中汇集团
Edvantage Group

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 2022

HIGHLIGHTS

	Notes	**For the year ended 31 August**		**Percentage**
		2022	2021	**increase**
Revenue *(RMB'000)*		**1,685,972**	1,251,644	34.7%
Gross profit *(RMB'000)*		**849,505**	630,898	34.7%
Profit for the year attributable to owners of the Company *(RMB'000)*		**567,486**	413,716	37.2%
Adjusted net profit attributable to owners of the Company *(RMB'000)*	(i)	**577,209**	459,663	25.6%
Basic earnings per share *(RMB cents)*		**53.16**	39.42	34.9%
Dividend per share				
Interim dividend *(HK cents)*	(ii)	**8.40**	5.50	52.7%
Final dividend (proposed) *(HK cents)*	(iii)	**11.20**	8.40	33.3%
Number of student enrolments		**77,628**	61,829	25.6%

Notes:

(i) For the year ended 31 August 2022, adjusted net profit attributable to owners of the Company is determined by adjusting profit for the period of RMB645,180,000 for the effect of net foreign exchange loss of RMB8,854,000, share-based payments of RMB869,000 and profit for the period attributable to non-controlling interests of RMB77,694,000.

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

(ii) The interim dividend for the six months ended 28 February 2022 was payable in cash with scrip alternative and the interim dividend for the six months ended 28 February 2021 was wholly payable in cash.

(iii) The proposed final dividend for the year ended 31 August 2022 comprises (a) the proposed final dividend in the sum of HK9.60 cents per share which will be satisfied wholly in the form of an allotment of shares of the Company credited as fully paid up in lieu of cash without offering any right to shareholders of the Company to elect to receive such final dividend in cash in lieu of such allotment, and (b) the proposed special final dividend in the sum of HK1.60 cents per share which is wholly payable in cash, whereas the final dividend for the year ended 31 August 2021 in the sum of HK8.40 cents per share was wholly payable in cash.

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 be referred to as the "**Group**") for the year ended 31 August 2022 (the "**reporting period**") with comparative figures for the year ended 31 August 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 August 2022

	NOTES	**2022** *RMB'000*	2021 *RMB'000*
Revenue	3	**1,685,972**	1,251,644
Cost of revenue		**(836,467)**	(620,746)
Gross profit		**849,505**	630,898
Other income		**83,005**	49,699
Investment income		**5,586**	9,993
Other gains and losses	4	**4,803**	(11,132)
Selling expenses		**(48,153)**	(20,032)
Administrative expenses		**(235,575)**	(157,058)
Finance costs		**(6,254)**	(18,389)
Profit before taxation		**652,917**	483,979
Taxation	5	**(7,737)**	(14,263)
Profit for the year	6	**645,180**	469,716
Other comprehensive income (expense)			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**1,496**	(1,670)
Total comprehensive income for the year		**646,676**	468,046

	NOTE	2022 RMB'000	2021 RMB'000
Profit for the year attributable to			
— owners of the Company		**567,486**	413,716
— non-controlling interests		**77,694**	56,000
		645,180	469,716
Total comprehensive income for the year attributable to			
— owners of the Company		**568,982**	412,046
— non-controlling interests		**77,694**	56,000
		646,676	468,046
Earnings per share	8		
— Basic *(RMB cents)*		**53.16**	39.42
— Diluted *(RMB cents)*		**53.11**	39.22

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 August 2022

	NOTES	**2022** **RMB'000**	2021 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**4,166,360**	3,592,946
Right-of-use assets		**787,167**	808,255
Investment properties		**147,200**	78,900
Goodwill		**135,382**	105,530
Intangible assets		**195,504**	76,365
Amount due from a non-controlling shareholder		**65,127**	65,453
Deposits and other receivables	9	**71,492**	33,630
Deposits paid for acquisition of property, plant and equipment		**57,983**	87,743
Deferred tax asset		**16,776**	10,480
		5,642,991	4,859,302
CURRENT ASSETS			
Inventories		**9,421**	2,525
Trade receivables, deposits, prepayments and other receivables	9	**107,584**	141,186
Amounts due from related parties		**—**	745
Financial assets at fair value through profit or loss		**140,048**	366,985
Bank balances and cash		**1,318,052**	795,344
		1,575,105	1,306,785
CURRENT LIABILITIES			
Contract liabilities		**1,255,979**	1,140,908
Trade payables	10	**26,136**	10,675
Other payables and accrued expenses		**267,784**	227,794
Amounts due to related parties		**2,991**	1,145
Income tax payable		**88,788**	75,669
Bank and other borrowings		**492,078**	281,838
Deferred income		**30,496**	25,801
Lease liabilities		**6,663**	5,821
		2,170,915	1,769,651
NET CURRENT LIABILITIES		**(595,810)**	(462,866)
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,047,181**	4,396,436

	2022	2021
	RMB'000	*RMB'000*
NON-CURRENT LIABILITIES		
Other payable	**66,000**	51,500
Bank and other borrowings	**1,170,707**	1,062,246
Deferred income	**76,814**	65,964
Lease liabilities	**12,067**	16,162
Deferred tax liabilities	**153,988**	154,609
	1,479,576	1,350,481
	3,567,605	3,045,955
CAPITAL AND RESERVES		
Share capital	**74,195**	73,488
Reserves	**2,900,967**	2,459,893
Equity attributable to owners of the Company	**2,975,162**	2,533,381
Non-controlling interests	**592,443**	512,574
	3,567,605	3,045,955

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 Act (As Revised) of the Cayman Islands on 18 October 2018. Its immediate and ultimate holding company is Debo Education Investments Holdings Limited, which is incorporated in the British Virgin Islands. The shares of the Company had been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 16 July 2019 (the "**Listing Date**"). The addresses of the Company's registered office and the principal place of business in Hong Kong are PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and Room 1115, 11/F, Wing On Plaza, 62 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong, respectively.

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

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

Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board ("**IASB**"). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**") and by the Hong Kong Companies Ordinance (Cap. 622 of the Laws of Hong Kong).

The Group had net current liabilities of RMB595,810,000 as at 31 August 2022. The Directors have reviewed the Group's cash flow projections prepared by the management of the Group. The cash flow projections cover a period not less than twelve months from the end of the reporting period. The Directors are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due for the next twelve months from the end of the reporting period after taking into consideration that as at 31 August 2022, included in the current liabilities of the Group was contract liabilities of approximately RMB1,255,979,000 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 material cash outflow for the Group. In addition, the Group could generate sufficient operating cash inflow to meet its future obligations.

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

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

2. APPLICATION OF AMENDMENTS TO IFRSs

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by the IASB for the first time which are mandatorily effective for the annual periods beginning on or after 1 September 2021 for the preparation of the consolidated financial statements:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform — Phase 2
Amendments to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021

The application of the amendments to IFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Revenue from contracts with customers

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

	2022	2021
	RMB'000	*RMB'000*
Tuition fees recognised overtime	**1,479,291**	1,113,818
Boarding fees recognised overtime	**136,245**	92,208
Non-formal vocational education service fees recognised overtime	**69,300**	42,052
Fees from university cooperation programme recognised overtime	**1,136**	3,566
	1,685,972	1,251,644

Segment information

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

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

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

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

1. PRC higher education and vocational education — operation of higher, secondary and non-formal vocational education institutions in the PRC; and

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

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

Segment revenue and results

For the year ended 31 August 2022

	PRC higher education and vocational education *RMB'000*	**Overseas higher education and vocational education** *RMB'000*	**Total** *RMB'000*
Revenue			
External sales and segment revenue	**1,674,206**	**11,766**	**1,685,972**
Segment profit	**683,899**	**7,620**	**691,519**
Unallocated corporate expenses			**(31,025)**
Unallocated corporate income			**1,277**
Unallocated other gains and losses			**(8,854)**
Profit before taxation			**652,917**

For the year ended 31 August 2021

	PRC higher education and vocational education *RMB'000*	Overseas higher education and vocational education *RMB'000*	Total *RMB'000*
Revenue			
External sales and segment revenue	1,237,685	13,959	1,251,644
Segment profit (loss)	570,557	(13,522)	557,035
Unallocated corporate expenses			(48,671)
Unallocated corporate income			1,381
Unallocated other gains and losses			(25,766)
Profit before taxation			483,979

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

	2022 ***RMB'000***	2021 *RMB'000*
Fair value change on financial assets at fair value through profit or loss	**15,974**	13,298
(Loss)/gain from changes in fair value of investment properties	**(710)**	1,900
Recovery of trade receivables previously written-off	**15**	180
Net foreign exchange loss	**(8,854)**	(25,766)
Impairment loss under ECL model, net of reversal	**(1,266)**	(254)
Others	**(356)**	(490)
	4,803	(11,132)

5. TAXATION

	2022 *RMB'000*	2021 *RMB'000*
Current tax		
— Hong Kong Profits Tax	**159**	202
— PRC Enterprise Income Tax	**22,753**	18,933
Withholding tax	**—**	7,170
	22,912	26,305
Overprovision in prior years		
— PRC Enterprise Income Tax	**(7,655)**	(8,143)
— Hong Kong Profits Tax and corporate income tax	**(603)**	(266)
	(8,258)	(8,409)
Deferred tax	**(6,917)**	(3,633)
	7,737	14,263

6. PROFIT FOR THE YEAR

	2022 *RMB'000*	2021 *RMB'000*
Profit for the year has been arrived at after charging:		
Staff costs, including directors' remuneration		
— salaries and other allowances	**513,518**	318,413
— retirement benefit scheme contributions	**45,348**	26,415
— share-based payments	**869**	20,181
Total staff costs	**559,735**	365,009
Depreciation of property, plant and equipment	**139,191**	98,286
Depreciation of right-of-use assets	**25,385**	23,631
Auditor's remuneration	**4,000**	6,390

7. DIVIDENDS

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

	2022	2021
	RMB'000	*RMB'000*
Final dividend for the financial year ended 31 August 2021 of HK8.40 cents (preceding financial year ended 31 August 2020: HK4.90 cents) per ordinary share	**73,177**	43,772
Interim dividend for the six months ended 28 February 2022 of HK8.40 cents (with option to elect to receive dividends in cash and/or new shares) (six months ended 28 February 2021: HK5.50 cents) per ordinary share	**75,250**	49,403
	148,427	93,175

The interim dividend for the six months ended 28 February 2022 totaling RMB75,250,000 has been paid partly in new shares of the Company and partly in cash. A total of 10,542,441 scrip shares were allotted and issued to the then eligible shareholders of the Company, and the total amount of dividend paid by way of scrip shares was RMB20,357,000, while cash dividend amounted to RMB54,893,000.

Subsequent to the end of the reporting period, the Board has proposed, and subject to approval by the shareholders at the forthcoming annual general meeting, that a final dividend of HK9.60 cents per ordinary share for the year ended 31 August 2022 (year ended 31 August 2021: HK8.40 cents), in an aggregate amount of approximately HK$103,911,000 (year ended 31 August 2021: HK$90,036,000) which is calculated based on the number of issued shares of the Company at the end of the reporting period (i.e. 31 August 2022), be declared to eligible shareholders of the Company whose names appear on the register of members of the Company on 7 February 2023, and that the proposed final dividend be satisfied wholly in the form of an allotment of shares of the Company credited as fully paid up in lieu of cash without offering any right to shareholders of the Company to elect to receive such dividend in cash in lieu of such allotment.

Subsequent to the end of the reporting period, a special final dividend payable in cash in respect of the year ended 31 August 2022 of HK1.60 cents (2021: nil) per ordinary share, in an aggregate amount of approximately HK$17,318,000 (2021: nil) which is calculated based on the number of issued shares of the Company at the end of the reporting period, has also been proposed by the Board and is subject to approval by the shareholders at the forthcoming annual general meeting.

8. EARNINGS PER SHARE

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

	2022	2021
	RMB'000	*RMB'000*
Earnings:		
Profit for the year attributable to owners of the Company for the purpose of calculating basic and diluted earnings per share	**567,486**	413,716

	2022	2021
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,067,559,968**	1,049,416,790
Effect of dilutive potential ordinary shares:		
Share options	**—**	232,471
Vested and treasury shares held under share award scheme	**—**	(263,562)
Unvested and treasury shares held under share award scheme	**964,596**	5,353,622
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,068,524,564**	1,054,739,321

The computation of diluted earnings per share does not assume the exercise of certain share options of the Company because the exercise prices of those share options were higher than the average market prices of shares of the Company during the year ended 31 August 2021 and 2022.

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

9. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2022	2021
	RMB'000	*RMB'000*
Trade receivables	**1,496**	305
Less: allowance for credit losses	**(438)**	(129)
	1,058	176
Receivables from education departments	**—**	8,156
Deposits, prepayments and other receivables	**178,018**	166,484
Total	**179,076**	174,816
Less: Amounts due within one year shown under current assets	**(107,584)**	(141,186)
Amounts shown under non-current assets	**71,492**	33,630

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

	2022	2021
	RMB'000	*RMB'000*
0–30 days	**307**	—
31–90 days	**—**	176
91–180 days	**751**	—
181–365 days	**—**	8,156
Total	**1,058**	8,332

10. TRADE PAYABLES

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

The following is an aged analysis of trade payables presented based on invoice date at 31 August 2022 and 2021.

	2022	2021
	RMB'000	*RMB'000*
0–60 days	**14,988**	2,563
61–180 days	**9,304**	599
181–365 days	**563**	4,795
Over 365 days	**1,281**	2,718
	26,136	10,675

11. ACQUISITION OF SUBSIDIARIES/A BUSINESS

For the year ended 31 August 2022

During the reporting period, the Group acquired 100% equity interest in Guangdong Sun City Industrial Co., Ltd (廣東太陽城實業有限公司) ("**Guangdong Sun City Industrial**") from a connected person at a consideration of RMB150,000,000. Guangdong Sun City Industrial is principally engaged in the operation of vocational education institutions in the PRC and was acquired with the objective to expand the Group's education business. This acquisition has been accounted for using the acquisition method. During the reporting period, the consideration of RMB150,000,000 has been settled in cash.

Consideration transferred	*RMB'000*
Cash consideration paid	150,000

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

	RMB'000
Property, plant and equipment	16,206
Right-of-use assets	43,192
Intangible assets	118,938
Deposits paid for acquisition of property, plant and equipment	922
Trade receivables, prepayments and other receivables	7,730
Bank balances and cash	13,370
Contract liabilities	(26,864)
Trade payables	(5,766)
Other payables	(3,749)
Amounts due to related companies	(598)
Lease liabilities	(43,192)
	120,189

The fair values of intangible assets (representing licenses amounting to RMB118,938,000 were based on estimation used by the management of the Group with reference to valuation carried out by an independent valuer, key assumptions and estimation used by the management included discount rates, growth rates and useful lives of the intangible assets.

Goodwill arising on acquisition

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

Goodwill arose as a result of the acquisition of Guangdong Sun City Industrial because the acquisition included the assembled workforce of Guangdong Sun City Industrial. 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 from this acquisition is expected to be deductible for tax purposes.

Net cash outflow arising on acquisition

	RMB'000
Consideration paid in cash	150,000
Less: Cash and cash equivalent balances acquired	(13,370)
	136,630

For the year ended 31 August 2021

During the year ended 31 August 2021, 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) and Chengdu Yude Logistics Management Co., Ltd.* (成都育德後勤管理有限公司) (collectively be referred to as the "**Sichuan New Concept Group**") at a consideration of RMB750,000,000. Sichuan New Concept Group is principally engaged in the operation of private higher education and vocational education institutions in the PRC and was acquired with the objective to expand the Group's education business. This acquisition has been accounted for using the acquisition method. During the year ended 31 August 2021, the consideration of RMB750,000,000 has been settled in cash.

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

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

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

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

Non-controlling interest

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

Goodwill arising on acquisition

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

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

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

Net cash outflow arising on acquisition

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

MANAGEMENT DISCUSSION AND ANALYSIS

Market Overview

The Group is the largest private business higher and vocational education group in the Guangdong-Hong Kong-Macao Greater Bay Area ("**Greater Bay Area**"), and an early pioneer in the education sector to pursue international expansion. All of the Group's businesses in the PRC are vocational education strongly supported by the PRC, covering two major areas, namely formal vocational education and non-formal vocational education.

In recent years, the PRC government has launched a series of favorable policies to continue to strongly support and encourage the development of vocational education. In September 2022, the executive meeting of the State Council of the PRC confirmed to support the purchase of equipment and renovation and transformation of colleges and vocational colleges by means of policy-approved subsidies and special refinancing loans. At the same time, the Department of Development Planning of the Ministry of Education of the PRC issued the Notice on Matters Relating to Expanding Investment in the Education Sector to clarify the key support for project loans; the People's Bank of China also announced the establishment of project refinancing loans of over RMB200 billion for equipment renovation and transformation, which will support the improvement of the comprehensive strength of vocational education institutions in the long run and help achieve the high-quality development of vocational education. In April 2022, the Standing Committee of the 13th National People's Congress passed the newly amended Vocational Education Law of the People's Republic of China, which was officially implemented on 1 May 2022. For the first time, it clearly states that vocational education are of equal importance as general education, encourages high-quality education, supports the integration of industry and education, advocates external cooperation, clarifies the enrolment path and the development of emerging disciplines, etc., which indicates a clear development direction for private vocational schools and provides strong policy support. In addition, in October 2021, the General Office of the CPC Central Committee and the General Office of the State Council of the PRC released the Guidelines on Promoting the High-quality Development of Modern Vocational Education, explicitly supporting and encouraging listed companies and industry leaders to develop vocational education. The Regulation on the Implementation of the Private Education Promotion Law of the People's Republic of China that came into effect in September 2021 also encourages private equities and enterprises to participate in school operation, confirming at the statutory level the PRC's policy of encouraging enterprises to provide vocational education. The series of policies reflect the continuous support of the PRC for vocational education. The prospect of vocational education is bright and promising, and the development of the Group's multi-level vocational education student source, student quality and non-formal service business will have a very bright future.

After years of stable operation, the Group's development layout has been efficiently expanded, forming a layout of "taking the Greater Bay Area and the Chengdu-Chongqing Economic Circle as the core, radiating to multiple overseas economic centers". As the two core economic circles, the Greater Bay Area and the Chengdu-Chongqing Economic Zone are characterised by strong economic growth momentum, large demographic dividend and abundant development resources, and enjoy certain advantages in terms of policy support, economic development and talent planning. Against this backdrop, coupled with the Group's long-established public accolades and reputation in school operation, the Group's schools have achieved stable and sustainable student enrolment. At the same time, the Group also closely followed the market demand for discipline settings, cultivated batches of outstanding graduates with strong practical skills, realised the positive student circulation of "excellent enrolment, outstanding graduates" and better served regional development.

Business Progress

Formal Vocational Education

During the reporting period, the Group operated nine schools at home and abroad, i.e. Guangzhou Huashang College ("**Huashang College**"), Guangzhou Huashang Vocational College ("**Huashang Vocational College**") and Guangdong Huashang Technical School ("**Huashang Technical School**") in Guangdong Province, the PRC; Urban Vocational College of Sichuan ("**Urban Vocational College**") and Urban Technician College of Sichuan ("**Urban Technician College**") in Sichuan Province, the PRC; GBA Business School ("**GBABS**") in Hong Kong, the PRC; Global Business College of Australia ("**GBCA**") and Edvantage Institute Australia ("**EIA**") in Melbourne, Australia; and Edvantage Institute (Singapore) ("**EIS**") in the downtown of Singapore.

During the reporting period, the Group adhered to the guidance of national policies of school operations with high-quality and high-compliance, and put great effort in the field of vocational education. The Group continued to maintain a steady development trend of business, achieved simultaneous development of formal and non-formal vocational education, increasingly demonstrated school running brand, and further strengthened social recognition. During the reporting period, the Group increased its investment in "industry-academia-research", teaching facilities, teaching faculty and discipline settings, and achieved a series of breakthroughs in phases.

In terms of "industry-academia-research", the Group, with schools as the bridge, actively explores the integrated and synergistic education model of "industry-academia-research" across disciplines and fields. On the one hand, the Group further deepened the cooperation relationship of "Industry Plus School" by carrying out school-enterprise cooperation with industry leaders. The Group closely cooperated with more than 700 renowned enterprises and listed companies to carry out school-enterprise cooperation, and combined advantageous disciplines with industry leaders to implement the construction of industry colleges, strengthened cooperation in areas such as digital creativity, big health, metaverse, etc., realising the sharing of information, talents, technology and resources between schools and enterprises, and deepening the cultivation of industry-oriented talents and the integration of industry needs. On the other hand, the Group's schools continued to strengthen the development path of "industry plus scientific research" by setting up 10 research institutes in the relevant fields and research centers which received official support from the provincial government, tapping into cutting-edge fields such as digital economy and financial technology, building platforms to connect with the real economy, through which organic combination of industry research, talent training and social services are enabled, and supporting the cultivation of high-quality application-oriented talents.

In terms of teaching facilities, the Group continued to add and optimise teaching facilities and equipment with high-level, high-configuration and high-performance construction standards in line with the needs of application-oriented talent training. During the reporting period, the Group continued to focus on the teaching investment in practical training facilities and established a practical training system with "advanced equipment, reasonable layout and complete functions". It is worth mentioning that the laboratory building of Medicine & Health Science College of Huashang college and Huashang Simulation Hospital have been officially put into use, occupying an area of over 18,000 square meters to meet the growing demand for the development of healthcare-related disciplines, covering a variety of scenarios such as basic nursing, wards, operating theatres and midwifery rooms to simulate clinical teaching, organically integrating teaching with clinical simulation practice and empowering the cultivation of practical talents of big health.

In terms of teaching faculty, the Group adheres to the strategy of "strengthening schools with talents" and the policy of "governance by renowned principals" to build a high-level teaching team. The Group has engaged a number of internationally renowned scholars and industry experts as school leaders or advisors, such as Dr. Albert Sun-Chi Chan, an academician at Chinese Academy of Sciences and one of the "Top 2% Scientists in the World", Professor Lehn, a laureate of the Nobel Prize, and Professor Tong Wai Cheung Timothy, former president of The Hong Kong Polytechnic University. The Group also actively introduced a high-level faculty team, which mainly came from Project "985" and "211" domestic colleges with master's degrees and doctoral degrees, as well as outstanding teachers from the United States of America, the United Kingdom, Australia and Japan, etc.

During the reporting period, the Group achieved fruitful results in school operation and demonstrated its premium enrolment brand. Thanks to the investment in quality education and continuous improvement of connotation construction, the Group's schools have achieved a good development trend of "excellent enrolment quality, strong comprehensive strength of students and outstanding graduates' performance". In terms of student enrolment, the Group's enrolments at all academic levels are basically full in one go, which fully demonstrates the strong competitiveness of its quality brand. In terms of students currently enrolled, the Group strongly supports students to participate in various competitions by adhering to the concept of "promoting learning through competitions and promoting practice through competitions", and students have won a number of awards in various national and provincial competitions. For graduates, the Group actively invests resources to support their further studies, employment and entrepreneurship. The national policy objective of stabilising and preserving employment was put in place, and the quality of graduates repeatedly hits record high. In terms of employment, the Group has taken various measures to ensure the employment of graduates. The initial employment rates of graduates of Huashang College, Huashang Vocational College and Urban Vocational College in the past three years were all above average, and the satisfaction rate of employers exceeded 98%. In terms of further studies, the number of students of Huashang College who pursue further studies hits record high, with over 100 students enrolled in the Project "985" and "211" domestic colleges and the top 100 overseas QS universities. In terms of innovation and entrepreneurship, on the basis of building an innovation and entrepreneurship platform, the Group organised a number of innovation and entrepreneurship lectures and competitions to empower students' innovation and entrepreneurship capabilities, and has trained hundreds of outstanding entrepreneurial graduates.

Non-formal Vocational Education

During the reporting period, the Group focused on the development of non-formal vocational education business, actively expand trainings on further studies and school-enterprise cooperation, also actively joined hands with industry leaders to carry out school-enterprise cooperation and set up industry-education colleges in advantageous disciplines such as artificial intelligence (AI), digital arts and cultural creativity, big health, preschool education, e-commerce, etc., so as to flexibly mobilise teaching resources to create higher benefits, empower students to improve their employment competitiveness, and provide education services to colleges and universities across the country as well as the communities. During the reporting period, the Group's revenue from non-formal vocational education was approximately RMB69.3 million, representing a year-on-year increase of 64.8%.

Number of Student Enrolments

The table below sets out the number of student enrolments in the Group's schools for the years ended 31 August 2021 and 2022:

Number of Student Enrolments (approximately)	For the year ended 31 August 2022	2021
Higher Formal Vocational Education		
Huashang College	**27,200**	25,000
Huashang Vocational College	**17,100**	13,300
Urban Vocational College	**15,400**	13,900
Overseas Schools[1]	**1,200**	1,000
Secondary Formal Vocational Education		
Urban Technician College	**11,600**	8,600
Huashang Technical School[2]	**5,100**	N/A

Note 1: Overseas Schools include GBCA, EIA and EIS;

Note 2: As the Group completed the acquisition of Huashang Technical School during the reporting period ended 31 August 2022, the information for the year ended 31 August 2022 presented is the relevant information after the completion of the acquisition until the end of the reporting period.

Range of Tuition Fees and Boarding Fees

The table below sets forth the range of tuition fees and boarding fees charged by the Group from students for the 2020/2021 and 2021/2022 school years:

	2021/2022 school year *RMB*	2020/2021 school year *RMB*	**2021/2022 school year** *RMB*	2020/2021 school year *RMB*
	Range of tuition fees		**Range of boarding fees**	
Higher Formal Vocational Education				
Huashang College				
Regular undergraduate programmes	**28,000-48,000**	28,000-43,800	**2,000-4,800**	1,800-4,500
Upgrading programmes	**28,000-37,000**	27,000-33,000	**2,000-4,800**	1,800-4,500
Huashang Vocational College				
Regular junior college programmes	**17,000-30,800**	16,500-28,000	**2,000-4,980**	1,800-4,800
Urban Vocational College				
Regular junior college programmes	**9,800-34,000**	8,000-34,000	**1,200-3,300**	800-1,200
Overseas Schools[1]	**AUD3,500-26,000**	AUD3,500-26,000	**N/A**	N/A
Secondary Formal Vocational Education				
Urban Technician College				
Secondary vocational education diploma programmes	**9,800**	9,800	**1,200**	800
Huashang Technical School[2]				
Secondary vocational education diploma programmes	**6,800-12,500**	N/A	**1,800-3,000**	N/A

Note 1: As the Group's overseas schools do not provide accommodation for their students, only the range of tuition fees for the educational services provided by them are presented.

Note 2: As the Group completed the acquisition of Huashang Technical School during the reporting period ended 31 August 2022, the information for the year ended 31 August 2022 presented is the relevant information after the completion of the acquisition until the end of the reporting period.

Future Development

It is pointed out in the Report of the 20th Party Congress that the PRC shall continue to thoroughly implement the strategy of developing the country through science and education and strengthen the country through talents, and build a global talent gathering highland. The importance of education and talents is highlighted by making talent cultivation the first priority of education. In 2025, two quantitative targets for talent cultivation need to be achieved. Firstly, the enrolment of undergraduate vocational education institutions shall not be less than 10% of that of higher vocational education institutions. Secondly, strive to increase the gross enrolment rate of higher education to 60%. Being deeply aware of the significance of nurturing talents for the benefit of the nation, the Group shoulders the mission of nurturing talents in the PRC. The Group will seize the new opportunities brought by the development of digital economy, adhere to the high-quality and high-compliance education in line with national policies, closely follow the market demand, deepen the development of vocational education, carry out "industry-academia-research" with high quality, and actively cooperate with industry leaders to jointly establish talent training centers and cultivate application-oriented talents with strong mobility. At the same time, the Group will continue to adhere to the talent strategy, gather famous teachers and talents, recruit well-known scholars and industry elites to the schools under the Group, continue to create a good teaching environment, cultivate and improve teachers' teaching ability, continuously improve the quality of school education, and support the cultivation of high-quality talents. In addition, the Group will actively respond to the Belt and Road Initiative, further implement the development strategy of the Guangdong-Hong Kong-Macao Greater Bay Area, promote the international development of vocational education, accelerate the pace of "going out" of vocational education, enhance the international influence of vocational education, build a world-class international and differentiated school-running brand, and continuously provide high-quality talents for the society to achieve long-term high-quality and sustainable development of business.

Financial Review

Revenue

The Group's revenue mainly represents income derived from tuition fees and boarding fees for the education services provided in the normal course of business at its schools in the PRC and overseas schools, as well as fees from university cooperation programme recognised for providing various resources and administrative support and non-formal vocational education service fees at its schools in the PRC. For the year ended 31 August 2022, the Group' revenue was approximately RMB1,686.0 million, representing an increase of 34.7% as compared with the corresponding period of last year, which was mainly attributable to (i) increase in number of students enrolled and average tuition fees from Huashang College, Huashang Vocational College, Urban Vocational College and Urban Technician College of the Group, (ii) the effective business development of the Group's non-formal vocational education business, (iii) the consolidation of the financial results of Urban Vocational College, Urban Technician College and Huashang Technical School since the respective completion of acquisition of them.

Cost of Revenue

Cost of revenue consists primarily of staff costs, education expenses, depreciation, property management expenses and others. For the year ended 31 August 2022, the Group's cost of revenue amounted to approximately RMB836.5 million, representing an increase of 34.8% as compared with the corresponding period of last year.

Gross Profit and Gross Profit Margin

For the year ended 31 August 2022, the Group recorded a gross profit of approximately RMB849.5 million, representing an increase of 34.7% as compared with the corresponding period of last year. The growth was mainly attributable to the increase in number of student enrolments and average tuition fees, as well as gross profit generated by Huashang Technical School, the newly acquired school during the reporting period. For the year ended 31 August 2022, the Group achieved a gross profit margin of 50.4% which remains at the same percentage as the corresponding period of last year.

Selling and Administrative Expenses

Selling expenses consist of advertising expenses, recruiting expenses and salary expenses. For the year ended 31 August 2022, the Group's selling expenses amounted to approximately RMB48.2 million, representing an increase of 140.4% as compared with the corresponding period of last year. It was mainly attributable to the one-off advertising expenses and business development expenses for the Group's industry-education integration related projects and recruitment expenses for the Group's enlarging student recruiting activities, as well as those selling expenses incurred by Huashang Technical School, the newly acquired school during the reporting period.

Administrative expenses primarily consist of administrative payroll, repair, maintenance and property management expenses, professional consulting fees, office expenses, depreciation, business development related expenses, other tax expenses and others. For the year ended 31 August 2022, the Group's administrative expenses amounted to approximately RMB235.6 million, representing an increase of 50.0% 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, business development related expenses, property management expenses and depreciation.

Profit Before Taxation

For the year ended 31 August 2022, the Group recorded a profit before taxation of approximately RMB652.9 million, representing an increase of 34.9% as compared with the corresponding period of last year.

Adjusted Net Profit attributable to owners of the Company

Adjusted net profit attributable to owners of the Company is determined by adjusting profit for the year for the effect of net foreign exchange gain or loss, share-based payments and profit for the year attributable to non-controlling interests (if any). For the year ended 31 August 2022, the Group's adjusted net profit attributable to owners of the Company amounted to approximately RMB577.2 million, representing an increase of 25.6% as compared with the corresponding period of last year.

	For the year ended 31 August	
	2022	2021
	RMB'000	*RMB'000*
Profit for the year	**645,180**	469,716
Adjustments for:		
Net foreign exchange loss	**8,854**	25,766
Share-based payments	**869**	20,181
	9,723	45,947
Adjusted net profit	**654,903**	515,663
Less: profit for the year attributable to non-controlling interests	**(77,694)**	(56,000)
Adjusted net profit attributable to owners of the Company	**577,209**	459,663

Property, Plant and Equipment

As of 31 August 2022, the Group's property, plant and equipment amounted to approximately RMB4,166.4 million, representing an increase of approximately 16.0% as compared with 31 August 2021. Such an increase was mainly attributable to (i) the continuing progress in the construction of a science and technology centre and an international conference centre on the Zengcheng District Campus, (ii) the construction of a new campus for Huashang Vocational College at Xinhui District, Jiangmen City, Guangdong Province, and (iii) the construction of campus in Meishan, Sichuan Province.

Capital Expenditures

For the year ended 31 August 2022, the Group recorded approximately RMB569.5 million in capital expenditures, representing a slight decrease of 8.8% as compared with the corresponding period of last year. The Capital Expenditures were mainly utilised for (1) the construction of new teaching facilities on the Huashang College Sihui Campus and the Zengcheng District Campus, construction of new teaching facilities on the new Huashang Vocational College Xinhui Campus and the Zengcheng District Campus, construction of new teaching facilities on Meishan Campus of Urban Vocational College, maintenance and enhancement of the existing teaching facilities; (2) the construction of the new Huashang Vocational College Xinhui Campus; (3) the acquisition of land use rights in Guangdong Province (i.e. lands located in Sihui City of Zhaoqing) for education purpose.

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

As at 31 August 2022, the Group's financial assets at FVTPL amounted to approximately RMB140.0 million (2021: RMB367.0 million), being structured deposits issued by banks in the PRC. The decrease was mainly attributable to the redemption during the reporting period. For the year ended 31 August 2022, the Group recorded a fair value change on financial assets at FVTPL of approximately RMB16.0 million (2021: RMB13.3 million), which was mainly derived from the structured deposits interest income received and receivable. As at 31 August 2022, no single investment in such structured deposits of the Group accounted for more than 5% of the total assets of the Group.

Bank Balances and Cash

As at 31 August 2022, the Group's bank balances and cash was approximately RMB1,318.1 million, representing an increase of 65.7% as compared with 31 August 2021. Such increase was mainly attributable to the fact that, during the reporting period, the Group's net increase in bank and other borrowings of approximately RMB318.7 million and increase in contract liabilities of approximately RMB115.1 million.

Liquidity, Financial Resources and Gearing Ratio

As at 31 August 2022, the Group had liquid funds (representing bank balances and cash and structured deposits recognised in financial assets at FVTPL) of approximately RMB1,458.1million (2021: RMB1,162.3 million) and bank and other borrowings of approximately RMB1,662.8 million (2021: RMB1,344.1 million). The Group's gearing ratio as at 31 August 2022, represented by bank and other borrowings as a percentage of total assets, was 23.0% (2021: 21.8%).

Foreign Exchange Risk Management

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

Material Acquisitions and Disposals

During the reporting period, the Group completed the acquisition of 100% of the entire equity interest in Guangdong Sun City Industrial (the "**Sales Shares of Guangdong Sun City Industrial**"), a company established in the PRC with limited liability, at a consideration of RMB150.0 million from a connected person (namely Nanning Yuzhuoqin Education Development Co., Ltd.* (南寧市宇卓琴教育發展有限公司), a company established in the PRC with limited liability) which in turn was owned as to 60% by Mr. Liu Yung Kwong and 40% by Ms. Chen Sudan, respective siblings of Mr. Liu Yung Chau and Ms. Chen Yuan, Rita, the Company's controlling shareholders and executive directors). Guangdong Sun City Industrial and its subsidiary are principally engaged in the operation of Huashang Technical School for the activities of vocational education. For details, please refer to the Company's announcements dated 14 December 2021 and 14 February 2022. During the reporting period, RMB150.0 million of the consideration had been settled in cash.

Due to the restriction of foreign ownership under the PRC laws, Shenzhen Qianhai Zhuochuang Education Investment Co., Ltd. (深圳前海卓創教育投資有限公司) (the "**OPCO**", together with Guangdong Sun City Industrial and Huashang Technical School collectively be referred to as the "**OPCO Group**") was designated by Guangzhou Zhiheng Education Development Co., Ltd.* (廣州智蘅教育發展有限公司) ("**Guangzhou Zhiheng Education**"), an indirect wholly-owned subsidiary of the Company, to acquire the Sales Shares of Guangdong Sun City Industrial. As such, Guangzhou Zhiheng Education has entered into the Structured Contracts (as defined in the announcement of the Company dated 27 January 2022) with the registered shareholders of the OPCO, the OPCO, Guangdong Sun City Industrial and Huashang Technical School, which enable Guangzhou Zhiheng Education to have effective control over the OPCO Group, and enjoy the economic benefits generated by the OPCO Group. For details, please refer to the announcements of the Company dated 27 January 2022 and 14 February 2022.

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

Charges on the Group's assets

As at 31 August 2022, the Group's bank and other borrowings had been secured by the equity interests of a subsidiary, certain deposits of the Group of approximately RMB22.6 million and the rights to receive the tuition fees and boarding fees of each Huashang College, Huashang Vocational College and Urban Vocational College.

Contingent Liabilities

As at 31 August 2022, 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 of 31 August 2022, the Group had approximately 5,800 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 2022, the staff costs (including Directors' remuneration) of the Group were approximately RMB559.7 million.

Moreover, the Company has adopted a share option scheme and a share award scheme (the "**Share Award Scheme**") on 6 June 2019 as incentives for Directors and eligible employees. Details of the said schemes are set out under the section headed "Post-IPO Share Option Scheme and Share Award Scheme" in the prospectus of the Company dated 4 July 2019 and the annual reports of the Company thereafter. Details of the grant of share options and grant of award shares under the said schemes during the year ended 31 August 2022 were set out in the announcement of the Company dated 15 July 2022.

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 Huashang Technical School 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 the Group's internal resources (including cash generated from operations) and/or external bank borrowings of the Group.

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

USE OF PROCEEDS FROM PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 13 January 2021, UBS AG Hong Kong Branch and China International Capital Corporation Hong Kong Securities Limited (collectively be referred to as "**Placing Agents**") and the Company entered into a placing agreement (the "**Placing Agreement**") pursuant to which the Company had conditionally agreed to place, through the Placing Agents on a several basis and on a best effort basis, up to a maximum of 53,300,000 new ordinary shares in the capital of the Company with a par value of US$0.01 each ("**Placing Share(s)**") to not less than six placees (who and whose ultimate beneficial owners shall be third parties independent of the Company and its connected persons) at the placing price of HK$8.73 per Placing Share (the "**Placing**") which were to be issued under the general mandate granted to the Directors by the shareholders resolutions passed at the annual general meeting of the Company on 21 January 2020 to allot, issue and deal with up to 203,672,400 shares, being 20% of the then total number of issued shares as at the date of passing of the relevant resolution. The placing price of HK$8.73 per Placing Share represented a discount of approximately 11.9% to the closing price of HK$9.91 per Share as quoted on the Stock Exchange on 12 January 2021.

On 20 January 2021 (the "**Placing Completion Date**"), the conditions of the Placing had been fulfilled and the Placing was completed. An aggregate of 53,300,000 Placing Shares was placed by the Placing Agents and were allotted and issued to not less than six placees at the placing price of HK$8.73 per Placing Share pursuant to the terms and conditions of the Placing Agreement. The Company received net proceeds of approximately HK$459.8 million (equivalent to approximately RMB384.8 million) which are intended to be used for potential future acquisitions, development of existing and new campuses of the Group and general working capital purposes. The net price to the Company of each Placing Share, which was calculated by dividing the aggregate net proceeds from the Placing by the total number of Placing Shares, was approximately HK$8.63. For details of the Placing, please refer to the Company's announcements dated 13 January 2021 and 20 January 2021.

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

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

As at 31 August 2022, the balance of proceeds from Placing has been fully utilised.

SUBSEQUENT EVENT

So far as the Directors are aware, there are no important events after 31 August 2022 and up to the date of this announcement.

PRE-EMPTIVE RIGHTS

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

ANNUAL GENERAL MEETING

The forthcoming annual general meeting (the "**AGM**") of the Company will be held on 27 January 2023. Notice of the AGM will be published and issued to the shareholders in due course.

SCRIP DIVIDEND SCHEME IN RELATION TO THE FINAL DIVIDEND

The Board has resolved to recommend payment of a final dividend in respect of the year ended 31 August 2022 ("**Final Dividend**") of HK9.60 cents (2021: HK8.40 cents) per ordinary share, to eligible shareholders of the Company (the "**Eligible Shareholders**") whose names appear on the register of members of the Company at the close of business on 7 February 2023 (the "**Record Date**"). The Final Dividend will be satisfied wholly in the form of an allotment of new shares of the Company credited as fully paid (the "**Scrip Shares**") in lieu of cash (the "**Scrip Dividend Scheme**") without offering any right to shareholders of the Company to receive the Final Dividend in cash in lieu of such allotment.

For the purpose of calculating the number of Scrip Shares to be allotted and issued under the Scrip Dividend Scheme, the issue price of the Scrip Shares will be HK$2.647 per Share, which is determined with reference to the average closing price per share as stated in the daily quotation sheet of the Stock Exchange for the three consecutive trading days commencing from Tuesday, 22 November 2022 to Thursday, 24 November 2022.

The Scrip Dividend Scheme is conditional upon (i) the approval of the Final Dividend and the Scrip Dividend Scheme by the Company's shareholders at the AGM of the ordinary resolutions approving the Final Dividend and the Scrip Dividend Scheme; (ii) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Scrip Shares to be issued under the Scrip Dividend Scheme; and (iii) compliance with the relevant legal procedures and requirements (if any) under the applicable laws of the Cayman Islands and the articles of association of the Company to effect the Scrip Dividend Scheme.

Reasons for and Benefits of the Scrip Dividend Scheme

Having taken into account the current economic and business environment, the Board considers that it will be in the best interest of the Company and its shareholders as a whole for the Company to reserve cash resources of the Group to finance business development of the Group and to enable the Group to seize business opportunity.

The Board believes that, in contrast to declaring cash dividend only, a combination of cash dividend and Scrip Shares allows the Company to share its success and growth with the Shareholders, but also at the same time to retain more cash for its long-term development.

The Scrip Dividend Scheme, which is in effect a re-investment in the Company, will allow its shareholders to enjoy a pro-rata increase in the number of shares held in the Company without incurring brokerage fees, stamp duty and related dealing costs.

Accordingly, the Board considers that the Scrip Dividend Scheme is in the interests of the Company and its shareholders as a whole.

A circular in respect of the AGM which (among others) gives full details of the Scrip Dividend Scheme including the expected timetable will be sent to the shareholders of the Company on or around 30 December 2022. Subject to the fulfilment of all conditions of the Scrip Dividend Scheme, it is expected that the Scrip Shares will be issued to the Eligible Shareholders and the share certificates for the Scrip Shares will be despatched to the Eligible Shareholders on or around 27 February 2023.

SPECIAL FINAL DIVIDEND

The Board has also resolved to recommend payment of a special final dividend in respect of the year ended 31 August 2022 of HK1.60 cents (2021: nil) per ordinary share, in an aggregate amount of approximately HK$17,318,000 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 7 February 2023. It is subject to approval by the shareholders of the Company at the AGM, and, if approved, will be paid in cash on or around 27 February 2023.

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 19 January 2023 to 27 January 2023, both days inclusive and during which period no share transfer will be effected, for the purpose of ascertaining shareholders' entitlement to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar and transfer office, Link Market Services (Hong Kong) Pty Limited, at Suite 1601, 16/F., Central Tower, 28 Queen's Road Central, Hong Kong, not later than 4:30 p.m. on 25 January 2023.

Entitlement to the proposed Final Dividend, the Scrip Dividend Scheme and the proposed special final dividend

Subject to the approval of the respective resolutions by shareholders at the AGM, the proposed special final dividend will be payable in cash to shareholders whose names appear on the register of members of the Company at the close of business on 7 February 2023, and the Scrip Shares in respect of the proposed Final Dividend will be issued to the Eligible Shareholders whose names appear on the register of members of the Company at the close of business on 7 February 2023. The register of members of the Company will be closed from 6 February 2023 to 7 February 2023, both days inclusive, during which period no transfers of shares will be registered, for the purpose of ascertaining shareholders' entitlement to the proposed Final Dividend, the Scrip Dividend Scheme and the proposed special final dividend. All transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Link Market Services (Hong Kong) Pty Limited, at Suite 1601, 16/F., Central Tower, 28 Queen's Road Central, Hong Kong not later than 4:30 p.m. on 3 February 2023.

SUFFICIENCY OF PUBLIC FLOAT

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

CORPORATE GOVERNANCE PRACTICES

The Company recognises the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the shareholders of the Company as a whole. The Company has adopted the code provisions as set out in Part 2 of 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. O'Yang Wiley, Mr. Xu Gang and Mr. Li Jiatong. Mr. O'Yang Wiley is the chairman of the Audit Committee.

The Audit Committee had reviewed together with the management of the Company, the Group's audited consolidated financial statements and annual results for the year ended 31 August 2022, 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 2022 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 2022.

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 2022 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, 25 November 2022

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. O'Yang Wiley and Mr. Li Jiatong.