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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)

UPDATE ANNOUNCEMENT

MAJOR TRANSACTION IN RELATION TO THE ACQUISITION OF 51% OF THE ENTIRE EQUITY INTEREST IN SICHUAN NEW CONCEPT EDUCATION INVESTMENT CO., LTD.* AND CHENGDU YUDE LOGISTICS MANAGEMENT CO., LTD.*

Reference is made to the announcement (the “**Announcement**”) of Edvantage Group Holdings Limited (the “**Company**”) dated 4 December 2020 regarding the major transaction in relation to the acquisition of 51% of the entire equity interest in Sichuan New Concept Education Investment Co., Ltd* and Chengdu Yude Logistics Management Co., Ltd*. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the Announcement.

To enable the Shareholders and potential investors of the Company to better understand the Acquisition, the Company would like to provide additional information in the aspects of (i) the basis of determination of the consideration of the Acquisition; and (ii) the ultimate beneficial owners of Sichuan Runsheng Education and Sichuan Normal University Investment Management Co., Ltd*.

I. BASIS OF DETERMINATION OF THE CONSIDERATION OF THE ACQUISITION

As disclosed in the Announcement, the consideration of the Acquisition was arrived at after arm's length negotiations with reference to and taking into account of the track record, geographical location, ranking, number of students, course offerings and tuition fee levels of the Schools which are owned by the Target Company. Further details of the basis which the Company has considered are as follows:

- (1) **Track record:** The Company has analyzed the track record of the Target Group which has recorded an upward trend in its financial performance in the past years. Based on the unaudited consolidated financial statements of the Target Group which have been disclosed on page 13 of the Announcement, the revenue increased from approximately RMB258,015,000 for the year ended 31 December 2018 to approximately RMB283,019,000 for the year ended 31 December 2019, representing an increase of approximately 9.7%. The total unaudited revenue of the Target Company and the Schools increased from approximately RMB239,498,000 for the year ended 31 December 2018 to approximately RMB271,221,000 for the year ended 31 December 2019, representing an increase of approximately 13.2%. The unaudited net profit after taxation of the Target Group also increased from approximately RMB70,517,000 for the year ended 31 December 2018 to approximately RMB79,725,000 for the year ended 31 December 2019, representing an increase of approximately 13.1%. As to its unaudited net assets, there was an increase of approximately 9.8% from approximately RMB718,305,000 as at 31 December 2017 to approximately RMB788,822,000 as at 31 December 2018, and it further increased to approximately RMB870,183,000 as at 31 December 2019 and RMB940,142,000 as at 30 September 2020, representing an increase of 10.3% and 8.0%, respectively. Its unaudited total assets went up from approximately RMB1,194,726,000 as at 31 December 2017 to approximately RMB1,388,256,000 as at 31 December 2018, and further increased to approximately RMB1,494,630,000 as at 31 December 2019 and approximately RMB1,674,396,000 as at 30 September 2020, representing an increase of 16.2%, 7.7% and 12.0%, respectively.

Furthermore, the Board considers that, subsequent to the Group gaining control of the Target Group after Completion and in light of the underlying potential in the Target Group together with the synergy effect to be brought by the existing reputation, network and connection of the Group, the income generating capacity and development potential of the Target Group could be maximized so as to create much value to the Company and the Shareholders.

- (2) **Geographical Location:** The Schools enjoy geographical advantage as they situate in Chengdu City of Sichuan Province. In the beginning of 2020, the Central Committee of Finance and Economics (中央財經委員會) held its sixth meeting and proposed to promote the construction of the two-city economic circle in the Chengdu and Chongqing regions. It is expected that the market for higher education and vocational education in this area will be benefited from the said promotion. Besides, the campuses of the Schools are conveniently connected with each other by underground and high-speed train railway, which are considered appealing to the students and potential students and may attract more student intake for the Schools.
- (3) **Ranking of Sichuan Vocational College:** The Company has also considered the ranking for Sichuan Vocational College which contributed approximately 90% of the unaudited net profit after taxation for the year ended 31 December 2019 of the Target Group. With reference to the Private Vocational High School Comprehensive Strength Ranking 2020 published by Wu Shu Lian* (2020年武書連民辦高職學校綜合實力排名), Sichuan Vocational College was ranked first in Sichuan Province and eighth in the PRC. Besides, with reference to the Private Vocational High School Comprehensive Strength Ranking 2020 published by CUAA.NET* (2020年校友會民辦高職學校綜合實力排名), Sichuan Vocational College was ranked first in Sichuan Province and fifth in the PRC. The Board considered that these recognitions would enhance the branding of Sichuan Vocational College which would in turn attract more new students and infuse confidence into the existing students regarding their learning in Sichuan Vocational College.
- (4) **Number of Students:** The aggregate number of student enrollments in the Schools also had an increase for the past three academic years. The aggregate number of students enrolled in the Schools increased from approximately 16,000 for academic year of 2018/2019 to approximately 18,000 for the academic year of 2019/2020, representing a growth of approximately 12.5%, and further increased to approximately 22,000 for the academic year of 2020/2021, representing a growth of approximately 22.2%.
- (5) **Course Offerings:** Sichuan Vocational College currently offers courses covering 42 professions, including 14 major professions such as “Transportation”, “Commerce and Business”, “Tourism”, “Education and Sports”, “Public Management and Services”, “Environmental Resources and Safety”, “Building Construction”, “Equipment Manufacturing”, “Digital Information”, “Culture and Art”, “News and Media”, and “Light Industry and Textile” as well as 40 secondary professions such as “Retail”, “Real Estate”, “Vehicles”, “Architecture”, “Travel”, “Finance”, “Logistics”, “Computer”, “Internet”, “Cultural Entrepreneurship”, and “Education”. Its regular annual course offerings

amount to 985 courses. Among these professions, “Art and Design” is the provincial focused profession and “Logistics Management”, “Architectural Engineering Technology” and “Vehicle Application and Repair Technology” are provincial private high school focused professions. In 2019, new courses such as “Software Engineering”, “Elderly Care and Management”, “Urban Railway Transit Engineering Technology”, “Numerical Technology” and “Big Data Technology and Application” were launched, of which courses of “Software Engineering” and “Elderly Care and Management” are core and focused professions for private schools.

For Sichuan Technician College, its course offerings amount to 22 courses covering 10 major professions, including “Mechanics”, “Electrical Technology & Electrical Engineering”, “Information”, “Transportation”, “Services”, “Finance and Commerce”, “Architecture”, “Light Industry” and “Culture and Art”. Among these professions, “Nursing”, “Early Childhood Education”, “Aviation Service”, “Vehicle Repair”, “Interior Design”, and “Modern Logistics” are key specialties of Sichuan Technician College.

Such a wide spectrum of course offerings of Sichuan Vocational College and Sichuan Technician College not only caters for the respective individual needs of the students and potential students, it also attracts more students to enrol these courses and provides for more varieties and diversified courses to students.

- (6) **Tuition Fee Levels for General Course Offerings of Sichuan Vocational College:** In spite of the fact that there has been no material increase in the level of tuition fees for general course offerings of Sichuan Vocational College which contributed approximately 90% of the unaudited net profit after taxation for the year ended 31 December 2019 of the Target Group in the past few years, its tuition fee levels for general course offerings have been maintained at the high-end among the private high schools in the Sichuan Province in 2020. The average tuition fees for general course offerings ranked the 3rd highest among the private high schools in Sichuan Province according to the Bulletin of Tuition Fee Standard for Private High School in Sichuan Province 2020* (2020年四川省民辦高校學費收費標準公示表) published by The People’s Government of Sichuan Province.

In light of the above, having considered the above aspects individually and comprehensively, and their combined and integrated effect on the growth potential to the Group in the higher education and secondary vocational market in the Sichuan Province and the PRC, the Directors are of the view that the basis of consideration is fair and reasonable.

II. ULTIMATE BENEFICIAL OWNERS OF SICHUAN RUNSHENG EDUCATION AND SICHUAN NORMAL UNIVERSITY INVESTMENT MANAGEMENT CO., LTD*

Sichuan Runsheng Education is owned by Wang Pengcheng (王鵬程) as to 90% and Zhou Jia (周佳) as to 10% while Sichuan Normal University Investment Management Co., Ltd.* is wholly owned by Sichuan Normal University (四川師範大學), which is in turn owned by the Education Department of Sichuan Province (四川省教育廳).

To the best of knowledge of the directors of the Company, the ultimate beneficial owners of Sichuan Runsheng Education and Sichuan Normal University Investment Management Co., Ltd.* are third parties independent of the Company and connected persons of the Company.

By order of the Board
Edvantage Group Holdings Limited
LIU Yung Chau
Chairman and executive Director

Hong Kong, 18 December 2020

The English translation of Chinese names or words in this announcement, 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 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.