstances change or new information become available. The current tax having considered the current income tax exemption granted for tuition related income from relevant local tax authorities represented the most likely amount. The management would reassess any judgements and estimates if the facts and circumstances change or new information becomes available.

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:

	Six months ended	
	29 February 2020	28 February 2019
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Type of services		
Tuition fees recognised overtime	**381,544**	323,315
Boarding fees recognised overtime	**35,900**	28,010
Fees from university cooperation programme recognised overtime	**812**	470
	418,256	351,795

Segment revenue and results

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 Yung Chau and Ms. Chen Yuan, Rita, executive directors of the Company, 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 and vocational education institutions in the PRC; and

2. Overseas higher education and vocational education — operation of higher 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.

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

For the six months ended 29 February 2020 (unaudited)

Continuing operations

	PRC higher education and vocational education *RMB'000*	Overseas higher education and vocational education *RMB'000*	Total *RMB'000*
Revenue			
External sales and segment revenue	412,033	6,223	418,256
Segment profit (loss)	164,806	(2,064)	162,742
Unallocated corporate expenses			(10,146)
Unallocated corporate income			4,277
Other gains and losses			(2,364)
Profit before taxation from continuing operations			154,509

For the six months ended 28 February 2019 (audited)

Continuing operations

	PRC higher education and vocational education *RMB'000*	Overseas higher education and vocational education *RMB'000*	Total *RMB'000*
Revenue			
External sales and segment revenue	347,128	4,667	351,795
Segment profit (loss)	151,533	(4,596)	146,937
Unallocated corporate expenses			(6,137)
Unallocated corporate income			14
Other gains and losses			565
Listing expenses			(20,710)
Profit before taxation from continuing operations			120,669

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit (loss) represent the profit earned by/loss 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.

4. OTHER GAINS AND LOSSES

	Six months ended	
	29 February 2020 ***RMB'000*** **(unaudited)**	28 February 2019 *RMB'000* (audited)
Continuing operations		
Fair value change on financial assets at fair value through profit or loss	**5,246**	9,261
Impairment loss recognised on trade receivables	**—**	(28)
Net foreign exchange (loss) gain	**(2,364)**	565
Financial guarantee income	**—**	5,024
	2,882	14,822

5. TAXATION

	Six months ended	
	29 February 2020	28 February 2019
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Continuing operations		
Current tax		
— Hong Kong Profits Tax	**362**	159
— Enterprise Income Tax	**1,188**	22,867
Withholding tax	**2,250**	—
	3,800	23,026
Deferred tax	**3,574**	6,360
Total	**7,374**	29,386

According to the Implementation Rules, private schools for which the school sponsors do not require reasonable returns are eligible to enjoy the same preferential tax treatment as public schools. As a result, private schools, which are providing academic qualification education, are eligible to enjoy income tax exemption treatment if the school sponsors of such schools do not require reasonable returns. Certain private higher and vocational education institutions have been granted enterprise income tax exemption for the tuition related income from relevant local tax authorities. During the six months ended 29 February 2020, the non-taxable tuition related income amounted to RMB412,033,000 (six months ended 28 February 2019: RMB80,683,000), and the related non-deductible expense amounted to RMB299,119,000 (six months ended 28 February 2019: RMB63,190,000).

6. PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS

	Six months ended	
	29 February	28 February
	2020	2019
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Profit for the period from continuing operations has been arrived at after charging:		
Staff costs, including directors' remuneration		
— salaries and other allowances	**115,092**	93,926
— retirement benefit scheme contributions	**15,030**	7,972
— share-based payments	**1,345**	—
Total staff costs	**131,467**	101,898
Depreciation of property, plant and equipment	**29,253**	29,655
Depreciation of right-of-use assets	**5,329**	—
Amortisation of prepaid lease payments	**—**	2,090
Minimum operating lease rental expense in respect of rented premises	**—**	2,306
Short-term lease expenses	**184**	—

7. DIVIDENDS

During the current interim period, the Company recognised the following dividend as distribution:

	Six months ended	
	29 February	28 February
	2020	2019
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Final dividend for the preceding financial year ended 31 August 2019 of HK1 cent per ordinary share (six months ended 28 February 2019: nil)	**9,152**	—

Subsequent to the end of the current interim period, the Directors have determined that an interim dividend of HK4.90 cents per ordinary share for the six months ended 29 February 2020 (six months ended 28 February 2019: nil), in an aggregate amount of HK$49,900,000 which is calculated based on the number of issued shares of the Company as at 29 February 2020 (six months ended 28 February 2019: nil), will be declared and paid to the shareholders of the Company whose names appear in the Company's register of members on 29 May 2020.

8. 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:

	Six months ended	
	29 February 2020	28 February 2019
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Earnings:		
Profit for the period from continuing operations attributable to owners of the Company for the purposes of calculating basic and diluted earnings per share	**147,135**	85,520

	Six months ended	
	29 February 2020	28 February 2019
	(unaudited)	(audited)
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,017,975,813**	750,000,000
Effect of dilutive potential ordinary shares:		
Unvested awarded shares	**386,187**	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,018,362,000**	N/A

The weighted average number of ordinary shares for the purpose of basic earnings per share for the six months ended 28 February 2019 had been adjusted for 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 became in effective on 1 September 2018.

The computation of diluted earnings per share does not assume the exercise of the Company's options because the exercise prices of those options were higher than the average market prices of shares of the Company during the six months ended 29 February 2020.

No diluted earnings per share for the six months ended 28 February 2019 was presented as there were no potential dilutive ordinary shares in issue during the six months ended 28 February 2019.

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 six months ended 29 February 2020 was based on the consolidated profit for the period from continuing and discontinued operations attributable to owners of the Company of RMB147,135,000 (six months ended 28 February 2019: RMB92,991,000) and the denominators detailed above for basic and diluted earnings per share.

For discontinued operation

Basic earnings per share from discontinued operation for the six months ended 28 February 2019 was RMB1 cent per share, calculated based on the profit for the period from discontinued operation attributable to owners of the Company of RMB7,471,000 and the denominators detailed above for basic earnings per share. No diluted earnings per share from discontinued operation was presented as there were no potential dilutive shares during the six months ended 28 February 2019.

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT/RIGHT-OF-USE ASSETS

During the current interim period, the Group acquired property, plant and equipment of RMB228,105,000 (six months ended 28 February 2019: RMB68,187,000).

During the current interim period, the Group entered into new lease agreements for the use of school premise and office for five to six years. During the current interim period, upon lease commencement, the Group recognised right-of-use assets of RMB7,801,000 and lease liabilities of RMB7,459,000, respectively, excluding short-term leases as defined in Note 2 to these condensed consolidated financial statements. In addition, the Group has made payments for leasehold land amounting to RMB38,985,000 which were recognised as additions to right-of-use assets during the current interim period.

10. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	At 29 February 2020 *RMB'000* (unaudited)	At 31 August 2019 *RMB'000* (audited)
Trade receivables	**3,928**	393
Less: allowance for credit losses	**(81)**	(81)
	3,847	312
Receivables from education departments	**335**	306
Deposits, prepayments and other receivables	**140,295**	31,187
Total	**144,477**	31,805

The following is an analysis of trade receivables and receivables from education bureaus, net of allowance for credit losses, by age, presented based on debit note at the end of reporting period.

	At 29 February 2020 *RMB'000* (unaudited)	At 31 August 2019 *RMB'000* (audited)
0–30 days	**—**	—
31–90 days	**2,453**	251
91–180 days	**1,393**	225
181–365 days	**285**	94
Over 365 days	**51**	48
Total	**4,182**	618

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 the end of reporting period.

	At 29 February 2020 *RMB'000* **(unaudited)**	At 31 August 2019 *RMB'000* (audited)
0–60 days	**1,905**	1,799
61–180 days	**1,183**	1,008
181–365 days	**737**	607
Over 365 days	**3,107**	3,228
	6,932	6,642

12. ACQUISITION OF A BUSINESS

In December 2019, the Group acquired 100% equity interest in NYU Language School PTE. Ltd. ("**NYU Language School**") at a consideration of Singapore Dollar 2,049,000 (equivalent to RMB10,600,000). This acquisition has been accounted for using the acquisition method. NYU Language School is a private company incorporated in Singapore with principal activities of conducting the vocational education training. The consideration was fully settled in cash.

13. EVENT AFTER THE END OF THE REPORTING PERIOD

During the reporting period, the Group experienced the global outbreak of a novel coronavirus pneumonia epidemic ("**COVID-19**"). Since the industry in which the Group operates is higher education, the Group was minimally affected. In early March 2020, Huashang College Guangdong University of Finance and Economics (廣東財經大學華商學院) and Guangzhou Huashang Vocational College (廣州華商職業學院) opened as scheduled. Guided by the national policy of "**classes suspended but learning continues**" ("**停課不停學**"), the Group actively arranged students to switch from studying offline to online, and online teaching progressed smoothly, the management of the Group considered that COVID-19 would not have any significant impact on the results and revenue of the Group up to date of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

Operation Overview

According to Frost & Sullivan, in terms of total student enrolment of business majors for the 2018/2019 school year, the Group is the largest private higher education group in the Guangdong-Hong Kong-Macau Greater Bay Area ("**Greater Bay Area**") of the PRC. The Group currently operates two private schools in China, i.e. Huashang College Guangdong University of Finance and Economics (廣東財經大學華商學院) ("**Huashang College**") and Guangzhou Huashang Vocational College (廣州華商職業學院) ("**Huashang Vocational College**") and one private education institution in Australia, Global Business College of Australia ("**GBCA**"), and acquired NYU Language School, a private education institution in Singapore, during the reporting period. Below is the operational performance of the schools:

Huashang College

Huashang College, located at Zengcheng District of Guangzhou, Guangdong Province, PRC, is an independent college established with Guangdong University of Finance and Economics and approved by the Ministry of Education in 2006. It is a top-level full-time application-oriented undergraduate school with distinct characteristics of finance and economics and offering various disciplines including economics, management, literal arts, engineering, arts, education, science, and medicine. It moved up six spots from the previous year to the 29th place in the 2020 ranking of top independent colleges released by CUAA.NET, and was rated as "**China's Top-Level Independent College**". During the reporting period, Huashang College offered 37 undergraduate majors, including three new majors, namely, taxation, cosmetic science and technology, and science of Chinese traditional medicine. In terms of student enrolment in the 2019/2020 school year, the top five majors were accounting, English, international economics and trade, financial engineering and Chinese literature. Among majors, accounting and journalism were designated as a **"featured key disciplines in Guangdong Province" ("廣東省特色重點學科")** and **"key development disciplines of universities and colleges in Guangdong province" ("廣東省高校重點培育學科")**, respectively and included in **"leading top undergraduate majors for development in Guangdong province" ("廣東省一流本科專業建設點")**. In the 2019/2020 school year, the minimum scores of liberal arts and science students for admission to Huashang College were 31 and 28 points higher than minimum admission scores of Guangdong Province, respectively. During the reporting period, the number of student enrolments in Huashang College was 24,110, representing a year-on-year increase of 6.5% and the average tuition fee for its student enrolments was RMB24,315, representing a year-on-year increase of 11.3%.

Huashang Vocational College

Established in 2009, Huashang Vocational College is located in Zengcheng District of Guangzhou, Guangdong Province, PRC. As a full-time higher vocational college approved by Guangdong Province Government and recognized by the Ministry of Education, Huashang Vocational College has created a situation where multiple disciplines and majors develop in a coordinated way by actively expanding a group of majors related to education, art design and modern services with a focus on business, engineering, and pharmaceuticals and massive health. During the reporting period, Huashang Vocational College offered 44 junior college diploma majors including 10 new majors such as medical aesthetics technology, health management, interior art design and automotive electronics technology. Among the majors, tourism and hotel management were rated by the Education Department of Guangdong Province as "**key development disciplines**" ("**重點建設學科**"). During the reporting period, the number of student enrolments in Huashang Vocational College was 10,661, representing a year-on-year increase of 11.8% and the average tuition fee for its student enrolments was RMB15,573, representing a year-on-year increase of 3.4%.

GBCA

Located in Melbourne, Australia, GBCA is a private vocational education and registered training organisation recognised by the Australian Skills Quality Authority (ASQA) and approved by the Australian government in 2015. It is committed to providing a multicultural academic platform for students from both Australia and abroad and serving as an international platform for students from schools operated by the Group in China to study abroad and gain valuable international community experience. GBCA offers vocational education courses and non-academic short-term courses. A total of 22 training courses were offered during the reporting period. These courses are divided into five 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. During the reporting period, its number of student enrolments was 506.

NYU Language School

During the reporting period, the Group acquired NYU Language School, a Singaporean private education institution. Established in 1991, the school has attained the authoritative EduTrust certification from the Ministry of Education, Singapore. It offers short-term and long-term language training courses and various courses in preparation for entrance to Singaporean schools for Singaporeans and international students. It is qualified to offer internationally-recognised courses and accept local and overseas students in Singapore. The Group has established the Singapore campus based in the existing NYU Language School. The new campus is situated in the city centre with favourable geographical location and excellent accessibility. It is also in the vicinity of various universities, including the National University of Singapore and the Nanyang Academy of Fine Arts, which are accessible within a short period of time. The new campus is expected to be put into use in the second quarter of 2020. The Group will then gradually add new teaching content. For example, the Group's **"Global Immersion Program"** will continuously provide short-term overseas courses (such as arts and landscape design courses) for students from the families of Chinese businessmen. The number of student enrolments was 23 up to the end of the reporting period following the Group's acquisition of NYU Language School in December 2019.

Tuition Fees and Boarding Fees

The table below sets forth the Group's tuition fees, boarding fees and other revenue for the six months ended 28 February 2019 and 29 February 2020 respectively:

	Six months ended			
	29 February 2020	**28 February 2019**	**Change**	**Percentage change (%)**
	RMB'000	*RMB'000*		
	(Unaudited)	(Audited)		
Tuition fees				
Huashang College	293,121	247,316	45,805	18.5%
Huashang Vocational College	83,012	71,802	11,210	15.6%
GBCA	5,274	4,197	1,077	25.7%
NYU Language School#	137	—	137	N/A
Grand total	**381,544**	**323,315**	**58,229**	**18.0%**
Boarding fees and other revenue				
Huashang College	24,310	19,626	4,684	23.9%
Huashang Vocational College	11,590	8,384	3,206	38.2%
GBCA[1]	812	470	342	72.8%
Grand total	**36,712**	**28,480**	**8,232**	**28.9%**

Notes:

(1) Since GBCA does not provide accommodation for its students, its revenue only included fees from university cooperation programmes (mainly from revenue derived from joint provision of certain undergraduate courses by GBCA and the University of Canberra)

The Group completed the acquisition of NYU Language School in December 2019, therefore post-acquisition relevant data up to the end of the reporting period is presented.

Number of Student Enrolments

The table below sets forth the number of student enrolments in the Group's schools for the six months ended 28 February 2019 and 29 February 2020 respectively:

	Six months ended 29 February 2020	28 February 2019	Change	Percentage change (%)
Number of student enrolments				
Huashang College	24,110	22,639	1,471	6.5%
Huashang Vocational College	10,661	9,533	1,128	11.8%
GBCA	506	521	(15)	–2.9%
NYU Language School#	23	—	23	N/A
Total	**35,300**	**32,693**	**2,607**	**8.0%**

The Group completed the acquisition of NYU Language School in December 2019, therefore post-acquisition relevant data up to the end of the reporting period is presented.

Average tuition fees

The table below sets forth average tuition fees of the Group's schools for the six months ended 28 February 2019 and 29 February 2020 respectively:

	Six months ended 29 February 2020 *RMB*	28 February 2019 *RMB*	Change	Percentage change (%)
Average tuition fees				
Huashang College	**24,315**	21,849	**2,466**	**11.3%**
Huashang Vocational College	**15,573**	15,064	**509**	**3.4%**
GBCA	**10,422**	8,055	**2,367**	**29.4%**
NYU Language School#	**5,967**	N/A	N/A	N/A

The Group completed the acquisition of NYU Language School in December 2019, therefore post-acquisition relevant data up to the end of the reporting period is presented.

BUSINESS UPDATE AND OUTLOOK

During the reporting period, the Group experienced the global outbreak of COVID-19. Since the industry in which the Group operates is higher education, the Group was minimally affected. Huashang College and Huashang Vocational College opened as scheduled in early March, 2020. Guided by the national policy of "**classes suspended but learning continues**" (**"停課不停學"**), the Group actively arranged students to switch from studying offline to online, and online teaching progressed smoothly. In addition, the Group's APP "**Huashang e-Home**" (**"華商E家"**) fully demonstrated its advantages by providing various convenient services for Internet-assisted teaching, faculty and student management services, and faculty's and students' lives during this period for responding to the COVID-19 epidemic. The Group will also seize this online education opportunity to focus on the future and constantly discover and explore typical cases, laying the foundation for reform in online education.

Looking forward, the Group will continuously strengthen its core business, vigorously develop vocational education and training business, constantly improve the quality of the Group's education services, enhance the overall operation level and achieve higher profitability through diversified models:

Continuous Strengthening of the Core Business:

Improvement in School Condition and Teaching Resources

- **New Sihui campus:** The new Sihui campus of Huashang College will be put into operation as scheduled in September 2020. The new campus covers an area of approximately 533,300 sq. m. (800 Mu) and can accommodate approximately 16,000 students. The net increase in the number of students is expected to record no fewer than 3,000 each year.

- **Existing Zengcheng campus:** The constructions of the Huashuang Science & Technology Centre and Huashang International Conference Centre on the Zengcheng campus are in progress as scheduled. The Huashuang Science & Technology Centre will be mainly used for related teaching activities, and the Huashang International Conference Centre will be mainly used to host industry or school-enterprise meetings, academic activities and practical training.

Diversification of Education Services

- **New teaching venue in Shenzhen:** The new teaching venue in Shenzhen is located in The Mixc Commercial Zone (萬象天地商圈), Nanshan District, Shenzhen and is expected to commence operation in the second quarter of 2020. It will serve mainly for the purpose of high-end vocational certificate training and examinations, high-end business activities and academic salons and serve as an innovation entrepreneurship base/incubator, an extracurricular practice base, and a place for delivering employment and internship skills training.

Course Improvement

- **Comprehensive strategic cooperation with SenseTime:** The Group signed a comprehensive strategic cooperation agreement with SenseTime Group Limited ("**SenseTime**"), a world-leading artificial intelligence platform company, on 12 November 2019. The cooperation content includes developing artificial intelligence courses (including providing general education courses for students from Huashang College and Huashang Vocational College and providing major courses for students from the school of data science in Huashang College and Huashang Vocational College) and train compound talents in combination with superior disciplines. The Group plans to offer relevant courses from the 2020/2021 school year.

- **Cooperation with the Southwest University of Political Science and Law:** The Group entered into a cooperation agreement with the Southwest University of Political Science and Law in Chongqing, PRC in relation to the joint establishment of Southwest University of Political Science & Law Huashang College (西政華商學院) on 31 December 2019 to award double bachelor's degree Business + Law inter-disciplinary talent to enhance the level of recognition and the competitiveness of its graduates. The Group expects that the tuition fees of the joint programme will improve considerably.

- **Comprehensive strategic cooperation with Kingdee Group:** The Group signed a comprehensive strategic cooperation agreement with Kingdee Software China Company Ltd. ("**Kingdee Group**"), a leading enterprise management software and e-commerce application solution provider in the Asia-Pacific region on 12 March 2020. The two parties will work together to promote the integration of production and education, thereby developing compound application talents adapted to enterprise digital management.

Global Expansion and Improvement of Teaching Quality

- **New Singapore campus:** The Group has established the Singapore campus based in the existing NYU Language School. Expected to commence operation in the second quarter of 2020, the new campus is situated in the city centre with favourable geographical location and excellent accessibility. It is also in the vicinity of various universities, including the National University of Singapore and the Nanyang Academy of Fine Arts. The new campus will not only provide short-term and long-term language training courses and language preparatory courses, but also provide college graduate degree and operate other universities' undergraduate and master programs, as well as kinds of non-formal education training and innovation & entrepreneurship courses.

- **New campus in London:** The Group is advancing relevant preparations for a new campus in London. As part of the preparations, software-related work such as licensing application is ongoing. However, due to the COVID-19 epidemic situation, the management of the Group decided to suspend further implement the hardware-related work and strive for further active implementation at an appropriate time. So far, the Group has not invested much in preparing for the new campus in London.

Vigorous development of vocational education training business:

The business of vocational education training of the Group further grew under the provisional government policy on quality classification of vocational skills, i.e. "1 + X" certificate system, introduced for vocational colleges and technical training colleges.

The business of vocational education training of the Group has high growth and gross profit margin and will become a new revenue growth factor for the Group. The Group expects that the revenue of this business segment in the financial year 2019/2020 will increase by approximately 50% or above year-on-year (approximately RMB9 million in the financial year 2018/2019) and its gross profit margin will also exceed that of its core business (gross profit margin of the core business: approximately 48.6% in the financial year 2018/2019). The Group has taken the following main measures during the reporting period to vigorously develop its vocational education training business:

- **Active cooperation with industry-leading institutions/schools to offer high-end vocational education training courses in China and beyond:**

  ➢ Development of AI-related courses with SenseTime (expected to commence in the second quarter of 2020);
  ➢ Development of courses related to enterprise digital management talents with Kingdee Group (expected to commence in the second quarter of 2020); and
  ➢ Implementation of vocational training projects in law with the Southwest University of Political Science and Law through overseas educational resources (expected to commence in the school year of 2020/2021)

- **More certified vocational training courses have been introduced in Zengcheng campus:**

  ➢ such as CFA, junior accountant, computer science, teacher qualification certificate, CET 4, CET 6 and IELTS.

- **Further development of the School of Continuing Education in Zengcheng campus:**

  ➢ The contribution of revenue from continuing education in the school year of 2020/2021 and beyond is expected to be more significant.

In conclusion, the interim results of the Group for the financial year 2019/2020 indicates that the number of student enrolments of the Group will steadily rise and the average tuition fees for student enrolments will have continuous growth potential in the future. In addition, the Group will put enormous efforts to develop vocational training, which is currently credited to other revenue, and bring more value for the shareholders of the Company (the "**Shareholders**").

Financial Review

Revenue

The Group's revenue 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 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 six months ended 29 February 2020, the Group's revenue was approximately RMB418.3 million, representing an increase of 18.9% as compared with the corresponding period of last year, which was attributable to the increases in both number of student enrolments and average tuition fees within the reporting period.

Cost of Revenue

Cost of revenue consists primarily of staff costs, education expenses, depreciation, property management expenses and others. For the six months ended 29 February 2020, the Group's cost of revenue amounted to approximately RMB214.2 million, representing an increase of 15.0% as compared with the corresponding period of last year.

Gross Profit and Gross Margin

For the six months ended 29 February 2020, the Group recorded a gross profit of approximately RMB204.1 million, representing an increase of 23.3% as compared with the corresponding period of last year. For the six months ended 29 February 2020, the Group achieved a gross margin of 48.8%, up by 1.8 percentage points as compared with the corresponding period of last year. The growth was mainly attributable to the increasing number of student enrolments and average tuition fees and various efforts of cost control.

Selling and Administrative Expenses

Selling expenses consist of advertising expenses, recruiting expenses, salary expenses and commission fees GBCA paid to admission agents. For the six months ended 29 February 2020, the Group's selling expenses amounted to approximately RMB4.3 million, representing an increase of 43.1% as compared with the corresponding period of last year. It was mainly attributable to the increases in both advertising expenses for the Group's reinforcement in branding efforts and recruiting expenses for the Group's enlarging student recruiting activities.

Administrative expenses primarily consist of administrative payroll, repair, maintenance and property management expenses, office expenses, depreciation, business development related expenses, other tax expenses and others. For the six months ended 29 February 2020, the Group's administrative expenses amounted to approximately RMB59.4 million, representing an increase of 79.2% as compared with the corresponding period of last year. It was mainly attributable to the increases in administrative payroll in connection with the engagement of additional administrative staff and senior management personnel at the Group companies, repair and maintenance of our Zengcheng campus, office expenses due to increased professional consulting fees and depreciation.

Profit Before Taxation

For the six months ended 29 February 2020, the Group recorded a profit before taxation of approximately RMB154.5 million, representing an increase of 28.0% as compared with the corresponding period of last year.

Adjusted Net Profit

Adjusted net profit is determined by adjusting profit for the year from continuing operations for the effect of net foreign exchange gain or loss, share-based payments and listing expenses, if any. For the six months ended 29 February 2020, the Group's adjusted net profit amounted to approximately RMB150.8 million, representing an increase of 35.4% as compared with the corresponding period of last year.

	Six months ended	
	29 February	28 February
	2020	2019
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Profit for the period from continuing operations	**147,135**	91,283
Adjustments for:		
Net foreign exchange loss (gain)	**2,364**	(565)
Share-based payments	**1,345**	—
Listing expenses	**—**	20,710
	3,709	20,145
Adjusted net profit	**150,844**	111,428

Property, Plant and Equipment

As of 29 February 2020, the Group's property, plant and equipment amounted to approximately RMB1,378.9 million, representing an increase of 16.8% as compared with 31 August 2019. Such an increase was a result of the construction of a new campus for Huashang College at Sihui of Zhaoqing, Guangdong Province and the construction of a science and technology centre at the Zengcheng campus.

Capital Expenditures

For the six months ended 29 February 2020, the Group recorded approximately RMB265.3 million in capital expenditures, representing an increase of 67.8% as compared with the corresponding period of last year. It 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.

Financial Assets at Fair Value Through Profit or Loss (the "FVTPL")

As at 29 February 2020, the Group's financial assets at FVTPL amounted to approximately RMB104.4 million (31 August 2019: RMB252.7 million), being structured deposits issued by banks in the PRC. The decrease was mainly attributable to the redemption net off by the purchase during the reporting period. For the six months ended 29 February 2020, the Group recorded a fair value change on financial assets at FVTPL of approximately RMB5.2 million (six months ended 28 February 2019: RMB9.3 million), which was mainly derived from the structured deposits interest income received and receivable.

Bank Balances and Cash

As of 29 February 2020, the Group's bank balances and cash was approximately RMB742.3 million, representing a decrease of 45.1% as compared with 31 August 2019. The decrease was mainly attributable to capital expenditures and repayment of bank borrowings during the reporting period.

Liquidity, Financial Resources and Gearing Ratio

As at 29 February 2020, the Group had liquid funds (representing bank balances and cash, structured deposits recognised in financial assets at FVTPL and pledged bank deposits) of approximately RMB846.7 million (31 August 2019: RMB1,654.9 million) and bank borrowings of approximately RMB329.8 million (31 August 2019: RMB556.0 million).

The Group's gearing ratio as of 29 February 2020, represented by bank borrowings as a percentage of total assets, was 11.9% (31 August 2019: 17.8%).

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.

Material Acquisitions and Disposals

During the six months ended 29 February 2020, the Group completed an acquisition of a business (i.e. NYU Language School), which principally engaged in provision of vocational education training in Singapore, from an independent third party. The acquisition is consistent with the Group's expansion plans to explore international opportunities and develop international platform for our students to gain valuable exposure to international communities. Details of the acquisition of a business are set out in Note 12 to the condensed consolidated financial statements in this announcement.

Save as disclosed above, the Group had no other material acquisitions or disposals during the reporting period.

Charge on the Group's Assets

As at 29 February 2020, the Group pledged the rights to receive the tuition fees and boarding fees of Huashang Vocational College as securities for the banking facilities granted to the Group.

Save as disclosed above, there was no other material charge on the Group's assets as at 29 February 2020.

Contingent Liabilities

As at 29 February 2020, the Group had no significant contingent liabilities.

Human Resources

As at 29 February 2020, 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. For the six months ended 29 February 2020, the staff costs (including directors' remuneration) of the Group were approximately RMB131.5 million.

Moreover, the Company has adopted a share option scheme and share award scheme (the "**Share Award Scheme**") on 6 June 2019 as incentive for Directors and eligible employees. Details of the said schemes are set out under the section headed "Post-IPO Share Option Scheme and Share Award Scheme" in the 2019 annual report. Details of the grant of share options and grant of award shares under the said schemes during the six months ended 29 February 2020 were set out in the announcement of the Company dated 21 January 2020.

Besides, the Group provides relevant training programs for the employees based on their respective personal career development.

Future Plans on Material Investments

With a view of reinforcing its leading position in the PRC and enhancing its international reputation, the Group has planned a number of expansion projects with the use of proceeds from the Company's Initial Public Offering.

Details of the expansion projects are set out under the section headed "Use of Proceeds from the Company's Initial Public Offering" in this announcement and "Future Plans and Use of Proceeds" in the Prospectus, respectively.

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 (the "**Listing Date**") 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 29 February 2020**	**Unutilised amount at 29 February 2020**	
		RMB'million	*RMB'million*	*RMB'million*	
Establishment and development of Huashang College Sihui Campus	30%	174.9	174.9	—	
Construction of a science and technology centre	7%	40.8	40.8	—	
Construction of an international conference centre	3%	17.4	17.4	—	
Investments in new education institutions or acquisitions of other education institutions	30%	174.9	10.6	164.3	*Note (i)*
Supporting existing overseas operations in Australia and other overseas expansions	10%	58.3	2.5	55.8	
Establishment of the education institutions in the United Kingdom	5%	29.2	—	29.2	*Note (ii)*
Establishment of the education institutions in Singapore	5%	29.2	2.1	27.1	*Note (ii)*
Working capital and for general corporate purposes	10%	58.3	58.3	—	
	100%	583.0	306.6	276.4	

Notes:

(i) As of the date of this announcement, except the acquisition of NYU Language School as disclosed in Note 12 to the condensed consolidated financial statements in 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.

(ii) At 29 February 2020, the net proceeds from the Company's initial public offering with intended use for the establishment of the education institutions in the United Kingdom and Singapore, respectively, had not been fully utilised and; of which the expected timeline was adjusted. The adjustment to the expected timeline was because the senior management of the Company was determining a more appropriate timing in its overseas expansions in light of the global outbreak of COVID-19, which is deemed to be in the interests of the Company.

SUBSEQUENT EVENT

During the reporting period, the Group experienced the global outbreak of COVID-19. The impact of COVID-19 outbreak on the Group and the measures adopted by the Group have been disclosed in Note 13 to the condensed consolidated financial statements in this announcement and under the heading "Business Update and Outlook" in this announcement.

INTERIM DIVIDEND

The Board is pleased to declare an interim dividend in respect of the six months ended 29 February 2020 of HK4.90 cents (six months ended 28 February 2019: nil) per ordinary share, in an aggregate amount of HK$49,900,000 which is calculated based on the number of issued shares of the Company as at 29 February 2020 to Shareholders whose names appear on the register of members of the Company on 29 May 2020, and the interim dividend will be paid in cash on 10 June 2020.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed during the period from 27 May 2020, Wednesday to 29 May 2020, Friday, both days inclusive and during which period no share transfer will be effected, for the purpose of ascertaining Shareholders' entitlement to the interim dividend. In order to establish entitlements to the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar and transfer office, 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 26 May 2020, Tuesday.

CORPORATE GOVERNANCE PRACTICES

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 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.

The Company has complied with the relevant code provisions contained in the CG Code during the reporting period.

The Board will continue to review and monitor the practices of the Company with an aim of 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 own 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 or its securities.

Upon specific enquiry, all Directors confirmed that they have complied with the Model Code during the reporting period. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Group during the reporting period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

Separately, the trustee of the Share Award Scheme, pursuant to the terms of the trust deed of the Share Award Scheme, purchased on the Stock Exchange a total of 1,850,000 shares of the Company at a total consideration of approximately RMB8.0 million during the reporting period.

REVIEW OF FINANCIAL INFORMATION

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 unaudited consolidated interim results and interim report for the six months ended 29 February 2020, the accounting principles and policies adopted by the Group and discussed internal control and financial reporting matters of the Group.

In addition, the Company's external auditor, Deloitte Touche Tohmatsu, has performed an independent review of the Group's interim financial information for the six months ended 29 February 2020 in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity".

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM 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 interim report of the Company for the six months ended 29 February 2020 containing all the information required by the Listing Rules will be dispatched to Shareholders and published on the above websites in due course.

APPRECIATION

On behalf of the Board, I would like to thank all our colleagues for their diligence, dedication, loyalty and integrity. I would also like to thank all our Shareholders, customers, bankers and other business associates for their trust and support.

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

Hong Kong, 22 April 2020

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.