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

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 28 FEBRUARY 2023

HIGHLIGHTS

	Note	**Six months ended 28 February 2023 (unaudited)**	28 February 2022 (unaudited)	**Percentage increase**
Revenue *(RMB'000)*		**972,751**	822,575	18.3%
Gross profit *(RMB'000)*		**491,831**	412,965	19.1%
Profit for the period attributable to owners of the Company *(RMB'000)*		**298,723**	251,199	18.9%
Non-IFRSs measure — Adjusted net profit attributable to owners of the Company *(RMB'000)*	(i)	**304,368**	263,952	15.3%
Basic earnings per share *(RMB cents)*		**27.73**	23.58	17.6%
Dividend per share — Interim dividend (with option to elect to receive dividends in cash and/or in new shares) *(HK cents)*		**9.00**	8.40	7.1%
Number of student enrolments		**85,603**	76,301	12.2%

Note:

(i) For the six months ended 28 February 2023, adjusted net profit attributable to owners of the Company is determined by adjusting profit for the period of RMB353,532,000 for the effect of net foreign exchange loss of RMB1,235,000, share-based payments of RMB4,410,000 and profit for the period attributable to non-controlling interests of RMB54,809,000.

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

RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Edvantage Group Holdings Limited (the "**Company**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively be referred to as the "**Group**") for the six months ended 28 February 2023 (the "**reporting period**") with comparative figures for the six months ended 28 February 2022 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 28 February 2023

		Six months ended	
		28 February 2023	28 February 2022
	NOTES	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Revenue	3	**972,751**	822,575
Cost of revenue		**(480,920)**	(409,610)
Gross profit		**491,831**	412,965
Other income		**58,664**	41,775
Investment income		**5,381**	4,469
Other gains and losses	4	**1,297**	12,575
Selling expenses		**(35,329)**	(23,112)
Administrative expenses		**(154,718)**	(148,473)
Finance costs		**(4,939)**	(6,176)
Profit before taxation		**362,187**	294,023
Taxation	5	**(8,655)**	(8,252)
Profit for the period	6	**353,532**	285,771
Other comprehensive income/(expenses)			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**146**	(572)
Total comprehensive income for the period		**353,678**	285,199

	NOTE	Six months ended 28 February 2023 RMB'000 (unaudited)	28 February 2022 RMB'000 (unaudited)
Profit for the period attributable to			
— owners of the Company		**298,723**	251,199
— non-controlling interests		**54,809**	34,572
		353,532	285,771
Total comprehensive income for the period attributable to			
— owners of the Company		**298,869**	250,627
— non-controlling interests		**54,809**	34,572
		353,678	285,199
Earnings per share	8		
Basic *(RMB cents)*		**27.73**	23.58
Diluted *(RMB cents)*		**27.70**	23.56

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 28 February 2023

	NOTES	At 28 February 2023 RMB'000 (unaudited)	At 31 August 2022 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	**4,625,619**	4,166,360
Right-of-use assets	9	**774,897**	787,167
Investment properties		**147,200**	147,200
Goodwill		**135,450**	135,382
Intangible assets		**195,837**	195,504
Amount due from a non-controlling shareholder		**65,127**	65,127
Deposits, prepayments and other receivables	10	**97,742**	71,492
Deposits paid for acquisition of property, plant and equipment		**113,377**	57,983
Deferred tax asset		**16,498**	16,776
		6,171,747	5,642,991
CURRENT ASSETS			
Inventories		**16,141**	9,421
Trade receivables, deposits, prepayments and other receivables	10	**139,072**	107,584
Financial assets at fair value through profit or loss ("**FVTPL**")		**163,103**	140,048
Bank balances and cash		**750,130**	1,318,052
		1,068,446	1,575,105
CURRENT LIABILITIES			
Contract liabilities		**903,740**	1,255,979
Trade payables	11	**43,943**	26,136
Other payables and accrued expenses		**313,446**	267,784
Amounts due to related parties		**3,056**	2,991
Income tax payable		**96,770**	88,788
Bank and other borrowings		**528,305**	492,078
Deferred income		**20,138**	30,496
Lease liabilities		**5,800**	6,663
		1,915,198	2,170,915
NET CURRENT LIABILITIES		**(846,752)**	(595,810)
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,324,995**	5,047,181

	At **28 February** **2023** ***RMB'000*** **(unaudited)**	At 31 August 2022 *RMB'000* (audited)
NON-CURRENT LIABILITIES		
Other payables	**66,000**	66,000
Bank and other borrowings	**1,108,047**	1,170,707
Deferred income	**76,814**	76,814
Lease liabilities	**9,979**	12,067
Deferred tax liabilities	**153,806**	153,988
	1,414,646	1,479,576
	3,910,349	3,567,605
CAPITAL AND RESERVES		
Share capital	**76,927**	74,195
Reserves	**3,186,170**	2,900,967
Equity attributable to owners of the Company	**3,263,097**	2,975,162
Non-controlling interests	**647,252**	592,443
	3,910,349	3,567,605

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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

The Group had net current liabilities of RMB846,752,000 as at 28 February 2023. 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 28 February 2023, included in the current liabilities of the Group was contract liabilities of approximately RMB903,740,000 representing the prepayments of tuition and boarding fees received by the Group before commencement of school terms which would be recognised as revenue over the remaining contract terms. Such contract liabilities shall not in itself result in any cash outflow for the Group. In addition, the Group could generate sufficient operating cash inflow to meet its future obligations.

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards ("**IFRSs**") and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 28 February 2023 are the same as those presented in the Group's annual financial statements for the year ended 31 August 2022.

Application of amendments to IFRSs

In the reporting period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the annual period beginning on or after 1 September 2022 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018–2020

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

3. REVENUE AND SEGMENT INFORMATION

Revenue from major services

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

	Six months ended	
	28 February 2023	28 February 2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Tuition fees recognised overtime	**845,624**	723,489
Boarding fees recognised overtime	**86,085**	65,714
Non-formal vocational education service fees recognised overtime	**41,042**	32,471
Fees from university cooperation programme recognised overtime	**—**	901
	972,751	822,575

Segment information

The Group is mainly engaged in the provision of private higher education and vocational education institution services in the People's Republic of China (the "**PRC**" or "**China**") 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, for the purposes of resource allocation and assessment of segment performance focusing on types of services provided.

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

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

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

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

Segment revenue and results

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

For the six months ended 28 February 2023 (unaudited)

	PRC higher education and vocational education *RMB'000*	**Overseas higher education and vocational education** *RMB'000*	**Total** *RMB'000*
Revenue			
External sales and segment revenue	**963,082**	**9,669**	**972,751**
Segment profit (loss)	**390,128**	**(9,197)**	**380,931**
Unallocated corporate expenses			**(17,903)**
Unallocated corporate income			**394**
Unallocated other gains and losses			**(1,235)**
Profit before taxation			**362,187**

For the six months ended 28 February 2022 (unaudited)

	PRC higher education and vocational education *RMB'000*	Overseas higher education and vocational education *RMB'000*	Total *RMB'000*
Revenue			
External sales and segment revenue	816,801	5,774	822,575
Segment profit (loss)	322,080	(6,324)	315,756
Unallocated corporate expenses			(22,029)
Unallocated corporate income			622
Unallocated other gains and losses			(326)
Profit before taxation			294,023

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

4. OTHER GAINS AND LOSSES

	Six months ended	
	28 February 2023	28 February 2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Fair value change on financial assets at FVTPL	**3,367**	12,987
Net foreign exchange loss	**(1,235)**	(415)
Impairment loss reversed on trade receivables, net	**209**	3
Others	**(1,044)**	—
	1,297	12,575

5. TAXATION

	Six months ended	
	28 February 2023	28 February 2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current tax		
— Hong Kong Profits Tax	**36**	(431)
— PRC Enterprise Income Tax	**8,523**	9,219
Withholding tax	**—**	783
	8,559	9,571
Deferred tax	**96**	(1,319)
Total	**8,655**	8,252

6. PROFIT FOR THE PERIOD

	Six months ended	
	28 February 2023	28 February 2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging:		
Staff costs, including Directors' remuneration		
— salaries and other allowances	**289,716**	256,547
— retirement benefit scheme contributions	**25,626**	21,401
— share-based payments	**4,410**	12,338
Total staff costs	**319,752**	290,286
Depreciation of property, plant and equipment	**80,407**	64,223
Depreciation of right-of-use assets	**13,209**	13,604
Short-term lease expenses	**679**	116

7. DIVIDENDS

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

	Six months ended	
	28 February 2023	28 February 2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Final dividend for the financial year ended 31 August 2022 of HK9.60 cents (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 a special final dividend for the financial year ended 31 August 2022 of HK1.60 cents (wholly paid in cash) (six months ended 28 February 2022: final dividend for the financial year ended 31 August 2021 of HK8.40 cents (wholly paid in cash)) per ordinary share	**107,466**	73,177

Subsequent to the end of the reporting period, the Directors have determined that an interim dividend of HK9.00 cents per ordinary share for the six months ended 28 February 2023 (six months ended 28 February 2022: HK8.40 cents per ordinary share), in an aggregate amount of approximately HK$100,949,589 (six months ended 28 February 2022: HK$90,036,210) which is calculated based on the number of issued shares of the Company at the end of the reporting period (i.e. 28 February 2023), will be declared to the shareholders of the Company ("**Shareholders**") whose names appear in the Company's register of members on 17 May 2023. The interim dividend will be payable in cash with a scrip alternative, allowing eligible Shareholders ("**Eligible Shareholders**") to elect to receive such interim dividend wholly in new shares of the Company, or partly in new shares of the Company and partly in cash, or wholly in cash.

8. EARNINGS PER SHARE

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

	Six months ended	
	28 February 2023	28 February 2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Earnings:		
Profit for the period attributable to owners of the Company for the purposes of calculating basic and diluted earnings per share	**298,723**	251,199

	Six months ended	
	28 February 2023 (unaudited)	28 February 2022 (unaudited)
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**1,077,355,037**	1,065,400,944
Effect of dilutive potential ordinary shares:		
Share options	**334,572**	—
Unvested awarded shares	**813,045**	1,033,478
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**1,078,502,654**	1,066,434,422

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 six month ended 28 February 2022 and 2023.

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

During the reporting period, the Group's addition in property, plant and equipment was RMB539,677,000 (six months ended 28 February 2022: RMB355,303,000).

During the reporting period, the Group has not made any payments for leasehold land (six months ended 28 February 2022: RMB6,950,000 which were recognised as additions to right-of-use assets).

During the reporting period, the Group entered into a new lease agreement for the use of office for two years. Upon lease commencement, the Group recognised right-of-use assets and lease liabilities of approximately RMB750,000 (six months ended 28 February 2022: RMB5,487,000), respectively.

10. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	At 28 February 2023 *RMB'000* (unaudited)	At 31 August 2022 *RMB'000* (audited)
Trade receivables	**36,159**	1,496
Less: allowance for credit losses	**(229)**	(438)
	35,930	1,058
Other receivables	**20,791**	17,637
Deposits	**16,870**	24,467
Prepayments	**106,231**	78,922
Advances to government	**56,992**	56,992
Total	**236,814**	179,076
Less: Amounts due within one year shown under current assets	**(139,072)**	(107,584)
Amounts shown under non-current assets	**97,742**	71,492

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

	At 28 February 2023 *RMB'000* **(unaudited)**	At 31 August 2022 *RMB'000* (audited)
0–30 days	**5,174**	307
31–90 days	**9,510**	—
91–180 days	**9,495**	751
181–365 days	**11,751**	—
Total	**35,930**	1,058

11. TRADE PAYABLES

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

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

	At 28 February 2023 *RMB'000* **(unaudited)**	At 31 August 2022 *RMB'000* (audited)
0–60 days	**5,313**	14,988
61–180 days	**24,775**	9,304
181–365 days	**12,674**	563
Over 365 days	**1,181**	1,281
	43,943	26,136

12. ACQUISITION OF SUBSIDIARIES/A BUSINESS

Six months ended 28 February 2023

There is no acquisition of subsidiaries or a business during the reporting period.

Six months ended 28 February 2022

During the six months ended 28 February 2022, 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 party 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.

Consideration transferred	*RMB'000*
Cash consideration paid	55,220
Consideration payable	94,780
	150,000

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

	RMB'000
Property, plant and equipment	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	55,220
Less: Cash and cash equivalent balances acquired	(13,370)
	41,850

MANAGEMENT DISCUSSION AND ANALYSIS

Business Progress

During the reporting period, the Group operated nine schools at home and abroad, i.e. Guangzhou Huashang College ("**Huashang College**"), Guangzhou Huashang Vocational College ("**Huashang Vocational College**") and Guangdong Huashang Technical School ("**Huashang Technical School**") in Guangdong Province, the PRC; Urban Vocational College of Sichuan ("**Urban Vocational College**") and Urban Technician College of Sichuan ("**Urban Technician College**") in Sichuan Province, the PRC; GBA Business School ("**GBABS**") in Hong Kong, the PRC; Global Business College of Australia ("**GBCA**") and Edvantage Institute Australia ("**EIA**") in Melbourne, Australia; and Edvantage Institute (Singapore) ("**EIS**") in the downtown of Singapore. In recent years, the vocational education sector has continuously received favorable policies, reflecting the strong support of the government to vocational education. Our group has been closely following national policies, adhering to high-quality and compliant school operation, and our business operations have shown high-quality and sustainable development, with steady improvement in performance. During the reporting period, the major business progress is as follows:

With record high student enrolment and organic growth, the schools continue to expand their capacity

Benefited from China's support for the development of vocational education and the continuous enhancement of our school brand, the Group's schools in China have recorded various degrees of year-on-year growth in terms of student enrolment. Meanwhile, the new campuses of the Group began operation to provide sufficient capacity for its growth. For the six months ended 28 February 2023, the Group had a total of 85,603 students, representing an increase of 12.2% as compared with that for the corresponding period of the preceding year, and a record high. The main reason for such increase attributed to an increase in enrolment for all domestic schools, among which the enrolment of Urban Vocational College and Urban Technician College increased by approximately 3,500 or 13.3% while the total enrollment of Huashang College, Huashang Vocational College and Huangshang Technical School grew by about 5,400 or 11.0% as compared with that for the corresponding period of the preceding year. The number of enrolments and the gradual increase in tuition fees provide solid foundation for the increase in both size and value for the Group.

National policies support private education, providing a bright future for vocational education

During the reporting period, China promulgated a series of beneficial vocational education policies, which provide more support for the vocational education sector, encourage companies to invest in schools and promote high quality and sustainable development of vocational education. In 2022, General Secretary Xi Jinping proposed strengthening the country with science education and developing talents in the Report of the 20th National Congress of the Communist Party of China. According to Strengthening the Building of a Highly Skilled Workforce for the New Era, companies are encouraged to participate in building vocational education and training institutions through sole proprietorship, joint venture, cooperation and other means. Strategic Plan for Expanding Domestic Demand (2022–2035) supports and regulates the development of private education. Pursuant to Opinions on Deepening the Construction and Reform of Modern Vocational Education System, it is proposed that the high school level examination for vocational education should be improved to support new business models, occupations and jobs and launch widespread technical and skill training. Against the backdrop of such beneficial policies, the Group pays close heed to national policies to deepen school-enterprise cooperation and integration of industry and education, allowing the Group to achieve stable growth in operating result over consecutive years and record high enrolments.

Further deepening the integration of industry and education to develop high-calibre technicians through cooperation

During the reporting period, the Group actively responded to national policies and focused on connotation construction. For talent demand in health, e-commerce, digital economy and other sectors, the Group cooperated with multiple famous enterprises in their respective sectors to further deepen the integration of industry and education. In the big health sector, Urban Vocational College collaborated with an elderly care company to establish the Smart Health and Elderly Care Industry Academy, guiding elderly care institutions to rely on emerging technology to build a "Internet+ Elderly Care Service" smart elderly care model, promoting the application of technologies such as artificial intelligence, big data, and 5G in the field of elderly care services, and cultivating application-oriented applied, diversified, and innovative elderly care service talents. In addition, the Group and a comprehensive science enterprise in the beauty industry jointly promoted the introduction of industry-education integration projects that integrate industrial knowhow into schools and drive education with industry resources, providing students with better fieldwork, internship, employment environment and opportunity, so as to cultivate talents that address the demand for high-quality development and innovation in the healthcare and beauty industry. For the e-commerce sector, the Group cooperated with an e-commerce company to establish an industry academy, providing a variety of fieldwork opportunities in terms of brand consultation, brand planning, brand cultivation and streaming agency for e-commerce students, with over 1,000 students participating in the streaming internship of e-commerce companies. For the digital economy, Huashang College cooperated with leading mobile game companies to establish a game and animation workshop, organise design competitions, focus on digital culture and innovative development and cultivate application-oriented and skill-oriented talents in the digital media and art sector.

Projects proceed as the pandemic recedes, reflecting the unlimited potential of international education

During the reporting period, the nine domestic and foreign schools under the Group accelerated their effort in introducing foreign education content and expanding overseas. The schools maintain high level of integration, introducing high quality programmes from foreign high schools, efficiently empowering domestic schools with quality overseas education resources. The Group actively created overseas integration classes, held lectures for students and teachers, introduced high-quality overseas programmes, launched dual-degree programmes, etc. In the past three years, the number of teachers and students participating in the overseas integration programme has grown rapidly. Moreover, Chinese schools have also introduced the certificate system for the overseas integration programme to establish the international integrated discipline. As the pandemic restrictions overseas are lifted, the Group will seize the opportunity to increase the number of its overseas students, further promote cooperation among the Group's domestic and overseas schools and provide domestic and foreign students and teachers with lessons and learning opportunities that grant international perspectives.

Number of Student Enrolments

The table below sets forth the number of student enrolments in the Group's schools for the year ended 31 August 2022 and for the six months ended 28 February 2023:

Number of student enrolments (approx.)	**Six months ended 28 February 2023**	Year ended 31 August 2022
Higher formal vocational education		
Huashang College	**29,300**	27,200
Huashang Vocational College	**18,500**	17,100
Urban Vocational College	**16,900**	15,400
Schools outside China [1]	**1,200**	1,200
Secondary formal vocational education		
Urban Technician College	**13,000**	11,600
Huashang Technical School[2]	**6,700**	5,100

Note 1: Schools outside China include GBCA, EIA, EIS and GBABS.

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

Range of Tuition Fees and Boarding Fees

The table below sets forth the range of tuition fees and accommodation fees charged by the Group's schools to each student for the 2021/2022 and 2022/2023 school years:

	2022/2023 school year *RMB*	2021/2022 school year *RMB*	**2022/2023 school year** *RMB*	2021/2022 school year *RMB*
	Range of tuition fees		**Range of boarding fees**	
Higher formal vocational education				
Huashang College				
Regular undergraduate programmes	**28,000–48,000**	28,000–48,000	**2,000–4,800**	2,000–4,800
Upgrading programmes	**28,000–38,000**	28,000–37,000	**2,000–4,800**	2,000–4,800
Huashang Vocational College				
Regular junior college programmes	**17,500–30,800**	17,000–30,800	**1,800–4,980**	2,000–4,980
Urban Vocational College				
Regular junior college programmes	**9,800–34,000**	9,800–34,000	**1,200–3,300**	1,200–3,300
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	**1,200–2,000**	1,200
Huashang Technical School[2]				
Secondary vocational education diploma programmes	**8,800–13,000**	6,800–12,500	**2,000–3,000**	1,800–3,000

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 year ended 31 August 2022, the information presented is the relevant information after the completion of the acquisition until the end of the relevant reporting period.

Future Development

Looking ahead to the future, relying on strong policy support, the Group will continue to closely follow national policies, aim at national strategies, focus on connotation construction, and increase exploration of collaborative development among "industry, academia, and research". At the same time, by jointly establishing industry academies with leading enterprises in the fields of "smart elderly care", "medical beauty", "e-commerce", and "digital media culture", the Group will continue to deepen the integration of industry and education, continuously introduce advanced teaching concepts, increase investment in infrastructure, and continue to create and provide high-quality vocational education opportunities for more students, cultivating high-level application-oriented and innovative talents with international perspectives. The Group will continue to take on the responsibility of improving the quality of vocational education and better serving social development.

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 and outside China, and non-formal vocational education service fees at its schools in the PRC. For the six months ended 28 February 2023, the Group's revenue was approximately RMB972.8 million, representing an increase of 18.3% as compared with the corresponding period of the preceding year, which was mainly attributable to the increase in the number of student enrolments of Huashang College, Huashang Vocational College, Urban Vocational College and Urban Technician College of the Group and the revenue generated by the school acquired in the financial year ended 31 August 2022 (i.e. Huashang Technical School).

Cost of Revenue

Cost of revenue consists primarily of staff costs, education expenses, depreciation, property management expenses and other costs. For the six months ended 28 February 2023, the Group's cost of revenue amounted to approximately RMB481.0 million, representing an increase of 17.4% as compared with the corresponding period of the preceding year.

Gross Profit and Gross Margin

For the six months ended 28 February 2023, the Group recorded a gross profit of approximately RMB491.8 million, representing an increase of 19.1% as compared with the corresponding period of the preceding year. The growth was mainly attributable to (i) the increase in number of student enrolments from both Huashang College and Huashang Vocational College, Urban Vocational College of Sichuan and Urban Technician College of Sichuan (ii) the school acquired in the beginning of year 2022 (i.e. Huashang Technical School) and (iii) various efforts of cost control. For the six months ended 28 February 2023, the Group achieved a gross margin of 50.6%, up by 0.4 percentage points as compared with the corresponding period of the preceding year.

Selling and Administrative Expenses

Selling expenses consist of advertising expenses, recruiting expenses and salary expenses. For the six months ended 28 February 2023, the Group's selling expenses amounted to approximately RMB35.3 million, representing an increase of 52.9% as compared with the corresponding period of the preceding year. It was mainly attributable to the increase in recruiting expenses and advertising expenses for the Group.

Administrative expenses primarily consist of administrative payroll, repair, maintenance and property management expenses, professional consulting fees, office expenses, depreciation, business development related expenses, other tax expenses and others. For the six months ended 28 February 2023, the Group's administrative expenses amounted to approximately RMB154.7 million, representing a slight increase of 4.2% as compared with the corresponding period of the preceding year. It was mainly attributable to the increases in business development related expenses and depreciation.

Profit Before Taxation

For the six months ended 28 February 2023, the Group recorded a profit before taxation of approximately RMB362.2 million, representing an increase of 23.2% as compared with the corresponding period of the preceding year.

Non-IFRSs measure — Adjusted net profit attributable to owners of the Company

To supplement the Group's consolidated results prepared and presented in accordance with IFRSs, the Group uses adjusted net profit attributable to owners of the Company as an additional financial measure.

Adjusted net profit attributable to owners of the Company is determined by adjusting profit for the period for the effect of net foreign exchange gain or loss, share-based payments and profit for the period attributable to non-controlling interests (if any). For the six months ended 28 February 2023, the Group's adjusted net profit attributable to owners of the Company amounted to approximately RMB304.4 million, representing an increase of 15.3% as compared with the corresponding period of the preceding year.

	Six months ended	
	28 February 2023	28 February 2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Profit for the period	**353,532**	285,771
Adjustments for:		
Net foreign exchange loss	**1,235**	415
Share-based payments	**4,410**	12,338
	5,645	12,753
Adjusted net profit	**359,177**	298,524
Less: profit for the period attributable to non-controlling interests	**(54,809)**	(34,572)
Adjusted net profit attributable to owners of the Company	**304,368**	263,952

Whilst adjusted net profit attributable to owners of the Company is not required by or presented in accordance with IFRSs, the management of the Company believes that such non-IFRSs financial measure provides useful supplementary information to investors in assessing the results of the Group's core businesses by excluding the impact of certain foreign exchange loss and share-based payments. However, such unaudited non-IFRSs financial measure should be regarded as supplement to, and not substitute for, the Group's financial results prepared in accordance with IFRSs. In addition, the definition of such non-IFRSs financial measure does not have a standardised meaning prescribed by IFRSs and therefore may not be comparable to similar measures presented by other companies, and may differ from similar terminology used by other companies. Accordingly, the use of such non-IFRSs measure has limitation as an analytical tool, and investors should not consider it in isolation form, or as a substitute for analysis of our results of operations or financial conditions as reported under IFRSs.

Property, Plant and Equipment

As of 28 February 2023, the Group's property, plant and equipment amounted to approximately RMB4,625.6 million, representing an increase of 11.0% as compared with 31 August 2022. Such an increase was a result of (i) the construction of a new campus for Huashang Vocational College at Xinhui District, Jiangmen City, Guangdong Province, (ii) the construction of teaching facilities of Huashang College at Sihui District, Guangdong Province; and (iii) the construction of campus in Meishan, Sichuan Province.

Capital Expenditures

For the six months ended 28 February 2023, the Group recorded approximately RMB475.2 million in capital expenditures. It was mainly attributable to (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, (ii) the construction of the new Xinhui Campuses for Huashang Vocational College and (iii) construction of new teaching facilities on Meishan Campus of Urban Vocational College and enhancement of the existing teaching facilities.

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

As at 28 February 2023, the Group's financial assets at FVTPL amounted to approximately RMB163.1 million (31 August 2022: RMB140.0 million), being structured deposits invested in banks and financial institutions in the PRC as the Company's treasury management purpose is maximising its return on the surplus cash received from its business operations without interfering with its business operations or capital expenditures, for which the Group expected that such structured deposits would earn a better yield than current deposits generally offered by banks in the PRC. The increase was mainly attributable to the addition net off by the redemption during the reporting period. For the six months ended 28 February 2023, the Group recorded a fair value change on financial assets at FVTPL of approximately RMB3.4 million (31 August 2022: RMB16.0 million), which was mainly derived from the structured deposits interest income received and receivable. As at 28 February 2023, no single investment in such structured deposits of the Group accounted for more than 5% of the total assets of the Group.

Bank Balances and Cash

As of 28 February 2023, the Group's bank balances and cash was approximately RMB750.1 million, representing a decrease of 43.1% as compared with that as of 31 August 2022. Such decrease was mainly attributable to the fact that during the reporting period, the Group (i) recorded capital expenditures in the sum of approximately RMB475.2 million, and (ii) repayment of bank borrowings.

Issue of New Shares

On 27 February 2023, the Company issued 39,256,118 ordinary shares under the Share Dividend Scheme (as defined in the Company's circular dated 30 December 2022 ("**Circular**")) for the payment of Final Dividend (as defined in the Circular) for the financial year ended 31 August 2022. The market value for calculating the number of shares allotted to the shareholders of the Company pursuant to the Share Dividend Scheme was HK2.647 per share, which is determined with reference to the Average Closing Price (as defined in the Circular).

Liquidity, Financial Resources and Gearing Ratio

As at 28 February 2023, the Group had liquid funds (representing bank balances and cash and structured deposits recognised in financial assets at FVTPL) of approximately RMB913.2 million (31 August 2022: RMB1,458.1 million) and bank and other borrowings of approximately RMB1,636.4 million (31 August 2022: RMB1,662.8 million).

The Group's gearing ratio as of 28 February 2023, represented by bank and other borrowings as a percentage of total assets, was 22.6% (31 August 2022: 23.0%).

Foreign Exchange Risk Management

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

Material Acquisitions and Disposals

The Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures during the reporting period.

Charge on the Group's Assets

As at 28 February 2023, the Group's bank and other borrowings had been secured by the equity interests of a subsidiary, certain deposits of the Group of approximately RMB14.5 million and the rights to receive the tuition fees and boarding fees of each of Huashang College, Huashang Vocational College and Urban Vocational College.

Save as disclosed above, there was no other material charge on the Group's assets as at 28 February 2023.

Contingent Liabilities

As at 28 February 2023, the Group had no significant contingent liabilities.

Human Resources

As at 28 February 2023, the Group had approximately 5,900 employees. The Group offers competitive remuneration packages to the employees, which are determined in accordance with the relevant laws and regulations of the local jurisdictions where the Group operates and the individual qualification, experience and performance of the relevant employees, as well as the prevailing salary levels in the market. In addition, the Group provides other comprehensive fringe benefits to the employees, including social insurance and mandatory provident funds, in accordance with the applicable laws and regulations. For the six months ended 28 February 2023, the staff costs (including Directors' remuneration) of the Group were approximately RMB319.8 million.

Moreover, the Company has adopted a share option scheme and 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.

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

SUBSEQUENT EVENT

So far as the Directors are aware, there are no important events after 28 February 2023 and up to the date of this announcement.

INTERIM DIVIDEND

The Board is pleased to declare an interim dividend in the sum of HK 9.0 cents per share in respect of the six months ended 28 February 2023 (six months ended 28 February 2022: HK 8.4 cents) to shareholders whose names appear on the register of members of the Company on 17 May 2023, Wednesday, whereas the interim dividend will be payable in cash with a scrip dividend alternative which allows eligible shareholders of the Company ("**Eligible Shareholders**") to elect to receive the interim dividend wholly in new shares or partly in new shares and partly in cash or wholly in cash (the "**Scrip Dividend Scheme**").

For the purpose of calculating the number of new shares to be allotted and issued under the Scrip Dividend Scheme, the issue price of the new shares will be HK$2.720 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 21 April 2023, Friday to 25 April 2023, Tuesday.

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

A circular giving full details of the Scrip Dividend Scheme together with the relevant form of election will be sent to the Eligible Shareholders on or around 31 May 2023, Wednesday. It is expected that the interim dividend cheques and certificates for the new shares (in case the Eligible Shareholders have elected to receive part or all of their interim dividend in the form of new shares) will be despatched to the Eligible Shareholders on or around 30 June 2023, Friday.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed during the period from 12 May 2023, Friday to 17 May 2023, Wednesday, both days inclusive and during which period no share transfer will be effected, for the purpose of ascertaining shareholders' entitlement to the interim dividend. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar and transfer office, 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 11 May 2023, Thursday.

CORPORATE GOVERNANCE PRACTICES

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

The Company has complied with the relevant code provisions contained in Part 2 of the CG Code during the reporting period.

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

MODEL CODE FOR SECURITIES TRANSACTIONS

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

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

REVIEW OF FINANCIAL INFORMATION

Audit Committee

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

The Group's consolidated interim results for the six months ended 28 February 2023 have not been audited but the Audit Committee had reviewed, together with the management of the Company, the Group's unaudited consolidated interim results for the six months ended 28 February 2023, the accounting principles and policies adopted by the Group and discussed internal control and financial reporting matters of the Group.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.edvantagegroup.com.hk). The interim report of the Company for the six months ended 28 February 2023 containing all the information required by the Listing Rules will be despatched to shareholders and published on the above websites in due course.

APPRECIATION

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

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

Hong Kong, 26 April 2023

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.