



中匯集團
Edvantage Group

Edvantage Group Holdings Limited

中匯集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code : 0382



2023

INTERIM REPORT



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Corporate Profile

Board of Directors

Executive Directors

Mr. Liu Yung Chau (*Chairman*)
Ms. Chen Yuan, Rita
Ms. Liu Yi Man (*Chief Executive Officer*)

Non-executive Director

Mr. Liu Yung Kan

Independent Non-executive Directors

Mr. Xu Gang
Mr. O'Yang Wiley
Mr. Li Jiatong

Company Secretary

Mr. Wong Shing Mun (*FCCA, HKICPA*)

Authorised Representatives

Mr. Liu Yung Chau
Mr. Wong Shing Mun (*FCCA, HKICPA*)

Audit Committee

Mr. O'Yang Wiley (*Chairman*)
Mr. Xu Gang
Mr. Li Jiatong

Remuneration Committee

Mr. Xu Gang (*Chairman*)
Mr. O'Yang Wiley
Mr. Li Jiatong

Nomination Committee

Mr. Xu Gang (*Chairman*)
Mr. O'Yang Wiley
Mr. Li Jiatong

Executive Committee

Mr. Liu Yung Chau (*Chairman*)
Ms. Chen Yuan, Rita
Ms. Liu Yi Man

Registered Office

Maples Corporate Services Limited
PO Box 309
Ugland House
Grand Cayman, KY1-1104
Cayman Islands

Headquarters in the PRC

No. 1 Huashang Road
Lihu Street, Zengcheng
Guangzhou
The PRC

Principal Place of Business in Hong Kong

Room 1115, 11/F, Wing On Plaza
62 Mody Road
Tsim Sha Tsui
Kowloon
Hong Kong

Principal Share Registrar and Transfer Office

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall
Cricket Square
Grand Cayman, KY1-1102
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Link Market Services (Hong Kong)
Pty Limited
Suite 1601, 16/F., Central Tower
28 Queen's Road Central
Central
Hong Kong

Legal Adviser

Ronald Tong & Co
Room 501, 5/F
Sun Hung Kai Centre
30 Harbour Road
Hong Kong

Auditor

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors
35/F, One Pacific Place
88 Queensway, Admiralty
Hong Kong

Stock Code

Stock Code: 0382

Company's Website

www.edvantagegroup.com.hk

Principal Bankers

Guangzhou Rural Commercial Bank
Co., Ltd.

Gualv Road Sub-branch
29 Gualv Road
Licheng Street, Zengcheng
Guangzhou
The PRC

Bank of Communications Co., Ltd.
Guangzhou Xintang Sub-branch
365 Gangkou Avenue North
Xintang Town
Guangzhou
The PRC

China Construction Bank Corporation
Co., Ltd.

Zengcheng Sub-branch
69 Zengcheng Avenue
Licheng Street, Zengcheng
Guangzhou
The PRC

Bank of China Limited
Guangzhou Zengcheng Xintang
Sub-branch
130 North Jiefang Road
Xintang Town, Zengcheng
Guangzhou
The PRC

Financial Highlights

| | Six months ended | | | |
|---|------------------|------------------------------------|------------------------------------|------------------------|
| | Note | 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.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 28 February 2023

| | NOTES | Six months ended | |
|--|-------|---|---|
| | | 28 February 2023 RMB'000 (unaudited) | 28 February 2022 RMB'000 (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) | | | |
| <i>Item that may be reclassified subsequently to profit or loss:</i> | | | |
| Exchange differences arising on translation of foreign operations | | 146 | (572) |
| Total comprehensive income for the period | | 353,678 | 285,199 |

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 28 February 2023

| | 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 |

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) |
|--|-------|---|---|
| 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 |
| 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 | 12 | 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 |

Condensed Consolidated Statement of Changes in Equity

For the six months ended 28 February 2023

| | Attributable to owners of the Company | | | | | | | | | | | Non-controlling interests | Total |
|--|---------------------------------------|---------------|---------------|------------------------------|--------------------------------------|---------------------|----------------------|---------------------|---------------------------|------------------|-----------|---------------------------|-----------|
| | Share capital | Share premium | Other reserve | Property revaluation reserve | Shares held under share award scheme | Share award reserve | Share option reserve | Translation reserve | Statutory surplus reserve | Retained profits | Sub-total | | |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | | | (Note i) | (Note ii) | (Note iv) | | | | (Note iii) | | | | |
| At 1 September 2021 (audited) | 73,488 | 938,528 | 194,428 | 4,467 | (40,118) | 6,303 | 19,887 | (1,865) | 398,446 | 939,817 | 2,533,381 | 512,574 | 3,045,955 |
| Profit for the period | — | — | — | — | — | — | — | — | — | 251,199 | 251,199 | 34,572 | 285,771 |
| Other comprehensive income for the period | — | — | — | — | — | — | — | (572) | — | — | (572) | — | (572) |
| Total comprehensive income for the period | — | — | — | — | — | — | — | (572) | — | 251,199 | 250,627 | 34,572 | 285,199 |
| Dividends recognised as distribution (note 7) | — | — | — | — | — | — | — | — | — | (73,177) | (73,177) | — | (73,177) |
| Recognition of equity-settled share-based payments | — | — | — | — | — | 3,816 | 8,522 | — | — | — | 12,338 | — | 12,338 |
| Share awards vested | — | — | — | — | 2,636 | (2,449) | — | — | — | (187) | — | — | — |
| Share award forfeited | — | — | — | — | — | (146) | — | — | — | 146 | — | — | — |
| Transfer | — | — | — | — | — | — | — | — | 30,288 | (30,288) | — | — | — |
| At 28 February 2022 (unaudited) | 73,488 | 938,528 | 194,428 | 4,467 | (37,482) | 7,524 | 28,409 | (2,437) | 428,734 | 1,087,510 | 2,723,169 | 547,146 | 3,270,315 |
| At 1 September 2022 (audited) | 74,195 | 882,928 | 194,428 | 4,467 | (34,556) | 6,712 | 14,732 | (369) | 469,122 | 1,363,503 | 2,975,162 | 592,443 | 3,567,605 |
| Profit for the period | — | — | — | — | — | — | — | — | — | 298,723 | 298,723 | 54,809 | 353,532 |
| Other comprehensive income for the period | — | — | — | — | — | — | — | 146 | — | — | 146 | — | 146 |
| Total comprehensive income for the period | — | — | — | — | — | — | — | 146 | — | 298,723 | 298,869 | 54,809 | 353,678 |
| Dividends recognised as distribution (note 7) | — | (15,352) | — | — | — | — | — | — | — | — | (15,352) | — | (15,352) |
| Recognition of equity-settled share-based payments | — | — | — | — | — | 1,744 | 2,673 | — | — | — | 4,417 | — | 4,417 |
| Issue of shares (note 12) | 2,731 | (2,731) | — | — | — | — | — | — | — | — | — | — | — |
| Share awards vested | — | — | — | — | 2,801 | (2,529) | — | — | — | (272) | — | — | — |
| Share award forfeited | — | — | — | — | — | (332) | — | — | — | 332 | — | — | — |
| Issue of shares upon exercise of share options (note 12) | 1 | 10 | — | — | — | — | (3) | — | — | — | 8 | — | 8 |
| Share options forfeited/cancelled | — | — | — | — | — | — | (7) | — | — | — | (7) | — | (7) |
| Transfer | — | — | — | — | — | — | — | — | 40,431 | (40,431) | — | — | — |
| At 28 February 2023 (unaudited) | 76,927 | 864,855 | 194,428 | 4,467 | (31,755) | 5,595 | 17,395 | (223) | 509,553 | 1,621,855 | 3,263,097 | 647,252 | 3,910,349 |

Condensed Consolidated Statement of Changes in Equity

For the six months ended 28 February 2023

Notes:

- i. The other reserve mainly represents (i) the deemed distribution to controlling shareholders which represents the difference between the fair value of the lower-than-market interest rate advances to Guangzhou Sun City Group Co., Ltd.* (廣州市太陽城集團有限公司) and the principal amount of the advances at initial recognition; (ii) the deemed contribution from controlling shareholders which represents the differences between the nominal value and fair value of the lower-than-market interest rate advances on the inception date and settlement date upon early repayment; (iii) the difference between the principal amounts of consideration paid/received and the relevant share of carrying value of the subsidiaries' net assets acquired from/disposed to the non-controlling interests; (iv) the deemed distribution to the controlling shareholders arising from financial guarantee provided to Guangzhou Sun City Hotel Co., Ltd.* (廣州太陽城大酒店有限公司); and (v) the adjustments to non-controlling interests in respect of change in equity interests in a subsidiary.
- ii. The property revaluation reserve of the Group represents the gain on revaluation of certain properties for own use of the Group as a result of transfers of those properties for own use from properties, plant and equipment to investment properties.
- iii. Pursuant to the relevant laws in the People's Republic of China (the "PRC"), the Company's subsidiaries in the PRC shall make appropriations from after-tax profit to non-distributable reserve funds as determined by the board of directors of the relevant PRC subsidiaries. These reserves include (i) general reserve of the limited liabilities companies and (ii) the development fund of schools.
 - (i) For PRC subsidiaries with limited liability, they are required to make annual appropriations to general reserve of 10% of after-tax profits as determined under the PRC laws and regulations at each period-end until the balance reaches 50% of the relevant PRC entity's registered capital.
 - (ii) According to the relevant PRC laws and regulations, for private school that does not require for reasonable return, it is required to appropriate to development fund of not less than 10% of the net income of the relevant schools as determined in accordance with generally accepted accounting principles in the PRC. The development fund shall be used for the construction or maintenance of the schools or procurement or upgrading of educational equipment.
- iv. Shares held under share award scheme comprises the consideration paid for the treasury shares held for the share award scheme, including any attributable incremental costs for the purchase of shares under the share award scheme.

Condensed Consolidated Statement of Cash Flows

For the six months ended 28 February 2023

| | Six months ended | |
|--|-----------------------------|---------------------|
| | 28 February 2023 | 28 February 2022 |
| | RMB'000 | <i>RMB'000</i> |
| | (unaudited) | (unaudited) |
| Net cash generated (used in) from operating activities | 93,646 | (78,369) |
| Net cash used in investing activities | | |
| Purchase of financial assets at FVTPL | (1,028,631) | (1,501,901) |
| Acquisition of subsidiaries/a business | — | (41,850) |
| Payments for acquisition of property, plant and equipment | (475,202) | (247,709) |
| Payments for right-of-use assets | — | (6,950) |
| Deposits paid for acquisition of property, plant and equipment | (77,391) | (39,227) |
| Redemption of financial assets at FVTPL | 1,005,491 | 1,502,530 |
| Interest income from banks | 5,381 | 4,469 |
| Interest income from financial assets at FVTPL | 3,452 | 3,963 |
| | (566,900) | (326,675) |

Condensed Consolidated Statement of Cash Flows

For the six months ended 28 February 2023

| | Six months ended | |
|--|---|---|
| | 28 February 2023 RMB'000 (unaudited) | 28 February 2022 RMB'000 (unaudited) |
| Net cash (used in) generated from financing activities | | |
| Repayment of bank and other borrowings | (249,539) | (274,666) |
| Dividends paid | (15,352) | (73,177) |
| Interest paid | (47,019) | (43,478) |
| Repayment of lease liabilities | (4,031) | (4,347) |
| Interest paid on lease liabilities | (398) | (562) |
| New bank and other borrowings raised | 222,004 | 544,761 |
| Proceeds from issue of shares upon exercise of share options | 8 | — |
| | (94,327) | 148,531 |
| Net decrease in cash and cash equivalents | (567,581) | (256,513) |
| Cash and cash equivalents at beginning of the period | 1,318,052 | 795,344 |
| Net effect of foreign exchange rate changes | (341) | (306) |
| Cash and cash equivalents at end of the period, represented by bank balances and cash | 750,130 | 538,525 |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2023

1. GENERAL

Edvantage Group Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands and registered as an exempted company with limited liability under the Companies Law, Chapter 22 of the Cayman Islands on 18 October 2018. Its immediate and ultimate holding company is Debo Education Investments Holdings Limited (德博教育投資控股有限公司) (“**BVI Holdco**”). The ultimate controlling shareholders of the Company and together with its subsidiaries (the “**Group**”) are Mr. Liu Yung Chau (“**Mr. Liu**”) and Ms. Chen Yuan, Rita (“**Ms. Chen**”), the spouse of Mr. Liu (“**Controlling Shareholders**”). Mr. Liu is the chairman and an executive director of the Company, and Ms. Chen is an executive director of the Company. The shares of the Company had been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 16 July 2019.

The 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 PRC and overseas.

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 Stock Exchange (the “**Listing Rules**”).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2023

1A. BASIS OF PREPARATION

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 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 more than significant for the Group. In addition, the Group could generate sufficient operating cash inflow as well as available bank facilities 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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2023

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

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 RMB'000 (unaudited) | 28 February 2022 RMB'000 (unaudited) |
| Type of services | | |
| 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 |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2023

3. REVENUE AND SEGMENT INFORMATION (Continued)

Revenue from major services (Continued)

The revenue of the Group comprises of the tuition fees and boarding fees from the Group's higher education and vocational education programmes, other vocational education service fees and fees from university cooperation programme. The Group's contracts with students for higher education and vocational education programmes in the PRC are normally with duration of 1 year and renewed up to total duration of 2–4 years depending on the education programmes, while those for boarding fees are normally with duration of 1 year. The Group's contracts with students for higher education and vocational education programmes in overseas (including Diploma/Advanced Diploma/Certificate) are normally with duration of 12–76 weeks (six months ended 28 February 2022: 12–76 weeks) while those contracts for university cooperation programme for bachelor's degree programmes are normally with duration of 1 year and renewed up to total duration of 3 years. Non-formal vocational education service fees represent short-term vocational education service fees derived from vocation education courses and preparation courses for qualified examination in the PRC. The contracts for non-formal vocational education service are normally with duration of 1 month to 1 year. Tuition and boarding fees, other vocational education service fees and fees from university cooperation programme are charged at pre-determined fixed consideration.

Transaction price allocated to the remaining performance obligation for contracts with customers

The contracts for tuition courses, boarding, other vocational education service and university cooperation programme are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2023

3. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results

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 and Ms. Chen, executive directors of the Company, for the purposes of resource allocation and assessment of segment performance focusing on types of services provided.

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2023

3. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

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 | <u>963,082</u> | <u>9,669</u> | <u>972,751</u> |
| Segment profit (loss) | <u>390,128</u> | <u>(9,197)</u> | <u>380,931</u> |
| Unallocated corporate expenses | | | (17,903) |
| Unallocated corporate income | | | 394 |
| Unallocated other gains and losses | | | <u>(1,235)</u> |
| Profit before taxation | | | <u>362,187</u> |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2023

3. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

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 | <u>816,801</u> | <u>5,774</u> | <u>822,575</u> |
| Segment profit (loss) | <u>322,080</u> | <u>(6,324)</u> | 315,756 |
| Unallocated corporate expenses | | | (22,029) |
| Unallocated corporate income | | | 622 |
| Unallocated other gains and losses | | | <u>(326)</u> |
| Profit before taxation | | | <u>294,023</u> |

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.

Segment assets and liabilities

No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the CODM of the Group on making decision for resource allocation and performance assessment.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2023

4. OTHER GAINS AND LOSSES

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2023

5. TAXATION (Continued)

According to the Implementation Rules for the Law for Promoting Private Education, private schools for which the school sponsors do not require reasonable returns are eligible to enjoy the same preferential tax treatment as public schools. As a result, private schools, which are providing academic qualification education, are eligible to enjoy income tax exemption treatment if the school sponsors of such schools do not require reasonable returns. Certain private higher and vocational education institutions have been granted enterprise income tax exemption for the tuition related income from relevant local tax authorities. During the six months ended 28 February 2023, the non-taxable tuition related income amounted to RMB919,936,000 (six months ended 28 February 2022: RMB765,491,000), and the related non-deductible expense amounted to RMB543,625,000 (six months ended 28 February 2022: RMB489,763,000).

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 |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2023

7. DIVIDENDS

During the reporting period, the Company recognised the following dividend 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 preceding financial year ended 31 August 2021 of HK8.40 cents (wholly paid in cash)) per ordinary share | 107,466 | 73,177 |

Note:

The final dividend in respect of the year ended 31 August 2022 totalling RMB107,466,000 has been paid partly in new shares of the Company and partly in cash. The number of ordinary shares settled and issued as scrip dividends was 39,256,118 and the total amount of dividend paid as share dividends was RMB92,114,000 while cash dividend amounted to RMB15,352,000.

Subsequent to the end of the reporting period, the directors of the Company 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 and paid to the shareholders of the Company 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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 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 RMB750,000, respectively (six months ended 28 February 2022: 5,487,000).

10. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

| | At 28 February 2023 RMB'000 (unaudited) | At 31 August 2022 RMB'000 (audited) |
|--|---|---|
| Trade receivables (<i>Note i</i>) | 36,159 | 1,496 |
| Less: allowance for credit losses | (229) | (438) |
| | 35,930 | 1,058 |
| Staff advances | 1,563 | 1,620 |
| Other receivables | 17,758 | 14,859 |
| Interest income receivables | 414 | 225 |
| Deposits | 16,870 | 24,467 |
| Prepayments | 106,231 | 78,922 |
| Advances to government (<i>Note ii</i>) | 56,992 | 56,992 |
| Other tax recoverable | 1,056 | 933 |
| | 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 |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2023

10. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES (Continued)

Notes:

- (i) The students are required to pay tuition fees, university cooperation programme fees and boarding fees in advance for the upcoming school years before the commencements of the courses. The outstanding receivables represent amounts related to students who have applied for the delayed payment of tuition fees, university cooperation programme fees and boarding fees. There is no fixed term for delayed payments. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of individual students, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances.
- (ii) The amounts represent refundable advances to the municipal government to finance their expenses borne on revamp of the land which the Group plans to acquire in the future. The refundable advances are interest-free and the management of the Group expected that the amount would be repayable more than one year from the end of the reporting period.

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 |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2023

10. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES (Continued)

As at 28 February 2023, the Group's trade receivables and receivables from education departments balance with aggregate carrying amount of RMB35,930,000 (31 August 2022: RMB1,058,000) are past due as at reporting date for which the Group has not provided for impairment loss. The Group considered the trade receivables overdue over 90 days for students that are not dropped out from schools are not default as the tuition fees, university cooperation programme fees and boarding fees are usually fully received upon the graduation of the students by reference to past experience. The Group also considered the receivables from education departments overdue over 90 days are not default as payments from education departments may take long administrative process based on historical experience.

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 |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2023

12. SHARE CAPITAL

| | Number of shares | Amount US\$ | Shown in the condensed consolidated financial statements RMB'000 |
|--|---------------------|----------------|---|
| Ordinary share of US\$0.01 each | | | |
| At 1 September 2021, 28 February 2022, 1 September 2022 and 28 February 2023 | 1,500,000,000 | 15,000,000 | N/A |
| Issued and fully paid: | | | |
| At 1 September 2021 and 28 February 2022 | 1,071,859,638 | 10,718,596 | 73,488 |
| Issue of shares (<i>Note i</i>) | 10,542,441 | 105,424 | 707 |
| At 1 September 2022 | 1,082,402,079 | 10,824,020 | 74,195 |
| Issue of shares upon exercise of share options | 3,908 | 39 | 1 |
| Issue of shares (<i>Note ii</i>) | 39,256,118 | 392,561 | 2,731 |
| At 28 February 2023 | 1,121,662,105 | 11,216,620 | 76,927 |

Notes:

- i. On 30 June 2022, the Company issued 10,542,441 ordinary shares of par value of US\$0.01 under the scrip dividend scheme in relation to the interim dividend for the period ended 28 February 2022.
- ii. On 27 February 2023, the Company issued 39,256,118 ordinary shares of par value of US\$0.01 under the share dividend scheme in relation to the final dividend for the year ended 31 August 2022.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2023

13. SHARE-BASED PAYMENTS

(a) Share Option Scheme

The Company's share option scheme (the "**Share Option Scheme**") was adopted pursuant to shareholders' resolution passed on 6 June 2019 for the primary purpose of providing incentives to employee, director, officer, consultant, advisor, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of the Group or any affiliate who the Board of directors of the Company consider, in its sole discretion, to have contributed or will contribute to the Group is entitled to be offered and granted options, and will expire no later than 10 years from the date of the listing. Under the Share Option Scheme, the total number of ordinary shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes is 100,000,000, being no more than 10% of the ordinary shares in issue on the date of listing. The overall limit on the number of ordinary shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company at any time must not exceed 30% of the ordinary shares in issue from time to time (the "**Option Scheme Limit**"). The Option Scheme Limit may be refreshed at any time by obtaining prior approval of the shareholders of the Company in general meeting. However, the Option Scheme Limit cannot exceed 10% of the ordinary shares in issue as at the date of such approval.

Unless approved by the shareholders of the Company, the total number of ordinary shares issued and to be issued upon exercise of the options granted and to be granted under the Share Option Scheme and any other share option scheme(s) of the Company to each selected participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of ordinary shares in issue (the "**Individual Limit**"). Any further grant of options to a selected participant which would result in the aggregate number of ordinary shares issued and to be issued upon exercise of all options granted and to be granted to such selected participant (including exercised, cancelled and outstanding options) in the 12 month period up to and including the date of such further grant exceeding the Individual Limit shall be subject to separate approval of shareholders of the Company.

13. SHARE-BASED PAYMENTS (Continued)

(a) Share Option Scheme (Continued)

Where any grant of options to a substantial shareholder or independent non-executive directors of the Company (or any of their respective associates) would result in the number of ordinary shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant: (i) representing in aggregate over 0.1% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of the ordinary shares in issue; and (ii) having an aggregate value, based on the closing price of the ordinary shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant, in excess of HK\$5 million (or such other higher amount as may from time to time be specified by the Stock Exchange), such further grant of options must also be first approved by the shareholders of the Company in a general meeting. The grantee, his/her associates and all core connected persons (within the meaning as ascribed to it under the Listing Rules) of the Company must abstain from voting in favour of such grant at such general meeting.

An offer shall be deemed to have been accepted and the option to which the offer relates shall be deemed to have been granted and to have taken effect when the duplicate of the offer letter comprising acceptance of the offer duly signed by the grantee with the number of ordinary shares in respect of which the offer is accepted clearly stated therein, together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof, is received by the Company within 20 business days from the date on which the letter containing the offer is delivered to the eligible person.

Any offer may be accepted in respect of less than the number of ordinary shares for which it is offered provided that it is accepted in respect of a board lot for dealing in ordinary shares or a multiple thereof. To the extent that the offer is not accepted within 20 business days from the date on which the letter containing the offer is delivered to that eligible person, it shall be deemed to have been irrevocably declined.

The Share Option Scheme does not set out any performance targets that must be achieved before the options may be exercised. However, the board of directors of the Company may at its sole discretion specify, as part of the terms and conditions of any option, such performance conditions that must be satisfied before the option can be exercised.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2023

13. SHARE-BASED PAYMENTS (Continued)

(a) Share Option Scheme (Continued)

The period during which an option may be exercised is determined and notified by the board of directors of the Company to each grantee at the time of making an offer for the grant of the option and such period shall not expire later than ten years from the date of grant of the option.

The exercise price shall be determined by the board of directors of the Company, but shall be not less than the highest of (i) the closing price of an ordinary share as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant; (ii) the average closing price of the ordinary shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of an ordinary share on the date of grant.

At 28 February 2023, the Company may grant further share options under the Share Option Scheme to subscribe for a maximum of 82,249,442 shares (1 September 2022: 82,243,587 shares), representing approximately 7.33% (1 September 2022: 7.60%) of the ordinary shares of the Company in issue as at 28 February 2023.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2023

13. SHARE-BASED PAYMENTS (Continued)

(a) Share Option Scheme (Continued)

The following tables disclose movements in the Company's share options under the Share Option Scheme during the reporting period:

| Option type | Date of grant | Exercise price HK\$ | Exercise period (Note i) | Outstanding at 1 September 2022 | Granted during the period | Forfeited/cancelled during the period (Note iv) | Lapsed during the period | Exercised during the period | Outstanding at 28 February 2023 |
|------------------|-----------------|------------------------|-------------------------------------|---------------------------------|---------------------------|--|--------------------------|-----------------------------|---------------------------------|
| Directors | | | | | | | | | |
| Mr. Liu | 21 January 2020 | 4.954 | 10 December 2020 – 30 January 2026 | 449,178 | — | — | — | — | 449,178 |
| | 21 January 2020 | 4.954 | 29 March 2021 – 30 January 2026 | 449,178 | — | — | — | — | 449,178 |
| | 21 January 2020 | 4.954 | 10 December 2021 – 30 January 2026 | 449,178 | — | — | — | — | 449,178 |
| | 15 July 2022 | 2.394 | 23 August 2022 – 24 September 2027 | 449,188 | — | — | — | — | 449,188 |
| | 15 July 2022 | 2.394 | 8 December 2022 – 24 September 2027 | 449,188 | — | — | — | — | 449,188 |
| | 15 July 2022 | 2.394 | 28 March 2023 – 24 September 2027 | 449,192 | — | — | — | — | 449,192 |
| Ms. Chen | 21 January 2020 | 4.954 | 10 December 2020 – 30 January 2026 | 89,835 | — | — | — | — | 89,835 |
| | 21 January 2020 | 4.954 | 29 March 2021 – 30 January 2026 | 89,835 | — | — | — | — | 89,835 |
| | 21 January 2020 | 4.954 | 10 December 2021 – 30 January 2026 | 89,835 | — | — | — | — | 89,835 |
| | 15 July 2022 | 2.394 | 23 August 2022 – 24 September 2027 | 89,845 | — | — | — | — | 89,845 |
| | 15 July 2022 | 2.394 | 8 December 2022 – 24 September 2027 | 89,845 | — | — | — | — | 89,845 |
| | 15 July 2022 | 2.394 | 28 March 2023 – 24 September 2027 | 89,849 | — | — | — | — | 89,849 |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2023

13. SHARE-BASED PAYMENTS (Continued)

(a) Share Option Scheme (Continued)

| Option type | Date of grant | Exercise price HK\$ | Exercise period (Note i) | Outstanding at 1 September 2022 | Granted during the period | Forfeited/ cancelled during the period (Note iv) | Lapsed during the period | Exercised during the period | Outstanding at 28 February 2023 |
|-------------------------------|------------------|--------------------------------------|--|--|---------------------------------|--|--------------------------------|-----------------------------------|--|
| Directors (Continued) | | | | | | | | | |
| Ms. Liu Yi Man ("Ms. Liu") | 21 January 2020 | 4.954 | 10 December 2020 – 30 January 2026 | 269,507 | — | — | — | — | 269,507 |
| | 21 January 2020 | 4.954 | 29 March 2021 – 30 January 2026 | 269,507 | — | — | — | — | 269,507 |
| | 21 January 2020 | 4.954 | 10 December 2021 – 30 January 2026 | 269,507 | — | — | — | — | 269,507 |
| | 22 February 2021 | 9.288 | 10 December 2021 – 29 January 2027 | 84,541 | — | — | — | — | 84,541 |
| | 15 July 2022 | 2.394 | 23 August 2022 – 24 September 2027 | 354,058 | — | — | — | — | 354,058 |
| | 15 July 2022 | 2.394 | 8 December 2022 – 24 September 2027 | 354,058 | — | — | — | — | 354,058 |
| | 15 July 2022 | 2.394 | 28 March 2023 – 24 September 2027 | 354,059 | — | — | — | — | 354,059 |
| | 15 July 2022 | 2.394 | 7 December 2023 – 24 September 2027 | 84,551 | — | — | — | — | 84,551 |
| 15 July 2022 | 2.394 | 26 March 2024 – 24 September 2027 | 84,551 | — | — | — | — | 84,551 | |
| Mr. Liu Yung Kan | 21 January 2020 | 4.954 | 10 December 2020 – 30 January 2026 | 62,885 | — | — | — | — | 62,885 |
| | 21 January 2020 | 4.954 | 29 March 2021 – 30 January 2026 | 62,885 | — | — | — | — | 62,885 |
| | 21 January 2020 | 4.954 | 10 December 2021 – 30 January 2026 | 62,885 | — | — | — | — | 62,885 |
| | 15 July 2022 | 2.394 | 23 August 2022 – 24 September 2027 | 62,895 | — | — | — | — | 62,895 |
| | 15 July 2022 | 2.394 | 8 December 2022 – 24 September 2027 | 62,895 | — | — | — | — | 62,895 |
| | 15 July 2022 | 2.394 | 28 March 2023 – 24 September 2027 | 62,895 | — | — | — | — | 62,895 |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2023

13. SHARE-BASED PAYMENTS (Continued)

(a) Share Option Scheme (Continued)

| Option type | Date of grant | Exercise price HK\$ | Exercise period (Note i) | Outstanding at 1 September 2022 | Granted during the period | Forfeited/ cancelled during the period (Note iv) | Lapsed during the period | Exercised during the period | Outstanding at 28 February 2023 |
|---|-----------------|------------------------|--|--|---------------------------------|--|--------------------------------|-----------------------------------|--|
| Directors (Continued) | | | | | | | | | |
| Mr. Xu Gang | 21 January 2020 | 4.954 | 10 December 2020 – 30 January 2026 | 17,967 | — | — | — | — | 17,967 |
| | 21 January 2020 | 4.954 | 29 March 2021 – 30 January 2026 | 17,967 | — | — | — | — | 17,967 |
| | 21 January 2020 | 4.954 | 10 December 2021 – 30 January 2026 | 17,967 | — | — | — | — | 17,967 |
| | 15 July 2022 | 2.394 | 23 August 2022 – 24 September 2027 | 17,977 | — | — | — | — | 17,977 |
| | 15 July 2022 | 2.394 | 8 December 2022 – 24 September 2027 | 17,977 | — | — | — | — | 17,977 |
| | 15 July 2022 | 2.394 | 28 March 2023 – 24 September 2027 | 17,978 | — | — | — | — | 17,978 |
| Mr. Li Jiatong | 21 January 2020 | 4.954 | 10 December 2020 – 30 January 2026 | 17,967 | — | — | — | — | 17,967 |
| | 21 January 2020 | 4.954 | 29 March 2021 – 30 January 2026 | 17,967 | — | — | — | — | 17,967 |
| | 21 January 2020 | 4.954 | 10 December 2021 – 30 January 2026 | 17,967 | — | — | — | — | 17,967 |
| | 15 July 2022 | 2.394 | 23 August 2022 – 24 September 2027 | 17,977 | — | — | — | — | 17,977 |
| | 15 July 2022 | 2.394 | 8 December 2022 – 24 September 2027 | 17,977 | — | — | — | — | 17,977 |
| | 15 July 2022 | 2.394 | 28 March 2023 – 24 September 2027 | 17,978 | — | — | — | — | 17,978 |
| Directors in aggregate | | | | 5,951,491 | — | — | — | — | 5,951,491 |
| Associates of directors and substantial shareholders (Note ii) | | | | | | | | | |
| Mr. Liu Yung Kwong | 21 January 2020 | 4.954 | 10 December 2020 – 30 January 2026 | 26,950 | — | — | — | — | 26,950 |
| | 21 January 2020 | 4.954 | 29 March 2021 – 30 January 2026 | 26,950 | — | — | — | — | 26,950 |
| Mr. Liu and Mr. Liu Yung Kan | 21 January 2020 | 4.954 | 10 December 2021 – 30 January 2026 | 26,950 | — | — | — | — | 26,950 |
| | 15 July 2022 | 2.394 | 23 August 2022 – 24 September 2027 | 26,960 | — | — | — | — | 26,960 |
| | 15 July 2022 | 2.394 | 8 December 2022 – 24 September 2027 | 26,960 | — | — | — | — | 26,960 |
| | 15 July 2022 | 2.394 | 28 March 2023 – 24 September 2027 | 26,964 | — | — | — | — | 26,964 |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2023

13. SHARE-BASED PAYMENTS (Continued)

(a) Share Option Scheme (Continued)

| Option type | Date of grant | Exercise price HK\$ | Exercise period (Note i) | Outstanding at 1 September 2022 | Granted during the period | Forfeited/ cancelled during the period (Note iv) | Lapsed during the period | Exercised during the period | Outstanding at 28 February 2023 |
|---|------------------|------------------------|--|--|---------------------------------|--|--------------------------------|-----------------------------------|--|
| Associates of directors and substantial shareholders (Note ii) (Continued) | | | | | | | | | |
| Mr. Liu Chi Hin (son of Mr. Liu and Ms. Chen) | 21 January 2020 | 4.954 | 10 December 2020 – 30 January 2026 | 89,835 | — | — | — | — | 89,835 |
| | 21 January 2020 | 4.954 | 29 March 2021 – 30 January 2026 | 89,835 | — | — | — | — | 89,835 |
| | 21 January 2020 | 4.954 | 10 December 2021 – 30 January 2026 | 89,835 | — | — | — | — | 89,835 |
| | 22 February 2021 | 9.288 | 10 December 2021 – 29 January 2027 | 42,270 | — | — | — | — | 42,270 |
| | 15 July 2022 | 2.394 | 23 August 2022 – 24 September 2027 | 132,115 | — | — | — | — | 132,115 |
| | 15 July 2022 | 2.394 | 8 December 2022 – 24 September 2027 | 132,115 | — | — | — | — | 132,115 |
| | 15 July 2022 | 2.394 | 28 March 2023 – 24 September 2027 | 132,119 | — | — | — | — | 132,119 |
| | 15 July 2022 | 2.394 | 7 December 2023 – 24 September 2027 | 42,280 | — | — | — | — | 42,280 |
| | 15 July 2022 | 2.394 | 26 March 2024 – 24 September 2027 | 42,283 | — | — | — | — | 42,283 |
| Mr. Liu Chi Wai (son of Mr. Liu and Ms. Chen) | 21 January 2020 | 4.954 | 10 December 2020 – 30 January 2026 | 71,868 | — | — | — | — | 71,868 |
| | 21 January 2020 | 4.954 | 29 March 2021 – 30 January 2026 | 71,868 | — | — | — | — | 71,868 |
| | 21 January 2020 | 4.954 | 10 December 2021 – 30 January 2026 | 71,868 | — | — | — | — | 71,868 |
| | 15 July 2022 | 2.394 | 23 August 2022 – 24 September 2027 | 71,878 | — | — | — | — | 71,878 |
| | 15 July 2022 | 2.394 | 8 December 2022 – 24 September 2027 | 71,878 | — | — | — | — | 71,878 |
| | 15 July 2022 | 2.394 | 28 March 2023 – 24 September 2027 | 71,881 | — | — | — | — | 71,881 |
| Associates of directors and substantial shareholders in aggregate | | | | 1,385,662 | — | — | — | — | 1,385,662 |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2023

13. SHARE-BASED PAYMENTS (Continued)

(a) Share Option Scheme (Continued)

| Option type | Date of grant | Exercise price HK\$ | Exercise period (Note i) | Outstanding at 1 September 2022 | Granted during the period | Forfeited/ cancelled during the period (Note iv) | Lapsed during the period | Exercised during the period | Outstanding at 28 February 2023 |
|--|------------------|---|--|--|---------------------------------|--|--------------------------------|-----------------------------------|--|
| Employees (Note iii) | 21 January 2020 | 4.954 | 10 December 2020 – 30 January 2026 | 601,897 | — | — | — | — | 601,897 |
| | 21 January 2020 | 4.954 | 29 March 2021 – 30 January 2026 | 601,897 | — | — | — | — | 601,897 |
| | 21 January 2020 | 4.954 | 10 December 2021 – 30 January 2026 | 601,897 | — | — | — | — | 601,897 |
| | 22 February 2021 | 9.288 | 10 December 2021 – 29 January 2027 | 595,167 | — | (1,944) | — | — | 593,223 |
| | 29 April 2021 | 8.592 | 10 December 2021 – 30 April 2027 | 293,690 | — | — | — | — | 293,690 |
| | 15 July 2022 | 2.394 | 23 August 2022 – 24 September 2027 | 1,817,451 | — | — | — | (1,954) | 1,815,497 |
| | 15 July 2022 | 2.394 | 8 December 2022 – 24 September 2027 | 1,623,597 | — | — | — | (1,954) | 1,621,643 |
| | 15 July 2022 | 2.394 | 28 March 2023 – 24 September 2027 | 1,751,478 | — | — | — | — | 1,751,478 |
| | 15 July 2022 | 2.394 | 7 December 2023 – 24 September 2027 | 1,083,540 | — | (1,954) | — | — | 1,081,586 |
| | 15 July 2022 | 2.394 | 26 March 2024 – 24 September 2027 | 1,211,415 | — | (1,957) | — | — | 1,209,458 |
| 15 July 2022 | 2.394 | 14 December 2024 – 24 September 2027 | 39,593 | — | — | — | — | 39,593 | |
| Employees in aggregate | | | | 10,221,622 | — | (5,855) | — | (3,908) | 10,211,859 |
| Total | | | | 17,558,775 | — | (5,855) | — | (3,908) | 17,549,012 |
| Weighted average closing price immediately before the dates on which the options were exercised | | | | | | | | | HK\$2.990 |
| Exercisable at the end of the period | | | | | | | | | 11,990,317 |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2023

13. SHARE-BASED PAYMENTS (Continued)

(a) Share Option Scheme (Continued)

Notes:

- i. The vesting period commences on the date of grant and up to the share options becoming exercisable.
- ii. Mr. Liu Yung Kwong, Mr. Liu Chi Hin and Mr. Liu Chi Wai are employees of the Group.
- iii. Employees include Mr. Chan Kai Tung, being the son of Ms. Chen's brother (i.e. nephew of Ms. Chen), who falls under the scope of "relative" under Rule 14A.21(1)(a) of the Listing Rules and, depending on the opinion of the Stock Exchange, may be deemed to be a connected person of the Company.
- iv. All share options which are categorised as "forfeited/cancelled during the period" in the above table represent the share options which lapsed upon termination of employment of the relevant grantees in accordance with the rules governing the Share Option Scheme. Such lapsed share options are categorised as "forfeited during the period" in accordance with applicable accounting and/or financial reporting standards. For the avoidance of doubt, no share options were cancelled according to the rules governing the Share Option Scheme during the reporting period.

Except as disclosed above, no share options had been granted, exercised, lapsed or cancelled under the Share Option Scheme during the reporting period.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2023

13. SHARE-BASED PAYMENTS (Continued)

(b) Share Award Scheme

The Company's share award scheme (the "**Share Award Scheme**") was adopted pursuant to a shareholders' resolution passed on 6 June 2019. The objective of the Share Award Scheme is for the primary purpose of providing incentives to employee, director, officer, consultant, advisor, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of the Group or any affiliate who the board of directors of the Company considers, in its sole discretion, to have contributed or will contribute to the Group is entitled to be offered and granted awarded shares, and will expire no later than 10 years from the date of the listing.

A share award includes all cash income from dividends in respect of those ordinary shares from the date the share award is granted to the date the share award is vested. The board of directors of the Company at its discretion may from time to time determine that any dividends declared and paid by the Company in relation to the ordinary shares be paid to the selected participant even though the ordinary shares have not yet vested.

Save that the board of directors of the Company at its discretion may from time to time determine that any dividends declared and paid by the Company in relation to the ordinary shares be paid to the selected participants even though the ordinary shares have not yet vested, the selected participant only has a contingent interest in the ordinary shares underlying an award unless and until such ordinary shares are actually transferred to the selected participant.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2023

13. SHARE-BASED PAYMENTS (Continued)

(b) Share Award Scheme (Continued)

The maximum aggregate number of ordinary shares underlying all grants made pursuant to the Share Award Scheme (excluding ordinary shares which have been forfeited in accordance with the Share Award Scheme) will not exceed 20,000,000, being 2% of issued shares of the Company as of the date of the listing (i.e. 2% of 1,000,000,000 Shares), assuming the over-allotment option and options granted under the Share Option Scheme are not exercised and no ordinary shares are granted under the Share Award Scheme, without further shareholders' approval (the "**Share Award Scheme Limit**").

The board of directors of the Company may from time to time determine such vesting criteria and conditions or periods for the awards to be vested under the Share Award Scheme.

Save as otherwise restricted by the Share Award Scheme Limit or the Listing Rules, there shall be no limit on the total number of non-vested ordinary shares that may be granted to a selected participant under the Share Award Scheme.

Each grant of an award to any director of the Company or the chief executive officer shall be subject to the prior approval of the independent non-executive directors (excluding any independent non-executive directors who is a proposed recipient of the grant of share award). The Company will comply with the relevant requirements under Chapter 14A of the Listing Rules for any grant of shares to connected persons of the Company.

No ordinary shares of the Company were acquired during the six months ended 28 February 2022 and 2023.

At 28 February 2023, the Company may further grant 16,801,797 shares under the Share Award Scheme, whereas at 1 September 2022 the Company may further grant 16,754,435 shares under the Share Award Scheme.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2023

13. SHARE-BASED PAYMENTS (Continued)

(b) Share Award Scheme (Continued)

The following tables disclose movements in the Company's share awards under the Share Award Scheme during the reporting period:

| | Date of grant | Vesting date | Number of | Granted during | Vested during the | Forfeited/ cancelled during | Lapsed during | Number of |
|------------------------|------------------|-----------------|---|----------------|-------------------|--------------------------------|---------------|------------|
| | | | share awards outstanding at 1 September 2022 | | | | | the period |
| Directors | | | | | | | | |
| Mr. Liu | 21 January 2020 | 9 December 2022 | 77,002 | — | (77,002) | — | — | — |
| | 21 January 2020 | 29 March 2023 | 77,002 | — | — | — | — | 77,002 |
| Ms. Chen | 21 January 2020 | 9 December 2022 | 15,400 | — | (15,400) | — | — | — |
| | 21 January 2020 | 29 March 2023 | 15,402 | — | — | — | — | 15,402 |
| Ms. Liu | 21 January 2020 | 9 December 2022 | 46,201 | — | (46,201) | — | — | — |
| | 21 January 2020 | 29 March 2023 | 46,202 | — | — | — | — | 46,202 |
| | 22 February 2021 | 9 December 2022 | 16,304 | — | (16,304) | — | — | — |
| | 22 February 2021 | 29 March 2023 | 16,304 | — | — | — | — | 16,304 |
| | 22 February 2021 | 8 December 2023 | 16,304 | — | — | — | — | 16,304 |
| | 22 February 2021 | 27 March 2024 | 16,306 | — | — | — | — | 16,306 |
| | | | | | | | | |
| Mr. Liu Yung Kan | 21 January 2020 | 9 December 2022 | 10,780 | — | (10,780) | — | — | — |
| | 21 January 2020 | 29 March 2023 | 10,782 | — | — | — | — | 10,782 |
| Mr. Xu Gang | 21 January 2020 | 9 December 2022 | 3,080 | — | (2,941) | (139) | — | — |
| | 21 January 2020 | 29 March 2023 | 3,080 | — | — | — | — | 3,080 |
| Mr. Li Jiatong | 21 January 2020 | 9 December 2022 | 3,080 | — | (3,080) | — | — | — |
| | 21 January 2020 | 29 March 2023 | 3,080 | — | — | — | — | 3,080 |
| Directors in aggregate | | | 376,309 | — | (171,708) | (139) | — | 204,462 |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2023

13. SHARE-BASED PAYMENTS (Continued)

(b) Share Award Scheme (Continued)

The following tables disclose movements in the Company's share awards under the Share Award Scheme during the reporting period: (Continued)

| | Date of grant | Vesting date | Number of share awards outstanding at | | Vested during the period | Forfeited/ cancelled during the period <i>(Note iii)</i> | Lapsed during the period | Number of share awards outstanding at 28 February 2023 |
|--|------------------|-----------------|---------------------------------------|---------------------------|--------------------------|---|--------------------------|--|
| | | | 1 September 2022 | Granted during the period | | | | |
| Associates of directors and substantial shareholders (Note i) | | | | | | | | |
| Mr. Liu Yung Kwong | 21 January 2020 | 9 December 2022 | 4,620 | — | (4,412) | (208) | — | — |
| (brother of Mr. Liu and Mr. Liu Yung Kan) | 21 January 2020 | 29 March 2023 | 4,621 | — | — | — | — | 4,621 |
| Mr. Liu Chi Hin | 21 January 2020 | 9 December 2022 | 15,400 | — | (15,400) | — | — | — |
| (son of Mr. Liu and Ms. Chen) | 21 January 2020 | 29 March 2023 | 15,402 | — | — | — | — | 15,402 |
| | 22 February 2021 | 9 December 2022 | 8,152 | — | (8,152) | — | — | — |
| | 22 February 2021 | 29 March 2023 | 8,152 | — | — | — | — | 8,152 |
| | 22 February 2021 | 8 December 2023 | 8,152 | — | — | — | — | 8,152 |
| | 22 February 2021 | 27 March 2024 | 8,153 | — | — | — | — | 8,153 |
| Mr. Liu Chi Wai | 21 January 2020 | 9 December 2022 | 12,320 | — | (12,320) | — | — | — |
| (son of Mr. Liu and Ms. Chen) | 21 January 2020 | 29 March 2023 | 12,322 | — | — | — | — | 12,322 |
| Associates of directors and substantial shareholders in aggregate | | | 97,294 | — | (40,284) | (208) | — | 56,802 |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2023

13. SHARE-BASED PAYMENTS (Continued)

(b) Share Award Scheme (Continued)

The following tables disclose movements in the Company's share awards under the Share Award Scheme during the reporting period: (Continued)

| | Date of grant | Vesting date | Number of | Granted during | Vested during | Forfeited/ cancelled during the period (Note iii) | Lapsed during the period | Number of | |
|----------------------------|------------------------|------------------|---|----------------|---------------|---|-----------------------------|---------------------|-----------|
| | | | share awards outstanding at 1 September 2022 | | | | | 28 February 2023 | |
| Employees (Note ii) | 21 January 2020 | 9 December 2022 | 103,180 | — | (90,973) | (12,207) | — | — | |
| | 21 January 2020 | 29 March 2023 | 103,197 | — | — | — | — | 103,197 | |
| | 22 February 2021 | 9 December 2022 | 114,781 | — | (90,999) | (23,782) | — | — | |
| | 22 February 2021 | 29 March 2023 | 161,737 | — | — | — | — | 161,737 | |
| | 22 February 2021 | 8 December 2023 | 114,781 | — | — | (375) | — | 114,406 | |
| | 22 February 2021 | 27 March 2024 | 161,748 | — | — | (375) | — | 161,373 | |
| | 29 April 2021 | 9 December 2022 | 59,123 | — | (48,847) | (10,276) | — | — | |
| | 29 April 2021 | 29 March 2023 | 47,544 | — | — | — | — | 47,544 | |
| | 29 April 2021 | 8 December 2023 | 70,527 | — | — | — | — | 70,527 | |
| | 29 April 2021 | 27 March 2024 | 58,947 | — | — | — | — | 58,947 | |
| | 15 July 2022 | 8 December 2022 | 18,100 | — | (18,100) | — | — | — | |
| | 15 July 2022 | 28 March 2023 | 9,050 | — | — | — | — | 9,050 | |
| | 15 July 2022 | 7 December 2023 | 18,100 | — | — | — | — | 18,100 | |
| | 15 July 2022 | 26 March 2024 | 9,050 | — | — | — | — | 9,050 | |
| | 15 July 2022 | 14 December 2024 | 6,786 | — | — | — | — | 6,786 | |
| | Employees in aggregate | | | 1,056,651 | — | (248,919) | (47,015) | — | 760,717 |
| | Total | | | 1,530,254 | — | (460,911) | (47,362) | — | 1,021,981 |

Weighted average closing price of the shares immediately before the date on which the awards were vested

HK\$2.421

Notes:

- i Mr. Liu Yung Kwong, Mr. Liu Chi Hin and Mr. Liu Chi Wai are employees of the Group.
- ii Employees include Mr. Chan Kai Tung, the son of Ms. Chen's brother (i.e. nephew of Ms. Chen), who falls under the scope of "relative" under Rule 14A.21(1)(a) of the Listing Rules and, depending on the opinion of the Stock Exchange, may be deemed to be a connected person of the Company.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2023

13. SHARE-BASED PAYMENTS (Continued)

(b) Share Award Scheme (Continued)

Notes: (Continued)

- iii. Except for 750 shares forfeited due to the termination of employment contract pursuant to the provisions of the scheme rules governing the Share Award Scheme, the number of award shares set out under the column "Forfeited/cancelled during the period" represents the number of award shares granted to the relevant grantee which were deducted to reimburse the Company for withholding tax paid or payable by the Company on behalf of the relevant grantees upon vesting. Pursuant to the rules governing the Share Award Scheme, award shares forfeited in accordance with the Share Award Scheme are excluded in calculating the scheme limit (i.e. such further shares underlying all further grant of awards that may be made under the Share Award Scheme).
- vi. The purchase price of all the above share awards granted is HK\$0.

Save as disclosed above, no share awards had been granted, lapsed or cancelled under the Share Award Scheme during the reporting period.

14. CAPITAL COMMITMENTS

As at the end of the reporting period, the Group was committed to acquire property, plant and equipment and right-of-use assets mainly for the construction of new campus amounting to RMB472,741,000 (31 August 2022: RMB279,147,000) in aggregate.

15. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2023

15. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

| Financial assets | Fair value | Fair value hierarchy | Valuation technique(s) and key input(s) | Significant unobservable input(s) |
|---------------------------|---|----------------------|--|------------------------------------|
| Financial assets at FVTPL | At 28 February 2023: RMB163,103,000 (31 August 2022: RMB140,048,000) | Level 3 | Discounted cash flow — Future cash flows are estimated based on estimated return ranging from 1.60% to 6.00% (31 August 2022: 1.84% to 3.50%) per annum, and discounted at a rate of 2.69% (31 August 2022: 2.20%) | Estimated return and discount rate |

If the estimated return is multiplied by 110%/90%, while all the other variables were held constant, the carrying amount of the financial assets at FVTPL would increase/decrease by RMB129,000 (31 August 2022: RMB127,000) at the end of the reporting period.

If the discount rate is multiplied by 110%/90%, while all the other variables were held constant, the carrying amount of the financial assets at FVTPL would decrease/increase by RMB37,000 (31 August 2022: RMB29,000) at the end of the reporting period.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2023

15. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Reconciliation of Level 3 Measurements

The following table presents the reconciliation of Level 3 Measurements of the financial assets at FVTPL during the reporting period:

| | <i>RMB'000</i> |
|------------------------------------|--------------------|
| At 1 September 2021 | 366,985 |
| Purchase of structured deposits | 1,501,901 |
| Redemption of structured deposits | (1,502,530) |
| Net gain on structured deposits | 12,987 |
| Settlements of the interest income | (3,963) |
| | <hr/> |
| At 28 February 2022 | 375,380 |
| | <hr/> |
| At 1 September 2022 | 140,048 |
| Purchase of structured deposits | 1,028,631 |
| Redemption of structured deposits | (1,005,491) |
| Net gain on structured deposits | 3,367 |
| Settlements of the interest income | (3,452) |
| | <hr/> |
| At 28 February 2023 | 163,103 |
| | <hr/> |

The total gains or losses for the six months ended 28 February 2023 included an unrealised gain of RMB85,000 (six months ended 28 February 2022: unrealised gain of RMB1,994,000) relating to financial assets at FVTPL at the end of the reporting period. Such fair value gains or losses are included in 'other gains and losses'.

The chief financial officer of the Company determines the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of an asset or a liability, the Group uses market observable data to the extent it is available. The chief financial officer of the Company reports the findings to the board of directors of the Company when needed to explain the cause of fluctuations in the fair value of the assets and liabilities.

Information about the valuation techniques and inputs used in determining the fair value of certain financial assets are disclosed above.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2023

16. 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 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.

Consideration transferred

| | <i>RMB'000</i> |
|-------------------------|----------------|
| Cash consideration paid | 55,220 |
| Consideration payable | 94,780 |
| | 150,000 |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2023

16. ACQUISITION OF SUBSIDIARIES/A BUSINESS (Continued)

Six months ended 28 February 2022 (Continued)

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

| | <i>RMB'000</i> |
|--|-----------------|
| 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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2023

16. ACQUISITION OF SUBSIDIARIES/A BUSINESS (Continued)

Six months ended 28 February 2022 (Continued)

Goodwill arising on acquisition (determined on a provisional basis)

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

Goodwill arose in 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 on this acquisition is expected to be deductible for tax purposes.

Net cash outflow arising on acquisition

| | <i>RMB'000</i> |
|--|-----------------|
| Consideration paid in cash | 55,220 |
| Less: Cash and cash equivalent balances acquired | (13,370) |
| | 41,850 |

Impact of acquisition on the results of the Group

Profit for the six months ended 28 February 2022 includes RMB3,641,000 attributable to the additional business generated by Guangdong Sun City Industrial and revenue includes RMB9,843,000 generated from Guangdong Sun City Industrial.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2023

16. ACQUISITION OF SUBSIDIARIES/A BUSINESS (Continued)

Six months ended 28 February 2022 (Continued)

Had the acquisition of Guangdong Sun City Industrial been completed on 1 September 2021, revenue for the period of the Group would have been RMB842,244,000, and profit for the period would have been RMB274,062,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on the date of acquisition, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had Guangdong Sun City Industrial been acquired at the beginning of the current period, the directors of the Company calculated depreciation and amortisation of property, plant and equipment and right-of-use assets based on the recognised amounts of property, plant and equipment and right-of-use assets, on the provisional basis at the date of the acquisition.

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 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 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

Management Discussion and Analysis

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 foreign 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:

| | 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.

Management Discussion and Analysis

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 schools¹ | 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 School² | | | | |
| 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.

Management Discussion and Analysis

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.

Management Discussion and Analysis

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

Management Discussion and Analysis

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.

Management Discussion and Analysis

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. For details, please refer to note 13 to the condensed consolidated financial statements in this interim 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 interim report.

INTERIM DIVIDEND

The Board is pleased to declare an interim dividend in the sum of HK9.0 cents per share in respect of the six months ended 28 February 2023 (six months ended 28 February 2022: HK8.4 cents) to Shareholders whose names appear on the registers 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 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.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE IN SHARES

As at 28 February 2023, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**"), were as follows:

Other Information

Long positions in shares of the Company (“Shares”)

| Name of Director | Capacity/Nature of interest | | | Number of shares held under equity derivatives (Note 4) | Total number of Shares interested | Approximate Percentage of the Company's issued share capital (Note 5) |
|------------------|-----------------------------|---|----------------------------|--|-----------------------------------|--|
| | Personal Interest | Family Interest/ Corporate interests | Other Interest (Note 3) | | | |
| Mr. Liu | 709,853 | 785,451,407 (Note 1) | 77,002 | 2,695,102 | 788,933,364 | 70.34% |
| Ms. Chen | 79,792 | 788,299,126 (Note 2) | 15,402 | 539,044 | 788,933,364 | 70.34% |
| Ms. Liu | 998,874 | — | 95,116 | 2,124,339 | 3,218,329 | 0.29% |
| Mr. Liu Yung Kan | 57,516 | — | 10,782 | 377,340 | 445,638 | 0.04% |
| Mr. Xu Gang | 15,432 | — | 3,080 | 107,833 | 126,345 | 0.01% |
| Mr. Li Jiatong | 15,958 | — | 3,080 | 107,833 | 126,871 | 0.01% |

Notes:

- For the purpose of the SFO, as at 28 February 2023, other than the personal interests and the other interests as stated in the above table, Mr. Liu was deemed to be interested in (i) 784,817,169 Shares held by BVI Holdco which was owned as to 50% by Mr. Liu and 50% by Ms. Chen (who is spouse to Mr. Liu) and (ii) 634,238 Shares beneficially interested by Ms. Chen.
- For the purpose of the SFO, as at 28 February 2023, other than the personal interests and the other interests as stated in the above table, Ms. Chen was deemed to be interested in (i) 784,817,169 Shares held by BVI Holdco which was owned as to 50% by Mr. Liu (who is spouse to Ms. Chen) and 50% by Ms. Chen and (ii) 3,481,957 Shares beneficially interested by Mr. Liu.
- These other interests are the interest in the award shares granted to the relevant directors under the Share Award Scheme adopted by the Company on 6 June 2019 which remained unvested and held by the trustee as at 28 February 2023. The details of such award shares are disclosed in note 13(b) to the condensed consolidated financial statements in this interim report.
- As at 28 February 2023, these equity derivatives were outstanding share options granted to the relevant directors under the Share Option Scheme adopted by the Company on 6 June 2019 in accordance with Chapter 17 of the Listing Rules, the details of which are disclosed in note 13(a) to the condensed consolidated financial statements in this interim report.
- Such percentage was calculated based on the total number of Shares and underlying Shares in which each of the directors was interested as recorded in the register required to be kept by the Company pursuant to Part XV of the SFO and disclosed on the website of the Stock Exchange against the number of issued Shares of the Company as at 28 February 2023, being 1,121,662,105 Shares.

Save as disclosed above and to the best knowledge of the Directors, as at 28 February 2023, none of the Directors or the chief executive of the Company has any interests and/or short positions in the Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEME

The Company's Share Option Scheme was adopted pursuant to a resolution passed on 6 June 2019 and will expire no later than 10 years from 16 July 2019. Details of the Share Option Scheme are set out under the section headed "Post-IPO Share Option Scheme and Share Award Scheme" in the 2019 annual report and Prospectus, respectively. Movements in the Company's share options during the reporting period are disclosed in Note 13 to the condensed consolidated financial statements in this interim report.

SHARE AWARD SCHEME

The Company's Share Award Scheme was adopted pursuant to a resolution passed on 6 June 2019 and will expire no later than 10 years from 16 July 2019. Details of the Share Award Scheme are set out under the section headed "Post-IPO Share Option Scheme and Share Award Scheme" in the 2019 annual report and Prospectus, respectively. Movements in the Company's awarded shares during the reporting period are disclosed in Note 13 to the condensed consolidated financial statements in this interim report.

Other Information

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

So far as is known to any Director or chief executive of the Company, as at 28 February 2023, the following corporations/persons (other than Directors or the chief executive of the Company) had interests and short positions, if any, in the Shares and underlying Shares of the Company as recorded in the register of interests required to be kept by the Company under section 336 of the SFO:

| Name | Capacity/ Nature of interest | Number of Shares interested | Approximate percentage of the Company's issued share capital ⁽²⁾ |
|------------|---------------------------------|-----------------------------------|---|
| BVI Holdco | Beneficial owner | 784,817,169 (L) | 69.97% (L) |

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) The calculation is based on the total number of 1,121,662,105 Shares in issue as at 28 February 2023.

Save as disclosed above and to the best knowledge of the Directors, as at 28 February 2023, no person (other than the Directors or chief executives of the Company) had registered an interest or a short position in the Shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the Share Option Scheme and the Share Award Scheme as disclosed under the section headed "Share Option Scheme" and "Share Award Scheme" in this interim report, at no time during the period under review was the Company, its holding company, or any of its subsidiaries, a party to any arrangement to enable the Directors or their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of Shares in, or debt securities including debentures of, the Company or any other body corporate.

CHANGES IN THE BOARD AND THE DIRECTORS' INFORMATION

There was no change in the Board and the information of Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of publication of the Company's 2022 annual report.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company has been closed during the period from 12 May 2023, Friday to 17 May 2023, Wednesday, both days inclusive and during which period no share transfer was effected, for the purpose of ascertaining shareholders' entitlement to the interim dividend.

CORPORATE GOVERNANCE PRACTICES

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

The Company has complied with the relevant code provisions contained in 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 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.

Other Information

REVIEW OF FINANCIAL INFORMATION

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 unaudited consolidated interim results and interim report 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.

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 of the Company, 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

The English translation of Chinese names or words in this interim report, where indicated by “”, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

As at the date of this interim report, 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.

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