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 2020

HIGHLIGHTS

	Note	**For the year ended 31 August 2020**	2019	**Percentage increase**
Revenue *(RMB'000)*		**800,092**	704,239	13.6%
Gross profit *(RMB'000)*		**396,244**	342,362	15.7%
Adjusted net profit *(RMB'000)*	(i)	**309,070**	236,919	30.5%
Profit for the year attributable to owners of the Company *(RMB'000)*		**291,487**	216,762	34.5%
Basic earnings per share *(RMB cents)*		**28.66**	27.68	3.5%
Dividend per share				
Interim dividend *(HK cents)*		**4.90**	—	N/A
Final dividend (proposed) *(HK cents)*		**4.90**	1.00	390.0%
Number of student enrolments		**35,453**	33,043	7.3%

Note:

(i) For the year ended 31 August 2020, adjusted net profit is determined by adjusting profit for the year from continuing operations of RMB291,487,000 for the effect of net foreign exchange loss of RMB8,119,000 and share-based payments of RMB9,464,000.

For the year ended 31 August 2019, adjusted net profit is determined by adjusting profit for the year from continuing operations of RMB215,054,000 for the effect of listing expenses of RMB38,896,000 and net foreign exchange gain of RMB17,031,000.

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 2020 (the "**reporting period**") with comparative figures for the year ended 31 August 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 August 2020

	NOTES	**2020** ***RMB'000***	2019 *RMB'000*
Continuing operations			
Revenue	3	**800,092**	704,239
Cost of revenue		**(403,848)**	(361,877)
Gross profit		**396,244**	342,362
Other income		**28,716**	22,389
Investment income		**19,542**	4,565
Other gains and losses	4	**(2,737)**	29,413
Selling expenses		**(7,512)**	(7,221)
Administrative expenses		**(110,220)**	(81,697)
Listing expenses		**—**	(38,896)
Finance costs		**(16,063)**	(27,725)
Profit before taxation		**307,970**	243,190
Taxation	5	**(16,483)**	(28,136)
Profit for the year from continuing operations	6	**291,487**	215,054
Discontinued operation			
Profit for the year from discontinued operation		**—**	7,464
Profit for the year		**291,487**	222,518
Other comprehensive income (expense)			
Item that will not be reclassified to profit or loss:			
Fair value gain on buildings transferred to investment properties		**—**	4,856
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**202**	(275)
Other comprehensive income for the year		**202**	4,581
Total comprehensive income for the year		**291,689**	227,099

	NOTE	**2020** *RMB'000*	2019 *RMB'000*
Profit for the year attributable to owners of the Company			
— from continuing operations		**291,487**	209,291
— from discontinued operation		**—**	7,471
		291,487	216,762
Profit (loss) for the year attributable to non-controlling interests			
— from continuing operations		**—**	5,763
— from discontinued operation		**—**	(7)
		—	5,756
		291,487	222,518
Total comprehensive income for the year attributable to			
— owners of the Company		**291,689**	220,954
— non-controlling interests		**—**	6,145
		291,689	227,099
From continuing and discontinued operations			
Earnings per share	8		
— Basic *(RMB cents)*		**28.66**	27.68
— Diluted *(RMB cents)*		**28.62**	27.68
From continuing operations			
Earnings per share	8		
— Basic *(RMB cents)*		**28.66**	26.72
— Diluted *(RMB cents)*		**28.62**	26.72

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 August 2020

	NOTES	2020 RMB'000	2019 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,660,224**	1,180,097
Right-of-use assets		**458,857**	—
Prepaid lease payments		**—**	198,955
Investment properties		**45,700**	44,900
Goodwill		**1,554**	—
Intangible assets		**7,628**	—
Deposits paid for acquisition of property, plant and equipment		**13,920**	2,457
Deferred tax asset		**4,934**	5,423
		2,192,817	1,431,832
CURRENT ASSETS			
Inventories		**929**	455
Trade receivables, deposits, prepayments and other receivables	9	**57,855**	31,805
Amounts due from related parties		**2,981**	2,330
Financial assets at fair value through profit or loss		**88,118**	252,666
Prepaid lease payments		**—**	5,288
Pledged bank deposits		**—**	50,000
Bank balances and cash		**1,185,689**	1,352,220
		1,335,572	1,694,764
CURRENT LIABILITIES			
Contract liabilities		**623,379**	681,756
Trade payables	10	**4,606**	6,642
Other payables and accrued expenses		**104,873**	106,374
Amounts due to related parties		**780**	3,131
Deferred income		**13,051**	6,458
Income tax payable		**48,169**	39,822
Bank borrowings		**290,434**	166,399
Lease liabilities		**6,918**	—
Dividend payable		**—**	8,232
		1,092,210	1,018,814
NET CURRENT ASSETS		**243,362**	675,950
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,436,179**	2,107,782

	2020	2019
	RMB'000	*RMB'000*
NON-CURRENT LIABILITIES		
Bank borrowings	**456,670**	389,600
Lease liabilities	**25,930**	—
Deferred tax liabilities	**118,651**	112,522
	601,251	502,122
	1,834,928	1,605,660
CAPITAL AND RESERVES		
Share capital	**70,005**	70,005
Reserves	**1,764,923**	1,535,655
	1,834,928	1,605,660

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 address of the Company's registered office is at Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and the principal place of business of the Company in Hong Kong is at Room 1115, 11/F, Wing On Plaza, 62 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong.

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 have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board ("**IASB**").

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.

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

2. APPLICATION OF NEW AND AMENDMENTS TO IFRSs

New and amendments to IFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to IFRSs issued by the IASB for the first time in the current year:

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

Except as described below, the application of the new and amendments to IFRSs in the current 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 IFRS 16 Leases

The Group has applied IFRS 16 for the first time in the current year. IFRS 16 superseded IAS 17 Leases ("**IAS 17**"), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 *Determining whether an Arrangement contains a Lease* and has not applied this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 September 2019, the Group applies the definition of a lease in accordance with the requirements set out in IFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied IFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 September 2019.

Application of IFRS 16.C8(b)(ii) transition

As at 1 September 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying IFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

On transition, the Group has made the following adjustments upon application of IFRS 16:

Other than the reclassification of prepaid lease payments of RMB204,243,000 and adjustments on rental deposits of RMB55,000 and accrued lease liabilities relating to rent-free period of RMB1,597,000, the Group recognised lease liabilities of RMB24,412,000 and related right-of-use assets of RMB24,412,000 at 1 September 2019 by applying IFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

As a lessor

In accordance with the transitional provisions in IFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with IFRS 16 from the date of initial application and comparative information has not been restated. The application of IFRS 16 by the Group as a lessor in the current period has had no material impact on the Group's financial position as at 31 August 2020 and the results for the year ended 31 August 2020.

2.2 Impacts and changes in accounting policies of application on IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The interpretation requires the Group to determine whether uncertain tax positions are assessed separately or as a group; and assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by individual group entities in their respective income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

Although the Implementation Rules for the Law for Promoting Private Education (the "**Implementation Rules**") has been announced, the details underlying the Implementation Rules has not been finalised, the educational institution of the Group in the PRC has not yet elected to be for-profit or not-for-profit schools, there will be uncertainty whether the schools could continue to follow previous PRC Enterprise Income Tax exemption treatment for the tuition related income, when facts and circumstances change or new information become available. The current tax having considered the current income tax exemption granted for tuition related income from relevant local tax authorities represented the most likely amount. The management would reassess any judgements and estimates if the facts and circumstances change or new information becomes available.

3. REVENUE AND SEGMENT INFORMATION

Revenue from major services

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

	2020	2019
	RMB'000	*RMB'000*
Type of services		
Tuition fees recognised overtime	**762,744**	647,220
Boarding fees recognised overtime	**35,912**	55,982
Fees from university cooperation programme recognised overtime	**1,436**	1,037
	800,092	704,239

Segment revenue and results

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

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

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

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

No operating segments have been aggregated in arriving at the reportable segments of the Group. An operating segment regarding the technical education operation was discontinued in October 2018. The segment information reported does not include any amount for this discontinued operation.

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

For the year ended 31 August 2020

Continuing operations

	PRC higher education and vocational education *RMB'000*	**Overseas higher education and vocational education** *RMB'000*	**Total** *RMB'000*
Revenue			
External sales and segment revenue	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
Other gains and losses			(8,119)
Profit before taxation from continuing operations			307,970

For the year ended 31 August 2019

Continuing operations

	PRC higher education and vocational education *RMB'000*	Overseas higher education and vocational education *RMB'000*	Total *RMB'000*
Revenue			
External sales and segment revenue	694,441	9,798	704,239
Segment profit (loss)	286,927	(9,394)	277,533
Unallocated corporate expenses			(13,520)
Unallocated corporate income			1,042
Other gains and losses			17,031
Listing expenses			(38,896)
Profit before taxation from continuing operations			243,190

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profits (losses) represent the profits earned by/losses incurred from each segment without allocation of certain administrative expenses, selling expenses, certain other income, certain investment income, certain other gains and losses and listing expenses. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

4. OTHER GAINS AND LOSSES

	2020	2019
	RMB'000	*RMB'000*
Continuing operations		
Fair value change on financial assets at fair value through profit or loss	**4,728**	12,405
Gain from changes in fair value of investment properties	**800**	500
Recovery of trade receivables previously written-off	**90**	35
Net foreign exchange (loss) gain	**(8,119)**	17,031
Impairment loss recognised on trade receivables	**(236)**	(97)
Financial guarantee income	**—**	5,024
Write off of property, plant and equipment	**—**	(5,485)
	(2,737)	29,413

5. TAXATION

	2020	2019
	RMB'000	*RMB'000*
Continuing operations		
Current tax		
— Hong Kong Profits Tax	**245**	476
— PRC Enterprise Income Tax	**5,161**	19,589
Withholding tax	**5,000**	1,774
	10,406	21,839
Overprovision in prior years		
— PRC Enterprise Income Tax	**(527)**	—
— Corporate income tax	**(7)**	—
	(534)	—
Deferred tax	**6,611**	6,297
Total	**16,483**	28,136

6. PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS

	2020	2019
	RMB'000	*RMB'000*
Profit for the year from continuing operations has been arrived at after charging:		
Staff costs, including directors' remuneration		
— salaries and other allowances	**239,997**	189,582
— retirement benefit scheme contributions	**18,062**	19,903
— share-based payments	**9,464**	—
Total staff costs	**267,523**	209,485
Depreciation of property, plant and equipment	**58,394**	59,650
Depreciation of right-of-use assets	**13,005**	—
Amortisation of prepaid lease payments	**—**	4,460
Auditor's remuneration	**4,651**	3,258
Minimum operating lease rental expense in respect of rented premises	**—**	4,938
Short-term lease expenses	**482**	—

7. DIVIDENDS

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

	2020 *RMB'000*	2019 *RMB'000*
Final dividend for the preceding financial year ended 31 August 2019 of HK1 cent per ordinary share (preceding financial year ended 31 August 2018: nil)	**9,152**	—
Interim dividend for the six months ended 29 February 2020 of HK4.90 cents per ordinary share (six months ended 28 February 2019: nil)	**45,651**	—
	54,803	—

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 August 2020 of HK4.90 cents (2019: HK1.00 cent) per ordinary share, in an aggregate amount of approximately HK$49,900,000 (2019: HK$10,184,000) 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

For continuing operations

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

	2020	2019
	RMB'000	*RMB'000*
Earnings:		
Profit for the year from continuing operations attributable to owners of the Company for the purpose of calculating basic and diluted earnings per share	**291,487**	209,291

	2020	2019
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,017,073,907**	783,147,611
Effect of dilutive potential ordinary shares:		
Over-allotment options	**—**	60,955
Unvested and treasury shares held under share award scheme	**1,288,093**	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,018,362,000**	783,208,566

The computation of diluted earnings per share does not assume the exercise of the Company's share options 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.

For continuing and discontinued operations

The calculation of the basic and diluted earnings per share from continuing and discontinued operations attributable to owners of the Company during the year ended 31 August 2020 was based on the consolidated profit for the year from continuing and discontinued operations attributable to owners of the Company of RMB291,487,000 (2019: RMB216,762,000) and the denominators detailed above for basic and diluted earnings per share.

For discontinued operation

During the year ended 31 August 2019, basic and diluted earnings per share from discontinued operation were RMB0.96 cent per share and RMB0.96 cent per share, respectively, based on the profit for the year from discontinued operation attributable to owners of the Company of RMB7,471,000 and the denominators detailed above for both basic and diluted earnings per share.

9. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2020	2019
	RMB'000	*RMB'000*
Trade receivables	**572**	393
Less: allowance for credit losses	**(236)**	(81)
	336	312
Receivables from education departments	**97**	306
Deposits, prepayments and other receivables	**57,422**	31,187
Total	**57,855**	31,805

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 the end of reporting period.

	2020	2019
	RMB'000	*RMB'000*
0–30 days	**178**	—
31–90 days	**122**	251
91–180 days	**68**	225
181–365 days	**49**	94
Over 365 days	**16**	48
Total	**433**	618

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 the end of reporting period.

	2020	2019
	RMB'000	*RMB'000*
0–60 days	**1,653**	1,799
61–180 days	**592**	1,008
181–365 days	**868**	607
Over 365 days	**1,493**	3,228
	4,606	6,642

11. ACQUISITION OF A BUSINESS

In December 2019, the Group acquired 100% equity interest in EDVANTAGE INSTITUTE (SINGAPORE) PTE. LTD. ("**EIS**") (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. EIS is a private company incorporated in Singapore with principal activities of conducting the vocational education training. The consideration was fully settled in cash.

12. EVENT AFTER THE END OF THE REPORTING PERIOD

On 6 November 2020, the Group entered into a construction agreement with Guangdong Wuchuan Construction and Installation Engineering Co., Ltd. ("**Guangdong Wuchuan Construction**") at a total consideration of approximately RMB 293,646,000, pursuant to which Guangdong Wuchuan Construction agreed to undertake the construction work of the teaching facilities to be constructed at Phase I of the campus of Huasheng Vocational College located in Xinhui District, Jiangmen City, Guangdong Province, the PRC. Details are set out in the announcement of the Company dated 6 November 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

Market Overview

Our Group is a higher education group based in the Guangdong-Hong Kong-Macau Greater Bay Area ("**Greater Bay Area**"). Guangdong Province and the wider Greater Bay Area are one of the most populated areas with the most economic activities in China. The permanent resident population of Guangdong Province amounted to 115.2 million in 2019, representing an increase of 1.5% year-on-year and continuing to rank first in the country according to the 2019 Analysis of Demographic Development in Guangdong released by the Bureau of Statistics of Guangdong Province in April 2020. Given a huge population moving from other places to Guangdong, experts from the bureau expect a continued growth in the total number of permanent residents there for some time to come. According to the *Report on Reform and Innovation of Guangdong-Hong Kong-Macau Greater Bay Area in China (2020)* issued by the Research Institute for the Reform and Innovation of Greater Bay Area (Nansha) in Guangzhou, the Greater Bay Area has become one of the most open and economically dynamic regions in China, with an overall GDP of RMB11.62 trillion in 2019, up 4.4% year-on-year.

In recent years, Guangdong Province is undergoing a rapid economic transformation into a stronghold of the tertiary industry (accounting, financial services and international trade). Data from the Census and Statistics Department (C&SD) of the Hong Kong Government, the Statistics and Census Service (DSEC) of Macau and the statistic bureaus of cities in the Pearl River Delta shows that the tertiary industry contributed to 66.2% of the Greater Bay Area's GDP in 2019. According to the Fourth National Economic Census, the number of people employed in the tertiary sector in Guangdong Province reached 24.2 million in 2018, representing an increase of 51.8% compared with 2013. Frost & Sullivan even expects the proportion of people employed in this sector there to grow from 38.5% in 2017 to 42.2% in 2022. The above data shows the growing demand for professional business education services from higher education providers in the Greater Bay Area.

Apart from the demographic and economic background, the Chinese Government also paid considerable attention to the development of the education sector and the Greater Bay Area by introducing favourable policies and delivering important speeches during the reporting period. In February 2020, the State Council announced the expansion of the enrolment of postgraduate programmes and degree programmes for junior college students. The planned number of students enrolled for degree programmes for junior college students in Guangdong for 2020 has nearly doubled. In May 2020, the General Office of the Ministry of Education (MOE) encouraged universities and colleges to provide second bachelor's degree education, with a focus on such areas as public health and preventive medicine, electronic information, and big data. Liu Jin, director of the Department of International Cooperation and Exchange of the MOE, said in September 2020 that China had forged agreements with 54 countries on mutual recognition of qualifications and academic degrees in higher education, showing that the country is working to make domestic higher education institutions more appealing to students. The state also proposed in its work report published in May 2020 that higher vocational colleges should recruit additional 2 million students. In addition, General Secretary Xi Jinping proposed a "dual circulation" development pattern that takes the domestic market as the mainstay and allows domestic and foreign markets to boost each other and stressed the need for taking the initiative to further promote the development of the Greater Bay Area at the conference marking the 40th anniversary of the establishment of the Shenzhen Special Economic Zone (SEZ).

Operation Review

According to Frost & Sullivan, in terms of total student enrolment of business majors for the 2017/2018 school year, the Group is the largest private higher education group in the Greater Bay Area. During the reporting period, the Group operated a total of 5 schools at home and abroad. The Group operates two private higher-educational institutions in Guangdong Province, China, i.e. Huashang College Guangdong University of Finance and Economics (廣東財經大學華商學院) ("**Huashang College**", an undergraduate school) and Guangzhou Huashang Vocational College (廣州華商職業學院) ("**Huashang Vocational College**", a tertiary institution) and a private education institution in Australia, Global Business College of Australia ("**GBCA**"), registered with the Australian Skills Quality Authority (ASQA). In December 2019, the Group also 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, in the first half of 2020, Edvantage Institute Australia ("**EIA**"), a member school of the Group registered with the Tertiary Education Quality and Standards Agency ("**TEQSA**") of Australia to offer higher education programmes (including undergraduate degree programmes and maser degree programmes); and its programmes will commence in November 2020. Below is the main operational performance of the Group's schools during the reporting period:

Chinese School — Huashang College:

Huashang College currently has two campuses in Guangdong Province, one in Zengcheng District, Guangzhou City and the other in Sihui City, Zhaoqing City. For the year ended 31 August 2020, the number of its students was 24,127, representing an increase of approximately 6.5% year-on-year. During the reporting period, the school offered a total of 37 undergraduate majors, including three new majors, i.e. taxation, cosmetic science and technology and Chinese medicine. Among the majors, accounting and journalism were designated as one of "**featured key disciplines in Guangdong Province**" ("廣東省特色重點學科") and "**key development disciplines of universities and colleges in Guangdong province**" ("廣東省高校重點培育學科"), respectively and included in "**leading top undergraduate majors for development in Guangdong province**" (廣東省一流本科專業建設點).

As of 19 October 2020, the number of students newly registered for the 2020/2021 school year was 7,041, of which 5,044 were enrolled for undergraduate programmes and 1,997 were for degree programmes for junior college students. The overall student registration rate of Huashang College was 95.9%, representing a significant increase of 4.1 percentage points as compared with 91.8% as of 8 September 2019. The minimum scores of liberal arts and science students for admission to undergraduate programmes of Huashang College were 34 and 33 higher than minimum admission scores of Guangdong Province, respectively, representing an increase of 3 and 5 as compared to last year. In addition, Huashang College had 6,038 candidates applying for its degree programmes aimed at junior college students for the 2020/2021 school year, ranking first among the province's independent colleges and showing an increasing popularity of these programmes. The school also set a new record in the quality of students enrolled for the degree programmes as its minimum scores for admission to such popular majors as accounting, marketing, journalism, and visual communication design were 80 or more higher than the province's minimum thresholds.

Chinese School — Huashang Vocational College:

Huashang Vocational College, located in Zengcheng District, Guangzhou City, Guangdong Province, is currently building a new campus in Xinhui District, Jiangmen City, the first phase of which is expected to open in September 2021. For the year ended 31 August 2020, the number of students in school was 10,656, representing an increase of approximately 11.7% year-on-year. During the reporting period, the school offered 44 junior college diploma programmes including 10 new programmes such as medical aesthetics technology, health management, interior art design and automotive electronics technology.

As of 19 October 2020, the number of students newly registered for the 2020/2021 school year increased dramatically by approximately 35.3% from 4,459 to 6,034 year-on-year and the student registration rate was 85.2%, up 2.1 percentage points from 83.1% as of 8 September 2019. It is worth noting that the planned enrolment of Huashang Vocational College for the 2020/2021 school year increased significantly by approximately 2,000 students compared with last year. Despite this, the student registration rate still hit a record high, showing the Group's achievements in differentiated school operations. In addition, the minimum score of science students for admission to Huashang Vocational College was 134 higher than the minimum admission score of Guangdong Province, representing a significant increase of 22 as compared to last year.

Overseas Schools — GBCA, EIS and EIA:

During the reporting period, the Group's overseas schools actively brought classes online and maintained efficient communication with schools in China. Below is their operational performance:

GBCA, which is located in Melbourne, Australia, had 625 students for the year ended 31 August 2020. Situated in a campus of University of Canberra in Australia, GBCA offers vocational education courses and non-academic short-term courses. A total of 22 training courses were offered during the reporting period, with a focus on education, accounting, business management, information technology, translation and language courses.

EIS, acquired by the Group in December 2019, had 45 students during the reporting period. The school provides short-term and long-term language training courses and various kinds of diploma and higher diploma programmes. EIS was moved to a larger new campus with a better geographical location in June 2020 to improve its teaching experience and the number of students that it can accommodate in the future.

The Group made a major breakthrough in the operation of its overseas schools during the reporting period with EIA being granted the registration by TEQSA in Australia to offer higher education programmes in the first half of 2020. It is the Group's first higher education institution to award both undergraduate and master degrees. In terms of the curriculum, the Group would focus on marketing undergraduate courses and expand traditional undergraduate courses that facilitate immigration such as IT and education. The Group also plans to develop EIA into a world-renowned and highly reputed school with a focus on masters-level programmes represented by MBA and supplemented by pre-masters courses. Its marketing undergraduate programmes will commence in November 2020.

Tuition Fees and Boarding Fees:

During the reporting period, students were unable to return to school due to COVID-19, resulting in a total refund of approximately RMB35 million for student accommodation. The table below sets forth the Group's tuition fees, boarding fees and other revenue[1] for the years ended 31 August 2019 and 2020 respectively:

	For the year ended 31 August			**Percentage**
	2020	**2019**	**Change**	**change**
	RMB'000	*RMB'000*	*RMB'000*	*(%)*
Tuition fees				
Huashang College	586,650	494,802	91,848	18.6%
Huashang Vocational College	166,207	143,657	22,550	15.7%
GBCA	9,481	8,761	720	8.2%
EIS[2]	406	—	406	N/A
Grand total	762,744	647,220	115,524	17.8%
Boarding fees and other revenue				
Huashang College	24,325	39,233	(14,908)	(38.0%)
Huashang Vocational College	11,587	16,749	(5,162)	(30.8%)
GBCA[3]	1,436	1,037	399	38.5%
Grand total	37,348	57,019	(19,671)	(34.5%)

1 Other revenue refers to fees from university cooperation programmes (mainly from revenue derived from joint provision of certain undergraduate courses by GBCA and the University of Canberra).

2 The Group completed the acquisition of EIS in December 2019, so post-acquisition relevant data up to the end of the reporting period is presented.

3 GBCA does not provide accommodation for its students, so the relevant data presented includes only tuition fees and fees from university cooperation programmes.

Number of Student Enrolments:

The table below sets forth the number of student enrolments in the Group's schools for the years ended 31 August 2019 and 2020:

Number of student enrolments	For the year ended 31 August 2020	2019	Change	Percentage change (%)
Huashang College	24,127	22,665	1,462	6.5%
Huashang Vocational College	10,656	9,541	1,115	11.7%
GBCA	625	837	(212)	(25.3%)
EIS[1]	45	—	45	N/A
Total	35,453	33,043	2,410	7.3%

1 The Group completed the acquisition of EIS in December 2019, so post-acquisition relevant data up to the end of the reporting period is presented.

Average tuition fees:

The table below sets forth average tuition fees of the Group's schools for the years ended 31 August 2019 and 2020:

Average tuition fees	For the year ended 31 August 2020 *RMB*	2019 *RMB*	Change	Percentage change (%)
Huashang College	24,315	21,831	2,484	11.4%
Huashang Vocational College	15,597	15,057	540	3.6%
GBCA	15,169	10,468	4,701	44.9%
EIS[1]	9,022	—	N/A	N/A

1 The Group completed the acquisition of EIS in December 2019, so post-acquisition relevant data up to the end of the reporting period is presented.

Strategies and Objectives

Endogenous Growth — Strategic Deployment of the Major Business

Improvement in School Condition and Teaching Resources

Xinhui campus: During the reporting period, the Group acquired a land parcel in Xinhui District, Jiangmen City, Guangdong Province for the first-phase construction of the new campus of Huashang Vocational College and the vocational education that the Group plans to vigorously develop. The first-phase campus with an area of approximately 455,652 sq. m. (approximately 683 Mu) is expected to accommodate about 12,000 students and be put into use in September 2021. After the commencement of the operation of the first-phase campus, there are still two phases to be constructed in the future.

Sihui campus: The first-phase Sihui campus of Huashang College has been put into use as scheduled since September 2020. The first-phase campus covers an area of approximately 165,166 sq. m. (approximately 248 Mu) and can accommodate approximately 6,000 students. The overall planned area of this campus is approximately 533,300 sq. m. (approximately 800 Mu) and the campus is expected to accommodate approximately 16,000 students.

Zengcheng campus: The constructions of the Huashuang Science & Technology Centre and Huashang International Conference Centre on the Zengcheng campus are in progress as scheduled. The Huashuang Science & Technology Centre will be mainly used for teaching activities where high-end experimental teaching platforms such as those related to big data and artificial intelligence will be introduced. The Huashang International Conference Centre will be mainly used to host industry or school-enterprise meetings, academic activities and practical training.

With the completion of Sihui and Xinhui new campuses, the Group's three campuses in the core regions of the Greater Bay Area will offer considerable capacity for students.

Diversification of Education Services

Teaching venue in Shenzhen: The Group actively deploys its teaching venue in Shenzhen, a city known as the "Engine of the Greater Bay Area", "China Special Economic Zone", "International City", "China Silicon Valley" and "Pilot Demonstration Zone" as the place for high-end vocational certificate training and examinations, high-end business activities and academic salons, an innovation entrepreneurship base/incubator, an extracurricular practice base, and a place for delivering employment and internship skills training. The teaching venue is located in The Mixc Commercial Zone (萬象天地商圈), Nanshan District, Shenzhen and has been put into operation in May 2020.

In addition, the Shenzhen teaching venue will also serve as one of the places where the Group's Greater Bay Area Business School is to be built with an aim to develop it from a high-end vocational education provider into a high-quality business school that mainly offers MBA and EMBA programmes.

Course Improvement

During the reporting period, the Group worked with industry-leading companies and a prestigious university to provide more diversified teaching services for students.

Comprehensive strategic cooperation with SenseTime: The Group signed a comprehensive strategic cooperation agreement with SenseTime, a world-leading artificial intelligence platform company, on 12 November 2019. The cooperation content includes developing artificial intelligence courses (including providing general education courses for students from Huashang College and Huashang Vocational College and providing major courses for students from the school of data science in Huashang College and Huashang Vocational College) and cultivating compound talents in combination with superior disciplines.

Cooperation with the Southwest University of Political Science and Law: The Group entered into a cooperation agreement with the Southwest University of Political Science and Law in Chongqing, PRC in relation to the joint establishment of Southwest University of Political Science & Law Huashang College (西政華商學院) on 31 December 2019 to award a double bachelor's degree in business and law for inter-disciplinary talent to enhance the level of recognition and the competitiveness of its graduates. The Group expects that the tuition fees of the joint programme will improve considerably.

Comprehensive strategic cooperation with Kingdee: The Group signed a comprehensive strategic cooperation agreement with Kingdee, a leading enterprise management software and e-commerce application solution provider in the Asia-Pacific region on 12 March 2020. The two parties will work together to promote the integration of production and education, thereby developing compound application talents adapted to enterprise digital management.

Strategic cooperation with Zhongxingxin Cloud: On 13 May 2020, the Group signed a cooperation agreement with Zhongxingxin Cloud, a subsidiary of ZTE Corporation and one of leading financial shared service solution providers in China. Pursuant to this agreement, the two parties will jointly set up a co-branded class and send professional teachers and expert advisors to each other's schools and companies, provide academic and practical teaching for students majoring in finance, and jointly develop shared finance and medium- and high-end financial management talents.

Strategic cooperation with Baidu: On 18 June 2020, the Group signed a strategic cooperation agreement with Baidu to jointly provide education in areas of expertise such as big data, artificial intelligence and fintech and develop courses and teaching resources based on their existing curriculum systems and resources and expertise development needs.

Endogenous Growth — Strategic Deployment of Vocational Education

The Group vigorously developed vocational education business featuring high growth and high gross margin during the reporting period, in response to the country's promotion of "1 + X" certificate system and the MOE's policy of enrolling 2 million additional students in higher vocational colleges. The Group expects that the revenue of this business segment at the beginning of the financial year 2020/2021 will achieve a relatively considerable growth and its gross profit margin will also exceed that of its main business (gross profit margin of the main business: approximately 49.5% in the financial year 2019/2020). The Group took the following main measures during the reporting period to develop its vocational education business:

Cooperation with industry-leading institutions/schools to offer high-end vocational education training courses in China and beyond:

- Developing AI-related courses with SenseTime;
- Developing courses on digital management talent in enterprises in cooperation with Kingdee;
- Implementing vocational training projects in law with the Southwest University of Political Science and Law through overseas educational resources;
- Delivering training on medium-and high-end shared corporate finance talents with Zhongxingxin Cloud;
- Opening Baidu computer vision and other application development related courses with Baidu;

Introduction of more qualification training courses to Zengcheng campus:

- Providing courses in CFA, junior accountant, computer science, teacher qualification certificate, CET 4, CET 6 and IELTS, among others;

Further development of the high-skilled talent programme and continuing education in Zengcheng campus

External Expansion Through Mergers and Acquisitions

Besides robust endogenous growth, the Group has also been looking for mergers and acquisitions in the Pan-Pearl River Delta (PPRD) region with strong demand for higher education resources. The Group is steadily moving forward in this respect and will disclose any mergers or acquisitions where appropriate.

Blueprint for Future Development

Looking forward, the Group will strive to promote the steady development of its two main businesses, namely, academic education and vocational education through endogenous growth and external expansion and asset-heavy and asset-light operations. In this way, it works to become a world-renowned outstanding education group, thereby creating value for its shareholders.

Financial Review

Revenue

The Group's revenue represents income derived from tuition fees and boarding fees for the education services provided in the normal course of business at its PRC operating schools, 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. For the year ended 31 August 2020, the Group' revenue was approximately RMB800.1 million, representing an increase of 13.6% 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 within the reporting period.

Cost of Revenue

Cost of revenue consists primarily of staff costs, education expenses, depreciation, property management expenses and others. For the year ended 31 August 2020, the Group's cost of revenue amounted to approximately RMB403.9 million, representing an increase of 11.6% as compared with the corresponding period of last year.

Gross Profit and Gross Margin

For the year ended 31 August 2020, the Group recorded a gross profit of approximately RMB396.2 million, representing an increase of approximately 15.7% as compared with the corresponding period of last year. For the year ended 31 August 2020, the Group achieved a gross margin of 49.5%, 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.

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 2020, the Group's selling expenses amounted to approximately RMB7.5 million, representing an increase of 4.0% as compared with the corresponding period of last year. It was mainly attributable to the increase in advertising expenses for the Group's reinforcement in branding efforts.

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 2020, the Group's administrative expenses amounted to approximately RMB110.2 million, representing an increase of 34.9% 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 and professional consulting fees.

Profit Before Taxation

For the year ended 31 August 2020, the Group recorded a profit before taxation of approximately RMB308.0 million, representing an increase of 26.6% as compared with the corresponding period of last year.

Adjusted Net Profit

Adjusted net profit is determined by adjusting profit for the year from continuing operations for the effect of net foreign exchange gain or loss, share-based payments and listing expenses, if any. For the year ended 31 August 2020, the Group's adjusted net profit amounted to approximately RMB309.1 million, representing an increase of 30.5% as compared with the corresponding period of last year.

	For the year ended 31 August	
	2020	2019
	RMB'000	*RMB'000*
Profit for the year from continuing operations	**291,487**	215,054
Adjustments for:		
Net foreign exchange loss (gain)	**8,119**	(17,031)
Share-based payments	**9,464**	—
Listing expenses	**—**	38,896
	17,583	21,865
Adjusted net profit	**309,070**	236,919

Property, Plant and Equipment

As of 31 August 2020, the Group's property, plant and equipment amounted to approximately RMB1,660.2 million, representing an increase of approximately 40.7% as compared with 31 August 2019. Such an increase was mainly attributable to (i) the construction of a new campus for Huashang College at Sihui of Zhaoqing, Guangdong Province, (ii) the construction of a science and technology centre on the Zengcheng District Campus, and (iii) the construction of an international conference centre on the Zengcheng District Campus.

Capital Expenditures

For the year ended 31 August 2020, the Group recorded approximately RMB552.2 million in capital expenditures, representing an increase of 117.1% as compared with the corresponding period of last year. It was mainly attributable to the costs incurred for (i) 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 (ii) acquisition of land use rights in Guangdong Province (i.e. lands located in Xinhui District and Sihui of Zhaoqing) for education purpose.

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

As at 31 August 2020, the Group's financial assets at FVTPL amounted to approximately RMB88.1 million (2019: RMB252.7 million), being structured deposits issued by banks in the PRC. The decrease was mainly attributable to the redemption net off by the purchase during the reporting period. For the year ended 31 August 2020, the Group recorded a fair value change on financial assets at FVTPL of approximately RMB4.7 million (2019: RMB12.4 million), which was mainly derived from the structured deposits interest income received and receivable.

Bank Balances and Cash

As of 31 August 2020, the Group's bank balances and cash was approximately RMB1,185.7 million, representing a decrease of 12.3% as compared with 31 August 2019. During the reporting period, the significant use of bank balances and cash included payments for construction of new teaching facilities and acquisition of land use rights for education purpose.

Liquidity, Financial Resources and Gearing Ratio

As at 31 August 2020, the Group had liquid funds (representing bank balances and cash, structured deposits recognised in financial assets at FVTPL and pledged bank deposits) of approximately RMB1,273.8 million (2019: RMB1,654.9 million) and bank borrowings of approximately RMB747.1 million (2019: RMB556.0 million). The Group's gearing ratio as of 31 August 2020, represented by bank borrowings as a percentage of total assets, was 21.2% (2019: 17.8%).

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 year ended 31 August 2020, the Group completed an acquisition of a business (i.e. EIS (as defined in Note 11 to the consolidated financial statements in this announcement)), which principally engaged in provision of vocational education training in Singapore, from an independent third party. The acquisition is consistent with the Group's expansion plans to explore international opportunities and develop international platform for our students to gain valuable exposure to international communities. Details of the acquisition of a business are set out in Note 11 to the consolidated financial statements in this announcement. Save as disclosed above, the Group had no other material acquisitions or disposals of subsidiaries, associates and/or joint ventures during the reporting period.

Charge on the Group's Assets

As at 31 August 2020, the Group pledged the rights to receive the tuition fees and boarding fees of each Huashang College and Huashang Vocational College as securities for the banking facilities granted to the Group. Save as disclosed above, there was no other material charge on the Group's assets as at 31 August 2020.

Contingent Liabilities

As at 31 August 2020, 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 2020, the Group had approximately 2,800 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 2020, the staff costs (including directors' remuneration) of the Group were approximately RMB267.5 million. Moreover, the Company has adopted a share option scheme and share award scheme (the "**Share Award Scheme**") on 6 June 2019 as incentive for Directors and eligible employees. Details of the said schemes are set out under the section headed "Post-IPO Share Option Scheme and Share Award Scheme" in the 2019 annual report. Details of the grant of share options and grant of award shares under the said schemes during the year ended 31 August 2020 were set out in the announcement of the Company dated 21 January 2020. Besides, the Group provides relevant training programs for the employees based on their respective personal career development.

Future Plans on Material Investments

With a view of reinforcing its leading position in the PRC and enhancing its international reputation, the Group has planned a number of expansion projects with the use of proceeds from the Company's Initial Public Offering. The Group will continue to explore overseas investment opportunities, including those in the United Kingdom and Singapore, in view of the Group's expansion projects. Further details of such expansion projects are set out under the section headed "Use of Proceeds from the Company's Initial Public Offering" in this announcement and "Future Plans and Use of Proceeds" in the Prospectus, respectively.

The Group intends 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 Initial Public Offering, (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. As of the date of this announcement, no legal binding agreement in respect of acquisitions of other education institutions has been entered into by the Group.

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 the Listing Date and pursuant to the partial exercise of the over-allotment option on 8 August 2019 amounted to approximately RMB583.0 million, after deducting underwriting commissions and other listing expenses paid and payable by the Group in the global offering. Such net proceeds are intended to be or have been applied in accordance with the proposed applications as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus. There has been no change in the intended use of net proceeds as previously disclosed in the Prospectus. A summary of the use of proceeds is set out below:

Purpose	**Percentage of total net proceeds**	**Net Proceeds** *RMB'million*	**Utilised amount during the period from the Listing Date up to 31 August 2020** *RMB'million*	**Unutilised amount at 31 August 2020** *RMB'million*	**Status/Expected timeline for utilising the remaining net proceeds**
Establishment and development of Huashang College Sihui Campus	30%	174.9	174.9	—	Has been fully utilised as at 31 August 2020
Construction of a science and technology centre	7%	40.8	40.8	—	Has been fully utilised as at 31 August 2020
Construction of an international conference centre	3%	17.4	17.4	—	Has been fully utilised as at 31 August 2020
Investments in new education institutions or acquisitions of other education institutions	30%	174.9	10.6	164.3	Partly utilised as at 31 August 2020 *(note 1) and (note 6)*
Supporting existing overseas operations in Australia and other overseas expansions	10%	58.3	9.3	49.0	Partly utilised as at 31 August 2020 *(note 2) and (note 6)*
Establishment of the education institutions in the United Kingdom	5%	29.2	—	29.2	*(note 3), (note 5) and (note 6)*
Establishment of the education institutions in Singapore	5%	29.2	3.0	26.2	Partly utilised as at 31 August 2020 *(note 4), (note 5) and (note 6)*
Working capital and for general corporate purposes	10%	58.3	58.3	—	Has been fully utilised as at 31 August 2020
	100%	583.0	314.3	268.7	

Notes:

1. As at 31 August 2020, RMB164.3 million remained unutilised. Except for the acquisition of EIS as disclosed in Note 11 to the consolidated financial statements in this announcement, no legal binding agreement in respect of the investments in new education institutions or acquisitions of other education institutions, has been entered into by the Group during the reporting period. Such status remains unchanged as at the date of this announcement. The Group expects that the net proceeds allocated for investments in new education institutions or acquisitions of other education institutions will be fully utilised by August 2021.

2. As at 31 August 2020, RMB49.0 million remained unutilised. Such status remains unchanged as at the date of this announcement. The Group expects that the net proceeds allocated for supporting existing overseas operations in Australia and other overseas expansions will be fully utilised by August 2021.

3. As at 31 August 2020, RMB29.2 million remained unutilised. Such status remains unchanged as at the date of this announcement. The Group expects that the net proceeds allocated for establishment of the education institutions in the United Kingdom will be fully utilised by August 2021.

4. As at 31 August 2020, RMB26.2 million remained unutilised. Such status remains unchanged as at the date of this announcement. The Group expects that the net proceeds allocated for establishment of the education institutions in Singapore will be fully utilised by August 2021.

5. Regarding the expected timeline for utilising the unutilised amount for establishment of the education institutions in the United Kingdom and Singapore as specified in note 3 and note 4, the Company is still determining a more appropriate timing in its overseas expansions in light of the global outbreak of COVID-19. Whilst the Company will continue to, among others, identify appropriate investment and acquisition opportunity in respect of suitable education institutions for its expansion plan, the actual timeline for overseas expansion of the Group would largely depend on macro-economy, the outbreak of COVID-19 pandemic as well as the current bounce-back of COVID-19 in some regions. The Company will review the relevant situations from time to time and make appropriate disclosure if and when necessary.

6. In view of the global outbreak of the COVID-19 pandemic which has led to global lockdown, prolonged travel restrictions and large-scale suspension of education institutions and classes, the Group's expansion plans on investments in new education institutions as well as acquisitions and establishment of new education institutions both in the PRC and overseas has been delayed or lengthened to a certain extent as set out in the foregoing notes. In the meantime, the Group will closely monitor the situation of the COVID-19 outbreak and continue to identify suitable investment opportunities.

SUBSEQUENT EVENT

On 6 November 2020, the Group entered into a construction agreement with Guangdong Wuchuan Construction and Installation Engineering Co., Ltd. ("**Guangdong Wuchuan Construction**") at a total consideration of approximately RMB 293,646,000, pursuant to which Guangdong Wuchuan Construction agreed to undertake the construction work of the teaching facilities to be constructed at Phase I of the campus of Huasheng Vocational College located in Xinhui District, Jiangmen City, Guangdong Province, the PRC. Details are set out in the announcement of the Company dated 6 November 2020.

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 3,500,000 shares of the Company at a total consideration of approximately RMB17.1 million during the reporting period.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting (the "**AGM**") of the Company will be held on 25 January 2021. 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 2020 of 4.90 cents (2019: HK1.00 cent) per ordinary share, in an aggregate amount of approximately HK$49,900,000 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 8 February 2021. 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 19 February 2021.

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 2021 to 25 January 2021, 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, 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 2021.

Entitlement to the proposed final dividend

The register of members of the Company will be closed during the period from 4 February 2021 to 8 February 2021, 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 3 February 2021.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within 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

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 2020, 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 2020 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 2020.

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 2020 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, 10 November 2020

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.