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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 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 nine months ended 31 May 2021 on a voluntary basis.

HIGHLIGHTS

	For the nine months ended 31 May		Percentage increase
	2021 (unaudited)	2020 (unaudited)	
Revenue (<i>RMB'000</i>)	901,304	609,238	47.9%
Cost of revenue (<i>RMB'000</i>)	451,984	310,386	45.6%
Gross profit (<i>RMB'000</i>)	449,320	298,852	50.3%
Number of student enrolments	62,442	35,444	76.2%

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 business development of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the nine months ended 31 May 2021 (the “**Period under Review**”).

Overview

For the nine months ended 31 May 2021:

The Group’s revenue increased by 47.9% year-on-year to approximately RMB901.3 million, a record high since its listing; among which, income from vocational education business increased by 270.0% year-on-year to approximately RMB42.0 million, representing an increase of 178.1% from approximately RMB15.1 million in 2020 financial year, showing a strong growth momentum; gross profit increased by 50.3% year-on-year to approximately RMB449.3 million; and gross margin increased by 0.8 percentage point year-on-year to 49.9%.

The increase in revenue and gross profit was mainly attributable to consolidation of the financial results of the Sichuan New Concept Group (as defined hereinafter) into the financial results of the Group.

During the Period under Review, the Group acquired 51% equity interest in Sichuan New Concept Education Investment Co., Ltd. (四川新概念教育投資有限公司) (“**Sichuan New Concept**”) and Chengdu Yude Logistics Management Co., Ltd. (成都育德後勤管理有限公司) (collectively referred to the “**Sichuan New Concept Group**”). The financial results of Sichuan New Concept Group have been consolidated into the financial results of the Group since January 2021 and its contribution to the overall financial performance of the Group has become increasingly prominent.

Business Update

Following the National Policies, Society and Market Needs, High Compliance and High-quality Schooling Standards to Build a Century-old Prestigious School

Higher education and vocational education businesses are businesses of the Group supported by the People’s Republic of China. During the Period under Review, schools were operated in key national economic development regions such as the Guangdong-Hong Kong-Macao Greater Bay Area and the Chengdu-Chongqing Economic Circle in keeping with national policies.

In terms of higher education, the Group continues to optimise its major settings to form majors focusing on Big Business and New Business, and continues to expand more majors that closely follow the employment orientation and economic development direction of the local areas in the relevant fields including education, big health, big data and new energy. In terms of vocational education, the Group accelerated the promotion of the high-quality development of vocational education. Income derived from this business segment has been included in revenue from the main business segment since 2021 financial year, showing that the Group is confident in the development of the vocational education business. It is expected that this business segment can bring considerable performance contributions to the Group in the future, which in turn will continuously to improve the Group's profitability.

Under the background of strong support from relevant national policies and superimposed on the Group's high compliance and high-quality schooling standards, the development of higher education and vocational education business of the Group will maintain a good momentum, leading the Group to achieve steady and sustainable development.

Guangzhou Huashang College Has Repeatedly Made Breakthroughs in High-quality Teaching

During the Period under Review, Guangzhou Huashang College (廣州華商學院) (“**Huashang College**”) made a new important breakthrough in teaching. In May 2021, it was approved as Project Construction Unit with the right to grant master's degree (碩士學位授予立項建設單位) and became one of the first eight private colleges in Guangdong Province, which was an important milestone in the history of the Group's education development. Moreover, Huashang College also made great progress in the development of majors, its accounting major was included in the national-level leading top majors for development in March 2021, marking another breakthrough in the development of majors after the designation of the accounting major and financial management major as one of the leading top majors for development in Guangdong Province in 2019 and 2020, respectively.

High Synergism Between Domestic and Foreign Schools

During the Period under Review, schools under the Group accelerated their synergism, and the effect of integration and empowerment continued to increase, and also the teaching brands continued to improve. It has been actively deepening cooperation in promoting academic education and enhancing professional competitiveness, including the launch of international academic education programs such as the foreign-China dual diploma programs, overseas synergistic classes, international undergraduate and Global Immersion Programs; as well as value-added teaching services such as various lectures by senior executives of famous companies, domestic and foreign tournaments and employment, postgraduate and certificate counseling, aiming to enhance students' employment competitiveness. With the continuous provision of diversified and high-quality teaching services to students, the tuition level and teaching brand of the schools under the Group are expected to be sustainably improved.

The New Campuses of Guangdong Schools are Progressing Smoothly

During the Period under Review, the Group's two new campuses located in Sihui City, Zhaoqing City, and Xinhui District, Jiangmen City, Guangdong Province respectively, were being expanded smoothly. With the two new campuses being put into use successively, the Group's schooling capacity in the Guangdong-Hong Kong-Macao Greater Bay Area of Guangdong Province will have considerable rooms for expansion in the future.

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, Guangzhou Huashang Vocational College (廣州華商職業學院) ("**Huashang Vocational College**"), Urban Vocational College of Sichuan (四川城市職業學院) ("**Urban Vocational College**") and Urban Technician College of Sichuan (四川城市技師學院) ("**Urban Technician College**") (collectively 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 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 nine months ended 31 May 2021, the Group's revenue was approximately RMB901.3 million, representing an increase of 47.9% as compared with the corresponding period of last year, which was mainly attributable to the increases in number of students enrolled in Guangdong schools (i.e. Huashang College and Huashang Vocational College), average tuition fees of students in these schools and revenue generated by the newly acquired schools (i.e. Urban Vocational College and Urban Technician College) within the Period under Review and the fact that the Group had strengthened its focus on the provision of other vocational education services to students.

Cost of Revenue

Cost of revenue consists primarily of staff costs, education expenses, depreciation, property management expenses and others. For the nine months ended 31 May 2021, the Group's cost of revenue amounted to approximately RMB452.0 million, representing an increase of 45.6% as compared with the corresponding period of last year.

Gross Profit and Gross Margin

For the nine months ended 31 May 2021, the Group recorded a gross profit of approximately RMB449.3 million, representing an increase of 50.3% as compared with the corresponding period of last year. For the nine months ended 31 May 2021, the Group achieved a gross margin of 49.9%, up by 0.8 percentage point as compared with the corresponding period of last year. The growth was mainly attributable to the increasing number of student enrolments and average tuition fees and various efforts of cost control.

Other key financial indicators

	At 31 May 2021	At 28 February 2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Non-current assets	4,488,678	4,381,870
Current assets	773,226	1,006,698
Current liabilities	(1,013,965)	(1,448,329)
Net current liabilities	(240,739)	(441,631)

Liquidity, Financial Resources and Gearing Ratio

As at 31 May 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 RMB566.2 million (28 February 2021: RMB833.4 million) and bank and other borrowings of approximately RMB1,510.6 million (28 February 2021: RMB1,416.1 million), included in the unaudited consolidated financial statements.

The Group's gearing ratio as of 31 May 2021, represented by bank and other borrowings as a percentage of total assets, was 28.7% (28 February 2021: 26.3%).

Capital Expenditures

For the nine months ended 31 May 2021, the Group recorded approximately RMB449.3 million in capital expenditures in the unaudited consolidated financial statements, representing an increase of 19.8% 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.

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 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 nine months ended 31 May 2021. 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, 26 July 2021

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.