中汇集团
Edvantage Group

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

2020
Interim Report

Contents

Corporate Profile

Board of Directors

Executive Directors

Mr. Liu Yung Chau *(Chairman)*
Ms. Chen Yuan, Rita
Ms. Liu Yi Man *(Chief Executive Officer)*

Non-executive Director

Mr. Liu Yung Kan

Independent Non-executive Directors

Mr. Xu Gang
Mr. Lo Chi Chiu
Mr. Li Jiatong

Company Secretary

Mr. Wong Shing Mun *(FCCA, HKICPA)*

Authorised Representatives

Mr. Liu Yung Chau
Mr. Wong Shing Mun *(FCCA, HKICPA)*

Audit Committee

Mr. Lo Chi Chiu *(Chairman)*
Mr. Xu Gang
Mr. Li Jiatong

Remuneration Committee

Mr. Xu Gang *(Chairman)*
Mr. Lo Chi Chiu
Mr. Li Jiatong

Nomination Committee

Mr. Xu Gang *(Chairman)*
Mr. Lo Chi Chiu
Mr. Li Jiatong

Executive Committee[1]

Mr. Liu Yung Chau *(Chairman)*
Ms. Chen Yuan, Rita
Ms. Liu Yi Man

Registered Office

Maples Corporate Services Limited
PO Box 309
Ugland House
Grand Cayman, KY1–1104
Cayman Islands

Headquarters in the PRC

No. 1 Huashang Road
Licheng Street, Zengcheng
Guangzhou
The PRC

Principal Place of Business in Hong Kong

Room 1115, 11/F, Wing On Plaza
62 Mody Road
Tsim Sha Tsui
Kowloon
Hong Kong

Principal Share Registrar and Transfer Office

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall
Cricket Square
Grand Cayman, KY1–1102
Cayman Islands

Note 1: The Executive Committee was established with effect from 8 November 2019

Hong Kong Branch Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Legal Adviser

Cheung Tong & Rosa Solicitors
Room 501, 5/F
Sun Hung Kai Centre
30 Harbour Road
Hong Kong

Auditor

Deloitte Touche Tohmatsu
Certified Public Accountants
35/F, One Pacific Place
88 Queensway, Admiralty
Hong Kong

Compliance Adviser

Somerley Capital Limited
20th Floor, China Building
29 Queen's Road Central
Central, Hong Kong

Stock Code

Stock Code: 0382

Company's Website

www.edvantagegroup.com.hk

Principal Bankers

Guangzhou Rural Commercial Bank Co., Ltd.
Gualv Road Sub-branch
29 Gualv Road
Licheng Street, Zengcheng
Guangzhou
The PRC

Bank of Communications Co., Ltd.
Guangzhou Xintang Sub-branch
365 Gangkou Avenue North
Xintang Town
Guangzhou
The PRC

China Construction Bank Corporation Co., Ltd.
Zengcheng Sub-branch
69 Zengcheng Avenue
Licheng Street, Zengcheng
Guangzhou
The PRC

Bank of China Limited
Guangzhou Zengcheng Xintang
Sub-branch
130 North Jiefang Road
Xintang Town, Zengcheng
Guangzhou
The PRC

Financial 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

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.

Deloitte. 德勤

TO THE BOARD OF DIRECTORS OF EDVANTAGE GROUP HOLDINGS LIMITED
中滙集團控股有限公司
(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of Edvantage Group Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 7 to 63, which comprise the condensed consolidated statement of financial position as of 29 February 2020 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("**IAS 34**") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
22 April 2020

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 29 February 2020

	NOTES	Six months ended 29 February 2020 RMB'000 (unaudited)	Six months ended 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

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 29 February 2020

	NOTE	Six months ended 29 February 2020 RMB'000 (unaudited)	Six months ended 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 ("**FVTPL**")		**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

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)
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
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	12	**70,005**	70,005
Reserves		**1,667,354**	1,535,655
		1,737,359	1,605,660

Condensed Consolidated Statement of Changes in Equity

For the six months ended 29 February 2020

	Attributable to owners of the Company												Non-controlling interests	Total
	Share capital/ registered capital RMB'000	Share premium RMB'000	Merger reserve RMB'000	Other reserve RMB'000 (Note i)	Property revaluation reserve RMB'000 (Note ii)	Shares held under share award scheme RMB'000 (Note v)	Share award reserve RMB'000	Share option reserve RMB'000	Translation reserve RMB'000	Statutory surplus reserve RMB'000 (Note iii)	Retained profits RMB'000	Sub-total RMB'000	RMB'000	RMB'000
At 1 September 2018 (audited)	21	–	–	62,112	–	–	–	–	(122)	193,348	370,864	626,223	72,907	699,130
Profit for the period	–	–	–	–	–	–	–	–	–	–	92,991	92,991	5,756	98,747
Other comprehensive income for the period	–	–	–	–	4,467	–	–	–	232	–	–	4,699	389	5,088
Total comprehensive income for the period	–	–	–	–	4,467	–	–	–	232	–	92,991	97,690	6,145	103,835
Acquisition of entities under common control	–	–	(21)	–	–	–	–	–	–	–	–	(21)	–	(21)
Release of a financial guarantee contract	–	–	–	53,257	–	–	–	–	–	–	–	53,257	–	53,257
Disposal of partial interest in a subsidiary	–	–	–	74	–	–	–	–	–	–	–	74	26	100
Effect of reorganisation	(21)	–	21	–	–	–	–	–	–	–	–	–	–	–
Change in equity interests in a subsidiary *(Note iv)*	–	–	–	79,059	–	–	–	–	–	–	–	79,059	(79,059)	–
Disposal of subsidiaries	–	–	–	(74)	–	–	–	–	–	–	74	–	(19)	(19)
Transfer	–	–	–	–	–	–	–	–	–	27,001	(27,001)	–	–	–
At 28 February 2019 (audited)	–	–	–	194,428	4,467	–	–	–	110	220,349	436,928	856,282	–	856,282

Condensed Consolidated Statement of Changes in Equity

For the six months ended 29 February 2020

	Attributable to owners of the Company													
	Share capital/ registered capital RMB'000	Share premium RMB'000	Merger reserve RMB'000	Other reserve RMB'000 (Note i)	Property revaluation reserve RMB'000 (Note ii)	Shares held under share award scheme RMB'000 (Note v)	Share award reserve RMB'000	Share option reserve RMB'000	Translation reserve RMB'000	Statutory surplus reserve RMB'000 (Note iii)	Retained profits RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 September 2019 (audited)	70,005	556,109	–	194,428	4,467	–	–	–	(397)	247,862	533,186	1,605,660	–	1,605,660
Profit for the period	–	–	–	–	–	–	–	–	–	–	147,135	147,135	–	147,135
Other comprehensive income for the period	–	–	–	–	–	–	–	–	393	–	–	393	–	393
Total comprehensive income for the period	–	–	–	–	–	–	–	–	393	–	147,135	147,528	–	147,528
Dividends recognised as distribution *(note 7)*	–	–	–	–	–	–	–	–	–	–	(9,152)	(9,152)	–	(9,152)
Purchase of shares under share award scheme	–	–	–	–	–	(8,022)	–	–	–	–	–	(8,022)	–	(8,022)
Recognition of equity-settled share-based payments	–	–	–	–	–	–	404	941	–	–	–	1,345	–	1,345
Transfer	–	–	–	–	–	–	–	–	–	29,575	(29,575)	–	–	–
At 29 February 2020 (unaudited)	70,005	556,109	–	194,428	4,467	(8,022)	404	941	(4)	277,437	641,594	1,737,359	–	1,737,359

Notes:

i. The other reserve represents (i) the deemed distribution to controlling shareholders which represents the difference between the fair value of the lower-than-market interest rate advances to 廣州市太陽城集團有限公司 (Guangzhou Sun City Group Co., Ltd.) and the principal amount of the advances at initial recognition; (ii) the deemed contribution from controlling shareholders which represents the differences between the nominal value and fair value of the lower-than-market interest rate advances on the inception date and settlement date upon early repayment; (iii) the difference between the principal amounts of consideration paid/received and the relevant share of carrying value of the subsidiaries' net assets acquired from/disposed to the non-controlling interests; (iv) the deemed distribution to the controlling shareholders arising from financial guarantee provided to 廣州太陽城大酒店有限公司 (Guangzhou Sun City Hotel Co., Ltd.); and (v) the adjustments to non-controlling interests in respect of change in equity interests in a subsidiary.

ii. The property revaluation reserve of the Group represents the gain on revaluation of certain properties for own use of the Group as a result of transfers of those properties for own use from properties, plant and equipment to investment properties.

iii. Pursuant to the relevant laws in the People's Republic of China (the "**PRC**"), the Company's subsidiaries in the PRC shall make appropriations from after-tax profit to non-distributable reserve funds as determined by the board of directors of the relevant PRC subsidiaries. These reserves include (i) general reserve of the limited liabilities companies and (ii) the development fund of schools.

    (i) For PRC subsidiaries with limited liability, they are required to make annual appropriations to general reserve of 10% of after-tax profits as determined under the PRC laws and regulations at each period-end until the balance reaches 50% of the relevant PRC entity's registered capital.

    (ii) According to the relevant PRC laws and regulations, for private school that does not require for reasonable return, it is required to appropriate to development fund of not less than 25% of the net income of the relevant schools as determined in accordance with generally accepted accounting principles in the PRC. The development fund shall be used for the construction or maintenance of the schools or procurement or upgrading of educational equipment.

iv. On 22 December 2018, the shareholders of 廣州市增城太陽城發展有限公司 (Guangzhou Zengcheng Sun City Development Co., Ltd.) ("**Sun City Development**") passed resolutions pursuant to which (i) the articles of associations of Sun City Development was amended to effect that 廣州智衡教育發展有限公司 (Guangzhou Zhiheng Education Development Co., Ltd) would be entitled to 100% of any distribution from Sun City Development to its shareholders as well as the entire equity interest in Sun City Development, whereas Ms. Liao Xiaorong (廖笑容) and Mr. Yang Gan Biao, who held non-controlling equity interests in Sun City Development prior to the effect of aforementioned resolutions, would not be entitled to any distribution from Sun City Development and any equity interest in Sun City Development with effect from 22 December 2018. As a result, the entire balance of the relevant non-controlling interest was derecognised at 22 December 2018.

v. Shares held under share award scheme comprises the consideration paid for the treasury shares held for the share award scheme, including any attributable incremental costs for the purchase of shares under the share award scheme.

Condensed Consolidated Statement of Cash Flows

For the six months ended 29 February 2020

	Six months ended	
	29 February 2020	28 February 2019
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Net cash used in operating activities	**(201,174)**	(115,293)
Net cash (used in) from investing activities		
Purchase of financial assets at FVTPL	**(593,660)**	(3,023,550)
Payments for acquisition of property, plant and equipment	**(226,283)**	(61,280)
Deposits paid for acquisition of property, plant and equipment	**(67,925)**	(734)
Payments for right-of-use assets	**(38,985)**	—
Acquisition of a business	**(9,460)**	—
Payments for rental deposits	**(481)**	—
Redemption of financial assets at FVTPL	**741,600**	3,413,910
Withdrawal of pledged bank deposits	**50,000**	—
Interest income from banks	**10,850**	285
Interest income from financial assets at FVTPL	**5,539**	8,993
Advances to related parties	**—**	(201,914)
Acquisition of prepaid lease payments	**—**	(96,796)
Advance to directors	**—**	(6)
Repayment from related parties	**—**	217,247
Net cash inflow on disposal of subsidiaries	**—**	4,320
	(128,805)	260,475

Condensed Consolidated Statement of Cash Flows

For the six months ended 29 February 2020

	Six months ended	
	29 February 2020	28 February 2019
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Net cash used in financing activities		
Repayment of bank borrowings	**(226,199)**	(181,000)
Dividends paid	**(17,384)**	—
Interest paid	**(13,801)**	(19,876)
Purchase of shares under share award scheme	**(8,022)**	—
Issue costs paid	**(7,971)**	(3,583)
Repayment of lease liabilities	**(1,792)**	—
Repayments to related parties	**—**	(3,317)
Repayments to directors	**—**	(797)
Payment for acquiring entities under common control	**—**	(18)
New bank borrowings raised	**—**	47,000
Advances from related parties	**—**	20,593
Advances from directors	**—**	3,596
Proceeds from disposal of partial interest in a subsidiary	**—**	100
	(275,169)	(137,302)
Net (decrease) increase in cash and cash equivalents	**(605,148)**	7,880
Cash and cash equivalents at beginning of the period	**1,352,220**	148,763
Net effect of foreign exchange rate changes	**(4,757)**	424
Cash and cash equivalents at end of the period, represented by bank balances and cash	**742,315**	157,067

1. GENERAL AND BASIS OF PREPARATION

Edvantage Group Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**"), 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 (德博教育投資控股有限公司) ("**BVI Holdco**"). 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 ("**Controlling Shareholders**"). 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**").

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 PRC and overseas.

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 Stock Exchange (the "**Listing Rules**").

In preparation of the Listing, the Group underwent the reorganisation ("**Reorganisation**") that involves the following stages:

(a) Incorporation of investment holding companies in the BVI

Huashang Overseas Education Holdings Limited (華商海外教育控股有限公司) ("**Huashang Overseas Education (BVI)**") was incorporated in the BVI on 19 March 2018 with a share capital of US$50,000 divided into 50,000 shares with par value of US$1.00 each with 1,000 shares allotted and issued to Huashang Education Holdings Limited ("**Huashang Education Holdings (BVI)**") at par value. On 20 November 2018, the Controlling Shareholders transferred their 100% equity interests in Huashang Education Holdings (BVI) to the Company for an aggregate consideration of US$1,000.

1. GENERAL AND BASIS OF PREPARATION (Continued)

(b) Transfer of equity interests in Orient Fortune Inc Limited ("Orient Fortune")

On 22 October 2018, Ms. Liu Yi Man (廖伊曼) ("**Ms. Liu**"), daughter of the Controlling Shareholders, at the instruction of the Controlling Shareholders, exercised the transfer of her 50% equity interests in Orient Fortune held on trust to Huashang Overseas Education (BVI).

On 2 January 2019, Mr. Liu had completed the probate proceedings for the estate of the late Ms. Liu Yi Lam (廖伊琳), daughter of the Controlling Shareholders, who held 50% equity interest in Orient Fortune on trust, for which, the relevant equity interest had been transferred to Huashang Overseas Education (BVI) as part of the Reorganisation.

Pursuant to the completion of the Reorganisation, the Company became the holding company of the companies now comprising the Group. The companies now comprising the Group are under the common control of the Controlling Shareholders prior to and after the Reorganisation. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity.

The condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows which include the results, changes in equity and cash flows of the companies comprising the Group for the six months ended 28 February 2019, had been prepared as if the Company had always been the holding company of the Group and the current group structure had been in existence throughout the period, or since their respective dates of incorporation or establishment, where it is a shorter period.

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.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Business combinations (Continued)

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.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

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.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Share-based payments (Continued)

Equity-settled share-based payment transactions (Continued)

Share options granted to employees under share option scheme (Continued)

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 shares 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.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of new and amendments to IFRSs

In the current interim period, the Group has applied, for the first time, the following 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:

IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to IFRSs 2015–2017 Cycle

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.

2.1.1 Key changes in accounting policies resulting from application of IFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of IFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

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

2.1.1 Key changes in accounting policies resulting from application of IFRS 16 (Continued)

As a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group applies practical expedient, not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases

The Group applies the short-term lease recognition exemption to leases of school premises and offices that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

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

2.1.1 Key changes in accounting policies resulting from application of IFRS 16 (Continued)

As a lessee (Continued)

Right-of-use assets

Except for short-term leases, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). The right-of-use assets are measured at cost less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the condensed consolidated statement of financial position.

Leasehold land and building

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

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

2.1.1 *Key changes in accounting policies resulting from application of IFRS 16* (Continued)

As a lessee (Continued)

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 *Financial Instruments* and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Taxes* requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

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

2.1.2 Transition and summary of effects arising from initial application of IFRS 16

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. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

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

2.1.2 *Transition and summary of effects arising from initial application of IFRS 16* (Continued)

As a lessee (Continued)

When applying the modified retrospective approach under IFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under IAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. relied on the assessment of whether leases are onerous by applying IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as an alternative of impairment review;

ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and

iii. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

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.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rates applied by the relevant group entities ranged from 4.90% to 7.50%.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

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

2.1.2 Transition and summary of effects arising from initial application of IFRS 16 (Continued)

As a lessee (Continued)

	At 1 September 2019 *RMB'000*
Operating lease commitments disclosed as at 31 August 2019	21,257
Add: Extension options reasonably certain to be exercised	7,787
	29,044
Lease liabilities discounted at relevant incremental borrowing rates as at 1 September 2019	24,412
Analysed as:	
Current portion	3,587
Non-current portion	20,825
	24,412

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

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

2.1.2 *Transition and summary of effects arising from initial application of IFRS 16* (Continued)

As a lessee (Continued)

The carrying amount of right-of-use assets as at 1 September 2019 comprises the following:

	Notes	Right-of-use assets *RMB'000*
Right-of-use assets relating to operating leases recognised upon application of IFRS 16		24,412
Adjustments on rental deposits at 1 September 2019	(a)	55
Reclassified from prepaid lease payments	(b)	204,243
Less: Accrued lease liabilities relating to rent-free period at 1 September 2019	(c)	(1,597)
		227,113
By class:		
Leasehold lands		204,243
School premises and offices		22,870
		227,113

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

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

2.1.2 Transition and summary of effects arising from initial application of IFRS 16 (Continued)

As a lessee (Continued)

Notes:

(a) Before the application of IFRS 16, the Group considered refundable rental deposits paid as rights and obligations under leases to which IAS 17 applied. Based on the definition of lease payments under IFRS 16, such deposits are not payments relating to the right to use of the underlying assets and were adjusted to reflect the discounting effect at transition. Accordingly, RMB55,000 was adjusted to refundable rental deposits paid and right-of-use assets.

(b) Upfront payments for leasehold land in the PRC were classified as prepaid lease payments as at 31 August 2019. Upon application of IFRS 16, the current and non-current portion of prepaid lease payments amounting to RMB5,288,000 and RMB198,955,000, respectively, were reclassified to right-of-use assets.

(c) These relate to accrued lease liabilities for leases of school premises and offices in which the lessors provided rent-free period. The carrying amount of the lease incentive liabilities under other payables and accrued expenses of RMB1,597,000 as at 1 September 2019 was adjusted to right-of-use assets at transition.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

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

2.1.2 Transition and summary of effects arising from initial application of IFRS 16 (Continued)

As a lessee (Continued)

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 September 2019. Line items that were not affected by the changes have not been included:

	Notes	Carrying amounts previously reported at 31 August 2019 *RMB'000*	Adjustments *RMB'000*	Carrying amounts under IFRS 16 at 1 September 2019 *RMB'000*
Non-current Assets				
Prepaid lease payments	(b)	198,955	(198,955)	—
Right-of-use assets		—	227,113	227,113
Current Assets				
Trade receivables, deposits, prepayments and other receivables — Rental deposits	(a)	410	(55)	355
Prepaid lease payments	(b)	5,288	(5,288)	—
Current Liabilities				
Other payables and accrued expenses — Accrued lease liabilities	(c)	1,597	(1,597)	—
Lease liabilities		—	3,587	3,587
Non-current liabilities				
Lease liabilities		—	20,825	20,825

Note: For the purpose of reporting cash flows from operating activities under indirect method for the six months ended 29 February 2020, movements in working capital have been computed based on opening condensed consolidated statement of financial position as at 1 September 2019 as disclosed above.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

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

2.1.2 Transition and summary of effects arising from initial application of IFRS 16 (Continued)

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 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 ("**EIT**") 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

The revenue of the Group comprises of the tuition fees and boarding fees from the Group's higher education and vocational education programmes and fees from university cooperation programme. The Group's contracts with students for higher education and vocational education programmes in the PRC are normally with duration of 1 year and renewed up to total duration of 2–4 years depending on the education programmes, while those for boarding fees are normally with duration of 1 year. The Group's contracts with students for higher education and vocational education programmes in overseas (including Diploma/Advanced Diploma/Certificate) are normally with duration of 12–76 weeks (six months ended 28 February 2019: 24–76 weeks) while those contracts for university cooperation programme for bachelor's degree programmes are normally with duration of 1 year and renewed up to total duration of 3 years. Tuition and boarding fees and fees from university cooperation programme are charged at pre-determined fixed consideration.

Transaction price allocated to the remaining performance obligation for contracts with customers

The contracts for tuition courses, boarding and university cooperation programme are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

3. REVENUE AND SEGMENT INFORMATION (Continued)

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 and Ms. Chen, 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.

3. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

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

3. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

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.

Segment assets and liabilities

No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the CODM of the Group on making decision for resource allocation and performance assessment.

4. OTHER GAINS AND LOSSES

	Six months ended	
	29 February 2020	28 February 2019
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Continuing operations		
Fair value change on financial assets at FVTPL	**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
— EIT	**1,188**	22,867
Withholding tax	**2,250**	—
	3,800	23,026
Deferred tax	**3,574**	6,360
Total	**7,374**	29,386

5. TAXATION (Continued)

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 2020	28 February 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 2020	28 February 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 of the Company 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 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

8. EARNINGS PER SHARE (Continued)

For continuing operations (Continued)

	Six months ended	
	29 February 2020 RMB'000 (unaudited)	28 February 2019 RMB'000 (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 ("**Prospectus**") and the share allotments of 750,000,000 shares as described in note 12 had become 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.

8. EARNINGS PER SHARE (Continued)

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 *(Note)*	140,295	31,187
Total	144,477	31,805

As at 29 February 2020, trade receivables from contracts with customers amounted to RMB4,182,000 (31 August 2019: RMB618,000).

Note:

As at 29 February 2020, included in the balance were:

(i) refundable deposit paid to municipal government of RMB70,000,000 (31 August 2019: nil) for the possible acquisition of leasehold land located in the PRC, which is interest-free and the management of the Group expected that the amount would be repayable within one year from the end of the reporting period; and

(ii) prepaid annual fee to 廣東財經大學 (Guangdong University of Finance & Economics) of RMB37,796,000 (31 August 2019: nil) based on the tuition fees receivable by 廣東財經大學華商學院 (Huashang College Guangdong University of Finance & Economics) ("**Huashang College**") for the current school year, pursuant to the agreements entered into between the Group and Guangdong University of Finance & Economics for co-operating Huashang College.

10. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES (Continued)

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

The Group considered the trade receivables and receivables from education bureaus for students that are not dropped out from schools are not default as the tuition fees and boarding fees are generally fully received upon the graduation of the students by reference to past experience and payments from education bureaus may take long administrative process while their risks of default are remote.

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. SHARE CAPITAL

	Notes	Number of shares	Amount US$	Shown in the condensed consolidated financial statements RMB'000
Ordinary share of US$1.00 each				
Authorised				
At date of incorporation	(i)	50,000	50,000	
Increased during the period	(iii)	1,500,000,000	15,000,000	
Cancelled during the period	(iv)	(50,000)	(50,000)	
At 1 September 2019 and 29 February 2020		1,500,000,000	15,000,000	
Issued and fully paid:				
At date of incorporation	(ii)	1	1	—*
Allotment of shares	(iv)	750,000,000	7,500,000	51,535
Repurchase of shares	(iv)	(1)	(1)	(—)*
Issue of new shares upon listing	(v)	250,000,000	2,500,000	17,178
Issue of new shares upon exercise of the over-allotment options	(vi)	18,362,000	183,620	1,292
At 1 September 2019 and 29 February 2020		1,018,362,000	10,183,620	70,005

* Less than RMB1,000

12. SHARE CAPITAL (Continued)

Notes:

i. The Company was incorporated on 18 October 2018 with an authorised share capital of US$50,000 divided into 50,000 ordinary shares of US$1.00 each.

ii. On 18 October 2018, BVI Holdco, which is incorporated in the British Virgin Islands, acquired one ordinary share in the Company at par value.

iii. On 6 June 2019, the authorised share capital of the Company was increased by HK$15,000,000 divided into 1,500,000,000 ordinary shares of par value US$0.01 each.

iv. On 6 June 2019, the Company allotted and issued 750,000,000 shares to BVI Holdco for a subscription price of US$7,500,000. Immediately following the allotment and issue of the 750,000,000 shares, the Company repurchased and cancelled 1 share of par value of US$1.00 from BVI Holdco at an aggregate consideration of US$7,500,000 which was paid out of the proceeds of the subscription of the aforesaid 750,000,000 shares; and the authorised share capital of the Company was reduced by US$50,000 divided into 50,000 shares of par value of US$1.00 each.

v. On 16 July 2019, the Company issued 250,000,000 ordinary shares of par value US$0.01 each pursuant to the Listing at the price of HK$2.85 per ordinary share.

vi. On 13 August 2019, the Company allotted and issued 18,362,000 ordinary shares of par value US$0.01 each at the price of HK$2.85 per share pursuant to the exercise of over-allotment options by BNP Paribas Securities (Asia) Limited.

13. SHARE-BASED PAYMENTS

(a) Share Option Scheme

The Company's share option scheme (the "**Share Option Scheme**") was adopted pursuant to a shareholders' resolution passed on 6 June 2019 for the primary purpose of providing incentives to employee, director, officer, consultant, advisor, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of the Group or any affiliate who the Board of directors of the Company consider, in its sole discretion, to have contributed or will contribute to the Group is entitled to be offered and granted options, and will expire no later than 10 years from the date of the listing. Under the Share Option Scheme, the total number of ordinary shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes is 100,000,000, being no more than 10% of the ordinary shares in issue on the date of listing. The overall limit on the number of ordinary shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company at any time must not exceed 30% of the ordinary shares in issue from time to time (the "**Option Scheme Limit**"). The Option Scheme Limit may be refreshed at any time by obtaining prior approval of the shareholders of the Company in general meeting. However, the Option Scheme Limit cannot exceed 10% of the ordinary shares in issue as at the date of such approval.

Unless approved by the shareholders of the Company, the total number of ordinary shares issued and to be issued upon exercise of the options granted and to be granted under the Share Option Scheme and any other share option scheme(s) of the Company to each selected participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of ordinary shares in issue (the "**Individual Limit**"). Any further grant of options to a selected participant which would result in the aggregate number of ordinary shares issued and to be issued upon exercise of all options granted and to be granted to such selected participant (including exercised, cancelled and outstanding options) in the 12 month period up to and including the date of such further grant exceeding the Individual Limit shall be subject to separate approval of shareholders of the Company.

13. SHARE-BASED PAYMENTS (Continued)

(a) Share Option Scheme (Continued)

Where any grant of options to a substantial shareholder or independent non-executive directors of the Company (or any of their respective associates) would result in the number of ordinary shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant: (i) representing in aggregate over 0.1% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of the ordinary shares in issue; and (ii) having an aggregate value, based on the closing price of the ordinary shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant, in excess of HK$5 million (or such other higher amount as may from time to time be specified by the Stock Exchange), such further grant of options must also be first approved by the shareholders of the Company in a general meeting. The grantee, his/her associates and all core connected persons (within the meaning as ascribed to it under the Listing Rules) of the Company must abstain from voting in favour of such grant at such general meeting.

An offer shall be deemed to have been accepted and the option to which the offer relates shall be deemed to have been granted and to have taken effect when the duplicate of the offer letter comprising acceptance of the offer duly signed by the grantee with the number of ordinary shares in respect of which the offer is accepted clearly stated therein, together with a remittance in favour of the Company of HK$1.00 by way of consideration for the grant thereof, is received by the Company within 20 business days from the date on which the letter containing the offer is delivered to the eligible person.

Any offer may be accepted in respect of less than the number of ordinary shares for which it is offered provided that it is accepted in respect of a board lot for dealing in ordinary shares or a multiple thereof. To the extent that the offer is not accepted within 20 business days from the date on which the letter containing the offer is delivered to that eligible person, it shall be deemed to have been irrevocably declined.

The Share Option Scheme does not set out any performance targets that must be achieved before the options may be exercised. However, the board of directors of the Company may at its sole discretion specify, as part of the terms and conditions of any option, such performance conditions that must be satisfied before the option can be exercised.

13. SHARE-BASED PAYMENTS (Continued)

(a) Share Option Scheme (Continued)

The period during which an option may be exercised is determined and notified by the board of directors of the Company to each grantee at the time of making an offer for the grant of the option and such period shall not expire later than ten years from the date of grant of the option.

The exercise price shall be determined by the board of directors of the Company, but shall be not less than the highest of (i) the closing price of an ordinary share as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant; (ii) the average closing price of the ordinary shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of an ordinary share on the date of grant.

At 29 February 2020, the number of shares that could be issued upon the exercise of all share options that had been granted and remained outstanding under the Share Option Scheme was 10,780,287 (31 August 2019: nil), representing 1.06% (31 August 2018: nil) of the ordinary shares of the Company in issue at that date; whereas the Company may grant further share options under the Share Option Scheme to subscribe for a maximum of 89,219,713 shares, representing approximately 8.76% of the ordinary shares of the Company in issue as at 29 February 2020.

13. SHARE-BASED PAYMENTS (Continued)

(a) Share Option Scheme (Continued)

The following tables disclose movements in the Company's share options under the Share Option Scheme during the reporting period:

Option type	Date of grant	Exercise price *HK$*	Exercise period *(note 1)*	Outstanding at 1 September 2019	Granted during the period	Lapsed during the period	Exercised during the period	Outstanding at 29 February 2020
Directors								
Mr. Liu	21 January 2020	4.954	10 December 2020 – 30 January 2026	—	449,178	—	—	449,178
	21 January 2020	4.954	29 March 2021 – 30 January 2026	—	449,178	—	—	449,178
	21 January 2020	4.954	10 December 2021 – 30 January 2026	—	449,178	—	—	449,178
	21 January 2020	4.954	29 March 2022 – 30 January 2026	—	449,178	—	—	449,178
	21 January 2020	4.954	9 December 2022 – 30 January 2026	—	449,178	—	—	449,178
	21 January 2020	4.954	29 March 2023 – 30 January 2026	—	449,182	—	—	449,182
Ms. Chen	21 January 2020	4.954	10 December 2020 – 30 January 2026	—	89,835	—	—	89,835
	21 January 2020	4.954	29 March 2021 – 30 January 2026	—	89,835	—	—	89,835
	21 January 2020	4.954	10 December 2021 – 30 January 2026	—	89,835	—	—	89,835
	21 January 2020	4.954	29 March 2022 – 30 January 2026	—	89,835	—	—	89,835
	21 January 2020	4.954	9 December 2022 – 30 January 2026	—	89,835	—	—	89,835
	21 January 2020	4.954	29 March 2023 – 30 January 2026	—	89,839	—	—	89,839
Ms. Liu	21 January 2020	4.954	10 December 2020 – 30 January 2026	—	269,507	—	—	269,507
	21 January 2020	4.954	29 March 2021 – 30 January 2026	—	269,507	—	—	269,507
	21 January 2020	4.954	10 December 2021 – 30 January 2026	—	269,507	—	—	269,507
	21 January 2020	4.954	29 March 2022 – 30 January 2026	—	269,507	—	—	269,507
	21 January 2020	4.954	9 December 2022 – 30 January 2026	—	269,507	—	—	269,507
	21 January 2020	4.954	29 March 2023 – 30 January 2026	—	269,508	—	—	269,508

13. SHARE-BASED PAYMENTS (Continued)

(a) Share Option Scheme (Continued)

Option type	Date of grant	Exercise price	Exercise period	Outstanding at 1 September 2019	Granted during the period	Lapsed during the period	Exercised during the period	Outstanding at 29 February 2020
		HK$	*(note 1)*					
Directors (Continued)								
Mr. Liu Yung Kan	21 January 2020	4.954	10 December 2020 – 30 January 2026	—	62,885	—	—	62,885
	21 January 2020	4.954	29 March 2021 – 30 January 2026	—	62,885	—	—	62,885
	21 January 2020	4.954	10 December 2021 – 30 January 2026	—	62,885	—	—	62,885
	21 January 2020	4.954	29 March 2022 – 30 January 2026	—	62,885	—	—	62,885
	21 January 2020	4.954	9 December 2022 – 30 January 2026	—	62,885	—	—	62,885
	21 January 2020	4.954	29 March 2023 – 30 January 2026	—	62,885	—	—	62,885
Mr. Xu Gang	21 January 2020	4.954	10 December 2020 – 30 January 2026	—	17,967	—	—	17,967
	21 January 2020	4.954	29 March 2021 – 30 January 2026	—	17,967	—	—	17,967
	21 January 2020	4.954	10 December 2021 – 30 January 2026	—	17,967	—	—	17,967
	21 January 2020	4.954	29 March 2022 – 30 January 2026	—	17,967	—	—	17,967
	21 January 2020	4.954	9 December 2022 – 30 January 2026	—	17,967	—	—	17,967
	21 January 2020	4.954	29 March 2023 – 30 January 2026	—	17,968	—	—	17,968
Mr. Li Jiatong	21 January 2020	4.954	10 December 2020 – 30 January 2026	—	17,967	—	—	17,967
	21 January 2020	4.954	29 March 2021 – 30 January 2026	—	17,967	—	—	17,967
	21 January 2020	4.954	10 December 2021 – 30 January 2026	—	17,967	—	—	17,967
	21 January 2020	4.954	29 March 2022 – 30 January 2026	—	17,967	—	—	17,967
	21 January 2020	4.954	9 December 2022 – 30 January 2026	—	17,967	—	—	17,967
	21 January 2020	4.954	29 March 2023 – 30 January 2026	—	17,968	—	—	17,968
Directors in aggregate				—	5,444,045	—	—	5,444,045

13. SHARE-BASED PAYMENTS (Continued)

(a) Share Option Scheme (Continued)

Option type	Date of grant	Exercise price *HK$*	Exercise period *(note 1)*	Outstanding at 1 September 2019	Granted during the period	Lapsed during the period	Exercised during the period	Outstanding at 29 February 2020
Associates of directors and substantial shareholders *(note 2)*								
Mr. Liu Yung Kwong	21 January 2020	4.954	10 December 2020 – 30 January 2026	—	26,950	—	—	26,950
(brother of Mr. Liu and	21 January 2020	4.954	29 March 2021 – 30 January 2026	—	26,950	—	—	26,950
Mr. Liu Yung Kan)	21 January 2020	4.954	10 December 2021 – 30 January 2026	—	26,950	—	—	26,950
	21 January 2020	4.954	29 March 2022 – 30 January 2026	—	26,950	—	—	26,950
	21 January 2020	4.954	9 December 2022 – 30 January 2026	—	26,950	—	—	26,950
	21 January 2020	4.954	29 March 2023 – 30 January 2026	—	26,954	—	—	26,954
Mr. Liu Chi Hin (son of Mr.	21 January 2020	4.954	10 December 2020 – 30 January 2026	—	89,835	—	—	89,835
Liu and Ms. Chen)	21 January 2020	4.954	29 March 2021 – 30 January 2026	—	89,835	—	—	89,835
	21 January 2020	4.954	10 December 2021 – 30 January 2026	—	89,835	—	—	89,835
	21 January 2020	4.954	29 March 2022 – 30 January 2026	—	89,835	—	—	89,835
	21 January 2020	4.954	9 December 2022 – 30 January 2026	—	89,835	—	—	89,835
	21 January 2020	4.954	29 March 2023 – 30 January 2026	—	89,839	—	—	89,839
Mr. Liu Chi Wai (son of Mr.	21 January 2020	4.954	10 December 2020 – 30 January 2026	—	71,868	—	—	71,868
Liu and Ms. Chen)	21 January 2020	4.954	29 March 2021 – 30 January 2026	—	71,868	—	—	71,868
	21 January 2020	4.954	10 December 2021 – 30 January 2026	—	71,868	—	—	71,868
	21 January 2020	4.954	29 March 2022 – 30 January 2026	—	71,868	—	—	71,868
	21 January 2020	4.954	9 December 2022 – 30 January 2026	—	71,868	—	—	71,868
	21 January 2020	4.954	29 March 2023 – 30 January 2026	—	71,871	—	—	71,871
Associates of directors and substantial shareholders in aggregate				—	1,131,929	—	—	1,131,929

13. SHARE-BASED PAYMENTS (Continued)

(a) Share Option Scheme (Continued)

Option type	Date of grant	Exercise price *HK$*	Exercise period *(note 1)*	Outstanding at 1 September 2019	Granted during the period	Lapsed during the period	Exercised during the period	Outstanding at 29 February 2020
Employees (non-connected persons)	21 January 2020	4.954	10 December 2020 – 30 January 2026	—	700,716	—	—	700,716
	21 January 2020	4.954	29 March 2021 – 30 January 2026	—	700,716	—	—	700,716
	21 January 2020	4.954	10 December 2021 – 30 January 2026	—	700,716	—	—	700,716
	21 January 2020	4.954	29 March 2022 – 30 January 2026	—	700,716	—	—	700,716
	21 January 2020	4.954	9 December 2022 – 30 January 2026	—	700,716	—	—	700,716
	21 January 2020	4.954	29 March 2023 – 30 January 2026	—	700,733	—	—	700,733
Employees (non-connected persons) in aggregate				—	4,204,313	—	—	4,204,313
Total				—	10,780,287	—	—	10,780,287
Weighted average exercise price				—	HK$4.954	—	—	HK$4.954
Exercisable at the end of the period								—

notes:

(1) The vesting period commences on the date when the share options become exercisable.

(2) Mr. Liu Yung Kwong, Mr. Liu Chi Hin and Mr. Liu Chi Wai are consultant/employees of the Group.

During the six months ended 29 February 2020, 10,780,287 share options were granted on 21 January 2020. The estimated fair value of the share options granted on the date was HK$21,006,000.

The closing price of the Company's shares immediately before the grant of share options on 21 January 2020 was HK$4.870 per share.

Save as disclosed above, no share options had been granted, exercised, lapsed or cancelled under the Share Option Scheme during the reporting period.

13. SHARE-BASED PAYMENTS (Continued)

(a) Share Option Scheme (Continued)

The following assumptions were used to calculate the fair value of share options:

	21 January 2020
Weighted average share price	HK$4.954
Exercise price	HK$4.954
Expected volatility	49.38%
Expected life	6.03 years
Risk-free rate	1.49%
Expected dividend yield	2.03%

Expected volatility was determined by using quoted prices of comparable companies in active markets. The expected life used in the model has been adjusted, based on the management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Binomial model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate change in variables and assumptions may result in change in the fair value of the options.

(b) Share Award Scheme

The Company's share award scheme (the "**Share Award Scheme**") was adopted pursuant to a shareholders' resolution passed on 6 June 2019. The objective of the Share Award Scheme is for the primary purpose of providing incentives to employee, director, officer, consultant, advisor, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of the Group or any affiliate who the board of directors of the Company considers, in its sole discretion, to have contributed or will contribute to the Group is entitled to be offered and granted options, and will expire no later than 10 years from the date of the listing.

A share award includes all cash income from dividends in respect of those ordinary shares from the date the share award is granted to the date the share award is vested. The board of directors of the Company at its discretion may from time to time determine that any dividends declared and paid by the Company in relation to the ordinary shares be paid to the selected participant even though the ordinary shares have not yet vested.

13. SHARE-BASED PAYMENTS (Continued)

(b) Share Award Scheme (Continued)

Save that the board of directors of the Company at its discretion may from time to time determine that any dividends declared and paid by the Company in relation to the ordinary shares be paid to the selected participants even though the ordinary shares have not yet vested, the selected participant only has a contingent interest in the ordinary shares underlying an award unless and until such ordinary shares are actually transferred to the selected participant.

The maximum aggregate number of ordinary shares underlying all grants made pursuant to the Share Award Scheme (excluding ordinary shares which have been forfeited in accordance with the Share Award Scheme) will not exceed 20,000,000, being 2% of issued shares of the Company as of the date of the listing (i.e. 2% of 1,000,000,000 Shares), assuming the over-allotment option and options granted under the Share Option Scheme are not exercised and no ordinary shares are granted under the Share Award Scheme, without further shareholders' approval (the "**Share Award Scheme Limit**").

The board of directors of the Company may from time to time determine such vesting criteria and conditions or periods for the awards to be vested under the Share Award Scheme.

Save as otherwise restricted by the Share Award Scheme Limit or the Listing Rules, there shall be no limit on the total number of non-vested ordinary shares that may be granted to a selected participant under the Share Award Scheme.

Each grant of an award to any director of the Company or the chief executive officer shall be subject to the prior approval of the independent non-executive directors (excluding any independent non-executive directors who is a proposed recipient of the grant of share award). The Company will comply with the relevant requirements under Chapter 14A of the Listing Rules for any grant of shares to connected persons of the Company.

During the six months ended 29 February 2020, 1,850,000 ordinary shares of the Company were acquired for an aggregate cost of HK$8,930,000 (equivalent to RMB8,022,000).

13. SHARE-BASED PAYMENTS (Continued)

(b) Share Award Scheme (Continued)

The following tables disclose movements in the Company's share awards under the Share Award Scheme during the reporting period:

	Date of grant	Vesting date	Number of share awards outstanding at 1 September 2019	Granted during the period	Lapsed/ cancelled during the period	Number of share awards outstanding at 29 February 2020
Directors						
Mr. Liu	21 January 2020	10 December 2020	—	77,002	—	77,002
	21 January 2020	29 March 2021	—	77,002	—	77,002
	21 January 2020	10 December 2021	—	77,002	—	77,002
	21 January 2020	29 March 2022	—	77,002	—	77,002
	21 January 2020	9 December 2022	—	77,002	—	77,002
	21 January 2020	29 March 2023	—	77,002	—	77,002
Ms. Chen	21 January 2020	10 December 2020	—	15,400	—	15,400
	21 January 2020	29 March 2021	—	15,400	—	15,400
	21 January 2020	10 December 2021	—	15,400	—	15,400
	21 January 2020	29 March 2022	—	15,400	—	15,400
	21 January 2020	9 December 2022	—	15,400	—	15,400
	21 January 2020	29 March 2023	—	15,402	—	15,402
Ms. Liu	21 January 2020	10 December 2020	—	46,201	—	46,201
	21 January 2020	29 March 2021	—	46,201	—	46,201
	21 January 2020	10 December 2021	—	46,201	—	46,201
	21 January 2020	29 March 2022	—	46,201	—	46,201
	21 January 2020	9 December 2022	—	46,201	—	46,201
	21 January 2020	29 March 2023	—	46,202	—	46,202
Mr. Liu Yung Kan	21 January 2020	10 December 2020	—	10,780	—	10,780
	21 January 2020	29 March 2021	—	10,780	—	10,780
	21 January 2020	10 December 2021	—	10,780	—	10,780
	21 January 2020	29 March 2022	—	10,780	—	10,780
	21 January 2020	9 December 2022	—	10,780	—	10,780
	21 January 2020	29 March 2023	—	10,782	—	10,782

13. SHARE-BASED PAYMENTS (Continued)

(b) Share Award Scheme (Continued)

	Date of grant	Vesting date	Number of share awards outstanding at 1 September 2019	Granted during the period	Lapsed/ cancelled during the period	Number of share awards outstanding at 29 February 2020
Directors (Continued)						
Mr. Xu Gang	21 January 2020	10 December 2020	—	3,080	—	3,080
	21 January 2020	29 March 2021	—	3,080	—	3,080
	21 January 2020	10 December 2021	—	3,080	—	3,080
	21 January 2020	29 March 2022	—	3,080	—	3,080
	21 January 2020	9 December 2022	—	3,080	—	3,080
	21 January 2020	29 March 2023	—	3,080	—	3,080
Mr. Li Jiatong	21 January 2020	10 December 2020	—	3,080	—	3,080
	21 January 2020	29 March 2021	—	3,080	—	3,080
	21 January 2020	10 December 2021	—	3,080	—	3,080
	21 January 2020	29 March 2022	—	3,080	—	3,080
	21 January 2020	9 December 2022	—	3,080	—	3,080
	21 January 2020	29 March 2023	—	3,080	—	3,080
Directors in aggregate			—	933,263	—	933,263
Associates of directors and substantial shareholders *(note 1)*						
Mr. Liu Yung Kwong	21 January 2020	10 December 2020	—	4,620	—	4,620
(brother of Mr. Liu and	21 January 2020	29 March 2021	—	4,620	—	4,620
Mr. Liu Yung Kan)	21 January 2020	10 December 2021	—	4,620	—	4,620
	21 January 2020	29 March 2022	—	4,620	—	4,620
	21 January 2020	9 December 2022	—	4,620	—	4,620
	21 January 2020	29 March 2023	—	4,621	—	4,621
Mr. Liu Chi Hin	21 January 2020	10 December 2020	—	15,400	—	15,400
(son of Mr. Liu and	21 January 2020	29 March 2021	—	15,400	—	15,400
Ms. Chen)	21 January 2020	10 December 2021	—	15,400	—	15,400
	21 January 2020	29 March 2022	—	15,400	—	15,400
	21 January 2020	9 December 2022	—	15,400	—	15,400
	21 January 2020	29 March 2023	—	15,402	—	15,402

13. SHARE-BASED PAYMENTS (Continued)

(b) Share Award Scheme (Continued)

	Date of grant	Vesting date	Number of share awards outstanding at 1 September 2019	Granted during the period	Lapsed/ cancelled during the period	Number of share awards outstanding at 29 February 2020
Associates of directors and substantial shareholders *(note 1)* (Continued)						
Mr. Liu Chi Wai	21 January 2020	10 December 2020	—	12,320	—	12,320
(son of Mr. Liu and	21 January 2020	29 March 2021	—	12,320	—	12,320
Ms. Chen)	21 January 2020	10 December 2021	—	12,320	—	12,320
	21 January 2020	29 March 2022	—	12,320	—	12,320
	21 January 2020	9 December 2022	—	12,320	—	12,320
	21 January 2020	29 March 2023	—	12,322	—	12,322
Associates of directors and substantial shareholders in aggregate			—	194,045	—	194,045
Employees	21 January 2020	10 December 2020	—	120,120	—	120,120
(non-connected	21 January 2020	29 March 2021	—	120,120	—	120,120
persons)	21 January 2020	10 December 2021	—	120,120	—	120,120
	21 January 2020	29 March 2022	—	120,120	—	120,120
	21 January 2020	9 December 2022	—	120,120	—	120,120
	21 January 2020	29 March 2023	—	120,140	—	120,140
Employees (non-connected persons) in aggregate			—	720,740	—	720,740
Total			—	1,848,048	—	1,848,048

note:

(1) Mr. Liu Yung Kwong, Mr. Liu Chi Hin and Mr. Liu Chi Wai are consultant/employees of the Group.

The closing price of the Company's shares immediately before the grant of share awards on 21 January 2020 was HK$4.870 per share.

Save as disclosed above, no share awards had been granted, lapsed or cancelled under the Share Award Scheme during the reporting period.

14. CAPITAL COMMITMENTS

As at the end of the current interim period, the Group was committed to acquire property, plant and equipment and right-of-use assets mainly for the construction of new campus amounting to in aggregate of RMB577,334,000 (31 August 2019: property, plant and equipment of RMB69,705,000).

15. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
Financial assets at FVTPL (Structured deposits)	At 29 February 2020: RMB104,433,000 (31 August 2019: RMB252,666,000)	Level 3	Discounted cash flow — Future cash flows are estimated based on estimated return ranging from 2.10% to 4.20% (six months ended 28 February 2019: 2.82% to 4.20%) per annum, and discounted at a rate of 3.51% for the six months ended 29 February 2020 (six months ended 28 February 2019: 3.40%)	Estimated return and discount rate

15. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

A significant increase in estimated return would not result in a significant increase in fair value measurement of the financial assets at FVTPL, and vice versa. If the estimated return is multiplied by 110%/90%, while all the other variables were held constant, the carrying amount of the financial assets at FVTPL would increase/decrease by RMB93,000 (31 August 2019: RMB147,000) at the end of the reporting period.

A significant increase in discount rate would not result in a significant decrease in fair value measurement of the financial assets at FVTPL, and vice versa. If the discount rate is multiplied by 110%/90%, while all the other variables were held constant, the carrying amount of the financial assets at FVTPL would decrease/increase by RMB26,000 (31 August 2019: RMB51,000) at the end of the reporting period.

Reconciliation of Level 3 Measurements

The following table presents the reconciliation of Level 3 Measurements of the financial assets at FVTPL during the reporting period:

	RMB'000
At 1 September 2018	869,259
Purchase of structured deposits	3,023,550
Redemption of structured deposits	(3,413,910)
Net gain on structured deposits	9,261
Settlements of the interest income	(8,993)
At 28 February 2019	479,167
At 1 September 2019	**252,666**
Purchase of structured deposits	**593,660**
Redemption of structured deposits	**(741,600)**
Net gain on structured deposits	**5,246**
Settlements of the interest income	**(5,539)**
At 29 February 2020	**104,433**

15. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Reconciliation of Level 3 Measurements (Continued)

The total gains or losses for the six months ended 29 February 2020 included an unrealised loss of RMB293,000 (six months ended 28 February 2019: unrealised gain of RMB268,000) relating to financial assets at FVTPL at the end of the reporting period. Such fair value gains or losses are included in 'other gains and losses'.

The chief financial officer of the Company determines the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of an asset or a liability, the Group uses market observable data to the extent it is available. The chief financial officer of the Company reports the findings to the board of directors of the Company when needed to explain the cause of fluctuations in the fair value of the assets and liabilities.

Information about the valuation techniques and inputs used in determining the fair value of certain financial assets are disclosed above.

16. 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.

Consideration transferred

	RMB'000
Cash consideration	**10,600**

Assets acquired and liabilities recognised at the date of acquisition, determined on a provisional basis, were as follows:

	RMB'000
Property, plant and equipment	**61**
Intangible assets	**7,818**
Trade and other receivables	**263**
Bank balances and cash	**1,140**
Contract liabilities	**(51)**
Other payables	**(187)**
Income tax payable	**(29)**
Deferred tax liabilities	**(7)**
	9,008

The fair values of intangible assets (representing brand name amounting to RMB2,566,000 and accreditations amounting to RMB5,252,000) were based on estimation used by the management of the Group with reference to valuation carried out by an independent valuer, key assumptions and estimation used by the management included discount rates, growth rates and useful lives of the intangible assets.

The fair value of assets acquired and liabilities assumed and thus the goodwill arising on the acquisition at the date of acquisition have been determined on a provisional basis, for more information to be obtained during the measurement period, if any.

16. ACQUISITION OF A BUSINESS (Continued)

Goodwill arising on acquisition

	RMB'000
Consideration transferred	10,600
Less: recognised amount of identifiable net assets acquired	(9,008)
Goodwill arising on acquisition	1,592

Goodwill arose in the acquisition of NYU Language School because the acquisition included the assembled workforce of NYU Language School and synergy from alignment with the Group's overseas establishment strategy. These benefits were not recognised separately from goodwill because they did not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

Net cash outflow arising on acquisition

	RMB'000
Consideration paid in cash	10,600
Less: Cash and cash equivalent balances acquired	(1,140)
	9,460

No pro forma information for the acquisition of NYU Language School is prepared as the acquisition was completed in December 2019 and the directors of the Company are of the opinion that there is no significant changes to the Group's revenue or profit for the current interim period had the acquisition been completed on 1 September 2019.

17. 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, the schools in the PRC opened as scheduled. Guided by the national policy of "classes suspended but learning continues" (停課不停學), the Group have 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 significant impact on the results and revenue of the Group up to date of the report.

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 & 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 RMB'000 (Unaudited)	28 February 2019 RMB'000 (Audited)	Change	Percentage change (%)
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.

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 2020	28 February 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 ("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.

Investments

There was no significant investments held by the Group during the reporting period.

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 16 to the condensed consolidated financial statements in this interim report.

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 interim report 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 interim report, except the acquisition of NYU Language School as disclosed in Note 16 to the condensed consolidated financial statements in this interim report, 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 17 to the condensed consolidated financial statements in this interim report and under the heading "Business Update and Outlook" in this interim report.

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 of the Company 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.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE IN SHARES

As at 29 February 2020, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**"), were as follows:

Long positions in shares of the Company ("Shares")

Name of Director	Capacity/Nature of interest: Personal Interest	Family Interest/ Corporate interests	Other Interest *(Note 3)*	Number of shares held under equity derivatives *(Note 4)*	Total number of Shares interested	Approximate Percentage of the Company's issued share capital *(Note 5)*
Mr. Liu	—	750,631,416 *(Note 1)*	462,012	2,695,072 *(Note 6)*	753,788,500	74.02%
Ms. Chen	—	753,157,084 *(Note 2)*	92,402	539,014	753,788,500	74.02%
Ms. Liu	—	—	277,207	1,617,043 *(Note 6)*	1,894,250	0.19%
Mr. Liu Yung Kan	—	—	64,682	377,310	441,992	0.04%
Mr. Xu Gang	—	—	18,480	107,803	126,283	0.01%
Mr. Li Jiatong	—	—	18,480	107,803	126,283	0.01%

Notes:

1. For the purpose of the SFO, as at 29 February 2020, other than the personal interests and the other interests as stated in the above table, Mr. Liu was deemed to be interested in (i) 750,000,000 Shares held by BVI Holdco which was owned as to 50% by Mr. Liu and 50% by Ms. Chen (who is spouse to Mr. Liu) and (ii) 631,416 Shares held by Ms. Chen.

2. For the purpose of the SFO, as at 29 February 2020, other than the personal interests and the other interests as stated in the above table, Ms. Chen was deemed to be interested in (i) 750,000,000 Shares held by BVI Holdco which was owned as to 50% by Mr. Liu (who is spouse to Ms. Chen) and 50% by Ms. Chen and (ii) 3,157,084 Shares held by Mr. Liu.

3. These other interests are the interest in the award shares granted to the relevant directors under the Share Award Scheme adopted by the Company on 6 June 2019. The details of such award shares are disclosed in note 13(b) to the condensed consolidated financial statements in this interim report. Such award shares remained unvested as at 29 February 2020.

4. As at 29 February 2020, these equity derivatives were outstanding share options granted to the relevant directors under the Share Option Scheme adopted by the Company on 6 June 2019 in accordance with Chapter 17 of the Listing Rules, the details of which are disclosed in note 13(a) to the condensed consolidated financial statements in this interim report.

5. Such percentage was calculated based on the total number of Shares and underlying Shares in which each of the directors was interested as recorded in the register required to be kept by the Company pursuant to Part XV of the SFO and disclosed on the website of the Stock Exchange against the number of issued Shares of the Company as at 29 February 2020, being 1,018,362,000 Shares.

6. The grant of share options to Mr. Liu and Ms. Liu on 21 January 2020 ("**Conditional Grant**") under the Share Option Scheme is conditional upon the approval by the independent shareholders of the Company in a general meeting with each of Mr. Liu and Ms. Liu and their respective associate(s), if any, and all core connected persons of the Company abstaining from voting and such Conditional Grant shall not take effect or be exercisable until such approval is obtained pursuant to Rule 17.04(1) of the Listing Rules. Relevant resolutions will be proposed at the next general meeting to be convened by the Company in relation to the Conditional Grant.

Save as disclosed above and to the best knowledge of the Directors, as at 29 February 2020, none of the Directors or the chief executive of the Company has any interests and/or short positions in the Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEME

The Company's Share Option Scheme was adopted pursuant to a resolution passed on 6 June 2019 and will expire no later than 10 years from the Listing Date. Details of the Share Option Scheme are set out under the section headed "Post-IPO Share Option Scheme and Share Award Scheme" in the 2019 annual report and Prospectus, respectively. Movements in the Company's share options during the reporting period are disclosed in Note 13 to the condensed consolidated financial statements in this interim report.

SHARE AWARD SCHEME

The Company's Share Award Scheme was adopted pursuant to a resolution passed on 6 June 2019 and will expire no later than 10 years from the Listing Date. Details of the Share Award Scheme are set out under the section headed "Post-IPO Share Option Scheme and Share Award Scheme" in the 2019 annual report and Prospectus, respectively. Movements in the Company's awarded shares during the reporting period are disclosed in Note 13 to the condensed consolidated financial statements in this interim report.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

So far as is known to any Director or chief executive of the Company, as at 29 February 2020, the following corporations/persons (other than Directors or the chief executive of the Company) had interests of 5% or more in the issued shares of the Company according to the register of interests required to be kept by the Company under section 336 of the SFO:

Name	Capacity/ Nature of interest	Number of Shares interested	Approximate percentage of the Company's issued share capital
BVI Holdco	Beneficial owner	750,000,000 (L)	73.65% (L)

Notes:

(1) The letter "L" denotes the person's long position in the Shares.

(2) The calculation is based on the total number of 1,018,362,000 Shares in issue as at 29 February 2020.

Save as disclosed above and to the best knowledge of the Directors, as at 29 February 2020, no person (other than the Directors or chief executives of the Company) had registered an interest or a short position in the Shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the Share Option Scheme and the Share Award Scheme as disclosed under the section headed "Share Option Scheme" and "Share Award Scheme" in this interim report, at no time during the period under review was the Company, its holding company, or any of its subsidiaries, a party to any arrangement to enable the Directors or their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of Shares in, or debt securities including debentures of, the Company or any other body corporate.

CHANGES IN THE BOARD AND THE DIRECTORS' INFORMATION

There was no change in the Board and the information of Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of publication of the Company's 2019 annual report.

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 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.

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 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

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".

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 of the Company, 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 interim report, 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.

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