



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



2024
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

Ms. Chan Kit Wai (*HKICPA*)

Authorised Representatives

Mr. Liu Yung Chau
Ms. Chan Kit Wai (*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
Licheng 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		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.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 29 February 2024

	NOTES	Six months ended	
		29 February 2024 RMB'000 (unaudited)	28 February 2023 RMB'000 (unaudited)
Revenue	3	1,160,191	972,751
Cost of revenue		(582,182)	(480,920)
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		(24,224)	(4,939)
Profit before taxation		386,460	362,187
Taxation	5	(8,002)	(8,655)
Profit for the period	6	378,458	353,532
Other comprehensive (expense) income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(3,392)	146
Total comprehensive income for the period		375,066	353,678

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 29 February 2024

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

Condensed Consolidated Statement of Financial Position

At 29 February 2024

		At 29 February 2024 RMB'000 (unaudited)	At 31 August 2023 RMB'000 (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
		<u>6,527,257</u>	<u>6,370,998</u>
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")	15	112,284	12,422
Bank balances, deposits and cash		1,378,744	2,002,779
		<u>1,624,653</u>	<u>2,124,295</u>

Condensed Consolidated Statement of Financial Position

At 29 February 2024

		At 29 February 2024 RMB'000 (unaudited)	At 31 August 2023 RMB'000 (audited)
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
		<u>2,141,816</u>	<u>2,572,455</u>
NET CURRENT LIABILITIES		<u>(517,163)</u>	<u>(448,160)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>6,010,094</u>	<u>5,922,838</u>
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		3,786,045	3,542,453
Non-controlling interests		733,091	692,875
		<u>4,519,136</u>	<u>4,235,328</u>

Condensed Consolidated Statement of Changes in Equity

For the six months ended 29 February 2024

	Attributable to owners of the Company											Non-controlling interests RMB '000	Total RMB '000
	Share capital/registered capital RMB '000	Share premium RMB '000	Other reserve RMB '000	Property revaluation reserve RMB '000	Shares held under share award scheme RMB '000	Share award reserve RMB '000	Share option reserve RMB '000	Translation reserve RMB '000	Statutory surplus reserve RMB '000	Retained profits RMB '000	Sub-total RMB '000		
			(Note i)	(Note ii)	(Note iv)				(Note iii)				
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	864,655	194,428	4,467	(31,755)	5,595	17,395	(223)	509,553	1,621,655	3,263,097	647,252	3,910,349
At 1 September 2023 (audited)	78,347	819,619	194,428	4,467	(28,790)	3,112	18,378	1,413	549,295	1,902,184	3,542,453	692,875	4,235,328
Profit for the period	–	–	–	–	–	–	–	–	–	338,242	338,242	40,216	378,458
Other comprehensive expense for the period	–	–	–	–	–	–	–	(3,392)	–	–	(3,392)	–	(3,392)
Total comprehensive (expense) income for the period	–	–	–	–	–	–	–	(3,392)	–	338,242	334,850	40,216	375,066
Dividends recognised as distribution (note 7)	–	(93,219)	–	–	–	–	–	–	–	–	(93,219)	–	(93,219)
Recognition of equity-settled share-based payments	–	–	–	–	–	480	355	–	–	–	845	–	845
Share awards vested	–	–	–	–	1,090	(1,412)	–	–	–	322	–	–	–
Share award forfeited	–	–	–	–	–	(689)	–	–	–	689	–	–	–
Issue of shares upon exercise of share options (note 12)	36	1,426	–	–	–	–	(346)	–	–	–	1,116	–	1,116
Share options forfeited/cancelled	–	–	–	–	–	–	(1,222)	–	–	1,222	–	–	–
Transfer	–	–	–	–	–	–	–	–	39,433	(39,433)	–	–	–
At 29 February 2024 (unaudited)	78,383	727,826	194,428	4,467	(27,700)	1,491	17,175	(1,979)	588,728	2,203,226	3,786,045	733,091	4,519,136

Condensed Consolidated Statement of Changes in Equity

For the six months ended 29 February 2024

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" or "China"), 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 29 February 2024

	Six months ended	
	29 February 2024 RMB'000 (unaudited)	28 February 2023 RMB'000 (unaudited)
Net cash (used in) generated from operating activities	(89,608)	93,646
Net cash used in investing activities		
Purchase of financial assets at FVTPL	(493,000)	(1,028,631)
Payments for acquisition of property, plant and equipment	(251,808)	(475,202)
Payments for right-of-use assets	(16,230)	—
Deposits paid for acquisition of property, plant and equipment	(19,919)	(77,391)
Redemption of financial assets at FVTPL	392,750	1,005,491
Interest income from banks	14,890	5,381
Interest income from financial assets at FVTPL	2,112	3,452
	(371,205)	(566,900)

Condensed Consolidated Statement of Cash Flows

For the six months ended 29 February 2024

	Six months ended	
	29 February 2024 RMB'000 (unaudited)	28 February 2023 RMB'000 (unaudited)
Net cash used in financing activities		
Repayment of bank and other borrowings	(306,099)	(249,539)
Dividends paid	—	(15,352)
Interest paid	(40,531)	(47,019)
Repayment of lease liabilities	(3,177)	(4,031)
Interest paid on lease liabilities	(313)	(398)
New bank and other borrowings raised	187,226	222,004
Proceeds from issue of shares upon exercise of share options	1,116	8
	(161,778)	(94,327)
Net decrease in cash and cash equivalents	(622,591)	(567,581)
Cash and cash equivalents at beginning of the period	1,982,857	1,318,052
Net effect of foreign exchange rate changes	(1,444)	(341)
Cash and cash equivalents at end of the period, represented by bank balances and cash	1,358,822	750,130

Notes to the Condensed Consolidated Financial Statements

For the six months ended 29 February 2024

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 Act (As Revised) 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 China and overseas.

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

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 (formerly 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 29 February 2024

1A. BASIS OF PREPARATION

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 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 29 February 2024 are the same as those presented in the Group's annual financial statements for the year ended 31 August 2023.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 29 February 2024

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 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 contracts with customers by major service lines:

	Six months ended	
	29 February 2024 RMB'000 (unaudited)	28 February 2023 RMB'000 (unaudited)
Type of services		
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
	1,160,191	972,751

Notes to the Condensed Consolidated Financial Statements

For the six months ended 29 February 2024

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 and other vocational education service fees. 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 2023: 12–76 weeks). 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 fees, boarding fees and other vocational education service fees 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 and other vocational education services 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 29 February 2024

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 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 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 29 February 2024

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 29 February 2024 (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>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>

Notes to the Condensed Consolidated Financial Statements

For the six months ended 29 February 2024

3. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

For the six months ended 28 February 2023 (unaudited)

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

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 29 February 2024

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 losses 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
Total	<u>8,002</u>	<u>8,655</u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended 29 February 2024

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 29 February 2024, the non-taxable tuition related income amounted to RMB1,087,616,000 (six months ended 28 February 2023: RMB919,936,000), and the related non-deductible expense amounted to RMB712,807,000 (six months ended 28 February 2023: RMB543,625,000).

6. PROFIT FOR THE PERIOD

	Six months ended	
	29 February 2024	28 February 2023
	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	374,720	289,716
— retirement benefit scheme contributions	35,396	25,626
— share-based payments	845	4,410
Total staff costs	410,961	319,752
Depreciation of property, plant and equipment	112,946	80,407
Depreciation of right-of-use assets	12,645	13,209
Short-term lease expenses	669	679

Notes to the Condensed Consolidated Financial Statements

For the six months ended 29 February 2024

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	28 February 2023
RMB'000	RMB'000
(unaudited)	(unaudited)

Final dividend for the year ended 31 August 2023 of HK9.00 cents (*Note (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 (*Note (ii)*) per ordinary share)

93,219

107,466

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 of the Company 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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 29 February 2024

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

338,242	298,723
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Six months ended	
29 February 2024	28 February 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
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Effect of dilutive potential ordinary shares:

Share options

—	334,572
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Unvested awarded shares

317,079	813,045
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Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share

1,137,056,766	1,078,502,654
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The computation of diluted earnings per share does not assume the exercise of share options of the Company because those share options were anti-diluted during the six months ended 29 February 2024 and 28 February 2023.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 29 February 2024

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 of RMB16,230,000 (six months ended 28 February 2023: nil) for leasehold land 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 (six months ended 28 February 2023: two years). Upon lease commencement, the Group recognised right-of-use assets and lease liabilities of RMB40,000 respectively (six months ended 28 February 2023: RMB750,000).

10. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	At 29 February 2024 RMB'000 (unaudited)	At 31 August 2023 RMB'000 (audited)
Trade receivables (<i>Note i</i>)	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
Staff advances	3,739	2,494
Other receivables	34,810	40,166
Interest income receivables	3,234	1,359
Deposits	2,096	2,111
Prepayments	66,758	63,029
Advances to government (<i>Note ii</i>)	56,992	56,992
Other tax recoverable	<u>975</u>	<u>1,037</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>

Notes to the Condensed Consolidated Financial Statements

For the six months ended 29 February 2024

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

Notes:

- (i) The students are required to pay tuition 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 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 be 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, net of allowance for credit losses, by age, presented based on debit note.

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 29 February 2024

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

As at 29 February 2024, the Group's trade receivables with aggregate carrying amount of RMB20,840,000 (31 August 2023: RMB3,977,000) 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 and boarding fees are usually fully received upon the graduation of the students by reference to 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 29 February 2024 RMB'000 (unaudited)	At 31 August 2023 RMB'000 (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
	35,053	53,299

Notes to the Condensed Consolidated Financial Statements

For the six months ended 29 February 2024

12. SHARE CAPITAL

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

Notes:

- i. On 27 February 2023, the Company issued 39,256,118 ordinary shares of par value US\$0.01 in respect of the share dividend scheme in relation to the final dividend for the period ended 31 August 2022.
- ii. On 30 June 2023, the Company issued 19,642,008 ordinary shares of par value US\$0.01 in respect of the scrip dividend scheme in relation to the interim dividend for the six months ended 28 February 2023.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 29 February 2024

13. SHARE-BASED PAYMENTS

(a) Share Option Schemes

The Company's share option scheme (the "**2019 Share Option Scheme**") was adopted pursuant to shareholders' resolution passed on 6 June 2019 and will expire no later than 10 years from the date of the listing. The 2019 Share Option Scheme was terminated by shareholders' resolution passed on 19 January 2024 prior to its expiry, and the Company has adopted a share option scheme on the same date (the "**2024 Share Option Scheme**").

As at 1 September 2023, the number of share options available for grant under the then available scheme mandate under the 2019 Share Option Scheme was 82,460,603. As the 2019 Share Option Scheme was terminated on 19 January 2024, no further share options may be granted under the 2019 Share Option Scheme with effect from 19 January 2024. Accordingly, as at 29 February 2024, the number of options available for grant under the then available scheme mandate under the 2019 Share Option Scheme was 0.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 29 February 2024

13. SHARE-BASED PAYMENTS (Continued)

(a) Share Option Schemes (Continued)

The following tables disclose movements in the Company's share options under the 2019 Share Option Scheme during the reporting period:

Option type	Date of grant	Exercise price HK\$	Exercise period (Note i)	Outstanding at 1 September 2023	Granted during the period	Forfeited/ cancelled during the period (Note iv)	Exercised during the period	Outstanding at 29 February 2024
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 29 February 2024

13. SHARE-BASED PAYMENTS (Continued)

(a) Share Option Schemes (Continued)

Option type	Date of grant	Exercise price HK\$	Exercise period (Note i)	Outstanding at 1 September 2023	Granted during the period	Forfeited/ cancelled during the period (Note iv)	Exercised during the period	Outstanding at 29 February 2024
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 29 February 2024

13. SHARE-BASED PAYMENTS (Continued)

(a) Share Option Schemes (Continued)

Option type	Date of grant	Exercise price HK\$	Exercise period (Note i)	Outstanding at 1 September 2023	Granted during the period	Forfeited/ cancelled during the period (Note iv)	Exercised during the period	Outstanding at 29 February 2024
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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 29 February 2024

13. SHARE-BASED PAYMENTS (Continued)

(a) Share Option Schemes (Continued)

Option type	Date of grant	Exercise price HK\$	Exercise period (Note i)	Outstanding at 1 September 2023	Granted during the period	Forfeited/ cancelled during the period (Note iv)	Exercised during the period	Outstanding at 29 February 2024
Associates of directors and substantial shareholders (Note ii)								
Mr. Liu Yung Kwong (brother of Mr. Liu and Mr. Liu Yung Kan)	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
	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
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 29 February 2024

13. SHARE-BASED PAYMENTS (Continued)

(a) Share Option Schemes (Continued)

Option type	Date of grant	Exercise price HK\$	Exercise period (Note i)	Outstanding at 1 September 2023	Granted during the period	Forfeited/ cancelled during the period (Note iv)	Exercised during the period	Outstanding at 29 February 2024
Employees (non-connected persons) (Note iii)	21 January 2020	4,954	10 December 2020– 30 January 2026	601,897	—	(170,687)	—	431,210
	21 January 2020	4,954	29 March 2021– 30 January 2026	601,897	—	(170,687)	—	431,210
	21 January 2020	4,954	10 December 2021– 30 January 2026	601,897	—	(170,687)	—	431,210
	22 February 2021	9,288	10 December 2021– 29 January 2027	593,223	—	—	—	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	1,815,497	—	(118,778)	(170,707)	1,526,012
	15 July 2022	2,394	8 December 2022– 24 September 2027	1,621,643	—	(105,581)	(170,707)	1,345,355
	15 July 2022	2,394	28 March 2023– 24 September 2027	1,738,281	—	(43,673)	(168,586)	1,526,022
	15 July 2022	2,394	7 December 2023– 24 September 2027	976,005	—	—	—	976,005
	15 July 2022	2,394	26 March 2024– 24 September 2027	1,156,668	—	(243,489)	—	913,179
Employees (non-connected persons) in aggregate				10,000,698	—	(1,023,582)	(510,000)	8,467,116
Total				17,337,851	—	(1,023,582)	(510,000)	15,804,269
Weighted average closing price immediately before the dates on which the options were exercised								HK\$2.443
Exercisable at the end of the period								14,764,256

Notes to the Condensed Consolidated Financial Statements

For the six months ended 29 February 2024

13. SHARE-BASED PAYMENTS (Continued)

(a) Share Option Schemes (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 2019 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 2019 Share Option Scheme during the reporting period.

Except as disclosed above, no share options had been granted, exercised, lapsed or cancelled under the 2019 Share Option Scheme and 2024 Share Option Scheme respectively during the reporting period.

(b) Share Award Schemes

The Company's share award scheme (the "**2019 Share Award Scheme**") was adopted pursuant to a shareholders' resolution passed on 6 June 2019 and will expire no later than 10 years from the date of the listing. The 2019 Share Award Scheme was terminated by shareholders' resolution passed on 19 January 2024 prior to its expiry, and the Company has adopted a share award scheme on the same date (the "**2024 Share Award Scheme**").

As at 1 September 2023, the maximum number of awarded Shares (whether in the form of new Shares or existing Shares) available for grant under the 2019 Share Award Scheme (i.e. the scheme limit) was 16,791,383. As the 2019 Share Award Scheme was terminated on 19 January 2024, no further share awards may be granted under the 2019 Share Award Scheme with effect from 19 January 2024. Accordingly, as at 29 February 2024, the number of share awards available for grant under the then available scheme limit under the 2019 Share Award Scheme was 0.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 29 February 2024

13. SHARE-BASED PAYMENTS (Continued)

(b) Share Award Schemes (Continued)

The following tables disclose movements in the Company's share awards under the 2019 Share Award Scheme during the reporting period:

	Date of grant	Vesting date	Number of share awards outstanding at 1 September 2023	Granted during the period	Vested during the period	Forfeited/ cancelled during the period (Note iii)	Number of share awards outstanding at 29 February 2024
Directors							
Ms. Liu	22 February 2021	8 December 2023	16,304	—	(16,304)	—	—
	22 February 2021	27 March 2024	16,306	—	—	—	16,306
Directors in aggregate			32,610	—	(16,304)	—	16,306
Associates of directors and substantial shareholders (Note i)							
Mr. Liu Chi Hin (son of Mr. Liu and Ms. Chen)	22 February 2021	8 December 2023	8,152	—	(8,152)	—	—
	22 February 2021	27 March 2024	8,153	—	—	—	8,153
Associates of directors and substantial shareholders in aggregate			16,305	—	(8,152)	—	8,153
Employees (non-connected persons) (Note ii)							
Employees (non-connected persons) in aggregate	22 February 2021	8 December 2023	114,406	—	(94,378)	(20,028)	—
	22 February 2021	27 March 2024	161,373	—	—	(46,958)	114,415
	29 April 2021	8 December 2023	70,527	—	(53,008)	(17,519)	—
	29 April 2021	27 March 2024	58,947	—	—	—	58,947
Employees (non-connected persons) in aggregate			405,253	—	(147,386)	(84,505)	173,362
Total			454,168	—	(171,842)	(84,505)	197,821

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 29 February 2024

13. SHARE-BASED PAYMENTS (Continued)

(b) Share Award Schemes (Continued)

Notes: (Continued)

- iii. Except for 46,958 shares forfeited due to the termination of employment contract pursuant to the provisions of the scheme rules governing the 2019 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.
- iv. 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 2019 Share Award Scheme and 2024 Share Award Scheme respectively during the reporting period.

As disclosed above, the Company adopted the 2024 Share Option Scheme and 2024 Share Award Scheme on 19 January 2024. No grant was made under the 2024 Share Option Scheme, 2024 Share Award Scheme, or any other share schemes of the Company (including the 2019 Share Option Scheme and the 2019 Share Award Scheme) during the six months ended 29 February 2024. Accordingly, as at 29 February 2024, the number of share options and share awards available for grant under the Scheme Mandate Limit and Service Provider Sublimit under the 2024 Share Option Scheme, 2024 Share Award Scheme and any other share schemes of the Company (including the 2019 Share Option Scheme and the 2019 Share Award Scheme) were 114,181,411 Shares and 11,418,141 Shares respectively.

As no grant was made under the 2024 Share Option Scheme, 2024 Share Award Scheme or any other share schemes of the Company (including the 2019 Share Option Scheme and the 2019 Share Award Scheme) during the six months ended 29 February 2024, the number of shares that may be issued in respect of share options and share awards granted under all share schemes of the Company during the six months ended 29 February 2024 divided by the weighted average number of Shares in issue during the six months ended 29 February 2024 is 0.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 29 February 2024

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 RMB220,755,000 (31 August 2023: RMB286,530,000) 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 29 February 2024

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 29 February 2024: RMB112,284,000 (31 August 2023: RMB12,422,000)	Level 3	Discounted cash flow — Future cash flows are estimated based on estimated return ranging from 2.05% to 2.37% (31 August 2023: 2.17% to 2.46%) per annum, and discounted at a rate of 2.22% (31 August 2023: 2.36%)	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 RMB45,000 (31 August 2023: RMB66,000) 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 RMB28,000 (31 August 2023: RMB10,000) at the end of the reporting period.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 29 February 2024

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 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/>
At 1 September 2023	12,422
Purchase of structured deposits	493,000
Redemption of structured deposits	(392,750)
Net gain on structured deposits	1,724
Settlements of the interest income	(2,112)
	<hr/>
At 29 February 2024	112,284

The total gains or losses for the six months ended 29 February 2024 included an unrealised gain of RMB388,000 (six months ended 28 February 2023: unrealised gain of RMB85,000) 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.

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 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 exploring 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 of 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.

Management Discussion and Analysis

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 compliant 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
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.

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 2023/2024 and 2022/2023 school years:

	2023/2024 school year RMB	2022/2023 school year RMB	2023/2024 school year RMB	2022/2023 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	28,000–39,000	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.

Management Discussion and Analysis

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.

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, 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
	<i>RMB'000</i>	<i>RMB'000</i>
	(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	—
	7,962	5,645
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	346,204	304,368

Management Discussion and Analysis

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.

Management Discussion and Analysis

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 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 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.

Other Information

Disclosure under Rule 13.18 of the Listing Rules

On 29 January 2024, a wholly-owned subsidiary of the Company as borrower ("**Borrower**") entered into a loan agreement ("**Loan Agreement**") with International Finance Corporation, a member of the World Bank Group, as lender ("**Lender**") for a loan with a principal amount of RMB equivalent of USD100,000,000 with a final maturity date on 15 June 2031 ("**Loan**").

Pursuant to the Loan Agreement, the Lender may demand mandatory prepayment of the entirety of the then outstanding amount of the Loan upon occurrence of any of the following events:

1. Mr. Liu and Ms. Chen at any time and for any reason failing to own at least 51% of both the economic and voting interests in the Company's share capital (determined on a fully diluted basis); and
2. Any person or group other than Mr. Liu and Ms. Chen having obtained the power (whether or not exercised) to elect a majority of the board of directors of the Company or the Borrower.

Upon occurrence of any of the above events, the Lender may issue a demand to the Borrower. Immediately upon receiving such demand, unless otherwise agreed in writing by the Lender, the Borrower shall prepay the then outstanding principal amount of the Loan, together with accrued interest, and all other amounts payable under the Loan Agreement.

As of the date of entering into of the Loan Agreement and the date of this interim report, (i) Mr. Liu and Ms. Chen collectively directly and indirectly through their controlled corporation own not less than 70% (excluding share options and unvested awarded shares in which they are interested or deemed to be interested) of the economic and voting interests in the Company's issued share capital; and (ii) no person or group other than Mr. Liu and Ms. Chen has obtained the power (whether or not exercised) to elect a majority of the board of directors of the Company nor the Borrower.

Future Plans on Material Investments or Capital Assets

Save as disclosed in this interim report, the Group does not have any current concrete plan for material investments or capital assets.

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 interim report.

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: HK9.00 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.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE IN SHARES

As at 29 February 2024, 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 C3 (formerly 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	786,855	804,927,407 (Note 1)	—	2,695,102	808,409,364	70.80%
Ms. Chen	95,194	807,775,126 (Note 2)	—	539,044	808,409,364	70.80%
Ms. Liu	1,077,684	—	16,306	2,124,339	3,218,329	0.28%
Mr. Liu Yung Kan	68,298	—	—	377,340	445,638	0.04%
Mr. Xu Gang	18,378	—	—	107,833	126,211	0.01%
Mr. Li Jiatong	19,038	—	—	107,833	126,871	0.01%

Notes:

- For the purpose of the SFO, as at 29 February 2024, other than the personal interests and the other interests as stated in the above table, Mr. Liu was deemed to be interested in (i) 804,293,169 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 29 February 2024, other than the personal interests and the other interests as stated in the above table, Ms. Chen was deemed to be interested in (i) 804,293,169 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 2019 Share Award Scheme adopted by the Company on 6 June 2019 which remained unvested and held by the trustee as at 29 February 2024. The details of such award shares are disclosed in note 13(b) to the condensed consolidated financial statements in this interim report.
- As at 29 February 2024, these equity derivatives were outstanding share options granted to the relevant directors under the 2019 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 29 February 2024, being 1,141,814,113 Shares.

Save as disclosed above and to the best knowledge of the Directors, as at 29 February 2024, 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 SCHEMES

The Company's 2019 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. The 2019 Share Option Scheme was terminated by shareholders' resolution passed on 19 January 2024 prior to its expiry and the 2024 Share Option Scheme was adopted on the same date. Details of the 2019 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, and details of the 2024 Share Option Scheme are set out in the circular of the Company dated 4 January 2024. 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 SCHEMES

The Company's 2019 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. The 2019 Share Award Scheme was terminated by shareholders' resolution passed on 19 January 2024 prior to its expiry and the 2024 Share Award Scheme was adopted on the same date. Details of the 2019 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, and details of the 2024 Share Award Scheme are set out in the circular of the Company dated 4 January 2024. 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 29 February 2024, 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	804,293,169 (L)	70.44% (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 1,141,814,113 Shares in issue as at 29 February 2024.

Save as disclosed above and to the best knowledge of the Directors, as at 29 February 2024, 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 2019 Share Option Scheme, 2019 Share Award Scheme, 2024 Share Option Scheme and 2024 Share Award Scheme as disclosed under the section headed "Share Option Schemes" and "Share Award Schemes" 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 2023 annual report.

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, 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 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 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 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.

Other Information

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

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.

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

*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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