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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
RELATING TO
(1) CONNECTED TRANSACTION
IN RELATION TO THE ACQUISITION OF
100% EQUITY INTEREST IN
GUANGDONG SUN CITY INDUSTRIAL CO., LTD.*
AND
(2) CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO THE CONTRACTUAL ARRANGEMENTS**

Reference is made to the announcement (the “**Announcement**”) of Edvantage Group Holdings Limited (the “**Company**”) dated 14 December 2021 in relation to, among others, the entering into of the Acquisition Agreement and the Contractual Arrangements to be entered into by the Group with the OPCO Group and the Registered Shareholders (as defined therein). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the Announcement.

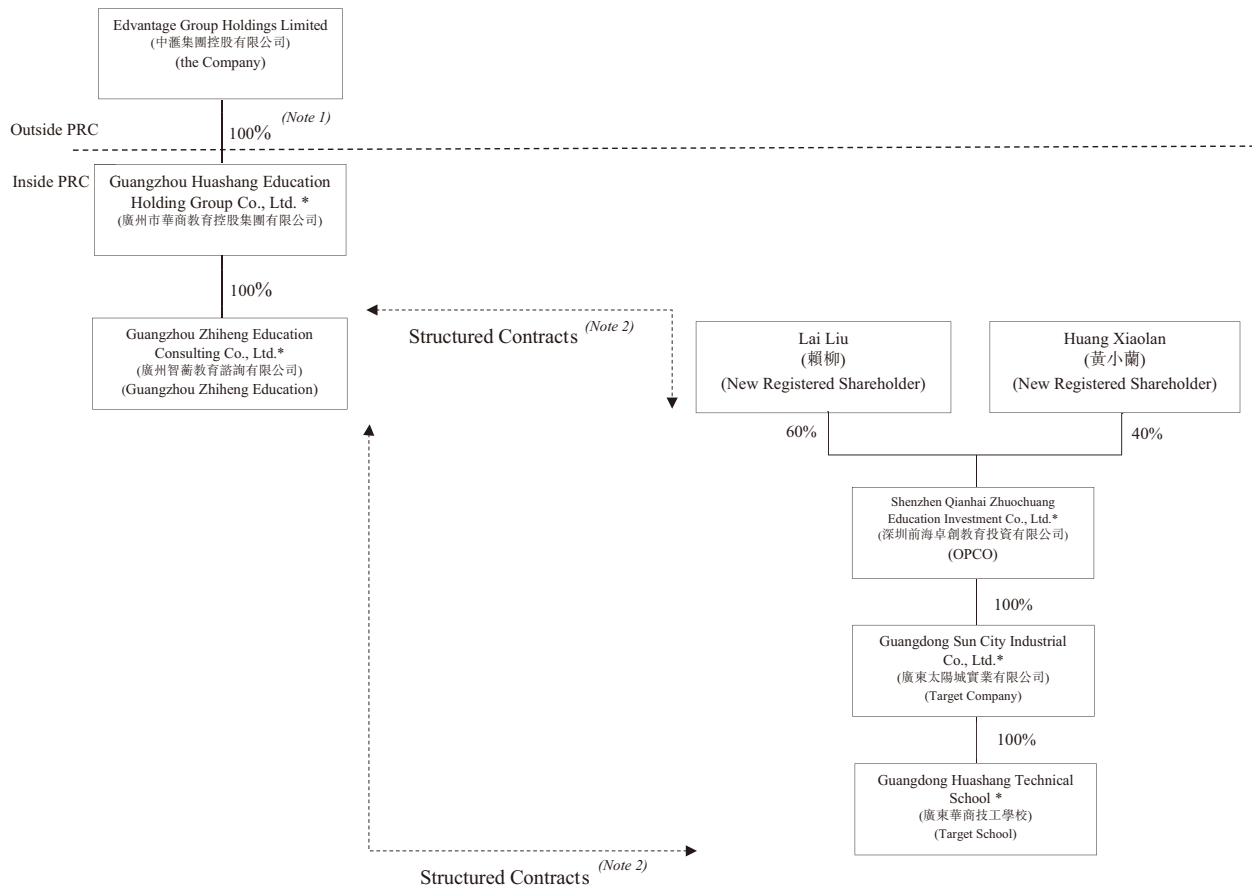
The Company would like to provide the Shareholders and potential investors of the Company with the latest development and additional information in respect of (i) the change in the Registered Shareholders; (ii) the application for a waiver from strict compliance with the relevant requirements under the Listing Rules in connection with the Contractual Arrangements; and (iii) the Structured Contracts.

UPDATE ON THE CHANGE IN THE REGISTERED SHAREHOLDERS OF THE OPCO

As disclosed in the Announcement, as at the date thereof, Shenzhen Zhuochuang Education (i.e. the OPCO) was owned as to 60% by Ms. Liu Meiyung (廖美容) and 40% by Ms. Chen Wanling (陳婉玲). The Company was informed that, on 20 January 2022, Ms. Liu Meiyung (廖美容) entered into an equity transfer agreement with Ms. Lai Liu (賴柳) pursuant to which Ms. Liu Meiyung (廖美容) agreed to transfer and Ms. Lai Liu (賴柳) agreed to acquire 60% equity interest in the OPCO then held by Ms. Liu Meiyung (廖美容). On the same day, Ms. Chen Wanling (陳婉玲) entered into an equity transfer agreement with Ms. Huang Xiaolan (黃小蘭) pursuant to which Ms. Chen Wanling (陳婉玲) agreed to transfer and Ms. Huang Xiaolan (黃小蘭) agreed to acquire 40% equity interest in the OPCO then held by Ms. Chen Wanling (陳婉玲).

Following the completion of the aforementioned equity transfers, OPCO is owned as to 60% by Ms. Lai Liu (賴柳) and 40% by Ms. Huang Xiaolan (黃小蘭), respectively.

As disclosed in the Announcement, as a condition to the Completion of the Acquisition Agreement, Guangzhou Zhiheng Education would enter into the Structured Contracts with the Registered Shareholders and the OPCO Group, through which Guangzhou Zhiheng Education will have effective control over the OPCO Group, and will enjoy the economic benefits generated by the OPCO Group. In light of the above equity transfers, each of Ms. Lai Liu (賴柳) and Ms. Huang Xiaolan (黃小蘭) will enter into the Structured Contracts instead of Ms. Liu Meiyung (廖美容) and Ms. Chen Wanling (陳婉玲) as the registered shareholders of OPCO (the “**New Registered Shareholders**”). Illustrative diagram of the Contractual Arrangements after entering into the Structured Contracts is as follows:



“—” denotes shareholding/equity holding relationship

“----” denotes contractual relationship

Note 1: The Company indirectly owns the entire equity interest of Guangzhou Huashang Education Holding Group Co., Ltd.* through its subsidiary.

Note 2: Guangzhou Zhiheng Education entered into the Structured Contracts with the New Registered Shareholders, the OPCO Group and the Appointee(s).

The Directors confirmed that, save as to the corresponding amendments following the abovementioned change of OPCO’s registered shareholders, the terms and conditions of the Structured Contracts remain the same as disclosed in the Announcement, and for such purpose, any reference to the “Registered Shareholders” in the Announcement shall be read to be a reference to Ms. Lai Liu (賴柳) and Ms. Huang Xiaolan (黃小蘭), instead of Ms. Liu Meiyung (廖美容) and Ms. Chen Wanling (陳婉玲).

Information on the New Registered Shareholders

Ms. Lai Liu (賴柳) is a PRC national and an employee of 廣州華商職業學院 (Guangzhou Huashang Vocational College*), a school operated by the Group in the PRC. Ms. Huang Xiaolan (黃小蘭) is a PRC national and a director of 廣州華商學院 (Guangzhou Huashang College*), a school operated by the Group in the PRC. Save for their respective positions in the Group, none of Ms. Lai Liu (賴柳) or Ms. Huang Xiaolan (黃小蘭) has any relationship with any Director, chief executive, substantial shareholder or controlling shareholder of the Company, nor has any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). As at the date of this announcement, Ms. Huang Xiaolan (黃小蘭) is a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules.

After the Acquisition, the OPCO will be treated as if a subsidiary of the Company, and each of Ms. Lai Liu (賴柳) and Ms. Huang Xiaolan (黃小蘭), as substantial shareholders of the OPCO, will be connected persons of the Company at the subsidiary level under Chapter 14A of the Listing Rules.

Listing Rule Implications

As the New Registered Shareholders and the OPCO Group will be parties to several agreements contemplated under the Structured Contracts, the entering into of the Structured Contracts and the Contractual Arrangements (and the transactions contemplated thereunder) will constitute continuing connected transactions of the Company upon Completion. In view of the information of the New Registered Shareholders, such continuing connected transactions of the Company are exempt from the circular, independent financial advice and Shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules as the relevant conditions have been satisfied, namely, (i) the Board has approved the Structured Contracts and the Contractual Arrangements and the transactions contemplated thereunder; and (ii) the independent non-executive Directors have confirmed that the terms of the Structured Contracts and the Contractual Arrangements are fair and reasonable, the transactions contemplated thereunder are conducted on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole. Such conditions remain unchanged despite the change in the registered shareholders of the OPCO.

UPDATE ON THE WAIVER IN RESPECT OF THE CONTRACTUAL ARRANGEMENTS

The waiver from the requirement under Rule 14A.36 of the Listing Rules

In view of the change in the registered shareholders of the OPCO and the relevant implications under the Listing Rules as abovementioned, the Company's application for a waiver from strict compliance with the requirement of the independent Shareholders' approval for the Structured Contracts under Rule 14A.36 of the Listing Rules as disclosed in the Announcement is no longer applicable.

The waiver from the requirements under Rules 14A.52 and 14A.53 of the Listing Rules

As disclosed in the Announcement, the Company will apply for a waiver from strict compliance with (i) fixing the term of the Structured Contracts for a period of not exceeding three years under Rule 14A.52 of the Listing Rules; and (ii) setting a maximum annual cap for the services fee payment by the OPCO Group to Guangzhou Zhiheng Education under Rule 14A.53 of the Listing Rules.

The Company wishes to update the Shareholders and potential investors of the Company that it has applied to the Stock Exchange for the said waiver subject to the following proposed conditions:

a. No change without independent non-executive Directors' approval

Save for any mandatory change required under or resulting from application laws and regulations, no changes to the Structured Contracts will be made without the approval of the independent non-executive Directors.

b. No material changes without independent Shareholders' approval

Save for any mandatory change required under or resulting from application laws and regulations and save as described in paragraph d. below, no material changes to the terms of any of the Structured Contracts will be made without the approval of the independent Shareholders. Once independent Shareholders' approval of any material change has been obtained, no further announcement or approval of the independent Shareholders will be required under Chapter 14A of the Listing Rules unless and until further changes are proposed. The periodic reporting requirement regarding the Structured Contracts in the annual reports of the Company (as set out in paragraph e. below) will however continue to be applicable.

c. *Economic benefits flexibility*

The Structured Contracts shall continue to enable the Group to receive the economic benefits derived by the OPCO Group through (i) the Equity/School Sponsor's Interest Call Option, to the extent permitted under the PRC laws and regulations, to purchase all and/or part of the direct and/or indirect equity interest and/or school sponsor's interests (as the case may be) in the OPCO Group at the lowest price permitted under the applicable PRC laws and regulations; (ii) the business structure under which all of the respective amounts of surplus from operations generated by the Target School (after deducting all necessary costs, expenses, taxes, losses from the previous years (if required by the law), legally compulsory school development fund (if required by the law), and other statutory fees (if required by law)), and surplus from operations generated by the OPCO and the Target Company (after deducting all necessary costs, expenses, taxes, losses from the previous years (if required by the law) and statutory provident fund (if required by the law)) are substantially retained by the Group, such that no annual cap shall be set on the amount of service fees payable to Guangzhou Zhiheng Education by the OPCO Group under the Exclusive Technical Service and Management Consultancy Agreement; and (iii) the Group's right to control the management and operation of, as well as, in substance, all of the voting rights of the OPCO held by the Registered Shareholders and all of the voting rights of the Target Company held by the OPCO, which in turn has the right to control all of the voting rights of the Target School.

d. *Renewal and reproduction*

On the basis that the Structured Contracts provide an acceptable framework for the relationship between the Company and its subsidiaries in which the Company has direct shareholding, on the one hand, and the OPCO Group, on the other hand, that framework may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign owned enterprise or operating company (including branch company) engaging in the same business as that of the Group which the Group might wish to establish when justified by business expediency, without obtaining the approval of the Shareholders, on substantially the same terms and conditions as the Structured Contracts. The directors, chief executives or substantial shareholders of any existing or new wholly foreign owned enterprise or operating company (including branch company) engaging in the same business as that of the Group which the Group may establish will, upon renewal and/or reproduction of the Structured Contracts, however be treated as connected persons of the Company, and transactions between these connected persons and the Company other than those under similar Structured Contracts shall comply with Chapter 14A of the Listing Rules. This condition is subject to relevant PRC laws, regulations and approvals.

e. Ongoing reporting and approvals

The Company will disclose details relating to the Structured Contracts on an ongoing basis as follows:

- the Structured Contracts in place during each financial period will be disclosed in the Company's annual report in accordance with relevant provisions of the Listing Rules;
- the independent non-executive Directors will review the Structured Contracts annually and confirm in the Company's annual report for the relevant year that (i) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the Structured Contracts and that the profit generated by the OPCO Group has been substantially retained by the Group; (ii) no dividends or other distributions have been made by the OPCO Group to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group; and (iii) any new contracts entered into, renewed or reproduced between the Group and the OPCO Group during the relevant financial period under paragraph d. above are fair and reasonable, or advantageous to the Shareholders, so far as the Group is concerned and in the interests of the Shareholders as a whole;
- the Company's reporting accountants will carry out review procedures annually on the transactions carried out pursuant to the Structured Contracts and will provide a letter to the Directors with a copy to the Stock Exchange, confirming that the transactions have received the approval of the Directors, have been entered into in accordance with the relevant Structured Contracts and that no dividends or other distributions have been made by the OPCO Group to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group;
- for the purpose of Chapter 14A of the Listing Rules, and in particular the definition of "connected person", each of the member of the OPCO Group will be treated as the Company's subsidiary, and at the same time, the directors, chief executives or substantial shareholders of each of the member of the OPCO Group and their respective associates will be treated as connected persons of the Company (excluding for this purpose, the OPCO Group), and transactions between these connected persons and the Group (including for this purpose, the OPCO Group), other than those under the Structured Contracts, will be subject to the requirements under Chapter 14A of the Listing Rules; and

- Each of the members of the OPCO Group will undertake that, for so long as the Shares are listed on the Stock Exchange, each of the members of the OPCO Group will provide the Group's management and the Company's reporting accountants with full access to its relevant records for the purpose of the Company's reporting accountants' review of the continuing connected transactions.

FURTHER INFORMATION IN RELATION TO THE PROTECTION OF THE COMPANY'S INTERESTS IN THE EVENT OF DEATH, BANKRUPTCY OR DIVORCE OF THE OPCO'S REGISTERED SHAREHOLDERS

As disclosed in the Announcement, each of the registered shareholders of the OPCO shall authorise and appoint Guangzhou Zhiheng Education, as his/her agent to act on his/her behalf to exercise or delegate the exercise of all his/her rights as a registered equity holder of the OPCO by executing the Registered Shareholder(s)' Powers of Attorney. Each of them shall irrevocably agree that the authorisation and appointment provided in the Registered Shareholder(s)' Powers of Attorney shall not be invalidated, prejudiced or otherwise adversely affected by reason of his/her loss of or restriction on capacity, death or similar events. Furthermore, the spouse of each of the registered shareholder(s) of the OPCO, who is a married natural person, shall execute a spouse undertaking to undertake that, among others, the spouse shall not, in the capacity of the spouse of the relevant registered shareholders, participate in the operation, management, liquidation, dissolution and other matters in relation to the OPCO Group for whatever reasons (including the death or bankruptcy of the relevant Registered Shareholders or in case of divorce). Any undertaking, confirmation, consent and authorisation under the Spouse Undertakings shall not be revoked, prejudiced, invalidated or otherwise adversely affected by death, loss of or restriction on capacity of the spouse, divorce or other similar events. For details, please refer to the sections headed "THE STRUCTURED CONTRACTS — (j) The Registered Shareholder(s)' Power of Attorney" and " — (k) Spouse Undertakings" in the Announcement.

In light of the above, the Board confirmed that appropriate arrangements have been made to protect the Company's interests in the event of death, bankruptcy or divorce of the registered shareholders of the OPCO to avoid any practical difficulties in enforcing the Contractual Arrangements.

The Company will make further announcement(s) on the progress of the Acquisition and the Contractual Arrangements as and when appropriate.

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

Hong Kong, 27 January 2022

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.