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**Edvantage Group Holdings Limited**  
**中匯集團控股有限公司**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock code: 0382)**

**VOLUNTARY ANNOUNCEMENT ON BUSINESS UPDATE  
FOR THE THREE MONTHS ENDED 30 NOVEMBER 2019**

The Board is pleased to announce an update on certain latest unaudited financial and operational information, and business development of the Group for the three months ended 30 November 2019 on a voluntary basis.

**HIGHLIGHTS**

	<b>For the three months ended 30 November</b>		<b>Percentage increase</b>
	<b>2019 (unaudited)</b>	<b>2018 (unaudited)</b>	
Revenue ( <i>RMB'000</i> )	<b>210,872</b>	176,628	19.4%
Cost of revenue ( <i>RMB'000</i> )	<b>106,594</b>	90,654	17.6%
Gross profit ( <i>RMB'000</i> )	<b>104,278</b>	85,974	21.3%
Number of student enrolments	<b>35,227</b>	32,716	7.7%

## **BUSINESS UPDATE**

This is a voluntary announcement made by Edvantage Group Holdings Limited (the “**Company**”). The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce an update on certain latest unaudited financial and operational information and business development of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the three months ended 30 November 2019 (the “**Period under Review**”).

### **Overview**

#### **For the three months ended 30 November 2019:**

The revenue of the Group amounted to approximately RMB210.9 million, representing a year-on-year increase of approximately 19.4%. The gross profit of the Group increased by approximately 21.3% to approximately RMB104.3 million and the gross profit margin increased by 0.8 percentage point to 49.5% as compared to the corresponding period of last year.

The total number of student enrolments of the Group was 35,227, representing an increase of 7.7% as compared to the corresponding period of last year. The total number of student enrolments of Huashang College Guangdong University of Finance & Economics (“**Huashang College**”) was 24,116, representing an increase of 6.3% as compared to the corresponding period of last year, and the total number of student enrolments of Guangzhou Huashang Vocational College (“**Huashang Vocational College**”) was 10,661, representing an increase of 11.3% as compared to the corresponding period of last year. Apart from an increase in student enrolments, the average tuition fees for student enrolments of the Group also recorded significant increase. The average tuition fees for student enrolments of Huashang College and Huashang Vocational College for the Period under Review were RMB24,671 and RMB15,617, representing a year-over-year growth of 13.3% and 3.5% as compared to the corresponding period of last year, respectively.

During the Period under Review, the business development of the Group saw significant breakthrough when compared to the financial year 2019/2020. The core business as well as vocational education and training business of the Group were strongly supported by favourable government policies.

## Operational Development

### *Core Business:*

#### *1. Improvement in school condition and education resources*

- **The new Sihui campus:** The Huashang College Sihui campus is scheduled to commence operation in September 2020, which can accommodate approximately 16,000 students. Approximately 3,000 students will be enrolled for the first school year. It is expected that the total number of student enrolments will increase by 3,000 in each subsequent year.
- **The existing Zengcheng campus:** The construction of Science & Technology Centre and International Conference Centre of Huashang College are in progress as scheduled. The Science & Technology Centre will be used for education activities, and the International Conference Centre will be used to host meetings, seminars, academic activities and practical training.

#### *2. Diversification of education services*

- **New teaching venue in Shenzhen:** The Group actively expands its teaching network to Shenzhen, a city known as a “Special Economic Zone” of China, an international metropolitan, the “Silicon Valley” in China and the Demonstration Pilot Zone, for launching advanced courses on AI, big data, financial technology etc. The new teaching venue is located in The Mixc Commercial Zone (萬象天地商圈), Nanshan District, Shenzhen and is expected to commence operation in April 2020.

#### *3. Addition of education programs*

- **Establishment of College of Healthcare:** The Group has established College of Healthcare in Huashang College and Huashang Vocational College for training healthcare professionals in cooperation with hospitals and corporates on a commercial basis. The programs offered by the College of Healthcare include healthcare services and management, Chinese herbs, cosmetics science and technology and health enhancement with traditional Chinese pharmacy. Approximately 150 students have been initially enrolled at the College of Healthcare for the 2019/20 school year. The Group has also set up a modern and synthetic Chinese herbarium, which combines education, scientific research and popular science.

#### 4. *Program improvement*

- **The Establishment of Southwest University of Political Science & Law Huashang College:** Huashang College and Southwest University of Political Science & Law have entered into a cooperation agreement on 31 December 2019 in relation to the joint establishment of the Southwest University of Political Science & Law Huashang College to award double bachelor's degree (Business + Law) to enhance the level of recognition and the competitiveness of its graduates. The college plans to introduce the joint programmes in the year of 2020/21. It is expected that the tuition fees of joint programmes will be considerably higher than that of single subject programmes.

#### 5. *Global expansion and improvement of teaching quality*

- **Acquisition of NYU Language School:** The Group has acquired NYU Language School, a local school in Singapore. NYU Language School has been accredited as EduTrust by the Education Department of Singapore. It provides long-term and short-term language training courses as well as preparatory courses for the admission of different schools in Singapore for local and overseas students. The students in NYU Language School come from different countries, which provides a favourable international learning environment for the students of Huashang College and Huashang Vocational College from China who are interested in studying in Singapore.
- **The new Singapore campus:** The Group has established the Singapore campus based in the existing NYU Language School. Expected to commence operation in April 2020, the Singapore campus is situated in city centre with favourable geographical location and excellent accessibility. It is also in the vicinity of various universities, including the National University of Singapore and the Nanyang Academy of Fine Arts, which are accessible within a short period of time. In addition to the language preparatory courses, the new campus also provides undergraduate and college courses and start-up/training courses. It is qualified to offer internationally-recognised courses and accept local and overseas students in Singapore.
- **The acquisition of NYU Language School will allow the students of Huashang College and Huashang Vocational College from China to attend the new Singapore campus sooner. In addition, it will also optimise the education service quality of the Group and increase the learning resources available to the students.**

## **Business of Vocational Education Training:**

The business of vocational education training of the Group further grew under the provisional government policy on quality classification of vocational skills, i.e. “1 + X” certificate system, introduced for vocational colleges and technical training colleges.

- **More certified vocational training courses have been introduced in Zengcheng campus**, including CFA, junior accountant, computer science, teacher qualification certificate, CET 4, CET 6 and IELTS.
- **Further development of the School of Continuing Education in Zengcheng campus.** It is expected that the contribution of revenue from continuing education in the school year of 2020/21 and beyond will be more significant.
- In addition to the operation of vocational education training, **the Group will make use of its overseas teaching resources to introduce advanced vocational training for local and overseas students in its Shenzhen teaching centre in cooperation with Southwest University of Political Science & Law Huashang College.**

**It is expected that the vocational training of the Group will have high growth and gross profit margin and will become a new revenue growth factor for the Group.**

**In conclusion, the business development of the Group during the first quarter of the financial year 2019/2020 indicates that the average tuition fees for student enrolments of the Group will have growth potential in the future. In addition, the Group will put enormous efforts to develop vocational training, which is currently credited to other revenue, and bring more value for the shareholders of the Company.**

## **Financial Highlights**

### ***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 Huashang College and Huashang Vocational College and Global Business College of Australia (“**GBCA**”), as well as fees from university cooperation programme recognised for providing various resources and administrative support to the University of Canberra which provided certain of its bachelor’s degree programmes at GBCA. For the three months ended 30 November 2019, the Group’s revenue was approximately RMB210.9 million, representing an increase of approximately 19.4% from approximately RMB176.6 million for the corresponding period of last year, which is attributable to the increases in both student enrolments and average tuition fees within the Period under Review.

## ***Cost of Revenue***

Cost of revenue consists primarily of staff costs, education expenses, depreciation and amortisation, property management expenses, rental expenses and others. For the three months ended 30 November 2019, the Group's cost of revenue amounted to approximately RMB106.6 million, increased by approximately 17.6% from approximately RMB90.6 million for the corresponding period of last year.

## ***Gross Profit and Gross Margin***

For the three months ended 30 November 2019, the Group recorded a gross profit of approximately RMB104.3 million, representing an increase of approximately 21.3% from approximately RMB86.0 million for the corresponding period of last year. For the three months ended 30 November 2019, the Group achieved a gross margin of 49.5%, up by 0.8 percentage point as compared with the corresponding period of last year. The growth was mainly attributable to the increasing student enrolments, average tuition fees and various efforts of cost control.

## ***Other key financial indicators***

	<b>At 30 November 2019 RMB'000 (unaudited)</b>	<b>At 31 August 2019 RMB'000 (audited)</b>
Non-current assets	<b>1,557,590</b>	1,431,832
Current assets	<b>1,552,555</b>	1,694,764
Current liabilities	<b>912,743</b>	1,018,814
Net current assets	<b>639,812</b>	675,950

## **Liquidity and Financial Resources**

As at 30 November 2019, the Group had bank balances and cash, pledged bank deposits and financial assets at fair value through profit or loss (i.e. structured deposits) with aggregate carrying amount of approximately RMB1,355.2 million, included in the unaudited consolidated financial statements (31 August 2019: RMB1,654.9 million, included in the audited consolidated financial statements).

As at 30 November 2019, the Group had bank borrowings of approximately RMB487.4 million, included in the unaudited consolidated financial statements (31 August 2019: RMB556.0 million, included in the audited consolidated financial statements).

## **Capital Expenditures**

For the three months ended 30 November 2019, the Group recorded capital expenditures of approximately RMB171.2 million (three months ended 30 November 2018: RMB105.0 million) in the unaudited consolidated financial statements.

The Board wishes to remind shareholders and potential investors of the Company that the above financial and operational data are based on the preliminary assessment of the Group's management accounts for the three months ended 30 November 2019 which have not been audited or reviewed by auditors. Accordingly, figures and discussions contained in this announcement should in no way be regarded as any indication or assurance on the financial results of the Group for the three months ended 30 November 2019. Shareholders and potential investors of the Company are cautioned not to place undue reliance on such data.

**Shareholder and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

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

Hong Kong, 16 January 2020

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