



# 中匯集團

Edvantage Group

**Edvantage Group Holdings Limited**

**中匯集團控股有限公司**

(Incorporated in the Cayman Islands with limited liability)

Stock code : 0382



**2021**  
**INTERIM**  
**REPORT**

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# 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

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

## 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

## Stock Code

Stock Code: 0382

## Company's Website

[www.edvantagegroup.com.hk](http://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

China CITIC Bank Corporation Limited  
Guangzhou Branch  
233 Tianhe North Road  
Tianhe District  
Guangzhou  
The PRC

# Financial Highlights

	<i>Note</i>	<b>Six months ended</b>		Percentage increase
		<b>28 February 2021 (unaudited)</b>	29 February 2020 (unaudited)	
Revenue ( <i>RMB'000</i> )		<b>554,276</b>	418,256	32.5%
Gross profit ( <i>RMB'000</i> )		<b>277,210</b>	204,074	35.8%
Adjusted net profit attributable to owners of the Company ( <i>RMB'000</i> )	(i)	<b>199,906</b>	150,844	32.5%
Profit for the period attributable to owners of the Company ( <i>RMB'000</i> )		<b>164,763</b>	147,135	12.0%
Basic earnings per share ( <i>RMB cents</i> )		<b>16.03</b>	14.45	10.9%
Dividend per share — Interim dividend ( <i>HK cents</i> )		<b>5.50</b>	4.90	12.2%

*Note:*

- (i) For the six months ended 28 February 2021, adjusted net profit attributable to owners of the Company is determined by adjusting profit for the period of RMB175,902,000 for the effect of net foreign exchange loss of RMB28,255,000, share-based payments of RMB6,888,000 and profit for the period attributable to non-controlling interests of RMB11,139,000.

For the six months ended 29 February 2020, adjusted net profit attributable to owners of the Company is determined by adjusting profit for the period of RMB147,135,000 for the effect of net foreign exchange loss of RMB2,364,000 and share-based payments of RMB1,345,000.

# Report on Review of Condensed Consolidated Financial Statements

**Deloitte.**

德勤

## **TO THE BOARD OF DIRECTORS OF EDVANTAGE GROUP HOLDINGS LIMITED**

*(incorporated in 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 54, which comprise the condensed consolidated statement of financial position as of 28 February 2021 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.

# Report on Review of Condensed Consolidated Financial Statements

## 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

20 April 2021

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 28 February 2021

	NOTES	Six months ended	
		28 February 2021 RMB'000 (unaudited)	29 February 2020 RMB'000 (unaudited)
Revenue	3	<b>554,276</b>	418,256
Cost of revenue		<b>(277,066)</b>	(214,182)
Gross profit		<b>277,210</b>	204,074
Other income		<b>18,163</b>	12,368
Investment income		<b>9,407</b>	10,850
Other gains and losses	4	<b>(25,599)</b>	2,882
Selling expenses		<b>(6,269)</b>	(4,267)
Administrative expenses		<b>(76,615)</b>	(59,419)
Finance costs		<b>(10,644)</b>	(11,979)
Profit before taxation		<b>185,653</b>	154,509
Taxation	5	<b>(9,751)</b>	(7,374)
Profit for the period	6	<b>175,902</b>	147,135
<b>Other comprehensive income</b>			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		<b>1,706</b>	393
Total comprehensive income for the period		<b>177,608</b>	147,528



# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 28 February 2021

	NOTE	Six months ended	
		28 February 2021 RMB'000 (unaudited)	29 February 2020 RMB'000 (unaudited)
Profit for the period attributable to			
— owners of the Company		<b>164,763</b>	147,135
— non-controlling interests		<b>11,139</b>	—
		<b>175,902</b>	147,135
Total comprehensive income for the period attributable to			
— owners of the Company		<b>166,469</b>	147,528
— non-controlling interests		<b>11,139</b>	—
		<b>177,608</b>	147,528
Earnings per share	8		
Basic (RMB cents)		<b>16.03</b>	14.45
Diluted (RMB cents)		<b>15.96</b>	14.45

# Condensed Consolidated Statement of Financial Position

At 28 February 2021

		At 28 February 2021 RMB'000 (unaudited)	At 31 August 2020 RMB'000 (audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	<b>3,170,087</b>	1,660,224
Right-of-use assets	9	<b>825,194</b>	458,857
Investment properties		<b>77,000</b>	45,700
Goodwill		<b>105,605</b>	1,554
Intangible assets		<b>76,728</b>	7,628
Amount due from a non-controlling shareholder		<b>61,403</b>	—
Deposits paid for acquisition of property, plant and equipment		<b>59,405</b>	13,920
Deferred tax asset		<b>6,448</b>	4,934
		<b>4,381,870</b>	2,192,817
<b>CURRENT ASSETS</b>			
Inventories		<b>2,280</b>	929
Trade receivables, deposits, prepayments and other receivables	10	<b>170,979</b>	57,855
Amounts due from related parties		<b>73</b>	2,981
Financial assets at fair value through profit or loss ("FVTPL")		<b>357,067</b>	88,118
Bank balances and cash		<b>476,299</b>	1,185,689
		<b>1,006,698</b>	1,335,572

# Condensed Consolidated Statement of Financial Position

At 28 February 2021

	NOTES	At 28 February 2021 RMB'000 (unaudited)	At 31 August 2020 RMB'000 (audited)
<b>CURRENT LIABILITIES</b>			
Contract liabilities		<b>633,638</b>	623,379
Trade payables	11	<b>19,185</b>	4,606
Other payables and accrued expenses		<b>197,567</b>	104,873
Amounts due to related parties		<b>646</b>	780
Deferred income		<b>14,693</b>	13,051
Income tax payable		<b>67,372</b>	48,169
Bank and other borrowings		<b>509,024</b>	290,434
Lease liabilities		<b>6,204</b>	6,918
		<b><u>1,448,329</u></b>	<u>1,092,210</u>
<b>NET CURRENT (LIABILITIES) ASSETS</b>			
		<b><u>(441,631)</u></b>	<u>243,362</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<b><u>3,940,239</u></b>	<u>2,436,179</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred income		<b>57,270</b>	—
Bank and other borrowings		<b>907,097</b>	456,670
Lease liabilities		<b>22,835</b>	25,930
Deferred tax liabilities		<b>154,933</b>	118,651
		<b><u>1,142,135</u></b>	<u>601,251</u>
		<b><u>2,798,104</u></b>	<u>1,834,928</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	12	<b>73,475</b>	70,005
Reserves		<b>2,256,916</b>	1,764,923
Equity attributable to owners of the Company		<b>2,330,391</b>	1,834,928
Non-controlling interests		<b>467,713</b>	—
		<b><u>2,798,104</u></b>	<u>1,834,928</u>

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 28 February 2021

	Attributable to owners of the Company												
	Share capital/ registered capital RMB'000	Share premium RMB'000	Other reserve RMB'000 (Note i)	Property revaluation reserve RMB'000 (Note ii)	Shares held under share award scheme RMB'000 (Note iv)	Share award reserve RMB'000	Share option reserve RMB'000	Translation reserve RMB'000	Statutory surplus reserve RMB'000 (Note ii)	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	—	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	—	—	—	—	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	—	(4)	277,437	641,594	1,737,359	—	1,737,359

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 28 February 2021

	Attributable to owners of the Company											Total RMB'000			
	Share capital/ registered capital RMB'000	Share premium RMB'000	Other reserve RMB'000	Property revaluation reserve RMB'000	Shares held under				Share option reserve RMB'000	Translation reserve RMB'000	Statutory surplus reserve RMB'000		Retained profits RMB'000	Sub-total RMB'000	Non- controlling interests RMB'000
					Share award scheme RMB'000	Share award reserve RMB'000	Share award scheme RMB'000	Share award reserve RMB'000							
At 1 September 2020 (audited)	70,005	556,109	194,428	4,467	(17,082)	2,844	6,620	(195)	303,562	714,170	1,834,928	—	1,834,928	—	
Profit for the period	—	—	—	—	—	—	—	—	—	164,763	164,763	11,139	175,902	11,139	
Other comprehensive income for the period	—	—	—	—	—	—	—	1,706	—	—	1,706	—	1,706	—	
Total comprehensive income for the period	—	—	—	—	—	—	—	1,706	—	164,763	166,469	11,139	177,608	11,139	
Acquisition of subsidiaries (note 16)	—	—	—	—	—	—	—	—	—	—	—	—	456,574	456,574	
Dividends recognised as distribution (note 7)	—	—	—	—	—	—	—	—	—	(43,772)	(43,772)	—	(43,772)	(43,772)	
Issue of shares (note 12)	3,470	381,309	—	—	—	—	—	—	—	—	384,779	—	384,779	384,779	
Purchase of shares under share award scheme	—	—	—	—	(18,901)	—	—	—	—	—	(18,901)	—	(18,901)	(18,901)	
Recognition of equity-settled share-based payments	—	—	—	—	2,069	4,819	—	—	—	—	6,888	—	6,888	6,888	
Share awards vested	—	—	—	—	1,363	(1,278)	—	—	—	—	(105)	—	(105)	—	
Transfer	—	—	—	—	—	—	—	—	47,828	(47,828)	—	—	—	—	
At 28 February 2021 (unaudited)	73,475	937,418	194,428	4,467	(84,600)	3,635	11,439	1,511	351,390	787,228	2,330,391	467,713	2,798,104	467,713	

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 28 February 2021

## Notes:

- i. The other reserve mainly 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. 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 28 February 2021

	<b>Six months ended</b>	
	<b>28 February 2021 RMB'000 (unaudited)</b>	29 February 2020 RMB'000 (unaudited)
Net cash generated from (used in) operating activities	<b>35,921</b>	(201,174)
Net cash used in investing activities		
Purchase of financial assets at FVTPL	<b>(1,907,880)</b>	(593,660)
Acquisition of subsidiaries/a business	<b>(649,176)</b>	(9,460)
Payments for acquisition of property, plant and equipment	<b>(257,155)</b>	(226,283)
Payments for right-of-use assets	<b>(78,527)</b>	(38,985)
Deposits paid for acquisition of property, plant and equipment	<b>(59,273)</b>	(67,925)
Redemption of financial assets at FVTPL	<b>1,640,470</b>	741,600
Interest income from banks	<b>9,407</b>	10,850
Repayment of non-controlling shareholders	<b>2,397</b>	—
Interest income from financial assets at FVTPL	<b>1,625</b>	5,539
Payments for rental deposits	—	(481)
Withdrawal of pledged bank deposits	—	50,000
	<b>(1,298,112)</b>	(128,805)

# Condensed Consolidated Statement of Cash Flows

For the six months ended 28 February 2021

	<b>Six months ended</b>	
	<b>28 February 2021 RMB'000 (unaudited)</b>	29 February 2020 RMB'000 (unaudited)
Net cash generated from (used in) financing activities		
Repayment of bank and other borrowings	<b>(145,646)</b>	(226,199)
Dividends paid	<b>(43,772)</b>	(17,384)
Interest paid	<b>(22,680)</b>	(13,080)
Purchase of shares under share award scheme	<b>(18,901)</b>	(8,022)
Repayment of lease liabilities	<b>(3,458)</b>	(1,792)
Interest paid on lease liabilities	<b>(764)</b>	(721)
New bank and other borrowings raised	<b>429,735</b>	—
Issued of shares	<b>384,779</b>	—
Issue costs paid	<b>—</b>	(7,971)
	<b>579,293</b>	(275,169)
Net decrease in cash and cash equivalents	<b>(682,898)</b>	(605,148)
Cash and cash equivalents at beginning of the period	<b>1,185,689</b>	1,352,220
Net effect of foreign exchange rate changes	<b>(26,492)</b>	(4,757)
Cash and cash equivalents at end of the period, represented by bank balances and cash	<b>476,299</b>	742,315



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2021

## 1. GENERAL

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 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**”).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2021

## 1A. BASIS OF PREPARATION

The Group had net current liabilities of RMB441,631,000 as at 28 February 2021. The directors of the Company have reviewed the Group's cash flow projections prepared by the management of the Group. The cash flow projections cover a period not less than twelve months from the end of the reporting period. The directors of the Company are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due for the next twelve months from the end of the reporting period after taking consideration that as at 28 February 2021, included in the current liabilities of the Group was contract liabilities of approximately RMB633,638,000 representing the prepayments of tuition and boarding fees received by the Group before commencement of school terms which would be recognised as revenue over the remaining contract terms. Such contract liabilities shall not in itself result in any cash outflow for the Group. In addition, the Group could generate sufficient operating cash inflow to meet its future obligations.

Taking into account the above-mentioned considerations, the directors of the Company are of the opinion that the Group has sufficient working capital to meet in full its financial obligations as they fall due for at least the next twelve months from the end of the reporting period and accordingly, these condensed consolidated financial statements have been prepared on a going concern basis.

## 2. PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards ("IFRSs") and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 28 February 2021 are the same as those presented in the Group's annual financial statements for the year ended 31 August 2020.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2021

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Application of amendments to IFRSs

In the reporting period, the Group has applied the *Amendments to References to the Conceptual Framework in IFRS Standards* and the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the annual period beginning on or after 1 September 2020 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

Except as described below, the application of the *Amendments to References to the Conceptual Framework in IFRS Standards* and the 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 of application on Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity". The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current period had no impact on the condensed consolidated financial statements.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2021

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### 2.2 Impacts and accounting policies on application of Amendments to IFRS 3 Definition of a Business

The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

#### 2.2.1 Accounting policies

*Business combinations or asset acquisitions*

Optional concentration test

Effective from 1 September 2020, the Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

#### 2.2.2 Transition and summary of effects

The amendments had no impact on the condensed consolidated financial statements of the Group.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2021

## 3. REVENUE AND SEGMENT INFORMATION

### Revenue from major services

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

	Six months ended	
	28 February 2021 RMB'000 (unaudited)	29 February 2020 RMB'000 (unaudited)
<b>Type of services</b>		
Tuition fees recognised overtime	<b>489,980</b>	381,544
Boarding fees recognised overtime	<b>43,205</b>	35,900
Other vocational education service fees recognised overtime	<b>20,718</b>	—
Fees from university cooperation programme recognised overtime	<b>373</b>	812
	<b>554,276</b>	418,256

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2021

## 3. REVENUE AND SEGMENT INFORMATION (Continued)

### Revenue from major services (Continued)

The revenue of the Group comprises of the tuition fees and boarding fees from the Group's higher education and vocational education programmes, other vocational education service fees 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 29 February 2020: 12-76 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. Other vocational education service fees represent short-term vocational education service fees derived from vocation education courses and preparation courses for qualified examination which mainly provided to students by Guangzhou Huashang College\* (廣州華商學院) ("**Huashang College**"), Guangzhou Huashang Vocational College\* (廣州華商職業學院) ("**Huashang Vocational College**"), Urban Vocational College of Sichuan\* (四川城市職業學院) ("**Urban Vocational College**") and Urban Technician College of Sichuan\* (四川城市技師學院) ("**Urban Technician College**"). The contracts for other vocational education service are normally with duration of 1 month to 1 year. Tuition and boarding fees, other vocational education service 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, other vocational education service 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.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2021

## 3. REVENUE AND SEGMENT INFORMATION (Continued)

### Segment revenue and results

The Group mainly engages 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.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2021

## 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:

For the six months ended 28 February 2021 (unaudited)

	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	<u>548,025</u>	<u>6,251</u>	<u>554,276</u>
Segment profit (loss)	<u>236,841</u>	<u>(3,949)</u>	<u>232,892</u>
Unallocated corporate expenses			(20,310)
Unallocated corporate income			1,326
Other gains and losses			<u>(28,255)</u>
Profit before taxation			<u>185,653</u>



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2021

## 3. REVENUE AND SEGMENT INFORMATION (Continued)

### Segment revenue and results (Continued)

For the six months ended 29 February 2020 (unaudited)

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

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 and certain other gains and losses. 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.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2021

## 4. OTHER GAINS AND LOSSES

	Six months ended	
	28 February 2021 RMB'000 (unaudited)	29 February 2020 RMB'000 (unaudited)
Fair value change on financial assets at FVTPL	3,164	5,246
Net foreign exchange loss	(28,255)	(2,364)
Impairment loss recognised on trade receivables	(508)	—
	<b>(25,599)</b>	<b>2,882</b>

## 5. TAXATION

	Six months ended	
	28 February 2021 RMB'000 (unaudited)	29 February 2020 RMB'000 (unaudited)
Current tax		
— Hong Kong Profits Tax	(270)	362
— Enterprise Income Tax	6,778	1,188
Withholding tax	2,520	2,250
	<b>9,028</b>	<b>3,800</b>
Deferred tax	723	3,574
Total	<b>9,751</b>	<b>7,374</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2021

## 5. TAXATION (Continued)

According to the Implementation Rules for the Law for Promoting Private Education, private schools for which the school sponsors do not require reasonable returns are eligible to enjoy the same preferential tax treatment as public schools. 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 28 February 2021, the non-taxable tuition related income amounted to RMB527,307,000 (six months ended 29 February 2020: RMB412,033,000), and the related non-deductible expense amounted to RMB378,294,000 (six months ended 29 February 2020: RMB299,119,000).

## 6. PROFIT FOR THE PERIOD

	Six months ended	
	28 February 2021 RMB'000 (unaudited)	29 February 2020 RMB'000 (unaudited)
Profit for the period has been arrived at after charging:		
Staff costs, including directors' remuneration		
— salaries and other allowances	164,596	115,092
— retirement benefit scheme contributions	13,157	15,030
— share-based payments	6,888	1,345
Total staff costs	184,641	131,467
Depreciation of property, plant and equipment	38,748	29,253
Depreciation of right-of-use assets	9,837	5,329
Short-term lease expenses	60	184

During the reporting period, the Group recognised government grants of RMB2,656,000 in respect of Covid-19-related subsidies, of which RMB289,000, RMB2,306,000 and RMB61,000 relates to employment support scheme provided by the governments of Hong Kong, Australia and Singapore, respectively.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2021

## 7. DIVIDENDS

During the reporting period, the Company recognised the following dividend as distribution:

	Six months ended	
	28 February 2021	29 February 2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Final dividend for the preceding financial year ended 31 August 2020 of HK4.90 cents (six months ended 29 February 2020: final dividend for the preceding financial year ended 31 August 2019 of HK1 cent) per ordinary share	<b>43,772</b>	9,152

Subsequent to the end of the reporting period, the directors of the Company have determined that an interim dividend of HK5.50 cents per ordinary share for the six months ended 28 February 2021 (six months ended 29 February 2020: HK4.90 cents per ordinary share), in an aggregate amount of approximately HK\$58,941,000 (six months ended 29 February 2020: HK\$49,900,000) which is calculated based on the number of issued shares of the Company at the end of the reporting period (i.e. 28 February 2021), will be declared and paid to the shareholders of the Company whose names appear in the Company's register of members on 10 May 2021.

## 8. EARNINGS PER SHARE

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	
	28 February 2021	29 February 2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
<b>Earnings:</b> Profit for the period attributable to owners of the Company for the purposes of calculating basic and diluted earnings per share	<b>164,763</b>	147,135

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2021

## 8. EARNINGS PER SHARE (Continued)

	Six months ended	
	28 February 2021 (unaudited)	29 February 2020 (unaudited)
<b>Number of shares:</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>1,028,092,587</b>	1,017,975,813
Effect of dilutive potential ordinary shares:		
Share options	<b>2,560,211</b>	—
Unvested awarded shares	<b>1,748,045</b>	386,187
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>1,032,400,843</b>	1,018,362,000

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 month ended 29 February 2020.

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

During the reporting period, the Group acquired property, plant and equipment of RMB312,343,000 (six months ended 29 February 2020: RMB228,105,000).

During the reporting period, the Group has made payments for leasehold land amounting to RMB78,527,000 (six months ended 29 February 2020: RMB38,985,000) which were recognised as additions to right-of-use assets.

During the six months ended 29 February 2020, the Group entered into new lease agreements for the use of school premise and office for five or six years. Upon lease commencement, the Group recognised right-of-use assets of RMB7,801,000 and lease liabilities of RMB7,459,000, respectively.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2021

## 10. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	At 28 February 2021 <i>RMB'000</i> (unaudited)	At 31 August 2020 <i>RMB'000</i> (audited)
Trade receivables (Note i)	5,096	572
Less: allowance for credit losses	(508)	(236)
	<b>4,588</b>	336
Receivables from education departments	35	97
Staff advances	547	231
Other receivables	11,233	6,026
Interest income receivables	77	583
Deposits	38,421	1,330
Prepayments	30,143	1,167
Advances to government (Note ii)	42,493	47,494
Prepaid cooperation fee (Note iii)	42,652	—
Other tax recoverable	790	591
Total	<b>170,979</b>	57,855

Notes:

- (i) The students are required to pay tuition fees, university cooperation programme fees and boarding fees in advance for the upcoming school years before the commencements of the courses. The outstanding receivables represent amounts related to students who have applied for the delayed payment of tuition fees, university cooperation programme fees and boarding fees. There is no fixed term for delayed payments. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of individual students, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances.
- (ii) The amounts represent refundable advances to the municipal government to cover their expenses borne on revamp of the land ready to be used by the Group in the future. The refundable advances are 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.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2021

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

Notes: (Continued)

- (iii) The amount represents prepaid annual fee to 廣東財經大學 (Guangdong University of Finance & Economics) based on the tuition fees receivable by 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.

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

	At 28 February 2021 RMB'000 (unaudited)	At 31 August 2020 RMB'000 (audited)
0–30 days	766	178
31–90 days	1,324	122
91–180 days	2,529	68
181–365 days	4	49
Over 365 days	—	16
Total	<b>4,623</b>	433

As at 28 February 2021, the Group's entire trade receivables and receivables from education departments balance with aggregate carrying amount of RMB4,623,000 (31 August 2020: RMB433,000) are all past due as at reporting date for which the Group has not provided for impairment loss. The Group considered the trade receivables overdue over 90 days for students that are not dropped out from schools are not default as the tuition fees, university cooperation programme fees and boarding fees are usually fully received upon the graduation of the students by reference to past experience. The Group also considered the receivables from education departments overdue over 90 days are not default as payments from education departments may take long administrative process based on historical experience.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2021

## 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.

	<b>At 28 February 2021 RMB'000 (unaudited)</b>	At 31 August 2020 RMB'000 (audited)
0–60 days	<b>4,487</b>	1,653
61–180 days	<b>10,095</b>	592
181–365 days	<b>2,046</b>	868
Over 365 days	<b>2,557</b>	1,493
	<b>19,185</b>	4,606

## 12. SHARE CAPITAL

	<b>Number of shares</b>	<b>Amount US\$</b>	<b>Shown in the condensed consolidated financial statements RMB'000</b>
Ordinary share of US\$1.00 each			
At 1 September 2019, 29 February 2020, 1 September 2020 and 28 February 2021	1,500,000,000	15,000,000	N/A
Issued and fully paid:			
At 1 September 2019, 29 February 2020 and 1 September 2020	1,018,362,000	10,183,620	70,005
Issue of new shares upon placing (Note)	53,300,000	533,000	3,470
At 28 February 2021	1,071,662,000	10,716,620	73,475

Note: On 13 January 2021, the Company issued 53,300,000 ordinary shares of par value US\$0.01 at the price of HK\$8.73 per ordinary share pursuant to the placing agreement.



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2021

## 13. SHARE-BASED PAYMENTS

### (a) Share Option Scheme

The Company's share option scheme (the "**Share Option Scheme**") was adopted pursuant to 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.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2021

## 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 28 February 2021, 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 15,852,751 (31 August 2020: 10,780,287), representing 1.48% (31 August 2020: 1.06%) 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 89,980,582 shares (31 August 2020: 89,219,713 shares), representing approximately 8.40% (31 August 2020: 8.76%) of the ordinary shares of the Company in issue as at 28 February 2021.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2021

## 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 i)	Outstanding at 1 September 2020	Granted during the period	Lapsed during the period	Exercised during the period	Outstanding at 28 February 2021
<b>Directors</b>								
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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2021

## 13. SHARE-BASED PAYMENTS (Continued)

### (a) Share Option Scheme (Continued)

Option type	Date of grant	Exercise price HK\$	Exercise period (Note i)	Outstanding at 1 September 2020	Granted during the period	Lapsed during the period	Exercised during the period	Outstanding at 28 February 2021
<b>Directors</b> (Continued)								
Ms. Liu Yi Man ("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
	22 February 2021	9.288	10 December 2021 – 29 January 2027	—	84,541	—	—	84,541
	22 February 2021	9.288	29 March 2022 – 29 January 2027	—	84,541	—	—	84,541
	22 February 2021	9.288	9 December 2022 – 29 January 2027	—	84,541	—	—	84,541
	22 February 2021	9.288	29 March 2023 – 29 January 2027	—	84,541	—	—	84,541
	22 February 2021	9.288	8 December 2023 – 29 January 2027	—	84,541	—	—	84,541
	22 February 2021	9.288	27 March 2024 – 29 January 2027	—	84,541	—	—	84,541
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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2021

## 13. SHARE-BASED PAYMENTS (Continued)

### (a) Share Option Scheme (Continued)

Option type	Date of grant	Exercise		Outstanding	Granted	Lapsed	Exercised	Outstanding
		price	Exercise period	at				at
		HK\$	(Note i)	1 September	during the	during the	during the	28 February
				2020	period	period	period	2021
<b>Directors</b> (Continued)								
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	507,246	—	—	5,951,291
<b>Associates of directors and substantial shareholders</b> (Note ii)								
Mr. Liu Yung Kwong	21 January 2020	4,954	10 December 2020 – 30 January 2026	26,950	—	—	—	26,950
(brother of Mr. Liu and Mr. Liu Yung Kan)	21 January 2020	4,954	29 March 2021 – 30 January 2026	26,950	—	—	—	26,950
	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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2021

## 13. SHARE-BASED PAYMENTS (Continued)

### (a) Share Option Scheme (Continued)

Option type	Date of grant	Exercise price HK\$	Exercise period (Note i)	Outstanding at 1 September 2020	Granted during the period	Lapsed during the period	Exercised during the period	Outstanding at 28 February 2021
<b>Associates of directors and substantial shareholders</b> (Note ii) (Continued)								
Mr. Liu Chi Hin (son of Mr. Liu and 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
	22 February 2021	9.288	10 December 2021 – 29 January 2027	—	42,270	—	—	42,270
	22 February 2021	9.288	29 March 2022 – 29 January 2027	—	42,270	—	—	42,270
	22 February 2021	9.288	9 December 2022 – 29 January 2027	—	42,270	—	—	42,270
	22 February 2021	9.288	29 March 2023 – 29 January 2027	—	42,270	—	—	42,270
	22 February 2021	9.288	8 December 2023 – 29 January 2027	—	42,270	—	—	42,270
	22 February 2021	9.288	27 March 2024 – 29 January 2027	—	42,273	—	—	42,273
Mr. Liu Chi Wai (son of Mr. Liu and Ms. Chen)	21 January 2020	4.954	10 December 2020 – 30 January 2026	71,868	—	—	—	71,868
	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	253,623	—	—	1,385,552

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2021

## 13. SHARE-BASED PAYMENTS (Continued)

### (a) Share Option Scheme (Continued)

Option type	Date of grant	Exercise		Outstanding	Granted	Lapsed	Exercised	Outstanding
		price	Exercise period	at				at
		HK\$	(Note i)	1 September	during the	during the	during the	28 February
				2020	period	period	period	2021
Employees (non-connected persons) (Note iii)	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
	22 February 2021	9.288	10 December 2021 – 29 January 2027	—	596,857	—	—	596,857
	22 February 2021	9.288	29 March 2022 – 29 January 2027	—	840,335	—	—	840,335
	22 February 2021	9.288	9 December 2022 – 29 January 2027	—	596,857	—	—	596,857
	22 February 2021	9.288	29 March 2023 – 29 January 2027	—	840,335	—	—	840,335
	22 February 2021	9.288	8 December 2023 – 29 January 2027	—	596,857	—	—	596,857
	22 February 2021	9.288	27 March 2024 – 29 January 2027	—	840,354	—	—	840,354
	Employees (non-connected persons) in aggregate				<u>4,204,313</u>	<u>4,311,595</u>	<u>—</u>	<u>—</u>
Total				<u>10,780,287</u>	<u>5,072,464</u>	<u>—</u>	<u>—</u>	<u>15,852,751</u>
Weighted average exercise price				<u>HK\$4.954</u>	<u>HK\$9.288</u>	<u>—</u>	<u>—</u>	<u>HK\$6.341</u>
Exercisable at the end of the period								<u>1,796,708</u>



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2021

## 13. SHARE-BASED PAYMENTS (Continued)

### (a) Share Option Scheme (Continued)

Notes:

- i. The vesting period commences on the date of grant and up to the share options become exercisable.
- ii. Mr. Liu Yung Kwong, Mr. Liu Chi Hin and Mr. Liu Chi Wai are consultant/employees of the Group.
- iii. Included in employees (non-connected persons), Mr. Chan Kai Tung, being the son of Ms. Chen's brother (i.e. nephew of Ms. Chen), falls under the scope of "relative" under Rule 14A.21(1)(a) of the Listing Rules who, depending on the opinion of the Stock Exchange, may be deemed to be a connected person of the Company.

During the six months ended 28 February 2021, 5,072,464 (six months ended 29 February 2020: 10,780,287) share options were granted on 22 February 2021 (six months ended 29 February 2020: 21 January 2020). The estimated fair value of the share options granted on the date was HK\$20,030,000 (six months ended 29 February 2020: HK\$21,006,000).

The closing price of the Company's shares immediately before the grant of share options on 22 February 2021 and 21 January 2020 were HK\$9.200 and HK\$4.870 per share, respectively.

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

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

	<b>22 February 2021</b>
Weighted average share price	<b>HK\$9.288</b>
Exercise price	<b>HK\$9.288</b>
Expected volatility	<b>52.18%</b>
Expected life	<b>5.94 years</b>
Risk-free rate	<b>0.75%</b>
Expected dividend yield	<b>1.07%</b>

## 13. SHARE-BASED PAYMENTS (Continued)

### (a) Share Option Scheme (Continued)

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 awarded shares, 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.

Risk free rate was determined based on the rate prevailing on debt securities issued by the Hong Kong Government Bonds. Expected dividend yield was determined based on historical dividends and expected payout ratio of the company.

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.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2021

## 13. SHARE-BASED PAYMENTS (Continued)

### (b) Share Award Scheme (Continued)

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 28 February 2021, 2,544,000 (six months ended 29 February 2020: 1,850,000) ordinary shares of the Company were acquired for an aggregate cost of HK\$22,479,000 (equivalent to RMB18,901,000) (six months ended 29 February 2020: HK\$8,930,000 (equivalent to RMB8,022,000)).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2021

## 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 2020	Granted during the period	Vested during the period	Lapsed/cancelled during the period	Number of share awards outstanding at 28 February 2021	
<b>Directors</b>								
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	
	22 February 2021	10 December 2021	—	16,304	—	—	16,304	
	22 February 2021	29 March 2022	—	16,304	—	—	16,304	
	22 February 2021	9 December 2022	—	16,304	—	—	16,304	
	22 February 2021	29 March 2023	—	16,304	—	—	16,304	
	22 February 2021	8 December 2023	—	16,304	—	—	16,304	
	22 February 2021	27 March 2024	—	16,306	—	—	16,306	
	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	

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2021

## 13. SHARE-BASED PAYMENTS (Continued)

### (b) Share Award Scheme (Continued)

	Date of grant	Vesting date	Number of	Granted during	Vested during	Lapsed/ cancelled during the period	Number of
			share awards outstanding at 1 September 2020				the period
<b>Directors (Continued)</b>							
Mr. Xu Gang	21 January 2020	10 December 2020 (Note iii)	3,080	—	(3,006)	(74)	—
	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
	21 January 2020	29 March 2024	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
	21 January 2020	29 March 2024	3,080	—	—	—	3,080
Directors in aggregate			933,263	97,826	(155,469)	(74)	875,546
<b>Associates of directors and substantial shareholders (Note i)</b>							
Mr. Liu Yung Kwong (brother of Mr. Liu and Mr. Liu Yung Kan)	21 January 2020	10 December 2020	4,620	—	(4,620)	—	—
	21 January 2020	29 March 2021	4,620	—	—	—	4,620
	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 (son of Mr. Liu and 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
	22 February 2021	10 December 2021	—	8,152	—	—	8,152
	22 February 2021	29 March 2022	—	8,152	—	—	8,152
	22 February 2021	9 December 2022	—	8,152	—	—	8,152
	22 February 2021	29 March 2023	—	8,152	—	—	8,152
	22 February 2021	8 December 2023	—	8,152	—	—	8,152
	22 February 2021	27 March 2024	—	8,153	—	—	8,153

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2021

## 13. SHARE-BASED PAYMENTS (Continued)

### (b) Share Award Scheme (Continued)

	Date of grant	Vesting date	Number of	Granted during	Vested during	Lapsed/ cancelled during the period	Number of
			share awards outstanding at 1 September 2020				share awards outstanding at 28 February 2021
<b>Associates of directors and substantial shareholders</b> (Note i) (Continued)							
Mr. Liu Chi Wai (son	21 January 2020	10 December 2020	12,320	—	(12,320)	—	—
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	48,913	(32,340)	—	210,618
<b>Employees (non-connected persons)</b> (Note ii)							
	21 January 2020	10 December 2020	120,120	—	(120,120)	—	—
	21 January 2020	29 March 2021	120,120	—	—	—	120,120
	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
	22 February 2021	10 December 2021	—	115,107	—	—	115,107
	22 February 2021	29 March 2022	—	162,063	—	—	162,063
	22 February 2021	9 December 2022	—	115,107	—	—	115,107
	22 February 2021	29 March 2023	—	162,063	—	—	162,063
	22 February 2021	8 December 2023	—	115,107	—	—	115,107
	22 February 2021	27 March 2024	—	162,075	—	—	162,075
Employees (non-connected persons) in aggregate			720,740	831,522	(120,120)	—	1,432,142
Total			1,848,048	978,261	(307,929)	(74)	2,518,306

#### Notes:

- i. Mr. Liu Yung Kwong, Mr. Liu Chi Hin and Mr. Liu Chi Wai are consultant/employee of the Group.
- ii. Included in employees (non-connected persons), Mr. Chan Kai Tung, being the son of Ms. Chen's brother (i.e. nephew of Ms. Chen), falls under the scope of "relative" under Rule 14A.21(1)(a) of the Listing Rules who, depending on the opinion of the Stock Exchange, may be deemed to be a connected person of the Company.
- iii. 74 award shares granted to Mr. Xu Gang were deducted to reimburse the Company for withholding tax paid or payable by the Company on behalf of Mr. Xu Gang upon vesting.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2021

## 13. SHARE-BASED PAYMENTS (Continued)

### (b) Share Award Scheme (Continued)

The closing price of the Company's shares immediately before the grant of the share awards on 22 February 2021 and 21 January 2020 were HK\$9.200 and HK\$4.870 per share, respectively.

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 reporting 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 RMB623,554,000 (31 August 2020: RMB376,049,000).

## 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).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2021

## 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)

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 28 February 2021: RMB357,067,000 (31 August 2020: RMB88,118,000)	Level 3	Discounted cash flow — Future cash flows are estimated based on estimated return ranging from 1.35% to 6.00% (31 August 2020: 2.50% to 4.20%) per annum, and discounted at a rate of 3.32% (31 August 2020: 3.28%)	Estimated return and discount rate

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 RMB350,000 (31 August 2020: RMB114,000) 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 RMB145,000 (31 August 2020: RMB70,000) at the end of the reporting period.



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2021

## 15. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

(Continued)

### 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:

	<i>RMB'000</i>
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)
	<hr/>
At 29 February 2020	104,433
	<hr/>
At 1 September 2020	<b>88,118</b>
Purchase of structured deposits	<b>1,907,880</b>
Redemption of structured deposits	<b>(1,640,470)</b>
Net gain on structured deposits	<b>3,164</b>
Settlements of the interest income	<b>(1,625)</b>
	<hr/>
At 28 February 2021	<b>357,067</b>

The total gains or losses for the six months ended 28 February 2021 included an unrealised gain of RMB1,539,000 (six months ended 29 February 2020: unrealised loss of RMB293,000) 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.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2021

## 16. ACQUISITION OF SUBSIDIARIES/A BUSINESS

### Six months ended 28 February 2021

During the reporting period, the Group acquired 51% equity interest in Sichuan New Concept Education Investment Co., Ltd.\* (四川新概念教育投資有限公司) (“**Sichuan New Concept**”) and Chengdu Yude Logistics Management Co., Ltd.\* (成都育德後勤管理有限公司) (collectively referred to the “**Sichuan New Concept Group**”) at a consideration of RMB750,000,000. Sichuan New Concept Group principally engages in the operation of private higher education and vocational education institutions in the PRC and was acquired with the objective to expand the Group’s education business. This acquisition has been accounted for using the acquisition method. During the reporting period, the consideration of RMB693,000,000 has been settled in cash and the remaining RMB57,000,000 is included in other payables as at 28 February 2021.

#### Consideration transferred

	<i>RMB'000</i>
Cash consideration paid	<b>693,000</b>
Consideration payable	<b>57,000</b>
	<b>750,000</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2021

## 16. ACQUISITION OF SUBSIDIARIES/A BUSINESS (Continued)

### Six months ended 28 February 2021 (Continued)

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

	<i>RMB'000</i>
Property, plant and equipment	<b>1,236,300</b>
Right-of-use assets	<b>298,000</b>
Investment properties	<b>31,300</b>
Intangible assets	<b>69,100</b>
Amounts due from non-controlling shareholders	<b>65,187</b>
Deposits paid for acquisition of property, plant and equipment	<b>14,818</b>
Deferred tax asset	<b>1,579</b>
Inventories	<b>878</b>
Trade receivables, prepayments and other receivables	<b>107,184</b>
Bank balances and cash	<b>43,824</b>
Contract liabilities	<b>(182,345)</b>
Trade payables	<b>(13,244)</b>
Other payables	<b>(78,503)</b>
Income tax payables	<b>(11,479)</b>
Bank and other borrowings	<b>(384,928)</b>
Deferred income	<b>(59,524)</b>
Deferred tax liabilities	<b>(35,624)</b>
	<b>1,102,523</b>

The fair values of intangible assets (representing licenses amounting to RMB69,100,000) 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.

### **Non-controlling interests**

The non-controlling interests (49%) in Sichuan New Concept Group recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net assets of Sichuan New Concept Group and amounted to RMB456,574,000.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2021

## 16. ACQUISITION OF SUBSIDIARIES/A BUSINESS (Continued)

Six months ended 28 February 2021 (Continued)

**Goodwill arising on acquisition (determined on a provisional basis)**

	<i>RMB'000</i>
Consideration transferred	<b>750,000</b>
Add: non-controlling interests (49% in Sichuan New Concept Group)	<b>456,574</b>
Less: recognised amount of identifiable net assets acquired	<b>(1,102,523)</b>
Goodwill arising on acquisition	<b>104,051</b>

Goodwill arose in the acquisition of Sichuan New Concept Group because the acquisition included the assembled workforce of Sichuan New Concept Group 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**

	<i>RMB'000</i>
Consideration paid in cash	<b>693,000</b>
Less: Cash and cash equivalent balances acquired	<b>(43,824)</b>
	<b>649,176</b>

### **Impact of acquisition on the results of the Group**

Profit for the reporting period includes RMB22,733,000 attributable to the additional business generated by Sichuan New Concept Group. Revenue for the reporting period includes RMB48,342,000 generated from Sichuan New Concept Group.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2021

## 16. ACQUISITION OF SUBSIDIARIES/A BUSINESS (Continued)

### Six months ended 28 February 2021 (Continued)

#### *Impact of acquisition on the results of the Group* (Continued)

Had the acquisition of Sichuan New Concept Group been completed in 1 September 2020, revenue for the period of the Group would have been RMB655,003,000, and profit for the period would have been RMB218,169,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on the date of acquisition, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had Sichuan New Concept Group been acquired at the beginning of the current period, the directors of the Company calculated depreciation and amortisation of property, plant and equipment and right-of-use assets based on the recognised amounts of property, plant and equipment and right-of-use assets at the date of the acquisition.

### Six months ended 29 February 2020

In December 2019, the Group acquired 100% equity interest in NYU Language School Pte. Ltd. at a consideration of Singapore Dollar 2,049,000 (equivalent to RMB10,600,000). This acquisition had been accounted for using the acquisition method. It is a private company incorporated in Singapore with principal activities of conducting the vocational education training. The consideration was fully settled in cash. NYU Language School Pte. Ltd. had been renamed to Edvantage Institute (Singapore) Pte. Ltd. ("**Edvantage Institute (Singapore)**") in August 2020.

#### *Consideration transferred*

	<i>RMB'000</i>
Cash consideration	<b>10,600</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2021

## 16. ACQUISITION OF SUBSIDIARIES/A BUSINESS (Continued)

### Six months ended 29 February 2020 (Continued)

Assets acquired and liabilities recognised at the date of acquisition were as follows:

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

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.

### ***Goodwill arising on acquisition***

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

Goodwill arose in the acquisition of Edvantage Institute (Singapore) because the acquisition included the assembled workforce of Edvantage Institute (Singapore) 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.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2021

## 16. ACQUISITION OF SUBSIDIARIES/A BUSINESS (Continued)

**Six months ended 29 February 2020** (Continued)

**Goodwill arising on acquisition** (Continued)

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

### **Net cash outflow arising on acquisition**

	<i>RMB'000</i>
Consideration paid in cash	<b>10,600</b>
Less: cash and cash equivalent balances acquired	<b>(1,140)</b>
	<b>9,460</b>

No pro forma information for the acquisition of Edvantage Institute (Singapore) 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 year had the acquisition been completed on 1 September 2019.

# Management Discussion and Analysis

## Operation Review

During the reporting period, the Group operated a number of schools in mainland China and abroad which include two private higher education institutions in Guangdong Province, the PRC, i.e. Guangzhou Huashang College (廣州華商學院) (an undergraduate school, "**Huashang College**") (formerly known as Huashang College Guangdong University of Finance & Economics (廣東財經大學華商學院)) and Guangzhou Huashang Vocational College (廣州華商職業學院) (a tertiary institution, "**Huashang Vocational College**") and a foreign private vocational education institution in Australia, Global Business College of Australia ("**GBCA**"), registered with the Australian Skills Quality Authority ("**ASQA**"). In December 2019, the Group acquired Edvantage Institute (Singapore) ("**EIS**") (formerly known as NYU Language School), a private vocational education institution with EduTrust Certificate awarded by the Committee for Private Education of Singapore. In addition, Edvantage Institute Australia ("**EIA**") was registered with the Tertiary Education Quality and Standards Agency ("**TEQSA**") of Australia in the first half of 2020 to offer higher education programmes (including undergraduate degree programmes and master's degree programmes) as the Group's new member school.

Besides, the Group made new progress in expanding its school network in mainland China during the period under review, and successfully acquired two schools in Chengdu City, Sichuan Province, namely, Urban Vocational College of Sichuan\* (四川城市職業學院) ("**Urban Vocational College**") and Urban Technician College of Sichuan\* (四川城市技師學院) ("**Urban Technician College**"). Below is the main operational performance of the schools of the Group during the period under review:

## Conversion of Huashang College Guangdong University of Finance & Economics

In December 2020, Huashang College was converted into an independent private regular undergraduate school with the official approval of the Commission of Guangdong Province on the Appraisal of the Establishment of Higher Education Schools and renamed from "Huashang College Guangdong University of Finance & Economics" to "Guangzhou Huashang College". After the conversion, Huashang College will have more autonomy in school running and more flexibility in student enrolment and will be able to offer more quality degrees. Student management fees payable to Guangdong University of Finance & Economics will also gradually diminish from the 2022 financial year, thereby improving the Group's cost structure to improve efficiency.



# Management Discussion and Analysis

## First M&A Project in the PRC

The Group successfully acquired two schools in Chengdu City, Sichuan Province, namely, Urban Vocational College and Urban Technician College during the reporting period, and both schools have been consolidated since January 2021. The two schools can accommodate a total of approximately 35,000 students and their current number of student enrolments is over 20,000. Urban Vocational College ranked first in Sichuan and came eighth in China in 2020 Wu Shulian Private Higher Vocational Education School Comprehensive Strength Ranking. It was also a school offering degree programmes for junior college students included in the 14th Five Year Plan.

Urban Vocational College ranks second and first in terms of the number of student enrolments of approximately 14,000 and tuition fees standards (RMB16,800 for regular students and RMB17,800 for students majoring in arts in the 2021/2022 school year) among colleges of the same class in Sichuan Province, respectively. The school also stably ranks among the top three in terms of the enrolment rate (around 85% from the 2015/2016 school year to the 2020/2021 school year) among colleges of the same class in Sichuan Province. All the three indicators are a reflection of the school's high teaching quality. In addition, the school's graduate employment rate has surpassed 98% for nine straight years and this is still the case among 2019 graduates.

The Group is of the view that the acquired schools have great synergy with the Group's existing schools in an increased number of full-time students, introduction of existing international teaching resources, complementarity and integration of majors setting, combination of cultivating mode of talents, mutual learning of innovative teaching and management services model as well as the improvement of the Group's financial position. The Group believes that the integration between its existing domestic and overseas schools and the acquired schools will lead to sustainable development and have a positive impact on the development of education on both parties.

## Development of New Campuses of Domestic Schools

The first-phase of the new campus of Huashang College in Sihui, Zhaoqing City, Guangdong Province covers an area of approximately 248 Mu and was put into use in September 2020. The land of approximately 234 Mu for the second-phase campus was secured on 12 October 2020 and its construction is in active progress. The first-phase of the new campus of Huashang Vocational College in Xinhui District, Jiangmen City, Guangdong Province covers an area of approximately 683 Mu and is expected to be put into use in September 2021. With the completion of Zengcheng, Sihui and Xinhui campuses in the core regions of the Guangdong-Hong Kong-Macau Greater Bay Area ("**Greater Bay Area**"), the Group expects them to accommodate more than 80,000 students in total.

## **New Advances in Majors in Domestic Schools**

During the period under review, the Group's domestic schools made breakthroughs in the development of majors. In March 2021, the accounting major of Huashang College was included in the world-leading top majors for development, marking another breakthrough in the development of majors after the designation of the accounting major and financial management major as one of the leading top majors for development in Guangdong Province in 2019 and 2020, respectively. Besides, Huashang College's journalism & communication was also listed as a key development discipline (重點培育學科) in Guangdong Province.

During the period under review, Huashang College offered 40 undergraduate majors, including three new majors, i.e. primary education, nursing and fintech while Huashang Vocational College offered 52 junior college diploma programmes, including eight new programmes, i.e. early education (a state-controlled major), fintech application, software technology, cosmetics operation and management, vision technology, image design, intelligent control technology and electrical automation technology. These majors are closely linked to the needs for social development and highly sought after by parents and students. The Group believes that the new majors will help to promote the development of relevant industries in the Greater Bay Area and be of great significance to the integration of talent cultivation and economic and social development.

# Management Discussion and Analysis

## Tuition Fees and Boarding Fees

The table below sets forth the Group's tuition fees and boarding fees for the six months ended 29 February 2020 and 28 February 2021 respectively:

	Six months ended		Change	Percentage change (%)
	28 February 2021 RMB'000 (Unaudited)	29 February 2020 RMB'000 (Unaudited)		
<b>Tuition fees</b>				
Huashang College	<b>333,140</b>	293,121	40,019	13.7%
Huashang Vocational College	<b>108,996</b>	83,012	25,984	31.3%
Urban Vocational College <sup>1</sup>	<b>31,893</b>	—	31,893	N/A
Urban Technician College <sup>1</sup>	<b>10,081</b>	—	10,081	N/A
Overseas Schools	<b>5,870</b>	5,411	459	8.5%
<b>Grand total</b>	<b>489,980</b>	381,544	108,436	28.4%
<b>Boarding fees</b>				
Huashang College	<b>26,413</b>	24,310	2,103	8.7%
Huashang Vocational College	<b>14,461</b>	11,590	2,871	24.8%
Urban Vocational College <sup>1</sup>	<b>1,737</b>	—	1,737	N/A
Urban Technician College <sup>1</sup>	<b>594</b>	—	594	N/A
<b>Grand total</b>	<b>43,205</b>	35,900	7,305	20.3%

Note:

- (1) The Group completed the acquisition of Urban Vocational College and Urban Technician College during the reporting period, therefore post-acquisition relevant data up to the end of the reporting period is presented.

# Management Discussion and Analysis

## Number of Student Enrolments

The table below sets forth the total number of student enrolments in the Group's schools for the six months ended 29 February 2020 and 28 February 2021 respectively:

	Six months ended		Change	Percentage change (%)
	28 February 2021	29 February 2020		
<b>Number of student enrolments</b>				
Huashang College	<b>24,991</b>	24,110	881	3.7%
Huashang Vocational College	<b>13,324</b>	10,661	2,663	25.0%
Urban Vocational College <sup>1</sup>	<b>14,249</b>	—	14,249	N/A
Urban Technician College <sup>1</sup>	<b>6,109</b>	—	6,109	N/A
Overseas Schools and other vocational education services	<b>3,731</b>	529	3,202	605.3%
<b>Total</b>	<b>62,404</b>	35,300	27,104	76.8%

Note:

- (1) The Group completed the acquisition of Urban Vocational College and Urban Technician College during the reporting period, therefore post-acquisition relevant data up to the end of the reporting period is presented.

# Management Discussion and Analysis

## Average tuition fees

The table below sets forth average tuition fees of the Group's PRC schools for the six months ended 29 February 2020 and 28 February 2021 respectively:

	Six months ended		Change	Percentage change (%)
	28 February 2021 RMB	29 February 2020 RMB		
<b>Average tuition fees</b>				
Huashang College	<b>26,661</b>	24,315	2,346	9.6%
Huashang Vocational College	<b>16,361</b>	15,573	788	5.1%
Urban Vocational College <sup>1</sup>	<b>13,430</b>	—	13,430	N/A
Urban Technician College <sup>1</sup>	<b>9,901</b>	—	9,901	N/A

Note:

- (1) The Group completed the acquisition of Urban Vocational College and Urban Technician College during the reporting period, therefore post-acquisition relevant data up to the end of the reporting period is presented.

## Future Development Strategy

Given favourable national policies for private higher education, the Group will focus its efforts on developing brands, seeking endogenous growth and external expansion, and cultivating talent to continuously promote its high-quality sustained growth.

## Brand Strategy

With great emphasis on the building of teaching brands, the Group works to satisfy the needs of society and fit China's clear positioning of school operations for the cultivation of talent in relevant fields, namely, "featuring finance and economy (i.e. business programmes) to develop application-oriented talents equipped with interdisciplinary skills, innovative awareness and international perspectives and who feels socially responsible and aspires to serve the society and the country". By doing so, the Group will keep exploring differentiated school operations such as international education, application-oriented teaching models and arrangement of innovative high-end majors according to the principle of "high-quality inputs for high-quality outputs". So far, Edvantage's education brands have become increasingly visible and widely and highly regarded by society, parents and students as these brands offer high-quality education services evidenced by high minimum admission scores and enrolment rates and good education and employment prospects.

## **M&A Strategy**

The Group has been looking for targets for mergers and acquisitions (M&As) of colleges in the Pan-Pearl River Delta region with strong demand for higher education resources. The Group will select target schools mainly based on their regional advantages, performance in school operations, development potential, synergy, and consideration for M&As. The Group has completed its first M&A of colleges (i.e. Urban Vocational College and Urban Technician College) since the listing on the Stock Exchange on 16 July 2019. The Group will make corresponding disclosures in due course if there are new projects in the future.

## **Talent Strategy**

The Group believes that talent is the cornerstone of stable and sustainable development of a company and recruiting talented people will contribute to its sustained high-quality development. Up to now, the Group has many industry experts and famed consultants in the PRC and abroad as its school leaders or in the teaching team. In the future, the Group will keep creating a favourable environment for its existing teaching team while bringing in best people in the PRC and aboard.

## **Financial Review**

### **Revenue**

The Group's revenue represents income derived from tuition fees, boarding fees for the education services provided in the normal course of business at its PRC operating schools, GBCA and EIS 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 and other vocational education service fees at its PRC operating schools. For the six months ended 28 February 2021, the Group's revenue was approximately RMB554.3 million, representing an increase of 32.5% as compared with the corresponding period of last year, which was mainly attributable to the increases in both number of student enrolments and average tuition fees and revenue generated by additional business (i.e. Sichuan New Concept Group) within the reporting period and the fact that the Group had strengthened its focus on the provision of other vocational education training services to students.

### **Cost of Revenue**

Cost of revenue consists primarily of staff costs, education expenses, depreciation, property management expenses and others. For the six months ended 28 February 2021, the Group's cost of revenue amounted to approximately RMB277.1 million, representing an increase of 29.4% as compared with the corresponding period of last year.

# Management Discussion and Analysis

## Gross Profit and Gross Margin

For the six months ended 28 February 2021, the Group recorded a gross profit of approximately RMB277.2 million, representing an increase of 35.8% as compared with the corresponding period of last year. For the six months ended 28 February 2021, the Group achieved a gross margin of 50.0%, up by 1.2 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 28 February 2021, the Group's selling expenses amounted to approximately RMB6.3 million, representing an increase of 46.9% 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, professional consulting fees, office expenses, depreciation, business development related expenses, other tax expenses and others. For the six months ended 28 February 2021, the Group's administrative expenses amounted to approximately RMB76.6 million, representing an increase of 28.9% 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, professional consulting fees and depreciation.

## Profit Before Taxation

For the six months ended 28 February 2021, the Group recorded a profit before taxation of approximately RMB185.7 million, representing an increase of 20.2% as compared with the corresponding period of last year.

## Adjusted Net Profit attributable to owners of the Company

Adjusted net profit attributable to owners of the Company is determined by adjusting profit for the period for the effect of net foreign exchange gain or loss, share-based payments and profit for the period attributable to non-controlling interests (if any). For the six months ended 28 February 2021, the Group's adjusted net profit attributable to owners of the Company amounted to approximately RMB199.9 million, representing an increase of 32.5% as compared with the corresponding period of last year.

	<b>Six months ended</b>	
	<b>28 February 2021</b>	29 February 2020
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
Profit for the period	<b>175,902</b>	147,135
Adjustments for:		
Net foreign exchange loss	<b>28,255</b>	2,364
Share-based payments	<b>6,888</b>	1,345
	<b>35,143</b>	3,709
Adjusted net profit	<b>211,045</b>	150,844
Less: profit for the period attributable to non-controlling interests	<b>(11,139)</b>	—
Adjusted net profit attributable to owners of the Company	<b>199,906</b>	150,844

## Property, Plant and Equipment

As of 28 February 2021, the Group's property, plant and equipment amounted to approximately RMB3,170.1 million, representing an increase of 90.9% as compared with 31 August 2020. Such an increase was a result of (i) expansion of Huashang College Sihui Campus, (ii) the continuing progress in the construction of a science and technology centre and an international conference centre on the Zengcheng District Campus, (iii) the construction of a new campus for Huashang Vocational College at Xinhui District, Jiangmen City, Guangdong Province, and (iv) property, plant and equipment attributable to the additional business of Sichuan New Concept Group acquired by the Group during the reporting period.



# Management Discussion and Analysis

## Capital Expenditures

For the six months ended 28 February 2021, the Group recorded approximately RMB335.7 million in capital expenditures, representing an increase of 26.5% as compared with the corresponding period of last year. It was mainly attributable to (i) the acquisition of land use rights in Guangdong Province (i.e. lands located in Sihui of Zhaoqing) for education purpose, (ii) maintaining and enhancing the existing teaching facilities and construction of new teaching facilities on the Huashang College Sihui Campus and the Zengcheng District Campus, and (iii) the construction of the new Huashang Vocational College Xinhui Campus.

## Financial Assets at Fair Value Through Profit or Loss (the “FVTPL”)

As at 28 February 2021, the Group's financial assets at FVTPL amounted to approximately RMB357.1 million (31 August 2020: RMB88.1 million), being structured deposits issued by banks in the PRC. The increase was mainly attributable to the purchase net off by the redemption during the reporting period. For the six months ended 28 February 2021, the Group recorded a fair value change on financial assets at FVTPL of approximately RMB3.2 million (six months ended 29 February 2020: RMB5.2 million), which was mainly derived from the structured deposits interest income received and receivable.

## Bank Balances and Cash

As of 28 February 2021, the Group's bank balances and cash was approximately RMB476.3 million, representing a decrease of 59.8% as compared with 31 August 2020. Such decrease was mainly attributable to the fact that the Group during the reporting period, (i) completed the acquisition of Sichuan New Concept Group at a consideration of RMB750.0 million, of which RMB693.0 million has been settled in cash during the reporting period and the remaining RMB57.0 million is included in other payables as at 28 February 2021, as disclosed in Note 16 to the condensed consolidated financial statements in this interim report, (ii) recorded approximately RMB335.7 million in capital expenditures, and (iii) recorded a significant net increase in structured deposits recognised in financial assets at FVTPL; and net off (iv) the Group's net proceeds from placing of new shares under general mandate of approximately HK\$459.8 million (equivalent to approximately RMB384.8 million), for which, the Group completed the placing of an aggregate of 53,300,000 new ordinary shares of the Company with a par value of US\$0.01 each (“**Placing Shares**”) at the price of HK\$8.73 per Placing Share in January 2021, and (v) the Group's significant new bank and other borrowings raised.

## Liquidity, Financial Resources and Gearing Ratio

As at 28 February 2021, the Group had liquid funds (representing bank balances and cash and structured deposits recognised in financial assets at FVTPL) of approximately RMB833.4 million (31 August 2020: RMB1,273.8 million) and bank and other borrowings of approximately RMB1,416.1 million (31 August 2020: RMB747.1 million).

# Management Discussion and Analysis

The Group's gearing ratio as of 28 February 2021, represented by bank and other borrowings as a percentage of total assets, was 26.3% (31 August 2020: 21.2%).

## 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 reporting period, the Group completed the acquisition of 51% of the entire equity interest in Sichuan New Concept (the "**Sales Shares of Sichuan New Concept**"), a company established in the PRC with limited liability, at a consideration of RMB750.0 million from an independent third party. Sichuan New Concept and its subsidiaries principally engage in the operation of Urban Vocational College and Urban Technician College for the activities of higher education and vocational education. During the reporting period, RMB693.0 million of the consideration had been settled in cash and the remaining RMB57.0 million was included in other payables as at 28 February 2021.

Due to the restriction of foreign ownership under the PRC laws, Nanning Zhuowen Education Consulting Services Co., Ltd.\* (南寧市卓文教育諮詢服務有限公司) (the "**OPCO**") was designated by Guangzhou Zhiheng Education Development Co., Ltd.\* (廣州智衡教育發展有限公司) ("**Guangzhou Zhiheng Education**"), an indirect wholly-owned subsidiary of the Company, to acquire the Sales Shares of Sichuan New Concept. As such, Guangzhou Zhiheng Education has entered into the Structured Contracts (as defined in the announcement of the Company dated 4 December 2020) with the OPCO, Sichuan New Concept, Urban Vocational College, Urban Technician College (collectively known as "**Consolidated Affiliated Entities**") and the registered shareholders of the OPCO (collectively the "**Contractual Arrangements**"); they enable the Company to obtain indirect control over the Consolidated Affiliated Entities with the fact that the Company (i) has power over the Consolidated Affiliated Entities, (ii) has rights to variable returns from its involvement with the Consolidated Affiliated Entities, and (iii) has the ability to use its power to affect its returns from the Consolidated Affiliated Entities.

# Management Discussion and Analysis

Consequently, the Consolidated Affiliated Entities are accounted for as subsidiaries of the Company, and their financial positions and results are included in the Group's condensed consolidated financial statements for the reporting period after the completion of the acquisition.

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 28 February 2021, the Group pledged certain property, plant and equipment and deposits of the Group amounting to approximately RMB606.4 million and 37.0 million, respectively, and the rights to receive the tuition fees and boarding fees of each Huashang College, Huashang Vocational College and Urban 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 28 February 2021.

## Contingent Liabilities

As at 28 February 2021, the Group had no significant contingent liabilities.

## Human Resources

As at 28 February 2021, the Group had approximately 4,300 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 28 February 2021, the staff costs (including Directors' remuneration) of the Group were approximately RMB184.6 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 28 February 2021 were set out in the announcements of the Company dated 22 February 2021, 5 March 2021 and 12 March 2021.

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 Group's internal resources (including cash generated from operations). The Group will continue to explore overseas expansion opportunities and seek for suitable locations for establishing the new overseas schools, including those in the United Kingdom and Singapore, after relieving of the epidemic situation of the 2019 coronavirus disease ("COVID-19") and restoration of normal business operations in overseas areas and relaxation of the global travel restrictions.

Following the acquisition of Urban Vocational College and Urban Technician College during the reporting period, the Group will continue to acquire other education institutions that have complementary course offering to that of Huashang College and Huashang Vocational College to further increase the Group's student enrolment capacity in the Greater Bay Area and in the Pan-Pearl River Delta Area. Such acquisitions are expected to be financed by (i) the proceeds from the Company's placing of new shares in January 2021, (ii) the Group's internal resources (including cash generated from operations) and/or (iii) external bank borrowings of the Group.

In determining the appropriate acquisition target, the Group considers various factors, which include the scale of the target education institution, its profitability, its reputation and operating history, its course offering, the city or area in which the target education institution situates and the regional economy's industry or business connectivity to the economy of the Greater Bay Area, the operating conditions and long-term development potential of the target education institution, the integration and potential synergies that the target education institution may generate for the Group, the alignment of the Group's intention and objectives with that of the target education institution's existing school sponsor and its compliance status with laws and regulations.

## 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 ("**IPO Proceeds**") 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 IPO proceeds are intended to be applied in accordance with the proposed applications as set out in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 4 July 2019 ("**Prospectus**").

## Management Discussion and Analysis

On 4 December 2020, the Board resolved to reallocate the unutilised IPO proceeds originally allocated for the use of “Supporting existing overseas operations in Australia and overseas expansions” to “Investments in new education institutions or acquisitions of other education institutions”. Whilst it was disclosed in the Prospectus that the Company intended to utilise 20% of the IPO Proceeds in supporting the Group’s overseas operations and overseas expansions, including establishment of new education institutions in overseas areas including Singapore and the United Kingdom, the Group has adjusted the schedule for the development of its overseas campuses to match the expected timetables for the restoration of economic activities in Australia, Singapore and the United Kingdom because these countries have adopted different epidemic prevention measures and social restrictions since the outbreak of COVID-19, affecting the progress and efficiency of general business activities. Such adjustment is conducive to the effectiveness and cost control of the Group’s business expansion, and the above reallocation of the unutilised IPO Proceeds is not only in line with the current business needs of the Company, but also would further enhance the Group’s overall revenue via expansion of its business by the deployment of the Group’s idle funds, thereby being beneficial to the continued and rapid development of the Group’s principal business, and is in the best interests of the Company and its shareholders as a whole. Please refer to the announcement of the Company dated 4 December 2020 for details of the change in use of proceeds. A summary of the use of proceeds is set out below:

Purpose	Original allocation of net proceeds (RMB'million)	Revised allocation of net proceeds (RMB'million)	Utilised	Utilised	Utilised	Utilised
			amount during the period from the Listing Date to 31 August 2019 (RMB'million)	amount during the year ended 31 August 2020 (RMB'million)	amount during the six months ended 28 February 2021 (RMB'million)	amount as at 28 February 2021 (RMB'million)
Establishment and development of Huashang College Sihui Campus	174.9	174.9	3.8	171.1	—	—
Construction of a science and technology centre	40.8	40.8	0.1	40.7	—	—
Construction of an international conference centre	17.4	17.4	9.1	8.3	—	—
Investments in new education institutions or acquisitions of other education institutions	174.9	277.1	—	10.6	266.5	—

# Management Discussion and Analysis

Purpose	Original allocation of net proceeds (RMB'million)	Revised allocation of net proceeds (RMB'million)	Utilised	Utilised	Utilised	Utilised
			amount during the period from the Listing Date to 31 August 2019 (RMB'million)	amount during the year ended 31 August 2020 (RMB'million)	amount during the six months ended 28 February 2021 (RMB'million)	amount as at 28 February 2021 (RMB'million)
Supporting existing overseas operations in Australia and overseas expansions, as detailed below:						
- Supporting existing overseas operations in Australia and other overseas expansions	58.3	10.8	0.2	9.1	1.5	—
- Establishment of the education institutions in the United Kingdom	29.2	—	—	—	—	—
- Establishment of the education institutions in Singapore	29.2	3.7	—	3.0	0.7	—
Working capital and for general corporate purposes	58.3	58.3	48.9	9.4	—	—
Total	583.0	583.0	62.1	252.2	268.7	—

As at 28 February 2021, all IPO Proceeds have been fully utilised.

## USE OF PROCEEDS FROM PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 13 January 2021, UBS AG Hong Kong Branch and China International Capital Corporation Hong Kong Securities Limited (collectively referred to as “**Placing Agents**”) and the Company entered into a placing agreement (the “**Placing Agreement**”) pursuant to which the Company had conditionally agreed to place, through the Placing Agents on a several basis and on a best effort basis, up to a maximum of 53,300,000 Placing Shares to not less than six placees (who and whose ultimate beneficial owners shall be third parties independent of the Company and its connected persons) at the placing price of HK\$8.73 per Placing Share (the “**Placing**”).

## Management Discussion and Analysis

On 20 January 2021 (the “**Placing Completion Date**”), the conditions of the Placing had been fulfilled and the Placing was completed. An aggregate of 53,300,000 Placing Shares was placed by the Placing Agents and were allotted and issued to not less than six placees at the Placing Price of HK\$8.73 per Placing Share pursuant to the terms and conditions of the Placing Agreement. The Company received net proceeds of approximately HK\$459.8 million (equivalent to approximately RMB384.8 million) which are intended to be used for potential future acquisitions, development of existing and new campuses of the Group and general working capital purposes.

In view of the current market condition, the Directors consider that the Placing represents a good opportunity for the Company to raise additional capital and hence strengthen the Company’s capital base for its potential future acquisitions, development of existing and new campuses of the Group and provide funding to the Group for working capital purposes without incurring interest costs.

A Summary of the use of proceeds is set out below:

Purpose	Allocation of net proceeds (RMB'million)	Utilised amount	Unutilised amount as at 28 February 2021 (RMB'million)	Expected timeline for intended use of unutilised amount at 28 February 2021
		during the period from the Placing Completion Date to 28 February 2021 (RMB'million)		
Establishment and development of Sihui Campus	84.7	22.2	62.5	By end of 2021
Establishment and development of Zengcheng District Campus	50.0	42.2	7.8	By end of 2021
Establishment of Huashang Jiangmen Campus	173.1	47.3	125.8	By end of 2021
Potential future acquisitions	38.5	—	38.5	By end of 2021
General working capital	38.5	38.5	—	
<b>Total</b>	<b>384.8</b>	<b>150.2</b>	<b>234.6</b>	

## **SUBSEQUENT EVENT**

So far as the Directors are aware, there are no important events after 28 February 2021 and up to the date of this interim report.

## **INTERIM DIVIDEND**

The Board is pleased to declare an interim dividend in respect of the six months ended 28 February 2021 of HK5.50 cents (six months ended 29 February 2020: HK4.90 cents) per ordinary share, in an aggregate amount of approximately HK\$58,941,000 (six months ended 29 February 2020: HK\$49,900,000) which is calculated based on the number of issued shares of the Company at the end of the reporting period (i.e. 28 February 2021) to shareholders whose names appear on the register of members of the Company on 10 May 2021, and the interim dividend will be paid in cash on or around 21 May 2021.

## **INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE IN SHARES**

As at 28 February 2021, 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:



## Other Information

### Long positions in shares of the Company (“Shares”)

Name of Director	Capacity/Nature of interest			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)
	Personal Interest	Family Interest/ Corporate interests	Other Interest (Note 3)			
Mr. Liu	77,002	751,421,416 (Note 1)	385,010	2,695,072	754,578,500	70.41%
Ms. Chen	15,400	753,947,084 (Note 2)	77,002	539,014	754,578,500	70.41%
Ms. Liu	46,201	—	328,832	2,124,289	2,499,322	0.23%
Mr. Liu Yung Kan	10,780	—	53,902	377,310	441,992	0.04%
Mr. Xu Gang	3,006	—	15,400	107,803	126,209	0.01%
Mr. Li Jiatong	3,080	—	15,400	107,803	126,283	0.01%

#### Notes:

- For the purpose of the SFO, as at 28 February 2021, other than the personal interests and the other interests as stated in the above table, Mr. Liu was deemed to be interested in (i) 750,790,000 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 beneficially interested by Ms. Chen.
- For the purpose of the SFO, as at 28 February 2021, other than the personal interests and the other interests as stated in the above table, Ms. Chen was deemed to be interested in (i) 750,790,000 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 beneficially interested by Mr. Liu.
- 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 which remained unvested and held by the trustee as at 28 February 2021. The details of such award shares are disclosed in note 13(b) to the condensed consolidated financial statements in this interim report.
- As at 28 February 2021, 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.
- 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 28 February 2021, being 1,071,662,000 Shares.

Save as disclosed above and to the best knowledge of the Directors, as at 28 February 2021, 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 28 February 2021, 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:

<b>Name</b>	<b>Capacity/ Nature of interest</b>	<b>Number of Shares interested</b>	<b>Approximate percentage of the Company's issued share capital<sup>(2)</sup></b>
BVI Holdco	Beneficial owner	750,790,000 (L)	70.06% (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 1,071,662,000 Shares in issue as at 28 February 2021.

Save as disclosed above and to the best knowledge of the Directors, as at 28 February 2021, 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 2020 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 2,544,000 shares of the Company at a total consideration of approximately RMB18.9 million during the reporting period.

## Other Information

### 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 28 February 2021, 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 28 February 2021 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, 20 April 2021

*The English translation of Chinese names or words in this interim report, where indicated by “\*\*”, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

*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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