

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2021**

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 2021 on a voluntary basis.

HIGHLIGHTS

	For the three months ended 30 November 2021	2020	Percentage increase
	(unaudited)	(unaudited)	
Revenue (RMB'000)	393,468	243,666	61.5%
Cost of revenue (RMB'000)	196,598	122,127	61.0%
Gross profit (RMB'000)	196,870	121,539	62.0%
Number of student enrolments	70,737	38,784	82.4%

During the Period under Review, the significant increase in the Group's revenue and gross profit was mainly attributable to:

- i) the revenue and gross profit generated by the schools acquired in the financial year ended 31 August 2021 (i.e. Urban Vocational College of Sichuan and Urban Technician College of Sichuan) (For the three months ended 30 November 2020: nil); and
- ii) the increase in number of student enrolments and average tuition fees from both Guangzhou Huashang College and Guangzhou Huashang Vocational College.

The Group started consolidating the financial statements of Urban Vocational College of Sichuan and Urban Technician College of Sichuan since January 2021, therefore will consolidate their fullset financial statements for 12 months from the financial year ending 31 August 2022.

The Group's acquisition of Guangdong Huashang Technical School 廣東華商技工學校 (“**Huashang Technical School**”) has been completed and the Group started consolidating its financial statements in the second quarter of the financial year ending 31 August 2022.

During the Period under Review, the Group recorded steady and sound development in operations and financial performance. The Group has been devoting to operating schools by adhering to high quality and high compliance education and closely following relevant national policies since operating its schools. During the Period under Review, the Group continuously focused on connotation construction, and we have frequently made breakthroughs on, among others, the integration of industries and education, achievements of teaching, awards for teachers and students and scientific research. As for exploring differentiated school operations, the Group also achieved outstanding results in operating high-quality international vocational education and has been widely recognised. Under the background that China highly encourages the development of vocational education, all of the Group's businesses will develop better and faster with the help of favorable 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 referred to as the “**Group**”) for the three months ended 30 November 2021 (the “**Period under Review**”).

Business Highlights

During the Period under Review, the Group's number of student enrolments was 70,737, representing an increase of 82.4% as compared with that for the corresponding period of last year. With the diversification of teaching services and the continuous improvement of teaching quality, the Group has been widely recognised for school operations, leading to a steady increase in tuition fees and boarding fees.

The Group's schools constantly focused on connotation construction during the Period under Review and made many breakthroughs in the following areas. In terms of the integration of industry and education, the schools under the Group actively built partnerships with leading enterprises in various industries, in a bid to facilitate the innovation and development of the enterprises and see the enhancement of their school-running strength. Guangzhou Huashang Vocational College collaborated with Shenzhen CMGE Network Technology Co., Ltd., the world's top-tier mobile game developer and publisher, to set up an integrated industry-university-research collaboration platform for digital creative culture to train talents in the digital field. Besides, it also collaborated with Shenzhen Dianmao Technology Co., Ltd. and Hangzhou WeCare Education Technology Co., Ltd. to establish the “school of early childhood education industry”, aiming to train high-calibre talents to meet the needs of high-quality development and innovation of the early childhood education industry. Urban Vocational College of Sichuan led the establishment of the vocational education group of intelligent healthcare for the elderly in the Chengdu-Chongqing Economic Circle, facilitating the formation of a new pattern of elderly care in the Chengdu-Chongqing region.

In respect of teaching achievements, Guangzhou Huashang College came 17th among the class-III Chinese private universities (class-III colleges and universities are those with advantages in arts, economics, management, education, medicine and other disciplines) ranked by Cuaa.net for 2022, up five places from last year. It ranked first among private colleges and universities in Guangdong province. In the meantime, auditing, advertising and information management and information systems were selected as three provincial first-class undergraduate programmes in Guangdong province. Urban Vocational College of Sichuan was approved as cultivation unit of high-level higher vocational education institutions; in addition, the college won two special prizes, one first prize and two second prizes at the provincial teaching achievement awards. It is the only private vocational school in Sichuan province that has obtained such excellent school-running results.

In respect of awards for teachers and students, five teachers from Guangzhou Huashang College, including Hou Chunjuan 侯春娟, were honored as outstanding teachers in private education in Guangdong province whereas the students won heavyweight awards in innovation and entrepreneurship competitions in the fields of finance and economy and Internet. Guangzhou Huashang College ranked first among the private higher educational institutions at the undergraduate level in Guangdong province in terms of the total number of awards granted at the industry and business proposition track of the 7th China International College Students' "Internet+" Innovation and Entrepreneurship Competition in Guangdong province. Guangzhou Huashang Vocational College came second among the private higher vocational education institutions in Guangdong province in terms of the total number of awards granted at the teaching ability contest of the provincial vocational college skills competition. It hit a record high in recent years in terms of the number of awards it has won at the provincial vocational college students skills competition. Teachers from Urban Vocational College of Sichuan won the second prize at the National Vocational College Skills Competition, and the college is the only private higher vocational education institution in Sichuan province that is qualified for the finals. Meanwhile, its students were granted seven national and provincial awards at the National Undergraduate Electronics Design Contest. The college came first with the highest number of provincial awards it won.

From the perspective of scientific research, teachers from School of Creativity and Design and School of Literature under Guangzhou Huashang College had their projects approved as projects of the National Social Science Fund of China. It is the first time for teachers from School of Creativity and Design to see their projects included in the list. Meanwhile, it got approval for two provincial scientific research platforms, namely "Institute for FinTech Research, Guangdong Huashang", a new special think tank for regular higher educational institutions in Guangdong province, and "Key Laboratory of Neuroeconomics", a key laboratory of philosophy and social sciences for regular higher educational institutions in Guangdong province. Guangzhou Huashang Vocational College had its projects approved by the fund of philosophy and social sciences, the Department of Industry and Information Technology and provincial Association for Science and Technology of Guangdong province for the first time.

The Group achieved a qualitative leap in the development of international vocational education during the Period under Review, and its Guangzhou Huashang Vocational College achieved remarkable results in the “classes of integration at home and abroad”. The Group established efficient links with its three overseas schools, namely Global Business College of Australia, Edvantage Institute Australia and Edvantage Institute (Singapore), and adopted the teaching model of “overseas live broadcast, dual-tutor system” to build a new form of international exchange and cooperation. It offered around 20 integration courses in the spring and autumn semesters in 2021 for approximately 58 classes, attracting approximately 3,000 students’ attendance. It gained widespread recognition by students, parents and the market. The Group saw increasingly prominent brand benefits from its high-quality international vocational education.

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 schools in China and overseas schools, and other vocational education service fees at its schools in China. For the three months ended 30 November 2021, the Group’s revenue was approximately RMB393.5 million, representing an increase of 61.5% as compared with the corresponding period of last year, which was mainly attributable to the revenue generated by the schools acquired in the financial year ended 31 August 2021 (i.e. Urban Vocational College of Sichuan and Urban Technician College of Sichuan) (For the three months ended 30 November 2020: nil) and the increase in number of student enrolments and average tuition fees from both Guangzhou Huashang College and Guangzhou Huashang Vocational College.

Cost of Revenue

Cost of revenue consists primarily of staff costs, education expenses, depreciation, property management expenses and others. For the three months ended 30 November 2021, the Group’s cost of revenue amounted to approximately RMB196.6 million, representing an increase of 61.0% as compared with the corresponding period of last year.

Gross Profit and Gross Margin

For the three months ended 30 November 2021, the Group recorded a gross profit of approximately RMB196.9 million, representing an increase of 62.0% as compared with the corresponding period of last year. The growth was mainly attributable to gross profit generated by the schools acquired in the financial year ended 31 August 2021 (i.e. Urban Vocational College of Sichuan and Urban Technician College of Sichuan) (For the three months ended 30 November 2020: nil), the increase in number of student enrolments and average tuition fees from both Guangzhou Huashang College and Guangzhou Huashang Vocational College and various efforts of cost control. For the three months ended 30 November 2021, the Group achieved a gross margin of 50.0%, up by 0.1 percentage points as compared with the corresponding period of last year.

Liquidity, Financial Resources and Gearing Ratio

As at 30 November 2021, 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 RMB1,181.5 million (31 August 2021: RMB1,162.3 million) and bank and other borrowings of approximately RMB1,393.9 million (31 August 2021: RMB1,344.1 million), included in the unaudited consolidated financial statements.

The Group's gearing ratio as of 30 November 2021, represented by bank and other borrowings as a percentage of total assets, was 21.7% (31 August 2021: 21.8%).

Capital Expenditures

For the three months ended 30 November 2021, the Group recorded approximately RMB189.9 million in capital expenditures in the unaudited consolidated financial statements, including the costs incurred for maintaining and enhancing the existing teaching facilities, construction of new teaching facilities and acquisition of land use rights for education purpose.

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 2021 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 2021. Shareholders and potential investors of the Company are cautioned not to place undue reliance on such data.

Acquisition of business

During the financial year ended 31 August 2021, the Group acquired 51% equity interests in Sichuan New Concept Education Investment Co., Ltd. ("**Sichuan New Concept**"). Sichuan New Concept and its subsidiaries are principally engaged in the operation of Urban Vocational College of Sichuan and Urban Technician College of Sichuan. The Group started consolidating its financial statements since January 2021, therefore will consolidate its fullset financial statements for 12 months from the financial year ending 31 August 2022.

Subsequent to the end of the Period under Review, the Group entered into an acquisition agreement and structured contracts in relation to the acquisition of 100% equity interest in Guangdong Sun City Industrial Co., Ltd. 廣東太陽城實業有限公司, which held 100% of the sponsor's interest in Guangdong Huashang Technical School 廣東華商技工學校, at a consideration of RMB150.0 million. The acquisition has been completed and the Group started consolidating their financial results in the second quarter of the financial year ending 31 August 2022. For details, please refer to the announcements of the Company dated 14 December 2021, 27 January 2022 and 14 February 2022.

Looking ahead, the schools under the Group will, as always, closely follow the national policy in running schools, and will continuously focus on connotation construction and explore diversified development based on the accumulation of nearly 19 years of high-quality school running. Based in the Guangdong-Hong Kong-Macao Greater Bay Area, radiating into the Chengdu-Chongqing Economic Circle, and facing China and the world, the Group constantly promotes the international development of its vocational education and cultivates application-oriented, innovative and versatile high-level skilled talents with international vision, with the goal of serving the society and the country.

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, 15 February 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. Lo Chi Chiu and Mr. Li Jiatong.