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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 NINE MONTHS ENDED 31 MAY 2022**

The Board is pleased to announce an update on certain latest unaudited financial and operational information, and business development of the Group for the nine months ended 31 May 2022 on a voluntary basis.

HIGHLIGHTS

	For the nine months ended 31 May		Percentage increase
	2022 (unaudited)	2021 (unaudited)	
Revenue (<i>RMB'000</i>)	1,257,403	901,304	39.5%
Cost of revenue (<i>RMB'000</i>)	625,071	451,984	38.3%
Gross profit (<i>RMB'000</i>)	632,332	449,320	40.7%
Number of student enrolments	77,992	62,442	24.9%

During the Period under Review, the significant increase in the Group's revenue and gross profit was mainly attributable to: i) the increase in the number of student enrolments and average tuition fees of Guangzhou Huashang College, Guangzhou Huashang Vocational College, Urban Vocational College of Sichuan and Urban Technician College of Sichuan; ii) the revenue and gross profit generated by the school acquired in the second quarter of the financial year ending 31 August 2022 (i.e. Guangdong Huashang Technical School) and iii) the efficient development of the Group's non-formal vocational education business.

The Group has been devoted to operating schools by adhering to high quality and high compliance education and closely following relevant national policies since it started operating its schools. During the Period under Review, the Group's business operations continued to be high-quality and sustainable, the quality of operation of its schools continued to improve, and the education brand became increasingly prominent; the capacities for running schools were efficiently expanded to promote the long-term sustainable development of schools; the integration of industry and education was carried out by its schools in collaboration with Government and leading enterprises to cultivate characteristic talents and promote high-quality development of the local economy; the high-end school operation reputation of the GBA Business School continued to increase, and two high-end premium courses were officially launched; in addition, the Group simultaneously facilitated the further education, employment and entrepreneurship to support China in stabilizing and ensuring employment, and continuously delivered high-quality graduates to the society. Under the background that China highly encourages the development of vocational education, all of the Group's businesses will be able to develop in a better and faster way by virtue of favourable policies.

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 of the Company and its subsidiaries (collectively be referred to as the “**Group**”) for the nine months ended 31 May 2022 (the “**Period under Review**”).

Business Progress

Continuously Improved Education Quality, Increasingly Prominent Education Brand

During the Period under Review, the educational brands of the Group’s schools continued to receive high-quality certification. Among them, Guangzhou Huashang College (廣州華商學院) (“**Huashang College**”), an application-oriented private undergraduate college, has become one of the first batch of construction units to be included in the Guangdong Province master’s degree conferring project in May 2021 and it was successfully approved as a doctoral workstation in Guangdong Province in June 2022, marking a new step of the school in teaching and research, which is of great significance for enhancing the influence of the Group’s education brand. The employment rate and employment quality of Guangzhou Huashang Vocational College (廣州華商職業學院) (“**Huashang Vocational College**”) continued to achieve high levels. In the past five years, the employment rate of its graduates has been at the forefront of private colleges and universities with its initial employment rate above 97%, which is 2 percentage points higher than the average level of Guangdong Province. The employment rate of its 2021 graduates is as high as 98.93%. In addition, it achieved a fabulous performance in terms of promoting students receiving further education. In 2022, the number of admissions and the admission rate of the Group’s students have reached record high. 1,080 students have been admitted to undergraduate colleges, and the admission rate is as high as 61.5%. Another higher vocational education institution of the Group, Urban Vocational College of Sichuan (四川城市職業學院) (“**Urban Vocational College**”), as one of the only two high-level higher vocational education institutions (i.e. double-high) in Sichuan Province, has won the first place in various authoritative school-running ranking lists. It ranked first in Sichuan Province and third in China in the recently released “Guangzhou Daily Data and Digitalization Institute: GDI Top 100 List of High Schools and Colleges (Private) (2022)”. Furthermore, in 2022, both the number of

admissions and the admission rate have hit record high, with 940 students being admitted, and the admission rate is as high as 17.4%. The enrolments of Urban Technician College of Sichuan (四川城市技師學院) (“**Urban Technician College**”) and Guangdong Huashang Technical School (廣東華商技工學校) (“**Huashang Technical School**”), two secondary vocational education institutions of the Group, are relatively optimistic in recent years by virtue of China’s strong encouragement of the development of vocational education and their excellent school-running reputation. Among others, Huashang Technical School recruits a considerable number of students in 2022 and some majors’ enrolment quota opened for junior high school students had been filled as of now.

Efficient Expansion of Education Capacities to Promote Sustainable Development of School Operation

The Group’s five schools in Mainland China are distributed across Sichuan Province in the Chengdu-Chongqing Economic Circle and Guangdong Province in the Guangdong-Hong Kong-Macao Greater Bay Area. The schools in Sichuan Province are Urban Vocational College and Urban Technician College, with two campuses in Chengdu City and Meishan City. The maximum capacity of the campuses will be approximately 35,000 students after being fully put into use. As of now, the corresponding maximum capacity utilization rate is approximately 80%. Schools in Guangdong Province are Huashang College, Huashang Vocational College and Huashang Technical School, with Guangzhou City Zengcheng Campus, Jiangmen City Xinhui Campus and Zhaoqing City Sihui Campus. Their total maximum capacity will be approximately 85,000 students after they are fully put into use. As of now, the corresponding maximum capacity utilization rate is approximately 60%. The total maximum capacity of the Group’s schools in Mainland China is approximately 120,000 students which is sufficient for school operation and will continue to empower the Group’s diversified development.

Cultivation of Characteristic Talents by Industry-Education-Research Integration to Promote High-Quality Economic Development

Schools under the Group proactively meet the needs of regional economic and social development, and actively explore interdisciplinary and multi-sector collaborative education and training models. Huashang College has set up 10 provincial and university-level research institutes (institutions), such as Guangdong Huashang Financial Technology Research Institute, Huashang Economic and Social Research Institute, and Huashang International Cultural and Creative R&D Centre, etc. The Group strives to facilitate the synergistic development of the “Industry-Education-Research” integration, school-enterprise collaborative education and is committed to the exploration of the practical teaching system, the integration of industry and education, and the construction of school-enterprise cooperation. Under the trend of China’s vigorously advocating the cultivation of talents through the integration of industry and education, the Group’s schools have actively implemented the aforesaid integration in fields such as big health, digital art, early education and artificial intelligence by virtue of their highly advantageous professional

construction and rich resources of leading enterprises in the industry. They have entered into cooperation with strong enterprises such as Yuanxin Group in the field of big health, CMGE Technology Group in the field of digital art, and SenseTime in the field of artificial intelligence to respectively establish industry schools. In addition, the Group has also actively responded to the development needs of local industries. During the Period under Review, the Sihui Campus of Huashang College established the Jewellery College, entered into the “School-Local Government Comprehensive Cooperation Strategic Agreement” with the Sihui City Municipal People’s Government, and established the “Government-School Cooperation — Jewellery Industry-Education-Research Base”. The two parties will deepen strategic cooperation in the development planning of the jewellery and jade industry and the cultivation of characteristic talents, so as to achieve a win-win situation in the development of the jade industry in Sihui City and the improvement of the school’s education level, and to promote the coordinated development of high-quality jade industry in Sihui City.

High-quality GBA Business School, Remarkable Results Achieved in Business Development

During the Period under Review, the Group’s GBA Business School located in Hong Kong, China has achieved remarkable results, and officially launched two major training courses, namely the GBA Leader-Entrepreneur Acceleration Program (GBA LEAP) and the first-level training courses of the “Shenzhen-Hong Kong-Macao Financial Technologist” Professional Program, which are scheduled to start in September 2022 and July 2022, respectively. The tuition fee is about HK\$190,000 per person per program (for one year) and about HK\$20,000 per person per session (lasting 1.5 months), respectively. Thanks to the Group’s abundant educational resources, high-end educational orientation and the teaching reputation of authoritative industry figures, as of now, the two courses experienced considerable enrolment. The GBA Business School will adhere to its role as a “super connector” and cultivate outstanding leaders and talents for the Guangdong-Hong Kong-Macao Greater Bay Area.

Stabilizing and Ensuring Employment to Help Deliver High-Quality Graduates

Since the commencement of its schools operation, the Group has efficiently realized a positive cycle of recruiting high-quality students and delivering high-quality graduates. It not only provides diversified high-quality teaching services during the school period, but also actively invests in further education, employment and entrepreneurship, which not only stabilizes employment and ensures employment, but also enables the output quality of graduates to repeatedly hit new highs. In terms of further education, in the past five years, Huashang Vocational College and Urban Vocational College have both taken the lead in private higher vocational colleges of Guangdong Province and Sichuan Province respectively in terms of admissions and admission rates. In addition, hundreds of outstanding graduates of Huashang College have been admitted to Project 985 and Project 211 and top 100 overseas QS World University Rankings universities to pursue master’s degree. In terms of employment, on the basis of the original nearly 1,000 school-enterprise cooperation, the colleges and universities actively visited enterprises to expand jobs in 2022, and successfully cooperated with hundreds of enterprises, adding jobs from nearly 200

enterprises, and adding more than ten practical teaching bases, which effectively supports China in stabilizing employment and ensuring employment. In recent years, the initial employment rate of graduates of its schools has been higher than the provincial average, and ranks almost the best among private colleges and universities. In terms of entrepreneurship, the Group's schools have held hundreds of innovation and entrepreneurship competitions in recent years. Nearly 50 innovation and entrepreneurship incubation bases have been established and successfully attracted nearly 100 innovative companies to settle in. The Group also trained hundreds of outstanding entrepreneurial graduates.

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 its Huashang College, Huashang Vocational College, Urban Vocational College, Urban Technician College and Huasheng Technical School (collectively be referred to as the “**PRC operating schools**”) in China and Global Business College of Australia (“**GBCA**”), Edvantage Institute Australia and Edvantage Institute (Singapore) in overseas, and other vocational education service fees at its PRC operating schools as well as fees recognized from university cooperation programme for providing various resources and administrative support. For the nine months ended 31 May 2022, the Group's revenue was approximately RMB1,257.4 million, representing an increase of 39.5% as compared with the corresponding period of last year, which was mainly attributable to the increase in the number of student enrolments and average tuition fees of PRC operating schools of the Group and the effective business development of the Group's other vocational education business, as well as the income generated from Huashang Technical School since the completion of acquisition of it.

Cost of Revenue

Cost of revenue consists primarily of staff costs, education expenses, depreciation, property management expenses and other costs. For the nine months ended 31 May 2022, the Group's cost of revenue amounted to approximately RMB625.1 million, representing an increase of 38.3% as compared with the corresponding period of last year.

Gross Profit and Gross Margin

For the nine months ended 31 May 2022, the Group recorded a gross profit of approximately RMB632.3 million, representing an increase of 40.7% as compared with the corresponding period of last year. For the nine months ended 31 May 2022, the Group achieved a gross margin of 50.3%, up by 0.4 percentage point as compared with the corresponding period of last year. The growth was mainly attributable to the increase in number of student enrolments and average tuition fees and various efforts of cost control.

Other key financial indicators

	At 31 May 2022 RMB'000 (unaudited)	At 28 February 2022 RMB'000 (unaudited)
Non-current assets	5,509,486	5,274,333
Current assets	719,916	1,154,011
Current liabilities	(1,153,800)	(1,675,066)
Net current liabilities	(433,884)	(521,055)

Liquidity, Financial Resources and Gearing Ratio

As at 31 May 2022, the Group had liquid funds (representing bank balances and cash and structured deposits recognised in financial assets at fair value through profit or loss) of approximately RMB517.2 million (28 February 2022: RMB913.9 million) and bank and other borrowings of approximately RMB1,645.4 million (28 February 2022: RMB1,614.2 million), included in the unaudited consolidated financial statements.

The Group's gearing ratio as of 31 May 2022, represented by bank and other borrowings as a percentage of total assets, was 26.4% (28 February 2022: 25.1%).

Capital Expenditures

For the nine months ended 31 May 2022, the Group recorded approximately RMB587.6 million in capital expenditures in the unaudited consolidated financial statements, representing an increase of 30.8% as compared with the corresponding period of last year. It was mainly attributable to (i) the acquisition of land use rights in Guangdong Province (i.e. lands located in Sihui of Zhaoqing) for education purpose, (ii) maintaining and enhancing the existing teaching facilities and construction of new teaching facilities on the Huashang College Sihui Campus and the Zengcheng District Campus, and (iii) the construction of the new Huashang Vocational College Xinhui Campus and Urban Vocational College's Campuses in Meishan City.

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 nine months ended 31 May 2022 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 nine months ended 31 May 2022. Shareholders and potential investors of the Company are cautioned not to place undue reliance on such data.

Shareholders 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, 21 July 2022

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