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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)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 29 FEBRUARY 2024**

HIGHLIGHTS	Six months ended		Percentage increase
	29 February 2024 (unaudited)	28 February 2023 (unaudited)	
Revenue (<i>RMB'000</i>)	1,160,191	972,751	19.3%
Gross profit (<i>RMB'000</i>)	578,009	491,831	17.5%
Profit for the period attributable to owners of the Company (<i>RMB'000</i>)	338,242	298,723	13.2%
Non-IFRSs measure — Adjusted net profit attributable to owners of the Company (<i>RMB'000</i>) (<i>Note</i>)	346,204	304,368	13.7%
Basic earnings per share (<i>RMB cents</i>)	29.76	27.73	7.3%
Dividend per share — Interim dividend (with option to elect to receive dividends in cash and/or in new shares) (<i>HK cents</i>)	9.60	9.00	6.7%
Number of student enrolments	96,100	85,603	12.3%

Note: For details of the adjusted net profit attributable to owners of the Company, please refer to the paragraph headed “Non-IFRSs measure — Adjusted net profit attributable to owners of the Company” under the Financial Review section.

RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Edvantage Group Holdings Limited (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively be referred to as the “**Group**”) for the six months ended 29 February 2024 (the “**reporting period**”) with comparative figures for the six months ended 28 February 2023 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 29 February 2024

		Six months ended	
		29 February 2024	28 February 2023
	NOTES	RMB'000 (unaudited)	RMB'000 (unaudited)
Revenue	3	1,160,191	972,751
Cost of revenue		<u>(582,182)</u>	<u>(480,920)</u>
Gross profit		578,009	491,831
Other income		81,612	58,664
Investment income		14,890	5,381
Other gains and losses	4	(7,234)	1,297
Selling expenses		(28,873)	(35,329)
Administrative expenses		(227,720)	(154,718)
Finance costs		<u>(24,224)</u>	<u>(4,939)</u>
Profit before taxation		386,460	362,187
Taxation	5	<u>(8,002)</u>	<u>(8,655)</u>
Profit for the period	6	378,458	353,532
Other comprehensive (expenses) income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<u>(3,392)</u>	<u>146</u>
Total comprehensive income for the period		<u><u>375,066</u></u>	<u><u>353,678</u></u>

		Six months ended	
		29 February	28 February
		2024	2023
	<i>NOTE</i>	RMB'000	RMB'000
		(unaudited)	(unaudited)
Profit for the period attributable to			
— owners of the Company		338,242	298,723
— non-controlling interests		40,216	54,809
		<u>378,458</u>	<u>353,532</u>
Total comprehensive income for the period attributable to			
— owners of the Company		334,850	298,869
— non-controlling interests		40,216	54,809
		<u>375,066</u>	<u>353,678</u>
Earnings per share	8		
Basic (<i>RMB cents</i>)		<u>29.76</u>	<u>27.73</u>
Diluted (<i>RMB cents</i>)		<u>29.75</u>	<u>27.70</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 29 February 2024

		At 29 February 2024 <i>RMB'000</i> (unaudited)	At 31 August 2023 <i>RMB'000</i> (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	5,091,803	4,928,748
Right-of-use assets	9	777,663	774,019
Investment properties		146,200	146,200
Goodwill		135,491	135,517
Intangible assets		196,036	196,166
Amount due from a non-controlling shareholder		46,257	57,663
Deposits and other receivables	10	65,741	74,492
Deposits paid for acquisition of property, plant and equipment		43,937	33,704
Deferred tax assets		24,129	24,489
		6,527,257	6,370,998
CURRENT ASSETS			
Inventories		7,707	9,859
Trade receivables, deposits, prepayments and other receivables	10	125,918	99,235
Financial assets at fair value through profit or loss (“FVTPL”)		112,284	12,422
Bank balances, deposits and cash		1,378,744	2,002,779
		1,624,653	2,124,295
CURRENT LIABILITIES			
Contract liabilities		1,049,430	1,526,497
Trade payables	11	35,053	53,299
Other payables and accrued expenses		366,777	374,606
Dividend payable	7	93,219	—
Amounts due to related parties		2,710	2,638
Income tax payable		103,839	97,932
Bank and other borrowings		452,315	478,034
Deferred income		33,854	33,464
Lease liabilities		4,619	5,985
		2,141,816	2,572,455
NET CURRENT LIABILITIES		(517,163)	(448,160)
TOTAL ASSETS LESS CURRENT LIABILITIES		6,010,094	5,922,838

		At 29 February 2024 <i>RMB'000</i> (unaudited)	At 31 August 2023 <i>RMB'000</i> (audited)
NON-CURRENT LIABILITIES			
Other payable		19,000	116,142
Bank and other borrowings		1,241,894	1,337,481
Deferred income		72,572	74,116
Lease liabilities		5,070	6,743
Deferred tax liabilities		152,422	153,028
		<u>1,490,958</u>	<u>1,687,510</u>
		<u>4,519,136</u>	<u>4,235,328</u>
CAPITAL AND RESERVES			
Share capital	12	78,383	78,347
Reserves		3,707,662	3,464,106
		<u>3,786,045</u>	<u>3,542,453</u>
Equity attributable to owners of the Company		733,091	692,875
Non-controlling interests		<u>4,519,136</u>	<u>4,235,328</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

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

Basis of preparation of consolidated financial statements

The 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 D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”).

The Group had net current liabilities of RMB517,163,000 as at 29 February 2024. The Directors have reviewed the Group's cash flow projections prepared by the management of the Group. The cash flow projections cover a period not less than twelve months from the end of the reporting period. The Directors are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due for the next twelve months from the end of the reporting period after taking into consideration that as at 29 February 2024, included in the current liabilities of the Group was contract liabilities of approximately RMB1,049,430,000 representing the prepayments of tuition and boarding fees received by the Group before commencement of school terms which would be recognised as revenue over the remaining contract terms. Such contract liabilities shall not in itself result in any cash outflow for the Group. In addition, the Group could generate sufficient operating cash inflow to meet its future obligations.

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards (“IFRSs”) and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 29 February 2024 are the same as those presented in the Group's annual financial statements for the year ended 31 August 2023.

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 2023 for the preparation of the Group's condensed consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform — Pillar Two Model Rules

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 its major service lines:

	Six months ended	
	29 February 2024 RMB'000 (unaudited)	28 February 2023 RMB'000 (unaudited)
Tuition fees recognised overtime	1,018,416	845,624
Boarding fees recognised overtime	98,794	86,085
Non-formal vocational education service fees recognised overtime	42,981	41,042
	<u>1,160,191</u>	<u>972,751</u>

Segment information

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

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

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

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

1. PRC higher education and vocational education — operation of higher, secondary and non-formal vocational education institutions in the PRC; and
2. Overseas higher education and vocational education — operation of higher and vocational education institutions in the regions other than the PRC.

Segment revenue and results

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

For the six months ended 29 February 2024 (unaudited)

	PRC higher education and vocational education <i>RMB'000</i>	Overseas higher education and vocational education <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue			
External sales and segment revenue	<u>1,144,813</u>	<u>15,378</u>	<u>1,160,191</u>
Segment profit (loss)	<u>398,239</u>	<u>(4,116)</u>	394,123
Unallocated corporate expenses			(16,181)
Unallocated corporate income			4,229
Unallocated other gains and losses			<u>4,289</u>
Profit before taxation			<u>386,460</u>

For the six months ended 28 February 2023 (unaudited)

	PRC higher education and vocational education <i>RMB'000</i>	Overseas higher education and vocational education <i>RMB'000</i>	Total <i>RMB'000</i>
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>	380,931
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>

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

4. OTHER GAINS AND LOSSES

	Six months ended	
	29 February 2024 RMB'000 (unaudited)	28 February 2023 RMB'000 (unaudited)
Fair value change on financial assets at FVTPL	1,724	3,367
Net foreign exchange gain (loss)	4,289	(1,235)
Impairment loss under Expected Credit Loss (“ECL”) model, net of reversal	(11,177)	209
Others	(2,070)	(1,044)
	<u>(7,234)</u>	<u>1,297</u>

5. TAXATION

	Six months ended	
	29 February 2024 RMB'000 (unaudited)	28 February 2023 RMB'000 (unaudited)
Current tax		
— Hong Kong Profits Tax	1,078	36
— Enterprise Income Tax	7,170	8,523
	<u>8,248</u>	<u>8,559</u>
Deferred tax	(246)	96
	<u>(246)</u>	<u>96</u>
Total	<u><u>8,002</u></u>	<u><u>8,655</u></u>

6. PROFIT FOR THE PERIOD

	Six months ended	
	29 February 2024 RMB'000 (unaudited)	28 February 2023 RMB'000 (unaudited)
Profit for the period has been arrived at after charging:		
Staff costs, including directors' remuneration		
— salaries and other allowances	374,720	289,716
— retirement benefit scheme contributions	35,396	25,626
— share-based payments	845	4,410
Total staff costs	<u>410,961</u>	<u>319,752</u>
Depreciation of property, plant and equipment	112,946	80,407
Depreciation of right-of-use assets	12,645	13,209
Short-term lease expenses	<u>669</u>	<u>679</u>

7. DIVIDENDS

The Company recognised the following dividends as payable during the six months ended 29 February 2024 and as distribution during the six months ended 28 February 2023:

	Six months ended	
	29 February 2024 RMB'000 (unaudited)	28 February 2023 RMB'000 (unaudited)
Final dividend for the year ended 31 August 2023 of HK9.00 cents (<i>Note (i)</i>) (six months ended 28 February 2023: final dividend for the year ended 31 August 2022 of HK9.60 cents and a special dividend for the year ended 31 August 2022 of HK1.60 cents (<i>Note (ii)</i>) per ordinary share)	<u>93,219</u>	<u>107,466</u>

Notes:

- (i) The final dividend in respect of the year ended 31 August 2023 totalling RMB93,219,000 expected to despatch in cash cheques or shares certificates on 31 May 2024, which was satisfied wholly in the form of an allotment of shares of the Company with option to elect to receive such final dividend wholly in new shares of the Company, or partly in new shares of the Company and partly in cash, or wholly in cash.
- (ii) The final dividend in respect of the year ended 31 August 2022 totalling RMB92,114,000 was paid in new shares of the Company. The number of ordinary shares settled and issued as scrip dividends was 39,256,118. The special dividend which amounted to RMB15,352,000 was paid in cash.

Subsequent to the end of the reporting period, the Directors have determined that an interim dividend of HK9.60 cents per ordinary share for the six months ended 29 February 2024 (six months ended 28 February 2023: HK9.00 cents per ordinary share), in an aggregate amount of approximately HK\$109,614,155 (six months ended 28 February 2023: HK\$100,949,589) which is calculated based on the number of issued shares of the Company at the end of the reporting period (i.e. 29 February 2024), will be declared and paid to the shareholders of the Company (“**Shareholders**”) whose names appear in the Company’s register of members on 30 September 2024. The interim dividend will be payable in cash with a scrip alternative, allowing eligible Shareholders (“**Eligible Shareholders**”) to elect to receive such interim dividend wholly in new shares of the Company, or partly in new shares of the Company and partly in cash, or wholly in cash.

8. EARNINGS PER SHARE

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

	Six months ended	
	29 February 2024	28 February 2023
	RMB’000	RMB’000
	(unaudited)	(unaudited)
Earnings:		
Profit for the period attributable to owners of the Company for the purposes of calculating basic and diluted earnings per share	<u><u>338,242</u></u>	<u><u>298,723</u></u>

Six months ended	
29 February	28 February
2024	2023
(unaudited)	(unaudited)

Number of shares:

Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	1,136,739,687	1,077,355,037
Effect of dilutive potential ordinary shares:		
Share options	—	334,572
Unvested awarded shares	317,079	813,045
	<u>1,137,056,766</u>	<u>1,078,502,654</u>
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<u>1,137,056,766</u>	<u>1,078,502,654</u>

The computation of diluted earnings per share does not assume the exercise of certain share options of the Company because those share options were anti-diluted during the six months ended 29 February 2024 and 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 RMB278,114,000 (six months ended 28 February 2023: RMB539,677,000).

During the reporting period, the Group has made payments for leasehold land amounting to RMB16,230,000 (six months ended 28 February 2023: nil) which were recognised as additions to right-of-use assets.

During the reporting period, the Group entered into a new lease agreement for the use of office for two years. Upon lease commencement, the Group recognised right-of-use assets and lease liabilities of approximately RMB40,000, respectively (six months ended 28 February 2023: RMB750,000).

10. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	At 29 February 2024 <i>RMB'000</i> (unaudited)	At 31 August 2023 <i>RMB'000</i> (audited)
Trade receivables	21,659	5,025
Less: allowance for credit losses	<u>(819)</u>	<u>(1,048)</u>
	20,840	3,977
Receivables from education departments	2,215	2,562
Deposits, prepayments and other receivables	<u>168,604</u>	<u>167,188</u>
Total	<u>191,659</u>	<u>173,727</u>
Less: Amounts due within one year shown under current assets	<u>(125,918)</u>	<u>(99,235)</u>
Amounts shown under non-current assets	<u>65,741</u>	<u>74,492</u>

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

	At 29 February 2024 <i>RMB'000</i> (unaudited)	At 31 August 2023 <i>RMB'000</i> (audited)
0–30 days	8,271	1,263
31–90 days	—	883
91–180 days	11,659	—
181–365 days	910	1,831
Total	<u>20,840</u>	<u>3,977</u>

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 29 February 2024 <i>RMB'000</i> (unaudited)	At 31 August 2023 <i>RMB'000</i> (audited)
0–60 days	10,550	26,278
61–180 days	8,198	21,424
181–365 days	6,841	1,187
Over 365 days	9,464	4,410
	<u>35,053</u>	<u>53,299</u>

12. SHARE CAPITAL

	Number of shares	Amount <i>US\$</i>	Shown in the condensed consolidated financial statements <i>RMB'000</i>
Ordinary share of US\$0.01 each			
Authorised:			
At 1 September 2022, 28 February 2023 1 September 2023 and 29 February 2024	<u>1,500,000,000</u>	<u>15,000,000</u>	
Issued and fully paid			
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	<u>39,256,118</u>	<u>392,561</u>	<u>2,731</u>
At 28 February 2023	1,121,662,105	11,216,620	76,927
Issue of shares	<u>19,642,008</u>	<u>196,420</u>	<u>1,420</u>
At 1 September 2023	<u>1,141,304,113</u>	<u>11,413,040</u>	<u>78,347</u>
Issue of shares upon exercise of share options	<u>510,000</u>	<u>5,100</u>	<u>36</u>
At 29 February 2024	<u><u>1,141,814,113</u></u>	<u><u>11,418,140</u></u>	<u><u>78,383</u></u>

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. The 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:

Further improving and raising the teacher-to-student ratio to build a high-quality teaching team

Teachers are the first resource for the development of education, and they are also an important force in achieving high-quality development of vocational education. Since its establishment, the Group has always placed great emphasis on building its talent team. During the reporting period, the Group further increased its investment in its teaching team by 17.0% year-on-year. As of 29 February 2024, among full-time teachers of Huashang Vocational College, 12.2% held doctoral degrees and 30.7% held senior titles. Huashang Vocational College was also approved to set up the Doctoral Workstation of Guangdong Province, and was the only private higher vocational college within this batch of approved institutions. Through strengthening trainings for teachers, raising teachers’ remuneration, optimising teacher appraisal mechanism and other measures, the Group also effectively improved the overall quality of the teaching team and continued to build a high-quality teaching team to ensure the high-quality development of our schools.

Optimising vocational education layout to closely match market demands

In recent years, the Group has established itself in the Guangdong-Hong Kong-Macao Greater Bay Area and the Chengdu-Chongqing Economic Circle and has been expanding throughout the country and around the world. In line with the current trend, we established a teaching system driven by teaching platform and industrial college and supported by school-enterprise cooperation in a scientific manner, while further explored the talent cultivation model through cooperation between schools and enterprises. Meanwhile, the Group fully leveraged on its schools' advantages of multi-discipline development, covering economics, management, liberal arts, engineering, arts, education, science, and medicine. Targeting the talent demands of major national strategic and emerging industries, the Group offers disciplines that are of short supply and match market demands, such as artificial intelligence, cloud computing, big data, new energy, dentistry, animation and design and digital economics. By improving discipline layout and exploring reforms and development of private education, we cultivate high-calibre and skilled talents who could serve the demand of various industries for national economic development and industrial upgrade.

Further deepening the integration of industry and education and seamlessly connecting education and employment

The in-depth promotion of industry and education integration is the key to cultivating high-calibre and skilled talents, while the spirit of craftsmanship is the key to good vocational education. To address the talent demands of national strategic emerging industries and upcoming innovative industries, taking into account industrial development and market demand, the Group actively explored the new “industry, academia and research” collaborative talent development model, optimised the layout for upcoming innovative industries like digital economy, animation and gaming and big health, and actively promoted the establishment of industrial colleges. During the reporting period, we established digital commerce industry college, animation and gaming industry college, Guangdong rural leisure industry college and other colleges, with an aim to connect education content and professional standard and bridge the gap between on-campus education and internship. Upholding the core talent training principle of “capability training”, we built a joint training mechanism with professional enterprises, and have currently established school-enterprise cooperation with over 1,000 large enterprises, cultivating inter-disciplinary skilled application-oriented talents that could seamlessly transit from academia to employment.

Program development receiving multiple awards and fully focusing on organic growth

The Group closely followed the guidance of national policy and the changing trend in the industrial environment, and continued to implement the strategy of high-quality and compliance development and strengthened organic growth, resulting in significant improvement in brand benefits and the operating strength of our colleges. During the reporting period, a new breakthrough was achieved again in the construction of first-class programmes in Huashang College, with a total of seven programmes selected as first-class undergraduate programs at the provincial level; Huashang Vocational College was awarded the “National Exemplary Vocational College of 2023” by Tencent News on the basis of unique teaching concepts and outstanding educational achievements; Huashang Technical College was recognised as the “Guangdong Exemplary Technical College Promoter” and passed the “Provincial Teaching Quality Assessment”; Urban Vocational College was ranked fourth in China and first in Sichuan in the 2024 GDI Top 100 Private Higher Vocational Colleges, and was ranked ninth in China and first in Sichuan in terms of the number of scientific research projects launched by higher vocational education colleges in 2023; Urban Technician College has shown initial results in the reform and construction of the skilled talent training mode integrating work and study, with six departments, four schools, and 28 programmes featuring work and study integration.

Number of Student Enrolments

The table below sets forth the number of student enrolments in the Group’s schools for the six months ended 29 February 2024 and for the year ended 31 August 2023:

	Six months ended 29 February 2024	Year ended 31 August 2023
Number of student enrolments (approx.)		
Higher Formal Vocational Education		
Huashang College	31,800	29,300
Huashang Vocational College	21,800	18,500
Urban Vocational College	21,500	16,900
Schools outside mainland China ¹	1,300	1,800
Secondary Formal Vocational Education		
Urban Technician College	12,500	13,100
Huashang Technical School	7,200	6,500

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

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 2023/2024 and 2022/2023 school years:

	2023/2024 school year RMB Range of tuition fees	2022/2023 school year RMB	2023/2024 school year RMB Range of boarding fees	2022/2023 school year RMB
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	28,000–39,000	28,000–38,000	2,000–4,800	2,000–4,800
Huashang Vocational College				
Regular junior college programmes	18,500–30,800	17,500–30,800	1,800–4,980	1,800–4,980
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	AUD3,800–25,000	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	1,200–2,000
Huashang Technical School				
Secondary vocational education diploma programmes	11,500–33,500	8,800–13,000	1,800–4,800	2,000–3,000

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.

Future Development

With globalisation and rapid development of technology, industrial changes and structural adjustments have become an important force for the renewal and upgrading of vocational education. As a private higher and vocational education group, with strong policy support and over 20 years of experience in private education, the Group will steadfastly follow the road of high-quality development. Driven by its development of core disciplines and discipline groups, we will vigorously develop new and cross-disciplines, such as artificial intelligence, digital economy, FinTech, and healthcare and elderly care, in order to drive the optimisation and upgrading of our schools' disciplines, and to keep pace with the development of China's strategic emerging industry clusters. We will continue to deepen the integration of industry and education and school-enterprise cooperation, lay a solid foundation of talents for the cultivation of a new generation of high-quality and high-skilled talents and the realisation of the national strategic goals, and make positive contributions to the promotion of the high-quality development of vocational education.

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 mainland China, and non-formal vocational education service fees at its schools in the PRC. For the six months ended 29 February 2024, the Group's revenue was approximately RMB1,160.2 million, representing an increase of 19.3% 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, Huashang Technical School and Urban Vocational College of the Group.

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 29 February 2024, the Group's cost of revenue amounted to approximately RMB582.2 million, representing an increase of 21.1% as compared with the corresponding period of the preceding year. The increase was in line with the growth of revenue and the Group has also increased investment in improving the connotation construction of the schools.

Gross Profit and Gross Margin

For the six months ended 29 February 2024, the Group recorded a gross profit of approximately RMB578.0 million, representing an increase of 17.5% as compared with the corresponding period of the preceding year. The growth was mainly attributable to the increase in number of student enrolments from both Huashang College and Huashang Vocational College, Huashang Technical School and Urban Vocational College. For the six months ended 29 February 2024, the Group's gross margin was 49.8%, representing a slight drop by 0.8 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 29 February 2024, the Group's selling expenses amounted to approximately RMB28.9 million, representing a decrease of 18.3% as compared with the corresponding period of the preceding year. It was mainly attributable to the decrease in student recruitment 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 29 February 2024, the Group's administrative expenses amounted to approximately RMB227.7 million, representing an increase of 47.2% as compared with the corresponding period of the preceding year. It was mainly attributable to the increases in administrative payroll, repair and maintenance expenses.

Profit Before Taxation

For the six months ended 29 February 2024, the Group recorded a profit before taxation of approximately RMB386.5 million, representing an increase of 6.7% as compared with the corresponding period of the preceding year.

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

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

Adjusted net profit attributable to owners of the Company is determined by adjusting profit for the period for the effect of net foreign exchange gain or loss, share-based payments, non-cash impairment loss recognised under ECL model and profit for the period attributable to non-controlling interests (if any). For the six months ended 29 February 2024, the Group's adjusted net profit attributable to owners of the Company amounted to approximately RMB346.2 million, representing an increase of 13.7% as compared with the corresponding period of the preceding year.

	Six months ended	
	29 February 2024	28 February 2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Profit for the period	378,458	353,532
Adjustments for:		
Net foreign exchange (gain)/loss	(4,289)	1,235
Share-based payments	845	4,410
Non-cash impairment loss recognised under ECL model	11,406	—
	<u>7,962</u>	<u>5,645</u>
Adjusted net profit	386,420	359,177
Less: profit for the period attributable to non-controlling interests	(40,216)	(54,809)
Adjusted net profit attributable to owners of the Company	<u>346,204</u>	<u>304,368</u>

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

Property, Plant and Equipment

As of 29 February 2024, the Group's property, plant and equipment amounted to approximately RMB5,091.8 million, representing an increase of 3.3% as compared with 31 August 2023. 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 29 February 2024, the Group recorded approximately RMB268.0 million in capital expenditures. It was mainly attributable to (i) construction of new teaching facilities on the Huashang College Sihui Campus and on the Huashang Vocational College Xinhui Campus, and (ii) construction of new teaching facilities on Meishan Campus of Urban Vocational College and enhancement of the existing teaching facilities on Meishan and Chengdu Campuses.

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

As at 29 February 2024, the Group's financial assets at FVTPL amounted to approximately RMB112.3 million (31 August 2023: RMB12.4 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. For the six months ended 29 February 2024, the Group recorded a fair value change on financial assets at FVTPL of approximately RMB1.7 million (31 August 2023: RMB4.1 million), which was mainly derived from the structured deposits interest income received and receivable. As at 29 February 2024, no single investment in such structured deposits of the Group accounted for more than 5% of the total assets of the Group.

Bank Balances, Deposits and Cash

As of 29 February 2024, the Group's bank balances, deposits and cash was approximately RMB1,378.7 million, representing a decrease of 31.2% as compared with that as of 31 August 2023. Such decrease was mainly attributable to the fact that during the reporting period, the Group (i) recorded capital expenditures in the sum of approximately RMB268.0 million, (ii) purchased of financial assets at FVTPL and (iii) repaid its bank borrowings.

Liquidity, Financial Resources and Gearing Ratio

As at 29 February 2024, the Group had liquid funds (representing bank balances, deposits and cash and structured deposits recognised in financial assets at FVTPL) of approximately RMB1,491.0 million (31 August 2023: RMB2,015.2 million) and bank and other borrowings of approximately RMB1,694.2 million (31 August 2023: RMB1,815.5 million).

As at 29 February 2024, the gearing ratio (calculated based on the total amount of bank and other borrowings divided by the total equity of the Group) was 37.5% (31 August 2023: 42.9%) and the debt to asset ratio (calculated based on the total amount of bank and other borrowings divided by the total assets of the Group) was 20.8% (31 August 2023: 21.4%).

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

Material Acquisitions and Disposals

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

Charge on the Group's Assets

As at 29 February 2024, 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 29 February 2024.

Contingent Liabilities

As at 29 February 2024, the Group had no significant contingent liabilities.

Human Resources

As at 29 February 2024, the Group had approximately 7,800 employees. The Group offers competitive remuneration packages to the employees, which are determined in accordance with the relevant laws and regulations of the local jurisdictions where the Group operates and the individual qualification, experience and performance of the relevant employees, as well as the prevailing salary levels in the market. In addition, the Group provides other comprehensive fringe benefits to the employees, including social insurance and mandatory provident funds, in accordance with the applicable laws and regulations. For the six months ended 29 February 2024, the staff costs (including Directors' remuneration) of the Group were approximately RMB411.0 million.

Moreover, the Company has adopted the 2024 share option scheme and 2024 share award scheme on 19 January 2024. Please refer to the circular of the Company dated 4 January 2024 for details of the aforementioned share schemes.

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 29 February 2024 and up to the date of this announcement.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend in the sum of HK9.60 cents per share in respect of the six months ended 29 February 2024 (six months ended 28 February 2023: HK 9.00 cents) to shareholders whose names appear on the register of members of the Company on 30 September 2024, Monday, 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\$2.353 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 22 April 2024, Monday to 24 April 2024, Wednesday.

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 disseminated to the Eligible Shareholders on or around 3 October 2024, Thursday. 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 31 October 2024, Thursday.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed during the period from 25 September 2024, Wednesday to 30 September 2024, Monday, both days inclusive and during which period no share transfer will be effected, for the purpose of ascertaining shareholders' entitlement to the interim dividend. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar and transfer office, Link Market Services (Hong Kong) Pty Limited, at Suite 1601, 16/F., Central Tower, 28 Queen's Road Central, Hong Kong, not later than 4:30 p.m. on 24 September 2024, Tuesday.

CORPORATE GOVERNANCE PRACTICES

The Company recognises the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the shareholders as a whole. The Company has adopted the code provisions as set out in the Corporate Governance Code (the "**CG Code**") as contained in Appendix C1 (formerly Appendix 14) to the Listing Rules, as its own code to govern its corporate governance practices.

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 (formerly Appendix 10) to the Listing Rules (the “**Model Code**”) as its own code of conduct regarding dealings in the securities of the Company by the Directors and the Company’s senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Company or its securities.

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

REVIEW OF FINANCIAL INFORMATION

Audit Committee

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

The Group’s consolidated interim results for the six months ended 29 February 2024 have not been audited but the Audit Committee had reviewed, together with the management of the Company, the Group’s unaudited consolidated interim results for the six months ended 29 February 2024, the accounting principles and policies adopted by the Group and discussed internal control and financial reporting matters of the Group.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.edvantagegroup.com.hk). The interim report of the Company for the six months ended 29 February 2024 containing all the information required by the Listing Rules will be disseminated to shareholders and published on the above websites in due course.

APPRECIATION

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

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

Hong Kong, 26 April 2024

As at the date of this announcement, the executive Directors are Mr. Liu Yung Chau, Ms. Chen Yuan, Rita and Ms. Liu Yi Man, the non-executive Director is Mr. Liu Yung Kan; and the independent non-executive Directors are Mr. Xu Gang, Mr. O'Yang Wiley and Mr. Li Jiatong.