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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 THREE MONTHS ENDED 30 NOVEMBER 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 three months ended 30 November 2022 on a voluntary basis.

HIGHLIGHTS

	For the three months ended 30 November		Percentage increase
	2022 (unaudited)	2021 (unaudited)	
Revenue (RMB'000)	471,779	393,468	19.9%
Cost of revenue (RMB'000)	233,809	196,598	18.9%
Gross profit (RMB'000)	237,970	196,870	20.9%
Number of student enrollments	84,404	70,737	19.3%

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

- i) the increase in number of student enrollments from both Guangzhou Huashang College, Guangzhou Huashang Vocational College, Urban Vocational College of Sichuan and Urban Technician College of Sichuan; and
- ii) the revenue and gross profit generated by the school acquired in the financial year ended 31 August 2022 (i.e. Guangdong Huashang Technical School) (For the three months ended 30 November 2021: nil).

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 three months ended 30 November 2022 (the “**Period under Review**”).

BUSINESS HIGHLIGHTS

During the Period under Review, the Group’s number of student enrollments was 84,404, representing an increase of 19.3% as compared with that for the corresponding period of last year; revenue amounted to approximately RMB471.8 million, representing an increase of 19.9% as compared with that for the corresponding period of last year; gross profit amounted to approximately RMB238.0 million, representing an increase of 20.9% 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.

Steady Endogenous Growth and an Increasing Number of Students

The number of enrolled students of schools in and outside China of the Group recorded different extents of growths. For the three months ended 30 November 2022, the number of enrollments of the Group amounted to 84,404, representing an increase of 13,667 as compared with that for the corresponding period of last year. There are mainly two sources of growth: First, the number of enrolled students of each of schools in China recorded a growth, among all, the number of enrollments in Urban Technician College of Sichuan grew by about 2,200 or 20.2% as compared with that for the corresponding period of last year; Second, the number of enrollments of Guangdong Huashang Technical School (“**Huashang Technical School**”) acquired in the financial year ended 31 August 2022 was approximately 6,700 (for the three months ended 30 November 2021: nil). In addition, the Group has been actively planning to expand its campuses to accommodate an increasing number of students.

Realization of Industry-Education Integration and Exploration of School-Enterprise Cooperation

The Group has been echoing national policies actively, focusing on improving education quality, and continuing to bring out the full potential of education. In terms of industry-education integration, Guangzhou Huashang College joined hands with leading enterprises in mobile gaming industry in founding a gaming and animation workshop, aiming to promote digital culture, innovative and creative development, and train talents for segments in the digital industry. Besides, Guangzhou Huashang Vocational College continued to deepen school-enterprise cooperation by co-founding industry-education colleges with financial software companies and aesthetic medicine industry companies, and strengthening the combination of theory and practice. Urban Technician College of Sichuan signed a targeted training agreement with enterprises engaged in new energy technologies and biopharmaceutical business so as to explore new areas and approaches for school-enterprise cooperation.

Improvement of Education Quality and Construction of Practical Training Facilities

As for education, Guangzhou Huashang College has achieved fruitful results: President Albert Sun-Chi Chan was included in Stanford University's list of the world's top 2% of scientists in 2022; the college was approved to set up a provincial doctoral workstation in Guangdong, helping to attract and gather talents; it added three provincial first-class undergraduate majors, such as advertising, and six provincial first-class courses. Urban Technician College of Sichuan was approved to be named a 3-star college in the "Sanming Project" (i.e. construction of Famous College, Famous Majors and Famous Training Bases). With respect to practical training facilities, the Group has set up a total of 18 e-commerce livestreaming studios for the project named "Huashang Buy" by far with an aggregate area of 2,000m². The laboratory building of Medicine & Health Science College of Guangzhou Huashang College and Huashang Simulation Hospital have been officially put into use, occupying an area of over 18,000m² to meet the growing demand for the development of one health-related disciplines. The building covers a variety of clinical simulation teaching scenarios such as basic nursing, wards, operating theatres and midwifery rooms, organically integrating teaching with clinical simulation practice.

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 and outside China, and other vocational education service fees at its schools in China. For the three months ended 30 November 2022, the Group's revenue was approximately RMB471.8 million, representing an increase of 19.9% as compared with the corresponding period of last year, which was mainly attributable to the increase in number of student enrollments from both Guangzhou Huashang College, Guangzhou Huashang Vocational College, Urban Vocational College of Sichuan and Urban Technician College of Sichuan and the revenue generated by the school acquired in the financial year ended 31 August 2022 (i.e. Huashang Technical School) (For the three months ended 30 November 2021: nil)

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 2022, the Group's cost of revenue amounted to approximately RMB233.8 million, representing an increase of 18.9% as compared with the corresponding period of last year.

Gross Profit and Gross Margin

For the three months ended 30 November 2022, the Group recorded a gross profit of approximately RMB238.0 million, representing an increase of 20.9% as compared with the corresponding period of last year. The growth was mainly attributable to the increase in number of student enrollments from both Guangzhou Huashang College, Guangzhou Huashang Vocational College, Urban Vocational College of Sichuan and Urban Technician College of Sichuan; gross profit generated by the school acquired in the financial year ended 31 August 2022 (i.e. Huashang Technical School) (For the three months ended 30 November 2021: nil), and various efforts of cost control. For the three months ended 30 November 2022, the Group achieved a gross margin of 50.4%, up by 0.4 percentage points as compared with the corresponding period of last year.

Liquidity, Financial Resources and Gearing Ratio

As at 30 November 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 RMB1,458.9 million (31 August 2022: RMB1,458.1 million) and bank and other borrowings of approximately RMB1,537.6 million (31 August 2022: RMB1,662.8 million), included in the unaudited consolidated financial statements.

The Group's gearing ratio as of 30 November 2022, represented by bank and other borrowings as a percentage of total assets, was 21.0% (31 August 2022: 23.0%).

Capital Expenditures

For the three months ended 30 November 2022, the Group recorded approximately RMB178.0 million in capital expenditures in the unaudited consolidated financial statements, including the costs incurred for maintaining and enhancing the existing teaching facilities and construction of new teaching facilities.

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 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 three months ended 30 November 2022. Shareholders and potential investors of the Company are cautioned not to place undue reliance on such data.

Looking ahead, the schools under the Group will, as always, closely follow the national policy in running schools, and will continue to focus on connotation construction and explore diversified development based on the nearly 20 years of high-quality school running accumulated. The newly revised *Vocational Education Law of the People's Republic of China* came into force in May 2022, making it clear by way of legislation that vocational education is of equal importance as general education; in December 2022, the General Office of the CPC Central Committee and General Office of the State Council issued the *Opinions on Deepening the Reform and Construction of Modern Vocational Education System*, which pointed out the path forward for optimising the types and positioning of vocational education. The top-down design makes the collaboration of vocational and higher education a prevailing trend. All of the Group's businesses and development strategies are well aligned with the national strategic objective of the newly revised *Vocational Education Law of the People's Republic of China*. In addition to improving education quality and school running capabilities, the Group will explore the synergy of "Industry-Teaching-Research" to train application-oriented and practical talents with theoretical and practical training in accordance with the national policy, market trends and needs of industries and enterprises so as to contribute to the cultivation of talents in China.

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, 22 February 2023

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.