Edvantage Group Holdings Limited
中滙集團控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 0382)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 AUGUST 2021

HIGHLIGHTS

	Note	For the year ended 31 August 2021	2020	Percentage increase
Revenue *(RMB'000)*		**1,251,644**	800,092	56.4%
Gross profit *(RMB'000)*		**630,898**	396,244	59.2%
Adjusted net profit attributable to owners of the Company *(RMB'000)*	(i)	**459,663**	309,070	48.7%
Profit for the year attributable to owners of the Company *(RMB'000)*		**413,716**	291,487	41.9%
Basic earnings per share *(RMB cents)*		**39.42**	28.66	37.5%
Dividend per share				
Interim dividend *(HK cents)*		**5.50**	4.90	12.2%
Final dividend (proposed) *(HK cents)*		**8.40**	4.90	71.4%
Number of student enrolments		**61,829**	35,453	74.4%

Note:

(i) For the year ended 31 August 2021, adjusted net profit attributable to owners of the Company is determined by adjusting profit for the year of RMB469,716,000 for the effect of net foreign exchange loss of RMB25,766,000, share-based payments of RMB20,181,000 and profit for the year attributable to non-controlling interests of RMB56,000,000.

For the year ended 31 August 2020, adjusted net profit attributable to owners of the Company is determined by adjusting profit for the year of RMB291,487,000 for the effect of net foreign exchange loss of RMB8,119,000 and share-based payments of RMB9,464,000.

RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Edvantage Group Holdings Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 August 2021 (the "**reporting period**") with comparative figures for the year ended 31 August 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 August 2021

		2021	2020
	NOTES	***RMB'000***	*RMB'000*
Revenue	3	**1,251,644**	800,092
Cost of revenue		**(620,746)**	(403,848)
Gross profit		**630,898**	396,244
Other income		**49,699**	28,716
Investment income		**9,993**	19,542
Other gains and losses	4	**(11,132)**	(2,737)
Selling expenses		**(20,032)**	(7,512)
Administrative expenses		**(157,058)**	(110,220)
Finance costs		**(18,389)**	(16,063)
Profit before taxation		**483,979**	307,970
Taxation	5	**(14,263)**	(16,483)
Profit for the year	6	**469,716**	291,487
Other comprehensive (expense) income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(1,670)**	202
Total comprehensive income for the year		**468,046**	291,689

	NOTE	**2021**	2020
	NOTE	***RMB'000***	*RMB'000*
Profit for the year attributable to			
— owners of the Company		**413,716**	291,487
— non-controlling interests		**56,000**	—
		469,716	291,487
Total comprehensive income for the year attributable to			
— owners of the Company		**412,046**	291,689
— non-controlling interests		**56,000**	—
		468,046	291,689
Earnings per share	8		
— Basic *(RMB cents)*		**39.42**	28.66
— Diluted *(RMB cents)*		**39.22**	28.62

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 August 2021

	NOTES	2021 RMB'000	2020 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**3,592,946**	1,660,224
Right-of-use assets		**808,255**	458,857
Investment properties		**78,900**	45,700
Goodwill		**105,530**	1,554
Intangible assets		**76,365**	7,628
Amount due from a non-controlling shareholder		**65,453**	—
Deposits	9	**33,630**	—
Deposits paid for acquisition of property, plant and equipment		**87,743**	13,920
Deferred tax asset		**10,480**	4,934
		4,859,302	2,192,817
CURRENT ASSETS			
Inventories		**2,525**	929
Trade receivables, deposits, prepayments and other receivables	9	**141,186**	57,855
Amounts due from related parties		**745**	2,981
Financial assets at fair value through profit or loss		**366,985**	88,118
Bank balances and cash		**795,344**	1,185,689
		1,306,785	1,335,572
CURRENT LIABILITIES			
Contract liabilities		**1,140,908**	623,379
Trade payables	10	**10,675**	4,606
Other payables and accrued expenses		**227,794**	104,873
Amounts due to related parties		**1,145**	780
Deferred income		**25,801**	13,051
Income tax payable		**75,669**	48,169
Bank and other borrowings		**281,838**	290,434
Lease liabilities		**5,821**	6,918
		1,769,651	1,092,210
NET CURRENT (LIABILITIES) ASSETS		**(462,866)**	243,362
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,396,436**	2,436,179

	2021	2020
	RMB'000	*RMB'000*
NON-CURRENT LIABILITIES		
Other payable	**51,500**	—
Deferred income	**65,964**	—
Bank and other borrowings	**1,062,246**	456,670
Lease liabilities	**16,162**	25,930
Deferred tax liabilities	**154,609**	118,651
	1,350,481	601,251
	3,045,955	1,834,928
CAPITAL AND RESERVES		
Share capital	**73,488**	70,005
Reserves	**2,459,893**	1,764,923
Equity attributable to owners of the Company	**2,533,381**	1,834,928
Non-controlling interests	**512,574**	—
	3,045,955	1,834,928

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is also the functional currency of the Company.

Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board ("**IASB**"). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The Group had net current liabilities of RMB462,866,000 as at 31 August 2021. 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 into consideration that as at 31 August 2021, included in the current liabilities of the Group was contract liabilities of approximately RMB1,140,908,000 representing the prepayments of tuition and boarding fees received by the Group before commencement of school terms which would be recognised as revenue over the remaining contract terms. Such contract liabilities shall not in itself result in any cash outflow for the Group. In addition, the Group could generate sufficient operating cash inflow to meet its future obligations.

Taking into account the above-mentioned considerations, these consolidated financial statements have been prepared on a going concern basis.

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

2. APPLICATION OF AMENDMENTS TO IFRSs

Amendments to IFRSs that are mandatorily effective for the current year

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

Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform
Amendments to IFRS 16	Covid-19-Related Rent Concessions

Except as described below, the application of the *Amendments to References to the Conceptual Framework in IFRS Standards* and the amendments to IFRSs in the current year 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 consolidated financial statements.

2.1 Impacts on application of Amendments to IAS 1 and IAS 8 Definition of Material

The Group has applied the Amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

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

2.2 Impacts on application of Amendments to IFRS 3 Definition of a Business

The Group has applied the amendments for the first time in the current year. The amendments clarify that while business usually have outputs, outputs are not required for an integrated set of activities and assets to quality as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

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

In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. The election on whether to apply the optional concentration test is available on transaction-by-transaction basis.

The application of the amendments had no impact on the consolidated financial statements in the current year as similar conclusion would have been reached without applying the optional concentration test.

3. REVENUE AND SEGMENT INFORMATION

Revenue from contracts with customers

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

	2021	2020
	RMB'000	*RMB'000*
Tuition fees recognised overtime	**1,113,818**	762,744
Boarding fees recognised overtime	**92,208**	35,912
Other vocational education service fees recognised overtime	**42,052**	—
Fees from university cooperation programme recognised overtime	**3,566**	1,436
	1,251,644	800,092

Segment information

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 year. 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 and vocational education institutions in the PRC; and

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

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

Segment revenue and results

For the year ended 31 August 2021

	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	1,237,685	13,959	1,251,644
Segment profit (loss)	570,557	(13,522)	557,035
Unallocated corporate expenses			(48,671)
Unallocated corporate income			1,381
Unallocated other gains and losses			(25,766)
Profit before taxation			483,979

For the year ended 31 August 2020

	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	788,770	11,322	800,092
Segment profit (loss)	347,354	(6,493)	340,861
Unallocated corporate expenses			(34,154)
Unallocated corporate income			9,382
Unallocated other gains and losses			(8,119)
Profit before taxation			307,970

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.

4. OTHER GAINS AND LOSSES

	2021 ***RMB'000***	2020 *RMB'000*
Fair value change on financial assets at fair value through profit or loss	**13,298**	4,728
Gain from changes in fair value of investment properties	**1,900**	800
Recovery of trade receivables previously written-off	**180**	90
Net foreign exchange loss	**(25,766)**	(8,119)
Impairment loss recognised on trade receivables, net	**(254)**	(236)
Others	**(490)**	—
	(11,132)	(2,737)

5. TAXATION

	2021	2020
	RMB'000	*RMB'000*
Current tax		
— Hong Kong Profits Tax	**202**	245
— PRC Enterprise Income Tax	**18,933**	5,161
Withholding tax	**7,170**	5,000
	26,305	10,406
Overprovision in prior years		
— PRC Enterprise Income Tax	**(8,143)**	(527)
— Hong Kong Profits Tax and corporate income tax	**(266)**	(7)
	(8,409)	(534)
Deferred tax	**(3,633)**	6,611
Total	**14,263**	16,483

6. PROFIT FOR THE YEAR

	2021	2020
	RMB'000	*RMB'000*
Profit for the year has been arrived at after charging:		
Staff costs, including Directors' remuneration		
— salaries and other allowances	**318,413**	239,997
— retirement benefit scheme contributions	**26,415**	18,062
— share-based payments	**20,181**	9,464
Total staff costs	**365,009**	267,523
Depreciation of property, plant and equipment	**98,286**	58,394
Depreciation of right-of-use assets	**23,631**	13,005
Auditor's remuneration	**6,390**	4,651
Short-term lease expenses	**665**	482

7. DIVIDENDS

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

	2021	2020
	RMB'000	*RMB'000*
Final dividend for the preceding financial year ended 31 August 2020 of HK4.90 cents (preceding financial year ended 31 August 2019: HK1 cent) per ordinary share	**43,772**	9,152
Interim dividend for the six months ended 28 February 2021 of HK5.50 cents (six months ended 29 February 2020: HK4.90 cents) per ordinary share	**49,403**	45,651
	93,175	54,803

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 August 2021 of HK8.40 cents (2020: HK4.90 cents) per ordinary share, in an aggregate amount of approximately HK$90,036,000 (2020: HK$49,900,000) which is calculated based on the number of issued shares of the Company at the end of the reporting period, has been proposed by the Board and is subject to approval by the shareholders at the forthcoming annual general meeting.

8. EARNINGS PER SHARE

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

	2021	2020
	RMB'000	*RMB'000*
Earnings:		
Profit for the year attributable to owners of the Company for the purpose of calculating basic and diluted earnings per share	**413,716**	291,487

	2021	2020
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,049,416,790**	1,017,073,907
Effect of dilutive potential ordinary shares:		
Share options	**232,471**	—
Vested and treasury shares held under share award scheme	**(263,562)**	—
Unvested and treasury shares held under share award scheme	**5,353,622**	1,288,093
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,054,739,321**	1,018,362,000

The computation of diluted earnings per share does not assume the exercise of certain share options of the Company because the exercise prices of those share options were higher than the average market prices of shares of the Company during the year ended 31 August 2020 and 2021.

The weighted average number of ordinary shares shown above has been arrived at after deducting shares held by share award scheme trust.

9. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2021	2020
	RMB'000	*RMB'000*
Trade receivables	**305**	572
Less: allowance for credit losses	**(129)**	(236)
	176	336
Receivables from education departments	**8,156**	97
Deposits, prepayments and other receivables	**166,484**	57,422
Total	**174,816**	57,855
Less: Amounts due within one year shown under current assets	**(141,186)**	(57,855)
Amounts shown under non-current assets	**33,630**	—

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.

	2021	2020
	RMB'000	*RMB'000*
0–30 days	**—**	178
31–90 days	**176**	122
91–180 days	**—**	68
181–365 days	**8,156**	49
Over 365 days	**—**	16
Total	**8,332**	433

10. TRADE PAYABLES

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

The following is an aged analysis of trade payables presented based on invoice date at 31 August 2020 and 2021.

	2021	2020
	RMB'000	*RMB'000*
0–60 days	**2,563**	1,653
61–180 days	**599**	592
181–365 days	**4,795**	868
Over 365 days	**2,718**	1,493
	10,675	4,606

11. ACQUISITION OF SUBSIDIARIES/A BUSINESS

For the year ended 31 August 2021

During the reporting period, the Group acquired 51% equity interest in Sichuan New Concept Education Investment Co., Ltd.* (四川新概念教育投資有限公司) ("**Sichuan New Concept**") and Chengdu Yude Logistics Management Co., Ltd.* (成都育德後勤管理有限公司) (collectively referred to 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. During the reporting period, the consideration of RMB750,000,000 has been settled in cash.

Consideration transferred	*RMB'000*
Cash consideration paid	750,000

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

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

The fair values of intangible assets (representing licenses amounting to RMB69,100,000) were based on estimation used by the management of the Group with reference to valuation carried out by an independent valuer, key assumptions and estimation used by the management included discount rates, growth rates and useful lives of the intangible assets.

Non-controlling interest

The non-controlling interest (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

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

Goodwill arose in the acquisition of Sichuan New Concept Group because the acquisition included the assembled workforce of Sichuan New Concept Group. These benefits were not recognised separately from goodwill because they did not meet the recognition criteria for identifiable intangible assets.

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

Net cash outflow arising on acquisition

	RMB'000
Consideration paid in cash	750,000
Less: Cash and cash equivalent balances acquired	(43,824)
	706,176

For the year ended 31 August 2020

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

MANAGEMENT DISCUSSION AND ANALYSIS

Market Overview

The Group is the largest private business vocational education group in the Guangdong-Hong Kong-Macao Greater Bay Area ("**Greater Bay Area**"), and an early pioneer in education sector in pursuing international expansion. The Group's businesses all fall within the scope of vocational education encouraged by the State. Both the Greater Bay Area and the Chengdu-Chongqing Economic Circle are fertile ground for the development of private vocational education.

During the Reporting Period, the State introduced a number of policies to support and encourage the development of vocational education. In October 2021, the General Office of the CPC Central Committee and the General Office of the State Council released the Guidelines on Promoting the High-quality Development of Modern Vocational Education ("**Guidelines**"), clearly supporting and encouraging listed companies and industry leaders to develop vocational education, incentivising application-oriented colleges and universities to develop vocational education at the undergraduate level, and quantifying the admission scale of vocational education at the undergraduate level and the vision of basically building a skill-based society by 2035.

In addition, the Vocational Education Law of the People's Republic of China (revised draft) was submitted to the National People's Congress for deliberation in June 2021. The draft proposes that "vocational education should enjoy equal importance to general education", and supports social participation in school operations. The new Regulation on the Implementation of the Private Education Promotion Law of the People's Republic of China (Order No. 741) that came into effect from 1 September 2021 explicitly encourages enterprises to run private schools or participate in the establishment of private schools providing vocational education in sole proprietorship, joint ventures, cooperation and other forms. It gives the right to all privately-run schools, regardless of their attribute, on change of owners, which sends a positive signal to vocational education.

The Group's schools in China are located in the Greater Bay Area and the Chengdu-Chongqing Economic Circle, which are key economic development regions and have the advantages that are conducive to the development of vocational education, including strong economic development momentum, continuous release of dividend from school-age population, low gross enrolment rate of higher education sector and enough room for bargaining power. The Greater Bay Area and Guangdong province where it is located are among the regions with the highest population growth and strongest economic vitality in China. According to the Communiqué of the Seventh National Population Census by the National Bureau of Statistics, Guangdong has 126 million permanent residents, ranking first in the number of permanent residents for 14 consecutive years. China introduced a number of policies to support the development of the Greater Bay Area in September 2021. For instance, the CPC Central Committee and the State Council released the General Plan for Building the Guangdong-Macao In-Depth Cooperation Zone in Hengqin, which outlines the blueprint for the construction of the Guangdong-Macao In-Depth Cooperation Zone in Hengqin. The authorities announced the Plan for Comprehensively Deepening Reform and Opening up of Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone, aiming to support Hong Kong's economic and social development, lift the level of cooperation between Guangdong, Hong Kong and Macao, and build a new pattern for opening up. The Chengdu-Chongqing Economic Circle is the economic bridgehead in western China and also the most densely populated area in the west. In October 2021, the CPC Central Committee and the State Council unveiled the Outline for the Construction of a Two-city Economic Circle in the Chengdu-Chongqing Region, emphasising that by 2025, the economic strength, development vitality and international influence of the Two-city Economic Circle will be greatly boosted, and its role of supporting the high-quality development of the whole country will be significantly enhanced.

Business Update

During the Reporting Period, the Group operated eight education institutions, namely Guangzhou Huashang College 廣州華商學院 ("**Huashang College**") and Guangzhou Huashang Vocational College 廣州華商職業學院 ("**Huashang Vocational College**") in Guangdong province, China; Urban Vocational College of Sichuan 四川城市職業學院 ("**Urban Vocational College**") and Urban Technician College of Sichuan 四川城市技師學院 ("**Urban Technician College**") in Sichuan province, China; GBA Business School 大灣區商學院 ("**GBABS**" in Hong Kong, China; Global Business College of Australia 澳洲國際商學院 ("**GBCA**") and Edvantage Institute Australia 澳大利亞中滙學院 ("**EIA**") in Melbourne, Australia; and Edvantage Institute (Singapore) 新加坡中滙學院 ("**EIS**") in the downtown of Singapore.

During the Reporting Period, the Group adhered to the national policy of running schools with high quality and high compliance, and made continuous and in-depth efforts in teaching faculty, teaching facilities, industry-education integration, discipline development, etc., realising and strengthening the school-running purpose of "high investments for high-quality talents". In terms of teaching faculty, the Group adopted the strategy of "strengthening schools with talents". It has a leadership team and a team of high-calibre teachers comprising of well-known authoritative experts, including Albert SUN-CHI CHAN, an academician at the Chinese Academy of Sciences and Prof. Jean-Marie Lehn, a laureate of the Nobel Prize in Chemistry. Among the teachers of the Group's schools in Guangdong province and Sichuan province, nearly 30% have a associate professor title; nearly 55% have a master's degree or above; and over 100 of them have a doctoral degree. Meanwhile, over 100 teachers and industry experts from well-known universities such as Sun Yat sen University, Jinan University, Zhongnan University of Economics and Law, Chinese University of Hong Kong, Big Four accounting firms and SenseTime have been introduced flexibly. In terms of teaching facilities, the Group insists on constructing and rebuilding laboratories year by year with high standards, high configuration and high level, and continues to create a high-standard application-oriented training mode to support practical teaching and cultivate application-oriented high-end talents. In terms of industry-education integration, the Group's schools have always led the implementation of the philosophy of "school-enterprise cooperation, coordinative education", having built long-term, stable partnerships with over 700 renowned leading companies successively, including Huawei, Baidu, Kingdee, Sensetime, JD.com and Chengdu Metro. It has developed a constant path of cultivating skilled talents based on ordered classes, industry college co-construction and other cooperations, to establish a comprehensive system containing talent cultivation, scientific research and innovation, experimental base, internship and employment, social services, market brand, etc., which creates win-win results for students, schools, enterprises and the market. In terms of discipline development, the Group enriched its disciplines based on the social and market needs and gradually formed a superior discipline cluster with synergistic development that centres on "new business" and covers "new engineering", "AI" "big data", "digital creativity" "big health", "education" and other disciplines. The vocational education business associated with "big health" in high demand for talents developed rapidly, which benefitted from the featured school-running model of "combination of medicine and business" and the complementation of advantages of schools and enterprises for industry-education integration. The scale of students majoring in big health developed rapidly. In terms of academic vocational education, the Group's schools in Guangdong province and Sichuan province have more than 4,400 students engaged in vocational education associated with "big health", of which the enrolments of colleges of health and medicine of schools in Guangdong province have seen rapid growth with the number of students increased to more than 1,000 from over 100 in September 2019. As for non-academnic vocational education, schools in Guangdong province and Sichuan province set up vocational skill level certificate courses about big health and held various competitions to train and produce more high-level skilled talents in the field of big health.

The Group has witnessed an increasingly prominent education brand effect, and a gradually improved quality of graduates. In terms of further study, in the past two years, nearly 100 graduates of the Group have been enrolled at top 100 famous overseas schools listed on the QS World University Rankings for a master's or doctoral degree. In terms of employment and entrepreneurship, great achievements have also been obtained in the past five years as nearly 500 graduates of the Group have been employed by Big Four accounting firms, 3,000 by world's top 500 and China's top 100 enterprises, and nearly 2,500 by unicorn companies of new economy and various well-known financial institutions. In response to the requirements of higher education development, the Group has deeply implemented the policy of mass entrepreneurship and innovation, established a secondary college of innovation and entrepreneurship and the Huashang mass entrepreneurship incubation base, held various innovation and entrepreneurship competitions and offered relevant training. Graduates of the past five years have initiated many quality companies, and won many awards in national and provincial innovation and entrepreneurship competitions.

The main operations of schools under the Group during the Reporting Period are as follows:

Schools in China — Huashang College:

Huashang College is a full-time, high-level application-oriented undergraduate college. It currently has two campuses, with one in Zengcheng District, Guangzhou City and the other in Sihui City, Zhaoqing City in Guangdong province. During the Reporting Period, it offered a total of 40 undergraduate programmes, covering seven disciplines, namely economics, management, literature, engineering, art, education and medicine. Among them, accounting, financial management and journalism were selected as provincial first-class undergraduate programmes, while accounting was selected as a national first-class undergraduate programme. For the year ended 31 August 2021, the number of student enrolments amounted to nearly 25,000, a year-on-year increase of approximately 4%.

In December 2020, Huashang College was converted into an independent private regular undergraduate school with the official approval of the Commission of Guangdong province on the Appraisal of the Establishment of Higher Education Schools. After the transformation, Huashang College will have more autonomy in operation, offer more quality degrees and enjoy more flexibility in student enrolment. Besides, student management fees payable to Guangdong University of Finance & Economics will also gradually diminish from the financial year 2022 (2021/2022 school year), which will optimise the Group's cost structure to improve efficiency.

In May 2021, Huashang College was approved as a master's degree conferring institution, becoming one of the first eight private colleges in Guangdong province to be such institution. The Institute for FinTech Research, Guangdong Huashang was unveiled on 26 December 2020 and was approved as a new special think tank for regular higher education institutions in Guangdong on 20 August 2021.

In terms of new campus expansion, the new Sihui campus of Huashang College covers a total planning area of approximately 800 mu and can accommodate approximately 16,000 students. The Phase I project of the new campus, covering approximately 248 mu, was put into use in September 2020. The Group secured a land parcel of approximately 234 mu for the Phase II project in October 2020. The project is expected to be completed in or before August 2023 and be put into use in September 2023. The two phases of projects of the new Sihui campus will accommodate approximately 16,000 students from 2023/2024 school year.

Schools in China — Huashang Vocational College:

Huashang Vocational College is a full-time junior academic college with two campuses in Zengcheng District, Guangzhou City and Xinhui District, Jiangmen City in Guangdong province. It sets up a total of 52 disciplines during the Reporting Period and developed multiple disciplines in a coordinated way with a focus on business, engineering, and medicine and big health and by actively expanding discipline clusters related to education, art design and modern services. Tourism and hospitality management are key construction disciplines in Guangdong. For the year ended 31 August 2021, the number of student enrolments amounted to about 13,300, a year-on-year rise of approximately 24%.

In terms of new campus expansion, the new Jiangmen campus of Huashang Vocational College covers a total planning area of approximately 2,000 mu and can accommodate approximately 30,000 students. The Phase I project, covering an area of approximately 683 mu, can accommodate approximately 8,000 students. It was put into use in September 2021.

Schools in China — Urban Vocational College:

Urban Vocational College is a full-time junior academic college with two campuses in Chengdu and Meishan, Sichuan province. It was one of the higher vocational colleges in Sichuan planned to be upgraded to an undergraduate university during the 13th Five-Year Plan period. It set up a total of 65 disciplines associated with advanced manufacturing and modern services industries during the Reporting Period. Urban Vocational College adhered to the integration between industry and education, and created four discipline clusters concerning next-generation information technology, intelligent manufacturing, smart city and modern services industry through diversified cooperation. It has one national discipline demonstration point (home services (elderly care)) and four provincial key construction disciplines (art design, logistics management, vehicle use and maintenance technology, and architectural engineering technology). In addition, smart elderly healthcare and service management was approved as a discipline in Sichuan's plan to construct high-level higher vocational education institutions and high-level discipline clusters. For the year ended 31 August 2021, the number of student enrolments amounted to 13,900.

Schools in China — Urban Technician College:

Urban Technician College is a secondary academic vocational education institution, which was added to Urban Vocational College in September 2018. So far, it has become a training base for high-skilled talents in Sichuan province, a pilot college of vocational skill level identification for students from technician colleges, and a training base for Car-O-Liner (Chengdu) sheet metal technology training centre and the vocational skill identification guidance centre in Sichuan province. Moreover, teachers and students in the past made great achievements in various vocational skills competitions. They won the national first, second and third prizes and honoured as outstanding participants in the 2020 China skills contest — national competition of key technologies for new energy vehicles.

For the year ended 31 August 2021, the number of student enrolments amounted to 8,600. Urban Technician College saw a significant growth in enrolment in recent years due to a smooth degree upgrading channel and broad employment prospects. It has been highly recognised by parents and students.

Schools in China — GBABS:

During the Reporting Period, the Group further expanded its teaching footprint in the Greater Bay Area. It officially inaugurated GBABS in Hong Kong in September 2021, on which it signed a strategic cooperation memorandum of understanding with Guangdong-HK-Macao Greater Bay Area Entrepreneurs Union and Cyberport. GBABS has held events like summits themed on Strategic New Thinking in the Greater Bay Area since its establishment. As a "super connector" in the future, it will collaborate with more academic institutions and public and private organizations in the Greater Bay Area to gradually offer Executive Certificate/Diploma, Master of Business Administration, Executive MBA and Doctor of Business Administration programs to nurture outstanding leaders and talents for the Greater Bay Area.

Overseas Schools — GBCA, EIS, EIA

The Group is China's first private vocational education group to run its own schools overseas, where it uses asset-light operation model. Currently, the Group operates two schools, GBCA and EIA, in Australia. The former is an international education institution approved, accredited and registered by the Australian department of education, which is qualified to enrol local and overseas students. GBCA provides a variety of nationally accredited vocational education courses and short-term non-academic vocational education programmes. It also collaborated with Melbourne Campus of University of Canberra to offer undergraduate courses in business and information technology. The latter has been accredited and licensed by Tertiary Education Quality and Standards Agency in Australia. It has autonomous enrolment qualification and grants undergraduate and master's degrees. Undergraduate marketing programs have been launched. The Group operates EIS in Singapore. The school that was certified by EduTrust is qualified to enrol local and overseas students. It focuses on providing non-academic vocational education programmes in the fields of language courses, education, business, entrepreneurship, etc.

The Group's overseas schools not only see steady local operations, but also have a high degree of integration with schools in China. During the Reporting Period, the Group offered online international courses covering both formal and non-academic vocational education levels. It empowered domestic students in language competence, comprehensive abilities, employability and other aspects. The international education services have not been affected by the pandemic. The Group believes that high-quality international teaching services can continuously strengthen its education brands, and thus its bargaining power will be substainably enhanced.

Non-academic Vocational Education

During the Reporting Period, the Group actively responded to the national call to implement the "1+X" certificate system and strived to achieve the goal of providing vocational training 35 million times. Numerous efforts were made to develop the non-academic vocational education business. It focused on offering vocational skill level certificate education services and related supporting services regarding industrial robot programming, child care, financial big data, elderly care services, etc. for students. In the future, the Group, along with its domestic and overseas schools, will cooperate with industry leaders and well-known universities to provide more high-end vocational education services and more related supporting services, so as to make full use of educational resources to create higher benefits. It recorded revenue of approximately RMB42.0 million from non-academic vocational education business during the Reporting Period, a year-on-year growth of over two times.

Number of Student Enrolments

The table below sets out the number of student enrolments in the Group's schools for the years ended 31 August 2020 and 2021:

	For the year ended 31 August	
Number of Student Enrolments (approximately)	**2021**	2020
Higher Academic Vocational Education		
Huashang College (application-oriented undergraduate college)	**25,000**	24,100
Huashang Vocational College	**13,300**	10,700
Urban Vocational College[1]	**13,900**	N/A
Overseas Schools[2]	**1,000**	700
Secondary Academic Vocational Education		
Urban Technician College[1]	**8,600**	N/A

Note 1: As the Group completed the acquisition of Urban Vocational College and Urban Technician College during the Reporting Period, the data presented is relevant data following the completion of the acquisition until the end of the Reporting Period;

Note 2: Overseas Schools include GBCA, EIA and EIS.

Tuition Fees and Boarding Fees

The table below sets forth the tuition fees and boarding fees charged by the Group from each student for 2019/2020 and 2020/2021 school years:

	2020/2021 School year *RMB'000*	2019/2020 School year *RMB'000*	**2020/2021 School year** *RMB'000*	2019/2020 School year *RMB'000*
	Tuition fees		**Boarding Fees**	
Higher Academic Vocational Education				
Huashang College (application-oriented undergraduate college)				
General undergraduate courses	28,000-43,800	27,000-39,800	1,800-4,500	1,800-4,500
Top-up courses	27,000-33,000	25,000-29,800	1,800-4,500	1,800
Huashang Vocational College				
General junior college courses	16,500-28,000	15,500-27,000	1,800-4,800	1,800-4,800
Urban Vocational College[1]				
General junior college courses	8,000-34,000	N/A	800-1,200	N/A
Overseas Schools[2]	AUD3,500-26,000	AUD3,500-22,000	N/A	N/A
Secondary Academic Vocational Education				
Urban Technician College				
Secondary vocational courses	9,800	N/A	800	N/A

Note 1: As the Group completed the acquisition of Urban Vocational College and Urban Technician College during the Reporting Period, the data presented is relevant data following the completion of the acquisition until the end of the Reporting Period;

Note 2: Overseas Schools do not accommodate students, so the data presented is only about tuition fees for the educational services provided.

Development Strategy

Since it ran schools, the Group has been closely following the national policies, catering to market needs, and adhering to the principle of school operations with high compliance and high quality. Brand strategy, talent strategy and M&A strategy are three top-priority strategies for development. The Group will constantly develop its academic vocational education and non-academic vocational education businesses through organic growth and external expansion, and asset-light and asset-heavy operations to achieve sustained, steady and high-quality development, thereby creating value for its shareholders sustainably.

Brand Strategy

The Group, which believes that the teaching brand is the first vitality to create a "century-old school", works to satisfy the needs of today's society and clarifies its positioning of school operations for the cultivation of talents for relevant fields. With a focus on business, it develops engineering, big health, education and other disciplines to cultivate "application-oriented, innovative and versatile talents with international vision, as well as high-level skilled talents with social responsibility and the goal of serving the society and the country". The Group will actively explore differentiated school operations, such as international education, application-oriented and practical teaching models and setup of innovative and high-end disciplines, according to the principle of "high investments for high-quality talents". The Group's education brands have become increasingly prominent and widely and highly recognised by society, parents and students. It has achieved quality school-running targets, including high entry cut-off scores, high enrolment rates, high enrolment quality and high employment quality.

Talent Strategy

The Group, which regards talents as the driving force of sustainable development, constantly recruits talents in order to achieve sustainable, high-quality development. Currently, it has many industry experts and famed consultants at home and abroad as its school leaders or in the teaching faculty. The proportions of teachers with above the senior associate title and teachers with a master's degree are all at a high level among the schools of the same class. In the future, the Group will keep creating a favourable teaching environment, cultivating the existing teaching faculty, and bringing in outstanding people at home and abroad. Efforts will be made to recruit and retain well-known teachers to improve the quality of school operations, in a bid to provide students with better teaching services.

M&A Strategy

The Group has been actively seeking M&A targets in Pan-Pearl River Delta and surrounding key cities with strong demand for higher education and vocational education resources. Based on Greater Bay Area, the Group forms a regional linkage among Pan-Pearl River Delta and surrounding key cities, combines overseas high-quality education resources, enriches and improves educational services, and explores efficient regional management mode. The Group chooses M&A targets based on the criteria involving regional advantages, school running level, profitability, synergy, consideration level and campus culture. Since its listing on the Stock Exchange on 16 July 2019, the Group has completed its first college acquisition (i.e. Urban Vocational College and Urban Technician College). If there are any new projects in the future, the Group will make corresponding disclosure in due course.

Development Targets

The Chinese central government set out a target to basically establish a modern vocational education system by 2025, aiming to strengthen the vertical connection of the modern vocational education system. Up to now, the Group's businesses have covered all levels of vocational education, including application-oriented undergraduate education, higher academic vocational education and secondary academic vocational education. Besides, it also saw considerable development in the non-academic vocational education sector. In the future, the Group will actively meet the enrolment quota corresponding to the national target that "by 2025, the enrolment of undergraduate vocational education institutions shall not be less than 10% of that of higher vocational education institutions". It will strengthen and broaden the training of high-level skilled talents at all education levels via "endogenous growth and external expansion, asset-light and asset-heavy operations". It will develop the non-academic vocational education business under the backdrop of the "1+X" certificate system and the goal of providing vocational training 35 million times. In addition, the Group's schools will cooperate with leading enterprises in various industries to establish high-quality, market-demand-oriented industrial schools, a vocational education league or a vocational education group, thus facilitating the realization of the national targets of "ranking vocational education among the best globally and basically establishing a skilled society by 2035".

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 China and overseas schools, as well as fees from university cooperation programme recognised for providing various resources and administrative support to the University of Canberra which provided certain of its bachelor's degree programmes at GBCA and other vocational education service fees at its schools in China. For the year ended 31 August 2021, the Group' revenue was approximately RMB1,251.6 million, representing an increase of 56.4% as compared with the corresponding period of last year, which was mainly attributable to increases in number of students enrolled and average tuition fees from both Huashang College and Huashang Vocational College, revenue generated by the newly acquired schools (i.e. Urban Vocational College and Urban Technician College) within the reporting period and the fact that the Group had strengthened its focus on the provision of other vocational education services to students.

Cost of Revenue

Cost of revenue consists primarily of staff costs, education expenses, depreciation, property management expenses and others. For the year ended 31 August 2021, the Group's cost of revenue amounted to approximately RMB620.7 million, representing an increase of 53.7% as compared with the corresponding period of last year.

Gross Profit and Gross Profit Margin

For the year ended 31 August 2021, the Group recorded a gross profit of approximately RMB630.9 million, representing an increase of approximately 59.2% as compared with the corresponding period of last year. For the year ended 31 August 2021, the Group achieved a gross profit margin of 50.4%, up by 0.9 percentage points as compared with the corresponding period of last year. The growth was mainly attributable to the increasing number of student enrolments and average tuition fees and various efforts of cost control, as well as gross profit generated by the newly acquired schools (i.e. Urban Vocational College and Urban Technician College) during the reporting period.

Selling and Administrative Expenses

Selling expenses consist of advertising expenses, recruiting expenses, salary expenses and commission fees GBCA paid to admission agents. For the year ended 31 August 2021, the Group's selling expenses amounted to approximately RMB20.0 million, representing an increase of 166.7% as compared with the corresponding period of last year. It was mainly attributable to the increases in both advertising expenses for the Group's reinforcement in branding efforts and recruiting expenses for the Group's enlarging student recruiting activities, as well as those selling expenses incurred by the newly acquired schools (i.e. Urban Vocational College and Urban Technician College) during the reporting period.

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 year ended 31 August 2021, the Group's administrative expenses amounted to approximately RMB157.1 million, representing an increase of 42.5% as compared with the corresponding period of last year. It was mainly attributable to the increases in administrative payroll in connection with the increasing number of administrative staffs at the Group companies and depreciation, as well as those administrative expenses incurred by the newly acquired schools (i.e. Urban Vocational College and Urban Technician College) during the reporting period.

Profit Before Taxation

For the year ended 31 August 2021, the Group recorded a profit before taxation of approximately RMB484.0 million, representing an increase of 57.2% as compared with the corresponding period of last year.

Adjusted Net Profit attributable to owners of the Company

Adjusted net profit attributable to owners of the Company is determined by adjusting profit for the year for the effect of net foreign exchange gain or loss, share-based payments and profit for the year attributable to non-controlling interests (if any). For the year ended 31 August 2021, the Group's adjusted net profit attributable to owners of the Company amounted to approximately RMB459.7 million, representing an increase of 48.7% as compared with the corresponding period of last year.

	For the year ended 31 August	
	2021	2020
	RMB'000	*RMB'000*
Profit for the year	**469,716**	291,487
Adjustments for:		
Net foreign exchange loss	**25,766**	8,119
Share-based payments	**20,181**	9,464
	45,947	17,583
Adjusted net profit	**515,663**	309,070
Less: profit for the year attributable to non-controlling interests	**(56,000)**	—
Adjusted net profit attributable to owners of the Company	**459,663**	309,070

Property, Plant and Equipment

As of 31 August 2021, the Group's property, plant and equipment amounted to approximately RMB3,592.9 million, representing an increase of approximately 116.4% as compared with 31 August 2020. Such an increase was mainly attributable to (i) expansion of Huashang College Sihui Campus, (ii) the continuing progress in the construction of a science and technology centre and an international conference centre on the Zengcheng District Campus, (iii) the construction of a new campus for Huashang Vocational College at Xinhui District, Jiangmen City, Guangdong Province, and (iv) property, plant and equipment attributable to the additional business of Sichuan New Concept Group acquired by the Group during the reporting period.

Capital Expenditures

For the year ended 31 August 2021, the Group recorded approximately RMB624.6 million in capital expenditures, representing an increase of 13.1% as compared with the corresponding period of last year. It was mainly attributable to (i) the acquisition of land use rights in Guangdong Province (i.e. lands located in Sihui 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 31 August 2021, the Group's financial assets at FVTPL amounted to approximately RMB367.0 million (2020: RMB88.1 million), being structured deposits issued by banks in the PRC. The increase was mainly attributable to the addition net off by the redemption during the reporting period. For the year ended 31 August 2021, the Group recorded a fair value change on financial assets at FVTPL of approximately RMB13.3 million (2020: RMB4.7 million), which was mainly derived from the structured deposits interest income received and receivable.

Bank Balances and Cash

As of 31 August 2021, the Group's bank balances and cash was approximately RMB795.3 million, representing a decrease of 32.9% as compared with 31 August 2020. Such decrease was mainly attributable to the fact that, during the reporting period, the Group (i) completed the acquisition of Sichuan New Concept Group at a consideration of RMB750.0 million which has been settled in cash during the reporting period as disclosed in Note 11 to the consolidated financial statements in this announcement, (ii) recorded approximately RMB624.6 million in capital expenditures, and (iii) recorded a significant net increase in structured deposits recognised in financial assets at FVTPL; and net off (iv) the Group's net proceeds from placing of new shares under general mandate of approximately HK$459.8

million (equivalent to approximately RMB384.8 million), for which, the Group completed the placing of an aggregate of 53,300,000 new ordinary shares of the Company with a par value of US$0.01 each ("**Placing Shares**") at the price of HK$8.73 per Placing Share in January 2021, (v) the Group's net increase in bank and other borrowings and (vi) the Group's net increase in contract liabilities.

Liquidity, Financial Resources and Gearing Ratio

As at 31 August 2021, the Group had liquid funds (representing bank balances and cash and structured deposits recognised in financial assets at FVTPL) of approximately RMB1,162.3 million (2020: RMB1,273.8 million) and bank and other borrowings of approximately RMB1,344.1 million (2020: RMB747.1 million). The Group's gearing ratio as of 31 August 2021, represented by bank and other borrowings as a percentage of total assets, was 21.8% (2020: 21.2%).

Foreign Exchange Risk Management

For the Group's operation in China, the major revenue and expenses are denominated in RMB, while there are certain monetary assets and monetary liabilities that are denominated in Hong Kong dollars, which would expose the Group to foreign exchange risk. The Group currently does not have a foreign currency hedging policy. However, the management of the Company monitors foreign exchange exposure and will consider hedging significant foreign currency exposure when the need arises. For the Group's operations outside the PRC, the major revenue and expenses are denominated in local currencies.

Material Acquisitions and Disposals

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

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

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

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

Contingent Liabilities

As at 31 August 2021, the Group had no significant contingent liabilities.

Significant Investments

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

Human Resources

As at 31 August 2021, the Group had approximately 4,900 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 year ended 31 August 2021, the staff costs (including Directors' remuneration) of the Group were approximately RMB365.0 million.

Moreover, the Company has adopted a share option scheme and share award scheme (the "**Share Award Scheme**") on 6 June 2019 as incentive for Directors and eligible employees. Details of the said schemes are set out under the section headed "Post-IPO Share Option Scheme and Share Award Scheme" in the 2019 annual report. Details of the grant of share options and grant of award shares under the said schemes during the year ended 31 August 2021 were set out in the announcements of the Company dated 22 February 2021, 5 March 2021, 12 March 2021 and 29 April 2021.

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

Future Plans on Material Investments

With a view of reinforcing its leading position in the PRC and enhancing its international reputation, the Group has planned a number of expansion projects with the Group's internal resources (including cash generated from operations). The Group will continue to explore overseas expansion opportunities and seek for suitable locations for establishing the new overseas schools, including those in the United Kingdom and Singapore, after relieving of the epidemic situation of the 2019 coronavirus disease ("**COVID-19**") and restoration of normal business operations in overseas areas and relaxation of the global travel restrictions.

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

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

USE OF PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

The net proceeds from the Company's issue of new Shares at the time of its listing on the Stock Exchange on 16 July 2019 (the "**Listing Date**") and pursuant to the partial exercise of the over-allotment option on 8 August 2019 ("**IPO Proceeds**") amounted to approximately RMB583.0 million, after deducting underwriting commissions and other listing expenses paid and payable by the Group in the global offering. Such IPO proceeds are intended to be applied in accordance with the proposed applications as set out in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 4 July 2019 ("**Prospectus**").

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

Purpose	Original allocation of net proceeds *(RMB'million)*	Revised allocation of net proceeds *(RMB'million)*	Utilised amount during the period from the Listing Date to 31 August 2019 *(RMB'million)*	Utilised amount during the year ended 31 August 2020 *(RMB'million)*	Utilised amount during the year ended 31 August 2021 *(RMB'million)*	Unutilised amount as at 31 August 2021 *(RMB'million)*
Establishment and development of Huashang College Sihui Campus	174.9	174.9	3.8	171.1	—	—
Construction of a science and technology centre	40.8	40.8	0.1	40.7	—	—
Construction of an international conference centre	17.4	17.4	9.1	8.3	—	—
Investments in new education institutions or acquisitions of other education institutions	174.9	277.1	—	10.6	266.5	—
Supporting existing overseas operations in Australia and overseas expansions, as detailed below:						
– Supporting existing overseas operations in Australia and other overseas expansions	58.3	10.8	0.2	9.1	1.5	—
– Establishment of the education institutions in the United Kingdom	29.2	—	—	—	—	—
– Establishment of the education institutions in Singapore	29.2	3.7	—	3.0	0.7	—
Working capital and for general corporate purposes	58.3	58.3	48.9	9.4	—	—
Total	583.0	583.0	62.1	252.2	268.7	—

After 31 August 2021 and up to the date of this announcement, all IPO Proceeds have been fully utilised.

USE OF PROCEEDS FROM PLACING OF NEW SHARES UNDER GENERAL MANDATE

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

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

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

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

Purpose	**Allocation of net proceeds** *(RMB'million)*	**Utilised amount during the period from the Placing Completion Date to 31 August 2021** *(RMB'million)*	**Unutilised amount as at 31 August 2021** *(RMB'million)*	**Expected timeline for intended use of unutilised amount at 31 August 2021**
Establishment and development of Sihui Campus	84.7	84.7	—	By end of 2021
Establishment and development of Zengcheng District Campus	50.0	50.0	—	By end of 2021
Establishment of Huashang Jiangmen Campus	173.1	144.2	28.9	By end of 2021
Potential future acquisitions	38.5	—	38.5	By end of 2021
General working capital	38.5	38.5	—	
Total	384.8	317.4	67.4	

SUBSEQUENT EVENT

So far as the Directors are aware, there are no important events after 31 August 2021 and up to the date of this announcement.

PRE-EMPTIVE RIGHTS

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

Separately, the trustee of the Share Award Scheme, pursuant to the terms of the trust deed of the Share Award Scheme, purchased on the Stock Exchange a total of 3,772,000 shares of the Company at a total consideration of approximately RMB26.2 million during the reporting period.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting (the "**AGM**") of the Company will be held on 25 January 2022. Notice of the AGM will be published and issued to the shareholders in due course.

FINAL DIVIDEND

The Board has resolved to recommend payment of a final dividend in respect of the year ended 31 August 2021 of 8.40 cents (2020: HK4.90 cents) per ordinary share, in an aggregate amount of approximately HK$90,036,000 which is calculated based on the number of issued shares of the Company at the end of the reporting period to shareholders whose names appear on the register of members of the Company on 11 February 2022. It is subject to approval by the shareholders at the AGM of the Company, and, if approved, will be paid in cash on or around 21 February 2022.

CLOSURE OF REGISTER OF MEMBERS

Entitlement to attend and vote at the AGM

The register of members of the Company will be closed during the period from 20 January 2022 to 25 January 2022, both days inclusive and during which period no share transfer will be effected, for the purpose of ascertaining shareholders' entitlement to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar 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 19 January 2022.

Entitlement to the proposed final dividend

The register of members of the Company will be closed during the period from 9 February 2022 to 11 February 2022, both days inclusive and during which period no share transfer will be effected, for the purpose of ascertaining shareholders' entitlement to the proposed final dividend. In order to establish entitlements to the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 8 February 2022.

SUFFICIENCY OF PUBLIC FLOAT

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

CORPORATE GOVERNANCE 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 to maintaining a high standard of corporate governance.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

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

REVIEW OF FINANCIAL STATEMENTS

Audit Committee

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

The Audit Committee had reviewed together with the management of the Company, the Group's audited consolidated financial statements and annual results for the year ended 31 August 2021, the accounting principles and policies adopted by the Group and discussed internal control and financial reporting matters of the Group.

Scope of Work of Deloitte Touche Tohmatsu

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 August 2021 as set out in this announcement have been agreed by the Group's auditor, Deloitte Touche Tohmatsu (the "**Auditor**"), to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 August 2021.

The work performed by the Auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by the Auditor on this announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.edvantagegroup.com.hk). The annual report of the Company for the year ended 31 August 2021 will be despatched to the shareholders of the Company and published on the aforesaid websites in due course.

APPRECIATION

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

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

Hong Kong, 15 November 2021

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