Edvantage Group Holdings Limited
中 滙 集 團 控 股 有 限 公 司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 0382)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 28 FEBRUARY 2021

HIGHLIGHTS

	Note	**Six months ended 28 February 2021 (unaudited)**	Six months ended 29 February 2020 (unaudited)	**Percentage increase**
Revenue *(RMB'000)*		**554,276**	418,256	32.5%
Gross profit *(RMB'000)*		**277,210**	204,074	35.8%
Adjusted net profit attributable to owners of the Company *(RMB'000)*	(i)	**199,906**	150,844	32.5%
Profit for the period attributable to owners of the Company *(RMB'000)*		**164,763**	147,135	12.0%
Basic earnings per share *(RMB cents)*		**16.03**	14.45	10.9%
Dividend per share — Interim dividend *(HK cents)*		**5.50**	4.90	12.2%
Number of student enrolments		**62,404**	35,300	76.8%

Note:

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

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

RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Edvantage Group Holdings Limited (the "**Company**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 28 February 2021 (the "**reporting period**") with comparative figures for the six months ended 29 February 2020 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 28 February 2021

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

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 28 February 2021

	NOTES	**At 28 February 2021** *RMB'000* **(unaudited)**	At 31 August 2020 *RMB'000* (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*9*	**3,170,087**	1,660,224
Right-of-use assets	*9*	**825,194**	458,857
Investment properties		**77,000**	45,700
Goodwill		**105,605**	1,554
Intangible assets		**76,728**	7,628
Amount due from a non-controlling shareholder		**61,403**	—
Deposits paid for acquisition of property, plant and equipment		**59,405**	13,920
Deferred tax asset		**6,448**	4,934
		4,381,870	2,192,817
CURRENT ASSETS			
Inventories		**2,280**	929
Trade receivables, deposits, prepayments and other receivables	*10*	**170,979**	57,855
Amounts due from related parties		**73**	2,981
Financial assets at fair value through profit or loss		**357,067**	88,118
Bank balances and cash		**476,299**	1,185,689
		1,006,698	1,335,572
CURRENT LIABILITIES			
Contract liabilities		**633,638**	623,379
Trade payables	*11*	**19,185**	4,606
Other payables and accrued expenses		**197,567**	104,873
Amounts due to related parties		**646**	780
Deferred income		**14,693**	13,051
Income tax payable		**67,372**	48,169
Bank and other borrowings		**509,024**	290,434
Lease liabilities		**6,204**	6,918
		1,448,329	1,092,210
NET CURRENT (LIABILITIES) ASSETS		**(441,631)**	243,362
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,940,239**	2,436,179

	At 28 February 2021 *RMB'000* (unaudited)	At 31 August 2020 *RMB'000* (audited)
NON-CURRENT LIABILITIES		
Deferred income	**57,270**	—
Bank and other borrowings	**907,097**	456,670
Lease liabilities	**22,835**	25,930
Deferred tax liabilities	**154,933**	118,651
	1,142,135	601,251
	2,798,104	1,834,928
CAPITAL AND RESERVES		
Share capital	**73,475**	70,005
Reserves	**2,256,916**	1,764,923
Equity attributable to owners of the Company	**2,330,391**	1,834,928
Non-controlling interests	**467,713**	—
	2,798,104	1,834,928

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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

The Group had net current liabilities of RMB441,631,000 as at 28 February 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 consideration that as at 28 February 2021, included in the current liabilities of the Group was contract liabilities of approximately RMB633,638,000 representing the prepayments of tuition and boarding fees received by the Group before commencement of school terms which would be recognised as revenue over the remaining contract terms. Such contract liabilities shall not in itself result in any cash outflow for the Group. In addition, the Group could generate sufficient operating cash inflow to meet its future obligations.

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

2. PRINCIPAL ACCOUNTING POLICIES

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

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

Application of amendments to IFRSs

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

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

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

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

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

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

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

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

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

2.2.1 Accounting policies

Business combinations or asset acquisitions

<u>Optional concentration test</u>

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

2.2.2 Transition and summary of effects

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

3. REVENUE AND SEGMENT INFORMATION

Revenue from major services

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

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

Segment revenue and results

The Group mainly engages in the provision of private higher education and vocational education institution services in the People's Republic of China (the "**PRC**") and overseas. Operating segments have been identified on the basis of internal management reports and prepared in accordance with the relevant accounting principles and financial regulations applicable in the PRC which conform with IFRSs, that are regularly reviewed by the chief operating decision makers ("**CODM**"), Mr. Liu Yung Chau and Ms. Chen Yuan, Rita, executive Directors, for the purposes of resource allocation and assessment of segment performance focusing on types of services provided. Each category of education operation in the same location and under similar environment constitutes an operating segment.

Specifically, the Group's reportable segments under IFRS 8 are as follows:

1. PRC higher education and vocational education — operation of higher and vocational education institutions in the PRC; and

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

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

For the six months ended 28 February 2021 (unaudited)

	PRC higher education and vocational education *RMB'000*	Overseas higher education and vocational education *RMB'000*	Total *RMB'000*
Revenue			
External sales and segment revenue	548,025	6,251	554,276
Segment profit (loss)	236,841	(3,949)	232,892
Unallocated corporate expenses			(20,310)
Unallocated corporate income			1,326
Other gains and losses			(28,255)
Profit before taxation			185,653

For the six months ended 29 February 2020 (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	412,033	6,223	418,256
Segment profit (loss)	164,806	(2,064)	162,742
Unallocated corporate expenses			(10,146)
Unallocated corporate income			4,277
Other gains and losses			(2,364)
Profit before taxation			154,509

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

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

5. TAXATION

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

According to the Implementation Rules, private schools for which the school sponsors do not require reasonable returns are eligible to enjoy the same preferential tax treatment as public schools. As a result, private schools, which are providing academic qualification education, are eligible to enjoy income tax exemption treatment if the school sponsors of such schools do not require reasonable returns. Certain private higher and vocational education institutions have been granted enterprise income tax exemption for the tuition related income from relevant local tax authorities. During the six months ended 28 February 2021, the non-taxable tuition related income amounted to RMB527,307,000 (six months ended 29 February 2020: RMB412,033,000), and the related non-deductible expense amounted to RMB378,294,000 (six months ended 29 February 2020: RMB299,119,000).

6. PROFIT FOR THE PERIOD

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

7. DIVIDENDS

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

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

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

8. EARNINGS PER SHARE

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

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

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

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

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

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

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

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

10. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	At 28 February 2021	At 31 August 2020
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade receivables	**5,096**	572
Less: allowance for credit losses	**(508)**	(236)
	4,588	336
Receivables from education departments	**35**	97
Other receivables	**12,647**	7,431
Deposits	**38,421**	1,330
Prepayments	**72,795**	1,167
Advances to government	**42,493**	47,494
Total	**170,979**	57,855

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

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

11. TRADE PAYABLES

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

The following is an aged analysis of trade payables presented based on invoice date at the end of reporting period.

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

12. ACQUISITION OF SUBSIDIARIES/A BUSINESS

Six months ended 28 February 2021

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

Consideration transferred	*RMB'000*
Cash consideration paid	693,000
Consideration payable	57,000
	750,000

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

	RMB'000
Property, plant and equipment	1,236,300
Right-of-use assets	298,000
Investment properties	31,300
Intangible assets	69,100
Amounts due from non-controlling shareholders	65,187
Deposits paid for acquisition of property, plant and equipment	14,818
Deferred tax asset	1,579
Inventories	878
Trade, prepayments and other receivables	107,184
Bank balances and cash	43,824
Contract liabilities	(182,345)
Trade payables	(13,244)
Other payables	(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 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)

	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 and synergy from alignment with the Group's overseas establishment strategy. These benefits were not recognised separately from goodwill because they did not meet the recognition criteria for identifiable intangible assets.

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

Net cash outflow arising on acquisition

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

Impact of acquisition on the results of the Group

Included in the profit for the period is RMB22,733,000 attributable to the additional business generated by Sichuan New Concept Group. Revenue for the 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.

Six months ended 29 February 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 the vocational education training. The consideration was fully settled in cash.

MANAGEMENT DISCUSSION AND ANALYSIS

Operation Review

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

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

Conversion of Huashang College Guangdong University of Finance & Economics

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

First M&A Project in the PRC

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

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

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

Development of New Campuses of Domestic Schools

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

New Advances in Majors in Domestic Schools

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

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

Tuition Fees and Boarding Fees

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

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

Note:

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

Number of Student Enrolments

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

	Six months ended			
	28 February 2021 *RMB'000* **(Unaudited)**	29 February 2020 *RMB'000* (Unaudited)	Change	Percentage change *(%)*
Number of student enrolments				
Huashang College	**24,991**	24,110	881	3.7%
Huashang Vocational College	**13,324**	10,661	2,663	25.0%
Urban Vocational College[1]	**14,249**	—	14,249	N/A
Urban Technician College[1]	**6,109**	—	6,109	N/A
Overseas Schools and other vocational education services	**3,731**	529	3,202	605.3%
Total	**62,404**	35,300	27,104	76.8%

Note:

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

Average tuition fees

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

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

Note:

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

Future Development Strategy

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

Brand Strategy

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

M&A Strategy

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

Talent Strategy

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

Financial Review

Revenue

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

Cost of Revenue

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

Gross Profit and Gross Margin

For the six months ended 28 February 2021, the Group recorded a gross profit of approximately RMB277.2 million, representing an increase of 35.8% as compared with the corresponding period of last year. For the six months ended 28 February 2021, the Group achieved a gross margin of 50.0%, up by 1.2 percentage points as compared with the corresponding period of last year. The growth was mainly attributable to the increasing number of student enrolments and average tuition fees and various efforts of cost control.

Selling and Administrative Expenses

Selling expenses consist of advertising expenses, recruiting expenses, salary expenses and commission fees GBCA paid to admission agents. For the six months ended 28 February 2021, the Group's selling expenses amounted to approximately RMB6.3 million, representing an increase of 46.9% as compared with the corresponding period of last year. It was mainly attributable to the increases in both advertising expenses for the Group's reinforcement in branding efforts and recruiting expenses for the Group's enlarging student recruiting activities.

Administrative expenses primarily consist of administrative payroll, repair, maintenance and property management expenses, professional consulting fees, office expenses, depreciation, business development related expenses, other tax expenses and others. For the six months ended 28 February 2021, the Group's administrative expenses amounted to approximately RMB76.6 million, representing an increase of 28.9% as compared with the corresponding period of last year. It was mainly attributable to the increases in administrative payroll in connection with the engagement of additional administrative staff and senior management personnel at the Group companies, professional consulting fees and depreciation.

Profit Before Taxation

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

Adjusted Net Profit attributable to owners of the Company

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

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

Property, Plant and Equipment

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

Capital Expenditures

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

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

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

Bank Balances and Cash

As of 28 February 2021, the Group's bank balances and cash was approximately RMB476.3 million, representing a decrease of 59.8% as compared with 31 August 2020. Such decrease was mainly attributable to the fact that the Group during the reporting period, (i) completed the acquisition of Sichuan New Concept Group at a consideration of RMB750.0 million, of which RMB693.0 million has been settled in cash during the reporting period and the remaining RMB57.0 million is included in other payables as at 28 February 2021, as disclosed in Note 12 to the condensed consolidated financial statements in this announcement, (ii) recorded approximately RMB335.7 million in capital expenditures, and (iii) recorded a significant net increase in structured deposits recognised in financial assets at FVTPL; and net off (iv) the Group's net proceeds from placing of new shares under general mandate of approximately HK$459.8 million (equivalent to approximately RMB384.8 million), for which, the Group completed the placing of an aggregate of 53,300,000 new ordinary shares of the Company with a par value of US$0.01 each ("**Placing Shares**") at the price of HK$8.73 per Placing Share in January 2021, and (v) the Group's significant new bank and other borrowings raised.

Liquidity, Financial Resources and Gearing Ratio

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

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

Foreign Exchange Risk Management

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

Material Acquisitions and Disposals

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

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

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

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

Charge on the Group's Assets

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

Save as disclosed above, there was no other material charge on the Group's assets as at 28 February 2021.

Contingent Liabilities

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

Human Resources

As at 28 February 2021, the Group had approximately 4,300 employees. The Group offers competitive remuneration packages to the employees, which are determined in accordance with the relevant laws and regulations of the local jurisdictions where the Group operates and the individual qualification, experience and performance of the relevant employees, as well as the prevailing salary levels in the market. In addition, the Group provides other comprehensive fringe benefits to the employees, including social insurance and mandatory provident funds, complying with the applicable laws and regulations. For the six months ended 28 February 2021, the staff costs (including Directors' remuneration) of the Group were approximately RMB184.6 million.

Moreover, the Company has adopted a share option scheme and share award scheme (the "**Share Award Scheme**") on 6 June 2019 as incentive for Directors and eligible employees. Details of the said schemes are set out under the section headed "Post-IPO Share Option Scheme and Share Award Scheme" in the 2019 annual report. Details of the grant of share options and grant of award shares under the said schemes during the six months ended 28 February 2021 were set out in the announcements of the Company dated 22 February 2021, 5 March 2021 and 12 March 2021.

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

Future Plans on Material Investments

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

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

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

USE OF PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

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

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 six months ended 28 February 2021** *(RMB'million)*	**Unutilised amount as at 28 February 2021** *(RMB'million)*
Establishment and development of Huashang College Sihui Campus	174.9	174.9	3.8	171.1	—	—
Construction of a science and technology centre	40.8	40.8	0.1	40.7	—	—
Construction of an international conference centre	17.4	17.4	9.1	8.3	—	—
Investments in new education institutions or acquisitions of other education institutions	174.9	277.1	—	10.6	266.5	—
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 28 February 2021 and as at 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 28 February 2021** *(RMB'million)*	**Unutilised amount as at 28 February 2021** *(RMB'million)*	**Expected timeline for intended use of unutilised amount at 28 February 2021**
Establishment and development of Sihui Campus	84.7	22.2	62.5	By end of 2021
Establishment and development of Zengcheng District Campus	50.0	42.2	7.8	By end of 2021
Establishment of Huashang Jiangmen Campus	173.1	47.3	125.8	By end of 2021
Potential future acquisitions	38.5	—	38.5	By end of 2021
General working capital	38.5	38.5	—	
Total	384.8	150.2	234.6	

SUBSEQUENT EVENT

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

INTERIM DIVIDEND

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

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed during the period from 6 May 2021, Thursday to 10 May 2021, Monday, both days inclusive and during which period no share transfer will be effected, for the purpose of ascertaining shareholders' entitlement to the interim dividend. In order to establish entitlements to the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 5 May 2021, Wednesday.

CORPORATE GOVERNANCE PRACTICES

The Company recognises the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the shareholders as a whole. The Company has adopted the code provisions as set out in the Corporate Governance Code (the "**CG Code**") as contained in Appendix 14 to the Listing Rules, as its own code to govern its corporate governance practices.

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

The Board will continue to review and monitor the practices of the Company with an aim of maintaining a high standard of corporate governance.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

Separately, the trustee of the Share Award Scheme, pursuant to the terms of the trust deed of the Share Award Scheme, purchased on the Stock Exchange a total of 2,544,000 shares of the Company at a total consideration of approximately RMB18.9 million during the reporting period.

REVIEW OF FINANCIAL INFORMATION

Audit Committee

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

The Audit Committee had reviewed together with the management of the Company, the Group's unaudited consolidated interim results and interim report for the six months ended 28 February 2021, the accounting principles and policies adopted by the Group and discussed internal control and financial reporting matters of the Group.

In addition, the Company's external auditor, Deloitte Touche Tohmatsu, has performed an independent review of the Group's interim financial information for the six months ended 28 February 2021 in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity".

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.edvantagegroup.com.hk). The interim report of the Company for the six months ended 28 February 2021 containing all the information required by the Listing Rules will be dispatched to Shareholders and published on the above websites in due course.

APPRECIATION

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

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

Hong Kong, 20 April 2021

The English translation of Chinese names or words in this announcement, 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 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.