



**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



**2022**  
**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. O'Yang Wiley (Appointed with effect from 16 February 2022)  
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. O'Yang Wiley (*Chairman*) (Appointed with effect from 16 February 2022)  
Mr. Xu Gang  
Mr. Li Jiatong

### Remuneration Committee

Mr. Xu Gang (*Chairman*)  
Mr. O'Yang Wiley (Appointed with effect from 16 February 2022)  
Mr. Li Jiatong

### Nomination Committee

Mr. Xu Gang (*Chairman*)  
Mr. O'Yang Wiley (Appointed with effect from 16 February 2022)  
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  
Lihu 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 and Transfer Office

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

## Legal Adviser

Ronald Tong & Co  
Room 501, 5/F  
Sun Hung Kai Centre  
30 Harbour Road  
Hong Kong

## Auditor

Deloitte Touche Tohmatsu  
Registered Public Interest Entity Auditors  
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

# Financial Highlights

	NOTE	Six months ended		Percentage increase
		28 February 2022 (unaudited)	28 February 2021 (unaudited)	
Revenue (RMB'000)		<b>822,575</b>	554,276	48.4%
Gross profit (RMB'000)		<b>412,965</b>	277,210	49.0%
Adjusted net profit				
attributable to owners of the Company (RMB'000)	(i)	<b>263,952</b>	199,906	32.0%
Profit for the period				
attributable to owners of the Company (RMB'000)		<b>251,199</b>	164,763	52.5%
Basic earnings per share (RMB cents)		<b>23.58</b>	16.03	47.1%
Dividend per share — Interim dividend (with option to elect to receive dividends in cash and/or in new shares) (HK cents)		<b>8.40</b>	5.50	52.7%

*Note:*

- (i) For the six months ended 28 February 2022, adjusted net profit attributable to owners of the Company is determined by adjusting profit for the period of RMB285,771,000 for the effect of net foreign exchange loss of RMB415,000, share-based payments of RMB12,338,000 and profit for the period attributable to non-controlling interests of RMB34,572,000.

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 and share-based payments of RMB6,888,000 and profit for the period attributable to non-controlling interests of RMB11,139,000.

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

For the six months ended 28 February 2022

	NOTES	Six months ended	
		28 February 2022 RMB'000 (unaudited)	28 February 2021 RMB'000 (unaudited)
Revenue	3	<b>822,575</b>	554,276
Cost of revenue		<b>(409,610)</b>	(277,066)
Gross profit		<b>412,965</b>	277,210
Other income		<b>41,775</b>	18,163
Investment income		<b>4,469</b>	9,407
Other gains and losses	4	<b>12,575</b>	(25,599)
Selling expenses		<b>(23,112)</b>	(6,269)
Administrative expenses		<b>(148,473)</b>	(76,615)
Finance costs		<b>(6,176)</b>	(10,644)
Profit before taxation		<b>294,023</b>	185,653
Taxation	5	<b>(8,252)</b>	(9,751)
Profit for the period	6	<b>285,771</b>	175,902
<b>Other comprehensive (loss)/income</b>			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		<b>(572)</b>	1,706
Total comprehensive income for the period		<b>285,199</b>	177,608

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

For the six months ended 28 February 2022

	NOTE	Six months ended	
		28 February 2022 RMB'000 (unaudited)	28 February 2021 RMB'000 (unaudited)
Profit for the period attributable to			
— owners of the Company		<b>251,199</b>	164,763
— non-controlling interests		<b>34,572</b>	11,139
		<b>285,771</b>	175,902
Total comprehensive income for the period attributable to			
— owners of the Company		<b>250,627</b>	166,469
— non-controlling interests		<b>34,572</b>	11,139
		<b>285,199</b>	177,608
Earnings per share	8		
Basic (RMB cents)		<b>23.58</b>	16.03
Diluted (RMB cents)		<b>23.56</b>	15.96

# Condensed Consolidated Statement of Financial Position

At 28 February 2022

		At 28 February 2022 RMB'000 (unaudited)	At 31 August 2021 RMB'000 (audited)
	NOTES		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	<b>3,883,759</b>	3,592,946
Right-of-use assets	9	<b>807,088</b>	808,255
Investment properties		<b>78,900</b>	78,900
Goodwill		<b>135,291</b>	105,530
Intangible assets		<b>195,303</b>	76,365
Amount due from a non-controlling shareholder		<b>65,453</b>	65,453
Deposits		<b>22,633</b>	33,630
Deposits paid for acquisition of property, plant and equipment		<b>74,368</b>	87,743
Deferred tax asset		<b>11,538</b>	10,480
		<b>5,274,333</b>	4,859,302
<b>CURRENT ASSETS</b>			
Inventories		<b>12,935</b>	2,525
Trade receivables, deposits, prepayments and other receivables	10	<b>227,171</b>	141,186
Amounts due from related parties		—	745
Financial assets at fair value through profit or loss ("FVTPL")		<b>375,380</b>	366,985
Bank balances and cash		<b>538,525</b>	795,344
		<b>1,154,011</b>	1,306,785



# Condensed Consolidated Statement of Financial Position

At 28 February 2022

	NOTES	At 28 February 2022 RMB'000 (unaudited)	At 31 August 2021 RMB'000 (audited)
<b>CURRENT LIABILITIES</b>			
Contract liabilities		794,229	1,140,908
Trade payables	11	14,287	10,675
Other payables and accrued expenses		325,727	227,794
Amounts due to related parties		536	1,145
Income tax payable		84,244	75,669
Bank and other borrowings		418,680	281,838
Deferred income		29,978	25,801
Lease liabilities		7,385	5,821
		<u>1,675,066</u>	<u>1,769,651</u>
<b>NET CURRENT LIABILITIES</b>		<u>(521,055)</u>	<u>(462,866)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>4,753,278</u>	<u>4,396,436</u>
<b>NON-CURRENT LIABILITIES</b>			
Other payable		51,500	51,500
Bank and other borrowings		1,195,499	1,062,246
Deferred income		65,964	65,964
Lease liabilities		15,652	16,162
Deferred tax liabilities		154,348	154,609
		<u>1,482,963</u>	<u>1,350,481</u>
		<u>3,270,315</u>	<u>3,045,955</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	12	73,488	73,488
Reserves		2,649,681	2,459,893
Equity attributable to owners of the Company		<u>2,723,169</u>	<u>2,533,381</u>
Non-controlling interests		547,146	512,574
		<u>3,270,315</u>	<u>3,045,955</u>

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 28 February 2022

	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 iii)	Retained profits RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total 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
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
Acquisition of subsidiaries (note 16)	—	—	—	—	—	—	—	—	—	—	—	456,574	456,574
Dividends recognised as distribution (note 7)	—	—	—	—	—	—	—	—	—	(43,772)	(43,772)	—	(43,772)
Issue of shares (note 12)	3,470	381,309	—	—	—	—	—	—	—	—	384,779	—	384,779
Purchase of shares under share award scheme	—	—	—	—	(18,901)	—	—	—	—	—	(18,901)	—	(18,901)
Recognition of equity-settled share-based payments	—	—	—	—	—	2,069	4,819	—	—	—	6,888	—	6,888
Share awards vested	—	—	—	—	1,383	(1,278)	—	—	—	(105)	—	—	—
Transfer	—	—	—	—	—	—	—	—	47,828	(47,828)	—	—	—
At 28 February 2021 (unaudited)	73,475	937,418	194,428	4,467	(34,600)	3,635	11,439	1,511	351,390	787,228	2,330,391	467,713	2,798,104
At 1 September 2021 (audited)	<b>73,488</b>	<b>938,528</b>	<b>194,428</b>	<b>4,467</b>	<b>(40,118)</b>	<b>6,303</b>	<b>19,887</b>	<b>(1,865)</b>	<b>398,446</b>	<b>939,817</b>	<b>2,533,381</b>	<b>512,574</b>	<b>3,045,955</b>
Profit for the period	—	—	—	—	—	—	—	—	—	251,199	251,199	34,572	285,771
Other comprehensive income for the period	—	—	—	—	—	—	—	(572)	—	—	(572)	—	(572)
Total comprehensive income for the period	—	—	—	—	—	—	—	(572)	—	251,199	250,627	34,572	285,199
Dividends recognised as distribution (note 7)	—	—	—	—	—	—	—	—	—	(73,177)	(73,177)	—	(73,177)
Recognition of equity-settled share-based payments	—	—	—	—	—	3,816	8,522	—	—	—	12,338	—	12,338
Share awards vested	—	—	—	—	2,636	(2,449)	—	—	—	(187)	—	—	—
Share award forfeited	—	—	—	—	—	(146)	—	—	—	146	—	—	—
Transfer	—	—	—	—	—	—	—	—	30,288	(30,288)	—	—	—
At 28 February 2022 (unaudited)	<b>73,488</b>	<b>938,528</b>	<b>194,428</b>	<b>4,467</b>	<b>(37,482)</b>	<b>7,524</b>	<b>28,409</b>	<b>(2,437)</b>	<b>428,734</b>	<b>1,087,510</b>	<b>2,723,169</b>	<b>547,146</b>	<b>3,270,315</b>

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 28 February 2022

## 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 10% 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 2022

	<b>Six months ended</b>	
	<b>28 February 2022 RMB'000 (unaudited)</b>	28 February 2021 RMB'000 (unaudited)
<b>Net cash (used in) generated from operating activities</b>	<b>(78,369)</b>	35,921
<b>Net cash used in investing activities</b>		
Purchase of financial assets at FVTPL	<b>(1,501,901)</b>	(1,907,880)
Acquisition of subsidiaries/a business	<b>(41,850)</b>	(649,176)
Payments for acquisition of property, plant and equipment	<b>(247,709)</b>	(257,155)
Payments for right-of-use assets	<b>(6,950)</b>	(78,527)
Deposits paid for acquisition of property, plant and equipment	<b>(39,227)</b>	(59,273)
Redemption of financial assets at FVTPL	<b>1,502,530</b>	1,640,470
Interest income from banks	<b>4,469</b>	9,407
Repayment of non-controlling shareholders	<b>—</b>	2,397
Interest income from financial assets at FVTPL	<b>3,963</b>	1,625
	<b>(326,675)</b>	(1,298,112)

# Condensed Consolidated Statement of Cash Flows

For the six months ended 28 February 2022

	<b>Six months ended</b>	
	<b>28 February 2022 RMB'000 (unaudited)</b>	28 February 2021 RMB'000 (unaudited)
<b>Net cash used in financing activities</b>		
Repayment of bank and other borrowings	<b>(274,666)</b>	(145,646)
Dividends paid	<b>(73,177)</b>	(43,772)
Interest paid	<b>(43,478)</b>	(22,680)
Purchase of shares under share award scheme	—	(18,901)
Repayment of lease liabilities	<b>(4,347)</b>	(3,458)
Interest paid on lease liabilities	<b>(562)</b>	(764)
New bank and other borrowings raised	<b>544,761</b>	429,735
Issue of shares	—	384,779
	<b>148,531</b>	579,293
<b>Net decrease in cash and cash equivalents</b>	<b>(256,513)</b>	(682,898)
<b>Cash and cash equivalents at beginning of the period</b>	<b>795,344</b>	1,185,689
<b>Net effect of foreign exchange rate changes</b>	<b>(306)</b>	(26,492)
<b>Cash and cash equivalents at end of the period, represented by bank balances and cash</b>	<b>538,525</b>	476,299

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2022

## 1. GENERAL

Edvantage Group Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands and registered as an exempted company with limited liability under the Companies Law, Chapter 22 of the Cayman Islands on 18 October 2018. Its immediate and ultimate holding company is Debo Education Investments Holdings Limited (德博教育投資控股有限公司) (“**BVI Holdco**”). The ultimate controlling shareholders of the Company and together with its subsidiaries (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 2022

## 1A. BASIS OF PREPARATION

The Group had net current liabilities of RMB521,055,000 as at 28 February 2022. The Directors 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 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 2022, included in the current liabilities of the Group was contract liabilities of approximately RMB794,229,000 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 more than significant for the Group. In addition, the Group could generate sufficient operating cash inflow as well as available bank facilities to meet its future obligations.

Taking into account the above-mentioned considerations, 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 2022 are the same as those presented in the Group's annual financial statements for the year ended 31 August 2021.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2022

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Application of amendments to IFRSs

In the reporting period, the Group has applied 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 2021 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 16	Covid-19-Related Rent Concession
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform — Phase 2

The application of 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.

## 3. REVENUE AND SEGMENT INFORMATION

### Revenue from major services

The following is an analysis of the Group's revenue from contracts with customers by major service lines:

	Six months ended	
	28 February 2022 RMB'000 (unaudited)	28 February 2021 RMB'000 (unaudited)
<b>Type of services</b>		
Tuition fees recognised overtime	<b>723,489</b>	489,980
Boarding fees recognised overtime	<b>65,714</b>	43,205
Other vocational education service fees recognised overtime	<b>32,471</b>	20,718
Fees from university cooperation programme recognised overtime	<b>901</b>	373
	<b>822,575</b>	554,276



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2022

## 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 28 February 2021: 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 in the PRC. 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 2022

## 3. REVENUE AND SEGMENT INFORMATION (Continued)

### Segment revenue and results

The Group is mainly engaged in the provision of private higher education and vocational education institution services in the PRC and overseas. Operating segments have been identified on the basis of internal management reports and prepared in accordance with the relevant accounting principles and financial regulations 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.

For education operation in the PRC, the information reported to the CODM is further categorised into different locations within the PRC, each of which is considered as a separate operating segment by the CODM. For segment reporting, these individual operating segments have been aggregated into a single reportable segment as they are located in the same country and under similar environment constitutes an operating segment.

For education operation in Australia and Singapore, they are considered as a separate operating segment by the CODM. None of these segments met the quantitative thresholds for the reportable segments in both current and prior period. Accordingly, these segments were grouped in “Overseas higher education and vocational education”.

Specifically, the Group’s reportable segments under IFRS 8 Operating Segments are as follows:

1. PRC higher education and vocational education — operation of higher, secondary and other 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 2022

## 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 2022 (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>816,801</u>	<u>5,774</u>	<u>822,575</u>
Segment profit (loss)	<u>322,080</u>	<u>(6,324)</u>	<u>315,756</u>
Unallocated corporate expenses			(22,029)
Unallocated corporate income			622
Unallocated other gains and losses			<u>(326)</u>
Profit before taxation			<u>294,023</u>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2022

## 3. REVENUE AND SEGMENT INFORMATION (Continued)

### Segment revenue and results (Continued)

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>	232,892
Unallocated corporate expenses			(20,310)
Unallocated corporate income			1,326
Unallocated other gains and losses			<u>(28,255)</u>
Profit before taxation			<u>185,653</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 2022

## 4. OTHER GAINS AND LOSSES

	Six months ended	
	28 February 2022 RMB'000 (unaudited)	28 February 2021 RMB'000 (unaudited)
Fair value change on financial assets at FVTPL	12,987	3,164
Net foreign exchange loss	(415)	(28,255)
Impairment loss reversed (recognised) on trade receivables, net	3	(508)
	<b>12,575</b>	<b>(25,599)</b>

## 5. TAXATION

	Six months ended	
	28 February 2022 RMB'000 (unaudited)	28 February 2021 RMB'000 (unaudited)
Current tax		
— Hong Kong Profits Tax	(431)	(270)
— PRC Enterprise Income Tax	9,219	6,778
Withholding tax	783	2,520
	<b>9,571</b>	<b>9,028</b>
Deferred tax	(1,319)	723
Total	<b>8,252</b>	<b>9,751</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2022

## 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 2022, the non-taxable tuition related income amounted to RMB765,491,000 (six months ended 28 February 2021: RMB527,307,000), and the related non-deductible expense amounted to RMB489,763,000 (six months ended 28 February 2021: RMB378,294,000).

## 6. PROFIT FOR THE PERIOD

	Six months ended	
	28 February 2022 RMB'000 (unaudited)	28 February 2021 RMB'000 (unaudited)
Profit for the period has been arrived at after charging:		
Staff costs, including directors' remuneration		
— salaries and other allowances	256,547	164,596
— retirement benefit scheme contributions	21,401	13,157
— share-based payments	12,338	6,888
Total staff costs	290,286	184,641
Depreciation of property, plant and equipment	64,223	38,748
Depreciation of right-of-use assets	13,604	9,837
Short-term lease expenses	116	60

During the reporting period, the Group recognised government grants of RMB93,000 in respect of Covid-19-related subsidies.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2022

## 7. DIVIDENDS

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

	<b>Six months ended</b>	
	<b>28 February 2022</b>	28 February 2021
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
Final dividend for the preceding financial year ended 31 August 2021 of HK8.40 cents (six months ended 28 February 2021: final dividend for the preceding financial year ended 31 August 2020 of HK4.90 cents) per ordinary share	<b>73,177</b>	43,772

Subsequent to the end of the reporting period, the directors of the Company have determined that an interim dividend of HK8.40 cents per ordinary share for the six months ended 28 February 2022 (six months ended 28 February 2021: HK5.50 cents per ordinary share), in an aggregate amount of approximately HK\$90,036,210 (six months ended 28 February 2021: HK\$58,941,000) which is calculated based on the number of issued shares of the Company at the end of the reporting period (i.e. 28 February 2022), will be declared to the shareholders of the Company whose names appear in the Company's register of members on 19 May 2022. The interim dividend will be payable in cash with a scrip alternative, allowing eligible Shareholders ("**Eligible Shareholders**") to elect to receive such interim dividend wholly in new shares of the Company, or partly in new shares of the Company and partly in cash, or wholly in cash.





# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2022

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

During the reporting period, the Group's addition in property, plant and equipment was RMB355,303,000 (six months ended 28 February 2021: RMB312,343,000).

During the reporting period, the Group has made payments for leasehold land amounting to RMB6,950,000 (six months ended 28 February 2021: RMB78,527,000) which were recognised as additions to right-of-use assets.

During the reporting period, the Group entered into new lease agreements for the use of school premise and office for three years. Upon lease commencement, the Group recognised right-of-use assets and lease liabilities of RMB5,487,000, respectively (six months ended 28 February 2021: Nil).

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

	At 28 February 2022 RMB'000 (unaudited)	At 31 August 2021 RMB'000 (audited)
Trade receivables ( <i>Note i</i> )	10,010	305
Less: allowance for credit losses	(127)	(129)
	<b>9,883</b>	176
Receivables from education departments	6,073	8,156
Staff advances	1,479	1,148
Other receivables	8,044	9,402
Interest income receivables	59	79
Deposits	35,225	35,179
Prepayments	97,346	62,711
Advances to government ( <i>Note ii</i> )	58,081	57,494
Prepaid cooperation fee ( <i>Note iii</i> )	33,180	—
Other tax recoverable	434	471
Total	<b>249,804</b>	174,816
Less: Amounts due within one year shown under current assets	<b>(227,171)</b>	(141,186)
Amounts shown under non-current assets	<b>22,633</b>	33,630

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2022

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

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.
- (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.

	<b>At 28 February 2022 RMB'000 (unaudited)</b>	<b>At 31 August 2021 RMB'000 (audited)</b>
0–30 days	<b>282</b>	—
31–90 days	—	176
91–180 days	<b>9,601</b>	—
181–365 days	—	8,156
Over 365 days	<b>6,073</b>	—
Total	<b>15,956</b>	8,332

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2022

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

As at 28 February 2022, the Group's trade receivables and receivables from education departments balance with aggregate carrying amount of RMB9,883,000 (31 August 2021: RMB176,000) are 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.

## 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 2022 RMB'000 (unaudited)</b>	<b>At 31 August 2021 RMB'000 (audited)</b>
0–60 days	<b>10,393</b>	2,563
61–180 days	<b>1,067</b>	599
181–365 days	<b>575</b>	4,795
Over 365 days	<b>2,252</b>	2,718
	<b>14,287</b>	10,675

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2022

## 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\$0.01 each			
At 1 September 2020, 28 February 2021, 1 September 2021 and 28 February 2022	<u>1,500,000,000</u>	<u>15,000,000</u>	<u>N/A</u>
Issued and fully paid:			
At 1 September 2020	1,018,362,000	10,183,620	70,005
Issue of new shares upon placing (Note)	<u>53,300,000</u>	<u>533,000</u>	<u>3,470</u>
At 28 February 2021	1,071,662,000	10,716,620	73,475
Issue of shares upon exercise of share option	<u>197,638</u>	<u>1,976</u>	<u>13</u>
At 1 September 2021 and 28 February 2022	<u>1,071,859,638</u>	<u>10,718,596</u>	<u>73,488</u>

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 2022

## 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.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2022

## 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 2022

## 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 2022, 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 17,082,752 (31 August 2021: 17,082,752), representing 1.59% (31 August 2021: 1.59%) 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 82,719,610 shares (31 August 2021: 82,719,610 shares), representing approximately 7.72% (31 August 2021: 7.72%) of the ordinary shares of the Company in issue as at 28 February 2022.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2022

## 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 2021	Granted during the period	Forfeited/ cancelled during the period	Lapsed during the period	Exercised during the period	Outstanding at 28 February 2022
<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 2022

## 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 2021	Granted during the period	Forfeited/ cancelled during the period	Lapsed during the period	Exercised during the period	Outstanding at 28 February 2022
<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 2022

## 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 2021	Granted during the period	Forfeited/ cancelled during the period	Lapsed during the period	Exercised during the period	Outstanding at 28 February 2022
<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				5,951,291	—	—	—	—	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 2022

## 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 2021	Granted during the period	Forfeited/ cancelled during the period	Lapsed during the period	Exercised during the period	Outstanding at 28 February 2022
<b>Associates of directors and substantial shareholders (Note ii) (Continued)</b>									
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				1,385,552	—	—	—	—	1,385,552

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2022

## 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 2021	Granted during the period	Forfeited/ cancelled during the period	Lapsed during the period	Exercised during the period	Outstanding at 28 February 2022
<b>Employees (non- connected persons)</b> <i>(Note iii)</i>	21 January 2020	4.954	10 December 2020 – 30 January 2026	601,897	—	—	—	—	601,897
	21 January 2020	4.954	29 March 2021 – 30 January 2026	601,897	—	—	—	—	601,897
	21 January 2020	4.954	10 December 2020 – 30 January 2026	601,897	—	—	—	—	601,897
	21 January 2020	4.954	29 March 2022 – 30 January 2026	601,897	—	—	—	—	601,897
	21 January 2020	4.954	9 December 2022 – 30 January 2026	601,897	—	—	—	—	601,897
	21 January 2020	4.954	29 March 2023 – 30 January 2026	601,912	—	—	—	—	601,912
	22 February 2021	9.288	10 December 2021 – 29 January 2027	595,167	—	—	—	—	595,167
	22 February 2021	9.288	29 March 2022 – 29 January 2027	838,645	—	—	—	—	838,645
	22 February 2021	9.288	9 December 2022 – 29 January 2027	595,167	—	—	—	—	595,167
	22 February 2021	9.288	29 March 2023 – 29 January 2027	838,645	—	—	—	—	838,645
	22 February 2021	9.288	8 December 2023 – 29 January 2027	595,167	—	—	—	—	595,167
	22 February 2021	9.288	27 March 2024 – 29 January 2027	838,659	—	—	—	—	838,659
	29 April 2021	8.592	10 December 2021 – 30 April 2027	293,690	—	—	—	—	293,690
	29 April 2021	8.592	29 March 2022 – 30 April 2027	257,991	—	—	—	—	257,991
	29 April 2021	8.592	9 December 2022 – 30 April 2027	320,822	—	—	—	—	320,822
	29 April 2021	8.592	29 March 2023 – 30 April 2027	257,991	—	—	—	—	257,991
29 April 2021	8.592	8 December 2023 – 30 April 2027	382,702	—	—	—	—	382,702	
29 April 2021	8.592	27 March 2024 – 30 April 2027	319,866	—	—	—	—	319,866	
Employees (non-connected persons) in aggregate				9,745,909	—	—	—	—	9,745,909
Total				17,082,752	—	—	—	—	17,082,752
Weighted average exercise price				HK\$6.629	—	—	—	—	HK\$6.629
Exercisable at the end of the period									6,109,335

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2022

## 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.

No share options were granted during the six months ended 28 February 2022. During the six months ended 28 February 2021, 5,072,464 share options were granted on 22 February 2021. The estimated fair value of the share options granted on the grant date was HK\$20,030,000.

The closing price of the Company's shares immediately before the grant of share options on 22 February 2021 was HK\$9.200.

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

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.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2022

## 13. SHARE-BASED PAYMENTS (Continued)

### (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.

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 2022

## 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.

No ordinary shares of the Company were acquired during the six months ended 28 February 2022 (six months ended 28 February 2021: 2,544,000 ordinary shares of the Company were acquired at an aggregate cost of HK\$22,479,000 (equivalent to RMB18,901,000)).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2022

## 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	Granted during	Vested during the	Forfeited/ cancelled during	Lapsed during	Number of	
			share awards outstanding at 1 September 2021					the period	period
<b>Directors</b>									
Mr. Liu	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 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 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 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
Mr. Xu Gang	21 January 2020	10 December 2021	3,080	—	(2,987)	(93)	—	—	
	21 January 2020	29 March 2022	3,080	—	—	—	—	3,080	
	21 January 2020	9 December 2022	3,080	—	—	—	—	3,080	
	21 January 2020	29 March 2023	3,080	—	—	—	—	3,080	
Mr. Li Jiatong	21 January 2020	10 December 2021	3,080	—	(3,080)	—	—	—	
	21 January 2020	29 March 2022	3,080	—	—	—	—	3,080	
	21 January 2020	9 December 2022	3,080	—	—	—	—	3,080	
	21 January 2020	29 March 2023	3,080	—	—	—	—	3,080	
Directors in aggregate			720,003	—	(171,754)	(93)	—	548,156	



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2022

## 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: (Continued)

Date of grant	Vesting date	Number of	Granted during	Vested during the	Forfeited/ cancelled during	Lapsed during	Number of
		share awards outstanding at 1 September 2021					
<b>Associates of directors and substantial shareholders (Note i)</b>							
Mr. Liu Yung Kwong	21 January 2020	10 December 2021	4,620	—	(4,377)	(243)	—
(brother of Mr. Liu	21 January 2020	29 March 2022	4,620	—	—	—	4,620
and Mr. Liu Yung	21 January 2020	9 December 2022	4,620	—	—	—	4,620
Kan)	21 January 2020	29 March 2023	4,621	—	—	—	4,621
Mr. Liu Chi Hin	21 January 2020	10 December 2021	15,400	—	(15,400)	—	—
(son of Mr. Liu	21 January 2020	29 March 2022	15,400	—	—	—	15,400
and Ms. Chen)	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
Mr. Liu Chi Wai	21 January 2020	10 December 2021	12,320	—	(12,320)	—	—
(son of Mr. Liu	21 January 2020	29 March 2022	12,320	—	—	—	12,320
and Ms. Chen)	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			178,278	—	(40,249)	(243)	137,786

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2022

## 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: (Continued)

	Date of grant	Vesting date	Number of share awards outstanding at 1 September 2021	Granted during the period	Vested during the period	Forfeited/ cancelled during the period (Note iii)	Lapsed during the period	Number of share awards outstanding at 28 February 2022
<b>Employees</b>	21 January 2020	10 December 2021	103,180	—	(95,729)	(7,451)	—	—
<b>(non-connected persons)</b>	21 January 2020	29 March 2022	103,180	—	—	—	—	103,180
	21 January 2020	9 December 2022	103,180	—	—	—	—	103,180
<i>(Note ii)</i>	21 January 2020	29 March 2023	103,197	—	—	—	—	103,197
	22 February 2021	10 December 2021	114,781	—	(104,403)	(10,378)	—	—
	22 February 2021	29 March 2022	161,737	—	—	—	—	161,737
	22 February 2021	9 December 2022	114,781	—	—	—	—	114,781
	22 February 2021	29 March 2023	161,737	—	—	—	—	161,737
	22 February 2021	8 December 2023	114,781	—	—	—	—	114,781
	22 February 2021	27 March 2024	161,748	—	—	—	—	161,748
	29 April 2021	10 December 2021	54,123	—	(48,976)	(5,147)	—	—
	29 April 2021	29 March 2022	47,544	—	—	—	—	47,544
	29 April 2021	9 December 2022	59,123	—	—	—	—	59,123
	29 April 2021	29 March 2023	47,544	—	—	—	—	47,544
	29 April 2021	8 December 2023	70,527	—	—	—	—	70,527
	29 April 2021	27 March 2024	58,947	—	—	—	—	58,947
Employees (non-connected persons) in aggregate			1,580,110	—	(249,108)	(22,976)	—	1,308,026
<b>Total</b>			2,478,391	—	(461,111)	(23,312)	—	1,993,968

#### 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. The number of award shares set out under the column "Forfeited/cancelled during the period" represents the number of award shares granted to the relevant grantee which were deducted to reimburse the Company for withholding tax paid or payable by the Company on behalf of the relevant grantees upon vesting.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2022

## 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 29 April 2021 were HK\$9.200 and HK\$8.550 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 RMB399,721,000 (31 August 2021: RMB439,075,000).

## 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 2022

## 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	At 28 February 2022: RMB375,380,000 (31 August 2021: RMB366,985,000)	Level 3	Discounted cash flow — Future cash flows are estimated based on estimated return ranging from 1.35% to 7.00% (31 August 2021: 1.35% to 7.00%) per annum, and discounted at a rate of 2.59% (31 August 2021: 2.89%)	Estimated return and discount rate

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 RMB1,134,000 (31 August 2021: RMB811,000) at the end of the reporting period.

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 RMB239,000 (31 August 2021: RMB952,000) at the end of the reporting period.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2022

## 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 2020	88,118
Purchase of structured deposits	1,907,880
Redemption of structured deposits	(1,640,470)
Net gain on structured deposits	3,164
Settlements of the interest income	(1,625)
	<hr/>
At 28 February 2021	357,067
	<hr/>
At 1 September 2021	<b>366,985</b>
Purchase of structured deposits	<b>1,501,901</b>
Redemption of structured deposits	<b>(1,502,530)</b>
Net gain on structured deposits	<b>12,987</b>
Settlements of the interest income	<b>(3,963)</b>
	<hr/>
At 28 February 2022	<b>375,380</b>

The total gains or losses for the six months ended 28 February 2022 included an unrealised gain of RMB1,994,000 (six months ended 28 February 2021: unrealised gain of RMB1,539,000) 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 2022

## 16. ACQUISITION OF SUBSIDIARIES/A BUSINESS

### Six months ended 28 February 2022

During the reporting period, the Group acquired 100% equity interest in Guangdong Sun City Industrial Co., Ltd (廣東太陽城實業有限公司) (“**Guangdong Sun City Industrial**”) from a connected person at a consideration of RMB150,000,000. Guangdong Sun City Industrial is principally engaged in the operation of 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 RMB55,220,000 has been settled in cash and the remaining RMB94,780,000 is included in other payables as at 28 February 2022.

### Consideration transferred

	<i>RMB'000</i>
Cash consideration paid	<b>55,220</b>
Consideration payable	<b>94,780</b>
	<b>150,000</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2022

## 16. ACQUISITION OF SUBSIDIARIES/A BUSINESS (Continued) Six months ended 28 February 2022 (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>7,476</b>
Right-of-use assets	<b>43,192</b>
Intangible assets	<b>118,938</b>
Deposits paid for acquisition of property, plant and equipment	<b>9,652</b>
Trade receivables, prepayments and other receivables	<b>7,730</b>
Bank balances and cash	<b>13,370</b>
Contract liabilities	<b>(26,864)</b>
Trade payables	<b>(5,766)</b>
Other payables	<b>(3,749)</b>
Amounts due to related companies	<b>(598)</b>
Lease liabilities	<b>(43,192)</b>
	<b>120,189</b>

The fair values of intangible assets (representing licenses amounting to RMB118,938,000) 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.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2022

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

Six months ended 28 February 2022 (Continued)

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

	<i>RMB'000</i>
Consideration transferred	<b>150,000</b>
Less: recognised amount of identifiable net assets acquired	<b>(120,189)</b>
Goodwill arising on acquisition	<b>29,811</b>

Goodwill arose in the acquisition of Guangdong Sun City Industrial because the acquisition included the assembled workforce of Guangdong Sun City Industrial 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>55,220</b>
Less: Cash and cash equivalent balances acquired	<b>(13,370)</b>
	<b>41,850</b>

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

Profit for the reporting period includes RMB3,641,000 attributable to the additional business generated by Guangdong Sun City Industrial. Revenue for the reporting period includes RMB9,843,000 generated from Guangdong Sun City Industrial.



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2022

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

### Six months ended 28 February 2022 (Continued)

Had the acquisition of Guangdong Sun City Industrial been completed in 1 September 2021, revenue for the period of the Group would have been RMB842,244,000, and profit for the period would have been RMB274,062,000. 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 Guangdong Sun City Industrial 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, on the provisional basis at the date of the acquisition.

### 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 be referred to as the "**Sichuan New Concept Group**") at a consideration of RMB750,000,000. Sichuan New Concept Group is principally engaged 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. The consideration was fully settle in cash.

### Consideration transferred

	<i>RMB'000</i>
Cash consideration paid	<b>750,000</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2022

## 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:

	<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 a non-controlling shareholder	<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>
Deposits, 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 and accruals	<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.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2022

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

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

#### **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.

#### **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>750,000</b>
Less: Cash and cash equivalent balances acquired	<b>(43,824)</b>
	<b>706,176</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2022

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

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

#### *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.

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.

# Management Discussion and Analysis

## Business Progress

During the reporting period, the Group operated nine schools at home and abroad, i.e. Guangzhou Huashang College ("**Huashang College**"), Guangzhou Huashang Vocational College ("**Huashang Vocational College**") and Guangdong Huashang Technical School ("**Huashang Technical School**") in Guangdong Province, the PRC; Urban Vocational College of Sichuan ("**Urban Vocational College**") and Urban Technician College of Sichuan ("**Urban Technician College**") in Sichuan Province, the PRC; GBA Business School ("**GBABS**") in Hong Kong, the PRC; Global Business College of Australia ("**GBCA**") and Edvantage Institute Australia ("**EIA**") in Melbourne, Australia; and Edvantage Institute (Singapore) ("**EIS**") in the downtown of Singapore. With the continuous release of many national favourable policies for vocational education, the Group, which has upheld the philosophy of school operations with high quality and high compliance, saw stable and sound business progress. During the reporting period, the major business progress of the Group are as follows:

### **With improved quality of school operations, the teaching brand has become increasingly prominent**

During the reporting period, the Group's five schools in the PRC all achieved breakthrough results in school operations. Huashang College came 17th among the class-III Chinese private universities ranked by Cuaa.Net for 2022 (class-III colleges and universities are those with advantages in disciplines such as arts, economics, management, education, medicine), up four places from the preceding year. It ranked first among private colleges and universities in Guangdong. In addition, after becoming one of the first private schools to be built into master's degree conferring institutions in Guangdong in May 2021, Huashang College has begun to collaborate with Guangdong University of Finance & Economics to cultivate master's degree candidates. Their cooperation will advance Huashang College's work in developing itself into a master's degree conferring institution. In the meantime, Huashang College's Auditing, Advertising and Information Management and Information Systems were selected as three new provincial first-class undergraduate programmes in Guangdong. Two specialty clusters of Huashang Vocational College, tourism management and automobile inspection and maintenance technology, were recognised as high-level specialty clusters of higher vocational education institutions in Guangdong Province. The college-entrance rate of 2021 graduates reached 28.36%, which is at a leading position comparing to the same type of schools in the province. As Huashang Technical School was successfully recognised as one of the first batch of social training organisations of vocational skill level identification in Guangdong for 2022, it is capable to launch training programmes and 25 vocational skill identification programmes for the society. Urban Vocational College topped the respective list of private junior colleges in Sichuan in 2021 released by Golden Apple (金蘋果) and Wu Shulian (武書連), and was also selected as one of the institutions to be built into high-level higher vocational education institutions. It won 2 special prizes, 1 first prize and 2 second prizes of Sichuan provincial teaching achievement award, becoming the only private higher vocational education institution in Sichuan that has obtained these outstanding school-running achievements.

### **Smooth progress has been made in industry-education integration and school-enterprise cooperation**

Focusing on the country's needs for talents in the fields of big health, digital culture and preschool education, the Group continues to work together with leading enterprises in these fields to cultivate application-oriented and skilled elites with international vision. During the reporting period, in the field of big health, the Group entered into a cooperation agreement on vocational education in medical cosmetology with Lansee, a comprehensive technology group in the beauty industry, pursuant to which the two sides established Huashang-Lansee medical cosmetology industry college and Huashang-Lansee medical cosmetology industry-academia-research centre to train and cultivate medical cosmetologists to cater to the needs for high-quality development and innovation of vocational education in medical cosmetology. Urban Vocational College led the establishment of a vocational education group specialising in smart health and elderly care in Chengdu-Chongqing Economic Circle, facilitating the formation of a new pattern of elderly care in the Chengdu-Chongqing region. In the field of digital culture, Huashang College and Huashang Vocational College entered into a school-enterprise cooperation agreement with Shenzhen CMGE Network Technology Co., Ltd., a top mobile game developer and publisher in the world, to jointly train and cultivate application-oriented and skilled international talents in the field of digital creative culture. As for the field of preschool education, Huashang Vocational College collaborated with Shenzhen Dianmao Technology Co., Ltd. to establish the "school of early childhood education industry", aiming to train high-calibre talents to meet the needs for high-quality development and innovation of the early childhood education industry.

### **It trains highly competitive talents in an innovative way by promoting learning through competitions and promoting teaching through lectures**

During the reporting period, the Group continuously explored innovative and differentiated school operations, striving to provide students with diversified teaching services. The Group upholds the innovative educational philosophy of "promoting learning through competitions" and "promoting teaching through lectures". Huashang College and Huashang Vocational College teamed up with schools in Sichuan and overseas schools to hold many competitions at home and abroad and lectures on innovation and entrepreneurship, such as an online communication activity for youths in the Greater Bay Area, CMGE Shenhui Cup design competition, an international elite planning competition and a digital marketing competition, aiming to cultivate highly competitive talents via collaboration among schools at home and abroad, and promote the technological innovation and development in the Guangdong-Hong Kong-Macao Greater Bay Area and the Chengdu-Chongqing Economic Circle.

## Management Discussion and Analysis

### **Overseas integration project produces significant results, enjoy international education at home**

During the reporting period, the Group's nine schools at home and abroad were highly integrated, and overseas high-quality teaching resources efficiently empowered domestic schools. The Group actively created overseas integration classes, held lectures for students and teachers, introduced high-quality overseas programmes, launched dual-degree programmes, etc. In the past three semesters, the number of teachers and students participating in the overseas integration programme has grown rapidly, from 115 in the Autumn 2020 Semester (starting in September) to 5,504 in the Autumn 2021 Semester (starting in September). Moreover, Chinese schools have also introduced the certificate system for the overseas integration programme to encourage teachers and students to enhance their competitiveness in various aspects. With the gradual expansion of the overseas integration programme, it will strongly and effectively boost the international school running brand of Edvantage.

### **Efforts are made to create a team of double-qualified teachers with strong solidarity and an international vision**

The Group, which adheres to the strategy of "growing schools with talents", attaches great importance to the establishment of a faculty team, with efforts made in talent introduction and training, improvement of the occupational development mechanism for teachers and so forth to enhance the overall level of teachers in many aspects. In terms of the innovative talent introduction and training mechanism, the Group carried out "Huashang's distinguished positions", "Huashang's doctoral programme" and "Huashang's talent programme" and "lecture-competition integration" to improve the quantity and quality of talents, in a bid to cultivate high-level talents and unite the young and middle-aged backbone team. As far as the occupational development mechanism for teachers is concerned, the Group actively organised visit and exchange programmes at home and abroad for teachers. It provided online teacher-related training and organised teaching competitions for young teachers with overseas teaching resources to continuously improve teachers' professional skills and teaching level, and foster their international vision. In addition, the Group implemented a project entitled "double hundred double entry", with around 100 enterprises entering schools and around 100 teachers entering enterprises, with a view to enhancing teachers' practical teaching ability and cultivating double-qualified teachers.

# Management Discussion and Analysis

## A multi-pronged approach is used to ensure the employment rate and employment quality of graduates

During the reporting period, attributable to the multiple measures taken including two-way selection recruitment fairs, targeted career counselling lectures and online and offline job fairs, the employment situation of the 2021 graduates of the Group's schools was relatively satisfactory. The proportion of Huashang College's graduates who received job offers or went on to masters degrees was higher than the average level in the province. The employment rate of Huashang Vocational College's graduates was nearly 99%, making the college come out on top among colleges and universities of the same kind in the province. Urban Vocational College's graduates achieved an employment rate of nearly 95% and a monthly salary of up to RMB4,679 (2020: RMB4,536). It is worth mentioning that a total of nearly 500 graduates from Huashang College in 2021 joined the world's top 500 and China's top 100 companies, accounting for approximately 5% of the year's total number of graduates, representing an increase of approximately 0.7 percentage points year-on-year from 4.3% in the preceding year. Despite the pandemic, the schools under the Group achieved high employment rates and high employment quality.

## Number of Student Enrolments

The table below sets forth the number of student enrolments in the Group's schools for the year ended 31 August 2021 and for the six months ended 28 February 2022:

	Six months ended 28 February 2022	Year ended 31 August 2021
Number of student enrolments (approx.)		

### Higher formal vocational education

Huashang College (application-oriented undergraduate school)	26,700	25,000
Huashang Vocational College	17,200	13,300
Urban Vocational College	15,400	13,900
Overseas schools <sup>1</sup>	800	1,000

### Secondary formal vocational education

Urban Technician College	11,000	8,600
Huashang Technical School <sup>2</sup>	5,200	N/A

Note 1: Overseas schools include GBCA, EIA and EIS.

Note 2: As the Group completed the acquisition of Huashang Technical School during the reporting period, the information presented is the relevant information after the completion of the acquisition until the end of the reporting period.



# Management Discussion and Analysis

## Range of Tuition Fees and Boarding fees

The table below sets forth the range of tuition fees and accommodation fees charged by the Group's schools to each student for the 2020/2021 and 2021/2022 school years:

	2021/2022 school year RMB	2020/2021 school year RMB	2021/2022 school year RMB	2020/2021 school year RMB
	Range of tuition fees		Range of boarding fees	
<b>Higher formal vocational education</b>				
<b>Huashang College (application-oriented undergraduate school)</b>				
Regular undergraduate programmes	28,000–48,000	28,000–43,800	2,000–4,800	1,800–4,500
Upgrading programmes	28,000–37,000	27,000–33,000	2,000–4,800	1,800–4,500
<b>Huashang Vocational College</b>				
Regular junior college programmes	17,000–30,800	16,500–28,000	2,000–4,980	1,800–4,800
<b>Urban Vocational College</b>				
Regular junior college programmes	9,800–34,000	8,000–34,000	1,200–3,300	800–1,200
<b>Overseas schools<sup>1</sup></b>	<b>AUD3,500 and AUD26,000</b>	<b>AUD3,500 and AUD26,000</b>	<b>N/A</b>	<b>N/A</b>
<b>Secondary formal vocational education</b>				
<b>Urban Technician College</b>				
Secondary vocational education diploma programmes	9,800	9,800	1,200	800
<b>Huashang Technical School<sup>2</sup></b>				
Secondary vocational education diploma programmes	6,800–12,500	N/A	1,800–3,000	N/A

*Note 1:* As overseas schools do not provide accommodation for their students, the information presented is only the range of tuition fees for the educational services they provide.

*Note 2:* As the Group completed the acquisition of Huashang Technical School during the reporting period, the information presented is the relevant information after the completion of the acquisition until the end of the reporting period.

## Future Development

With the upgrading of the country's industrial structure, the Group actively follows the direction of PRC's economic development. It cooperates with leading enterprises in the industry to deepen the industry-education integration and cultivate application-oriented and skilled talents with an international vision to better cater to enterprises' needs for talents. It will fully contribute to the realisation of the national target of "ranking vocational education among the best in the world and basically establishing a skilled society by 2035".

Looking into the future, the Group will leverage on the regional advantages in school operations, closely follow the national policies, adhere to the principle of school operations with high compliance and high quality, and actively explore innovative and differentiated school running models to build a high-standard education brand of Edvantage. Efforts will be made to vigorously develop non-formal vocational education while joining forces with leading companies in maintaining steady growth in formal vocational education, and effectively combine asset-light and asset-heavy operations to improve operation benefits, with a view to achieving high-quality and sustainable development and creating sustainable value for shareholders.

## Financial Review

### Revenue

The Group's revenue mainly represents income derived from tuition fees and boarding fees for the education services provided in the normal course of business at its schools in the PRC and overseas schools, and other vocational education service fees at its schools in the PRC. For the six months ended 28 February 2022, the Group's revenue was approximately RMB822.6 million, representing an increase of 48.4% as compared with the corresponding period of the preceding year, which was mainly attributable to the increase in the number of student enrolments and average tuition fees of Huashang College, Huashang Vocational College, Urban Vocational College and Urban Technician College of the Group and the effective business development of the Group's other vocational education business, as well as the consolidation of the financial results of Urban Vocational College, Urban Technician College and Huashang Technical School since the respective completion of acquisition of them.

### Cost of Revenue

Cost of revenue consists primarily of staff costs, education expenses, depreciation, property management expenses and other costs. For the six months ended 28 February 2022, the Group's cost of revenue amounted to approximately RMB409.6 million, representing an increase of 47.8% as compared with the corresponding period of the preceding year.

# Management Discussion and Analysis

## Gross Profit and Gross Margin

For the six months ended 28 February 2022, the Group recorded a gross profit of approximately RMB413.0 million, representing an increase of 49.0% as compared with the corresponding period of the preceding year. The growth was mainly attributable to (i) gross profit generated by the schools acquired in the beginning of year 2021 (i.e. Urban Vocational College and Urban Technician College) and the school acquired in the beginning of year 2022 (i.e. Huashang Technical School), (ii) the increase in number of student enrolments and average tuition fees from both Huashang College and Huashang Vocational College and (iii) various efforts of cost control. For the six months ended 28 February 2022, the Group achieved a gross margin of 50.2 %, up by 0.2 percentage points as compared with the corresponding period of the preceding year.

## Selling and Administrative Expenses

Selling expenses consist of advertising expenses, recruiting expenses and salary expenses. For the six months ended 28 February 2022, the Group's selling expenses amounted to approximately RMB23.1 million, representing an increase of 268.7% as compared with the corresponding period of the preceding year. It was mainly attributable to the increases in recruiting expenses for the Group's expanding 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 2022, the Group's administrative expenses amounted to approximately RMB148.5 million, representing an increase of 93.8% as compared with the corresponding period of the preceding 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, business development related expenses, property management expenses, depreciation and share option expenses.

## Profit Before Taxation

For the six months ended 28 February 2022, the Group recorded a profit before taxation of approximately RMB294.0 million, representing an increase of 58.4% as compared with the corresponding period of the preceding year.

# Management Discussion and Analysis

## 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 2022, the Group's adjusted net profit attributable to owners of the Company amounted to approximately RMB264.0 million, representing an increase of 32.0% as compared with the corresponding period of the preceding year.

	<b>Six months ended</b>	
	<b>28 February</b>	28 February
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
Profit for the period	<b>285,771</b>	175,902
Adjustments for:		
Net foreign exchange loss	<b>415</b>	28,255
Share-based payments	<b>12,338</b>	6,888
	<b>12,753</b>	35,143
Adjusted net profit	<b>298,524</b>	211,045
Less: profit for the period attributable to non-controlling interests	<b>(34,572)</b>	(11,139)
Adjusted net profit attributable to owners of the Company	<b>263,952</b>	199,906

# Management Discussion and Analysis

## Property, Plant and Equipment

As of 28 February 2022, the Group's property, plant and equipment amounted to approximately RMB3,883.8 million, representing an increase of 8.1% as compared with 31 August 2021. Such an increase was a result of (i) the continuing progress in the construction of a science and technology centre and an international conference centre on the Zengcheng District Campus, (ii) the construction of a new campus for Huashang Vocational College at Xinhui District, Jiangmen City, Guangdong Province, and (iii) the construction of campus in Meishan, Sichuan Province.

## Capital Expenditures

For the six months ended 28 February 2022, the Group recorded approximately RMB254.7 million in capital expenditures. It was mainly attributable to (i) the acquisition of land use rights in Guangdong Province (i.e. lands located in Sihui City 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 2022, the Group's financial assets at FVTPL amounted to approximately RMB375.4 million (31 August 2021: RMB367.0 million), being structured deposits invested in banks and financial institutions in the PRC as the Company's treasury management purpose of maximising its return on the surplus cash received from its business operations without interfering with its business operations or capital expenditures, for which the Group expected that such structured deposits would earn a better yield than current deposits generally offered by banks in the PRC. The increase was mainly attributable to the addition net off by the redemption during the reporting period. For the six months ended 28 February 2022, the Group recorded a fair value change on financial assets at FVTPL of approximately RMB13.0 million (31 August 2021: RMB13.3 million), which was mainly derived from the structured deposits interest income received and receivable. As at 28 February 2022, no single investment in such structured deposits of the Group accounted for more than 5% of the total assets of the Group.

## Bank Balances and Cash

As of 28 February 2022, the Group's bank balances and cash was approximately RMB538.5 million, representing a decrease of 32.3% as compared with 31 August 2021. Such decrease was mainly attributable to the fact that during the reporting period, the Group (i) completed the acquisition of Guangdong Sun City Industrial and Huashang Technical School at a consideration of RMB150.0 million, of which RMB55.2 million has been settled in cash during the reporting period, as disclosed in Note 16 to the condensed consolidated financial statements in this interim report, and (ii) recorded capital expenditures in the sum of approximately RMB254.7 million.

## Liquidity, Financial Resources and Gearing Ratio

As at 28 February 2022, the Group had liquid funds (representing bank balances and cash and structured deposits recognised in financial assets at FVTPL) of approximately RMB913.9 million (31 August 2021: RMB1,162.3 million) and bank and other borrowings of approximately RMB1,614.2 million (31 August 2021: RMB1,344.1 million).

The Group's gearing ratio as of 28 February 2022, represented by bank and other borrowings as a percentage of total assets, was 25.1% (31 August 2021: 21.8%).

## Foreign Exchange Risk Management

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

# Management Discussion and Analysis

## Material Acquisitions and Disposals

During the reporting period, the Group completed the acquisition of 100% of the entire equity interest in Guangdong Sun City Industrial (the “**Sales Shares of Guangdong Sun City Industrial**”), a company established in the PRC with limited liability, at a consideration of RMB150.0 million from a connected person (namely Nanning Yuzhuoqin Education Development Co., Ltd.\* (南寧市宇卓琴教育發展有限公司), a company established in the PRC with limited liability which in turn was owned as to 60% by Mr. Liu Yung Kwong and 40% by Ms. Chen Sudan, respective siblings of Mr. Liu Yung Chau and Ms. Chen Yuan, Rita, the Company’s controlling shareholders and executive directors). Guangdong Sun City Industrial and its subsidiary are principally engaged in the operation of Huashang Technical School for the activities of vocational education. For details, please refer to the Company’s announcement dated 14 December 2021. During the reporting period, RMB55.2 million of the consideration had been settled in cash and the remaining RMB94.8 million was included in other payables as at 28 February 2022. Due to the restriction of foreign ownership under the PRC laws, Shenzhen Qianhai Zhuochuang Education Investment Co., Ltd. (深圳前海卓創教育投資有限公司) (the “**OPCO**”, together with Guangdong Sun City Industrial and Huashang Technical School collectively be referred to as the “**OPCO Group**”) was designated by Guangzhou Zhiheng Education Consulting Co., Ltd.\* (廣州智衡教育諮詢有限公司) (“**Guangzhou Zhiheng Education**”), an indirect wholly-owned subsidiary of the Company, to acquire the Sales Shares of Guangdong Sun City Industrial. As such, Guangzhou Zhiheng Education has entered into the Structured Contracts (as defined in the announcement of the Company dated 14 December 2021) with the registered shareholders of the OPCO, the OPCO, Guangdong Sun City Industrial and Huashang Technical School, which enable Guangzhou Zhiheng Education to have effective control over the OPCO Group, and enjoy the economic benefits generated by the OPCO Group. For details, please refer to the announcements of the Company dated 14 December 2021, 27 January 2022 and 14 February 2022.

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

# Management Discussion and Analysis

## Charge on the Group's Assets

As at 28 February 2022, the Group's bank and other borrowings had been secured by the equity interests of a subsidiary, certain deposits of the Group of approximately RMB33.6 million and the rights to receive the tuition fees and boarding fees of each Huashang College, Huashang Vocational College and Urban Vocational College.

Save as disclosed above, there was no other material charge on the Group's assets as at 28 February 2022.

## Contingent Liabilities

As at 28 February 2022, the Group had no significant contingent liabilities.

## Human Resources

As at 28 February 2022, the Group had approximately 5,200 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 2022, the staff costs (including Directors' remuneration) of the Group were approximately RMB290.3 million.

Moreover, the Company has adopted a share option scheme and share award scheme (the "**Share Award Scheme**") on 6 June 2019 as incentives 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. Please also refer to Note 13 to the notes to the condensed consolidated financial statements in this interim report for further information.

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



# Management Discussion and Analysis

## Future Plans on Material Investments

With a view to 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 suitable locations for establishing overseas schools, including those in the United Kingdom and Singapore, after relief of the 2019 coronavirus disease (“**COVID-19**”) pandemic and restoration of normal business operations in overseas areas and relaxation of the global travel restrictions.

Following the acquisition of Huashang Technical School during the reporting period, the Group will continue to explore opportunity 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 the Group's internal resources (including cash generated from operations) and/or 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 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 new ordinary shares in the capital of the Company with a par value of US\$0.01 each (“**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**”) which were to be issued under the general mandate granted to the Directors by the shareholders’ resolutions passed at the annual general meeting of the Company on 21 January 2020 to allot, issue and deal with up to 203,672,400 shares, between 20% of the then total number of issued shares as at the date of resolutions. The placing price of HK\$8.73 per Placing Share represented a discount of approximately 11.9% to the closing price of HK\$9.91 per Share as quoted on the Stock Exchange on 12 January 2021.

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. The net price to the Company of each Placing Share, which was calculated by dividing the aggregate net proceeds from the Placing by the total number of Placing Shares, was approximately HK\$8.63. For details of the Placing, please refer to the Company’s announcements dated 13 January 2021 and 20 January 2021.

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.

# Management Discussion and Analysis

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

Purpose	Allocation of net proceeds (RMB'million)	Utilised amount	Utilised amount	Unutilised
		period from the Placing Completion Date to 31 August 2021 (RMB'million)	during the six months ended 28 February 2022 (RMB'million)	amount as at 28 February 2022 (RMB'million)
Establishment and development of Sihui Campus	84.7	84.7	—	—
Establishment and development of Zengcheng District Campus	50.0	50.0	—	—
Establishment of Huashang Jiangmen Campus	173.1	144.2	28.9	—
Potential future acquisitions	38.5	—	38.5	—
General working capital	38.5	38.5	—	—
Total	384.8	317.4	67.4	—

As at 28 February 2022, the balance of proceeds from the Placing has been fully utilised.

## SUBSEQUENT EVENT

So far as the Directors are aware, there are no important events after 28 February 2022 and up to the date of this interim report.

## INTERIM DIVIDEND

The Board is pleased to declare an interim dividend in the sum of HK8.40 cents per share in respect of the six months ended 28 February 2022 (six months ended 28 February 2021: HK5.50 cents) to Shareholders whose names appear on the registers of members of the Company on Thursday, 19 May 2022, whereas the interim dividend will be payable in cash with a scrip dividend alternative which allows Eligible Shareholders to elect to receive the Interim Dividend wholly in new shares or partly in new shares and partly in cash or wholly in cash (the “**Scrip Dividend Scheme**”).

The Scrip Dividend Scheme is subject to the Stock Exchange granting the listing of and permission to deal in the new shares to be issued pursuant thereto.

A circular giving full details of the Scrip Dividend Scheme together with the relevant form of election will be sent to the Eligible Shareholders on or around Friday, 27 May 2022. It is expected that the interim dividend cheques and certificates for the new shares (in case the Eligible Shareholders have elected to receive part or all of their Interim Dividend in the form of new shares) will be despatched to the Eligible Shareholders on or around Thursday, 30 June 2022.

## INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE IN SHARES

As at 28 February 2022, 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	531,006	752,401,416 (Note 1)	231,006	2,695,072	755,858,500	70.52%
Ms. Chen	46,200	755,227,084 (Note 2)	46,202	539,014	755,858,500	70.52%
Ms. Liu	838,907	—	220,126	2,124,289	3,183,322	0.30%
Mr. Liu Yung Kan	32,340	—	32,342	377,310	441,992	0.04%
Mr. Xu Gang	8,996	—	9,240	107,803	126,039	0.01%
Mr. Li Jiatong	9,240	—	9,240	107,803	126,283	0.01%

#### Notes:

- For the purpose of the SFO, as at 28 February 2022, other than the personal interests and the other interests as stated in the above table, Mr. Liu was deemed to be interested in (i) 751,770,000 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 2022, other than the personal interests and the other interests as stated in the above table, Ms. Chen was deemed to be interested in (i) 751,770,000 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) 3,457,084 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 2022. 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 2022, 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 2022, being 1,071,859,638 Shares.

Save as disclosed above and to the best knowledge of the Directors, as at 28 February 2022, 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.

## Other Information

### SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

So far as is known to any Director or chief executive of the Company, as at 28 February 2022, the following corporations/persons (other than Directors or the chief executive of the Company) had interests and short positions, if any, in the Shares and underlying Shares of the Company as recorded in the register of interests required to be kept by the Company under section 336 of the SFO:

Name	Capacity/ Nature of interest	Number of Shares interested	Approximate percentage of the Company's issued share capital <sup>(2)</sup>
BVI Holdco	Beneficial owner	751,770,000 (L)	70.14% (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 1,071,859,638 Shares in issue as at 28 February 2022.

Save as disclosed above and to the best knowledge of the Directors, as at 28 February 2022, 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

Mr. O'Yang Wiley has resigned as an independent non-executive director of Tianyun International Holdings Limited (a company incorporated in the British Virgin Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange, stock code: 6836.HK) with effect from 12 May 2022.

Save as disclosed above, 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 2021 annual report.

### **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed during the period from 16 May 2022, Monday to 19 May 2022, Thursday, both days inclusive and during which period no share transfer will be effected, for the purpose of ascertaining shareholders' entitlement to the interim dividend. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 13 May 2022, Friday.

### **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.



## 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. O’Yang Wiley, Mr. Xu Gang and Mr. Li Jiatong. Mr. O’Yang Wiley 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 2022, the accounting principles and policies adopted by the Group and discussed internal control and financial reporting matters of the Group.

### 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, 26 April 2022

*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. O’Yang Wiley and Mr. Li Jiatong.*

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