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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)

CHANGE IN USE OF PROCEEDS

Reference is made to the announcement of the Company dated 4 December 2020 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.* (“**Acquisition Announcement**”), the prospectus of the Company dated 4 July 2019 (“**Prospectus**”), the annual report of the Company for the year ended 31 August 2019 (“**2019 Annual Report**”) and the supplemental announcement of the Company dated 28 August 2020 in relation to the 2019 Annual Report (“**Supplemental Announcement**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Acquisition Announcement, the Prospectus, 2019 Annual Report and the Supplemental Announcement.

The Company received net proceeds of approximately RMB583.0 million from its issue of new Shares at the time of its listing on the Stock Exchange on 16 July 2019 and pursuant to the partial exercise of the over-allotment option on 8 August 2019 after deducting underwriting commissions and other listing expenses paid and payable by the Group in the global offering (“**IPO Proceeds**”). In view of the demand for further working capital due to the expansion of the principal business of the Group, in particular the acquisition of 51% of the equity interest in the Target Company and Chengdu Yude Logistics, the Board resolved to reallocate the unutilised IPO Proceeds originally allocated for the use of “Supporting existing overseas operations in Australia and overseas expansions” to “Investments in new education institutions or acquisitions of other education institutions”. Breakdown of the unutilised IPO Proceeds as of the date of this announcement and the proposed reallocation are set out as follows:

Intended use of the IPO Proceeds pursuant to the Prospectus, the 2019 Annual Report and Supplemental Announcement	Percentage of total net proceed	Net proceeds (RMB'million)	Utilised amount as at the date of this announcement (RMB'million)	Unutilised amount as of the date of this announcement (RMB'million)	Proposed revised allocation of the unutilised balance of the IPO Proceeds
Establishment and development of Huashang College Sihui Campus	30%	174.9	174.9	—	Not applicable
Construction of a science and technology centre	7%	40.8	40.8	—	Not applicable
Construction of an international conference centre	3%	17.4	17.4	—	Not applicable
Investments in new education institutions or acquisitions of other education institutions	30%	174.9	10.6	164.3	unused balance of approximately RMB164.3 million will be utilised in payment of the consideration for the Acquisition — no change in use of proceeds
Supporting existing overseas operations in Australia and overseas expansions, as detailed below:					
— Supporting existing overseas operations in Australia and other overseas expansions	10%	58.3	10.8	47.5	the unused balance of approximately RMB47.5 million will be reallocated for use in payment of the consideration for the Acquisition
— Establishment of the education institutions in the United Kingdom	5%	29.2	—	29.2	the unused balance of approximately RMB29.2 million will be reallocated for use in payment of the consideration for the Acquisition
— Establishment of the education institutions in Singapore	5%	29.2	3.7	25.5	the unused balance of approximately RMB25.5 million will be reallocated for use in payment of the consideration for the Acquisition
Working capital and for general corporate purposes	10%	58.3	58.3	—	Not applicable
Total	100%	583.0	316.5	266.5	

REASONS FOR CHANGE IN USE OF PROCEEDS

Whilst it is disclosed in the Prospectus that the Company intends to utilise 20% of the IPO Proceeds in supporting the Group's overseas operations and overseas expansions, including establishment of new education institutions in overseas areas including Singapore and the United Kingdom, the Group has adjusted the schedule for the development of its overseas campuses to match the expected timetables for the restoration of economic activities in Australia, Singapore and the United Kingdom. This is because these countries have adopted different epidemic prevention measures and social restrictions since the outbreak of the 2019 coronavirus disease ("COVID-19"), affecting the progress and efficiency of general business activities. As such, this adjustment is conducive to the effectiveness and cost control of the Group's business expansion. Meanwhile, the Board considers that the above reallocation of the unutilised IPO Proceeds from overseas operations and expansions to acquisition of education institutions in the PRC to be in line with the current business needs of the Company and is beneficial to the continued and rapid development of the Group's principal business, and is in the best interests of the Company and its Shareholders as a whole. The Board also considers that the deployment of the Group's idle funds to expand its business could in turn further enhance the Group's overall revenue, which is in the interest of the Company and its Shareholders as a whole.

In the meantime, the Company will continue to explore overseas expansion opportunities, and will utilise the Group's internal resources to support its existing overseas establishment in Australia and to fund overseas expansion projects when suitable locations for establishing the new overseas schools (including in the United Kingdom and Singapore) are identified after relieving of the epidemic situation of COVID-19 and restoration of normal business operations in overseas areas and relaxation of the global travel restrictions.

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

Hong Kong, 4 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.