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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)**

## **DISCLOSEABLE TRANSACTION**

# **CONSTRUCTION AGREEMENT IN RELATION TO CONSTRUCTION OF TEACHING FACILITIES AT HUASHANG COLLEGE SIHUI CAMPUS**

### **INTRODUCTION**

The Board hereby announces that on 30 September 2021, Huashang College, a private higher education institution in the PRC operated by the Group and a subsidiary of the Company, entered into the Sihui Construction Agreement with Guangdong Wuchuan Construction, pursuant to which Guangdong Wuchuan Construction (as the contractor) agreed to undertake the construction work of Sihui Teaching Facilities.

### **LISTING RULES IMPLICATIONS**

Reference is made to the announcement of the Company dated 6 November 2020 in relation to the Xinhui Construction Agreement entered into between Huashang Vocational College and Guangdong Wuchuan Construction on 6 November 2020.

Since the Sihui Construction Agreement and the Xinhui Construction Agreement were entered into by the Group with the same counterparty (i.e. Guangdong Wuchuan Construction, as the contractor) within a 12-month period and both are related to the provision of construction service by the same counterparty as contractor to the Group, the Transactions contemplated thereunder shall be aggregated and be treated as a single transaction pursuant to Rule 14.22 of the Listing Rules. As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Sihui Construction Agreement, whether on a standalone basis or on aggregated basis when aggregated with the transaction contemplated under Xinhui Construction Agreement, exceeds 5% but all are less than 25%, the transaction contemplated under the Sihui Construction Agreement constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **INTRODUCTION**

The Board hereby announces that on 30 September 2021, Huashang College, a private higher education institution in the PRC operated by the Group and a subsidiary of the Company, entered into the Sihui Construction Agreement with Guangdong Wuchuan Construction, pursuant to which Guangdong Wuchuan Construction (as the contractor) agreed to undertake the construction work of Sihui Teaching Facilities.

### **1. SIHUI CONSTRUCTION AGREEMENT**

Details of the Sihui Construction Agreement are set out below.

**Date:** 30 September 2021

**Parties:** (i) Huashang College, as the principal  
(ii) Guangdong Wuchuan Construction, as the contractor

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, other than being a contractual party to the Xinhui Construction Agreement and Sihui Construction Agreement, Guangdong Wuchuan Construction and its ultimate beneficial owners are Independent Third Parties.

**Subject matter:** Guangdong Wuchuan Construction shall be responsible for  
(i) the construction and engineering works of the Sihui Teaching Facilities based on the technical specifications as required under the Sihui Construction Agreement; and

- (ii) the maintenance of the Sihui Teaching Facilities during various maintenance periods for different parts of the Sihui Teaching Facilities as set out under the sub-section titled “Maintenance periods” under this section, commencing from the date of passing the completion inspection and acceptance of the Sihui Teaching Facilities.

**Expected completion and delivery date:** Before 30 June 2022

**Consideration:** The total consideration payable by Huashang College under the Sihui Construction Agreement shall be approximately RMB442.2 million (equivalent to approximately HK\$532.8 million), which comprises the costs of construction and engineering works, the related professional and insurance charges, taxes and other professional expenses for the construction of the Sihui Teaching Facilities of approximately RMB438 million and costs of relevant municipal work of approximately RMB4.2 million (“**Consideration**”) with reference to the specific construction items (“**Construction Items**”) which include specified student dormitories, a complex, a teaching building, a practical teaching building and civil air defence basement.

The consideration of Complex No. 12 shall be payable by Huashang College in cash, by cheque or via bank transfer in the following manner:

- (i) up to 80% of the consideration in relation to Complex No. 12 shall be settled by stages respectively after (a) completion of the positive and negative zero (正負零), (b) completion of single capping (單體封頂), (c) completion of removal of all scaffolds (外排柵拆除), (d) completion of interior renovation (室內裝修), outdoor stairs decoration (室外臺階裝修) and delivering the same to Huashang College for installations of equipment including interior furniture and air-conditioning equipment;
- (ii) up to 97% of the consideration in relation to Complex No. 12 shall be settled after passing of the preliminary inspection (初驗通過) and formal completion inspection and acceptance (竣工驗收) and production of the relevant documents by Guangdong Wuchuan Construction; and

- (iii) the remaining 3% of the consideration in relation to Complex No. 12 shall be retained as the quality guarantee fees (質保金) which shall be payable in the manner as set out under the sub-section titled “Quality guarantee fees” under this section.

The consideration of Student Dormitory No. 13 shall be payable by Huashang College in cash, by cheque or via bank transfer in the following manner:

- (i) up to 80% of the consideration in relation to Student Dormitory No. 13 shall be settled by stages respectively after (a) completion of the positive and negative zero (正負零), (b) completion of the three-layer roof (三層頂板), (c) completion of single capping (單體封頂), (d) completion of main bricklaying (主體砌磚), (e) completion of removal of all scaffolds (外排柵拆除), (f) completion of interior renovation (室內裝修) and delivering the same to Huashang College for installations of equipment including interior furniture and air-conditioning equipment;
- (ii) up to 97% of the consideration in relation to Student Dormitory No. 13 shall be settled after passing of the preliminary inspection (初驗通過) and formal completion inspection and acceptance (竣工驗收) and production of the relevant documents by Guangdong Wuchuan Construction; and
- (iii) the remaining 3% of the consideration in relation to Student Dormitory No. 13 shall be retained as the quality guarantee fees (質保金) which shall be payable in the manner as set out under the sub-section titled “Quality guarantee fees” under this section.

Regarding the remaining student dormitories (namely Student Dormitory No. 14, Student Dormitory No. 15, Student Dormitory No. 21, Student Dormitory No. 23, Student Dormitory No. 25), Teaching Building No. 18A and Practical Teaching Building No. 18B, the Consideration of each of these seven Construction Items shall be payable by Huashang College in cash, by cheque or via bank transfer in the following manner:

- (i) up to 80% of the consideration for construction of the relevant Construction Item shall be settled by stages respectively after (a) completion of the positive and negative zero (正負零), (b) completion of the three-layer roof (三層頂板), (c) completion of the six-layer roof (六層頂板), (d) completion of single capping (單體封頂), (e) completion of main bricklaying (主體砌磚), (f) completion of removal of all scaffolds (外排柵拆除), (g) completion of interior renovation (室內裝修) and delivering the same to Huashang College for installations of equipment including interior furniture and air-conditioning equipment;
- (ii) up to 97% of the consideration for construction of the relevant Construction Item shall be settled after passing of the preliminary inspection (初驗通過) and formal completion inspection and acceptance (竣工驗收) and production of the relevant documents by Guangdong Wuchuan Construction; and
- (iii) the remaining 3% of the consideration for the relevant Construction Item shall be retained as the quality guarantee fees (質保金) which shall be payable in the manner as set out under the sub-section titled “Quality guarantee fees” under this section.

The consideration in relation to the construction of civil air defence basement shall be payable by Huashang College in cash, by cheque or via bank transfer in the following manner:

- (i) up to 80% of the consideration for construction of civil air defence basement shall be settled by stages respectively after (a) completion of the foundation pit support, slope support and spray anchor (基坑支護、邊坡支護和噴錨), (b) completion of the piling (打樁), (c) completion of the basement floor (地下室底板), (d) completion the basement roof (地下室頂板), (e) completion of installation of civil air defence equipment (人防設備安裝), (f) completion of renovation (裝修), marking of parking space (停車位劃線), installation of equipment (設備安裝) and guiding mark (嚮導標識), (g) completion of covering basement roof with soil (頂板覆土);

- (ii) up to 97% of the consideration for construction of civil air defence basement shall be settled after passing of the preliminary inspection (初驗通過) and formal completion inspection and acceptance (竣工驗收) and production of the relevant documents by Guangdong Wuchuan Construction; and
- (iii) the remaining 3% of the consideration for construction of civil air defence basement shall be retained as the quality guarantee fees (質保金) which shall be payable in the manner as set out under the sub-section titled “Quality guarantee fees” under this section.

The consideration in relation to the municipal works for the relevant Construction Item shall be settled by monthly progress payments with reference to 75% of the monthly progress of the construction of the relevant Construction Item.

**Warranty period:** 24 months from the date of passing the formal completion inspection and acceptance of the Sihui Teaching Facilities

**Quality guarantee fees (質保金):** The quality guarantee fees (as specified in the sub-section titled “Consideration” in this section) in relation to the Sihui Teaching Facilities shall be payable in the following manner:

- (i) 50% of the quality guarantee fees shall be settled by Huashang College after the expiry of 12 months after the date of passing the formal completion inspection and acceptance, given that no quality issue has arisen and no maintenance cost has been incurred; and
- (ii) the remaining 50% of the quality guarantee fees shall be settled by Huashang College after the expiry of 24 months after the date of passing of the formal completion inspection and acceptance, given that Guangdong Wuchuan Construction has perfected all the works under the Sihui Construction Agreement and no quality issue has arisen and no maintenance cost has been incurred.

**Maintenance periods (保修期):** The maintenance periods (保修期) for different parts of the Sihui Teaching Facilities are as follows:

- (i) Foundation construction and main structure construction: 50 years

- (ii) Renovation works: 2 years
- (iii) Waterproof works (roofing, external walls, kitchens, lavatories, balconies and terraces etc.): 5 years
- (iv) Electrical cables, water supply and drainage pipes and equipment installation works: 2 years

Within the maintenance periods, Guangdong Wuchuan Construction shall be responsible for handling and fixing any quality issue(s) relating to the relevant parts of the Sihui Teaching Facilities caused by the construction work of Guangdong Wuchuan Construction in a timely manner, failing which Huashang College shall have the right to deduct from the quality guarantee fees such amount as incurred by Huashang College in the relevant maintenance works and to claim against Guangdong Wuchuan Construction such amount which exceeds the quality guarantee fees.

## **BASIS OF CONSIDERATION**

The Consideration will be financed by the Group's internal resources (including cash generated from operations) and external bank borrowings of the Group.

The consideration payable by Huashang College under the Sihui Construction Agreement was determined after arm's length negotiation with Guangdong Wuchuan Construction with reference to the current estimated cost of the construction works and the market price of projects of similar nature, and bids have been invited in accordance with the established procedures. After considering the bidding prices and the past experience of the bidders, the Board is of the view that the tender submitted by Guangdong Wuchuan Construction was considered the most appropriate, having considered (among others) that it is a Class 1 construction enterprise in the PRC which has been engaged as the construction contractor for various construction projects and has vast experience in the area and has been actively committed in upholding high quality work; further, the Board believes that the standards and protection offered in the areas of business connection, construction management and construction work quality of Guangdong Wuchuan Construction satisfy the demanding qualification and experience requirements imposed on the construction contractor for the project.

## **REASONS FOR AND BENEFITS OF THE SIHUI CONSTRUCTION AGREEMENT**

The first-phase of Sihui Campus of Huashang College covers an area of approximately 248 Mu and was put into use in September 2020. The land of approximately 234 Mu for the second-phase of Sihui Campus of Huashang College was secured in October 2020. The Group is currently organising the construction of the second-phase of Sihui Campus, and the construction and development of the second-phase of Sihui Campus is expected to be completed in or before August 2023 and put into use in September 2023. In addition, it is expected that the first-phase and second-phase of Sihui Campus will together provide a capacity of approximately 16,000 students starting from the 2023/2024 school year. The Group intends to offer a diversity of programmes at the Sihui Campus with a view to expanding and developing the Group's school network and operations in the Greater Bay Area, the PRC. The Sihui Campus is located at Sihui District which enjoys thriving economic development and a growing demand for private higher education in recent years. The expansion of the Sihui Campus is consistent with the Group's strategy of expanding its network and capacity and reinforcing its industry leading position in the Greater Bay Area. The Group believes that the appointment of Guangdong Wuchuan Construction as the contractor is most appropriate to meet the needs of the construction and development of the Sihui Campus.

Accordingly, the Directors consider that the terms of the Sihui Construction Agreement and the transaction contemplated thereunder are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

Reference is made to the announcement of the Company dated 6 November 2020 in relation to the Xinhui Construction Agreement entered into between Huashang Vocational College and Guangdong Wuchuan Construction on 6 November 2020.

Since the Sihui Construction Agreement and the Xinhui Construction Agreement were entered into by the Group with the same counterparty (i.e. Guangdong Wuchuan Construction, as the contractor) within a 12-month period and both are related to the provision of construction service by the same counterparty as contractor to the Group, the Transactions contemplated thereunder shall be aggregated and be treated as a single transaction pursuant to Rule 14.22 of the Listing Rules. As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Sihui Construction Agreement, whether on a standalone basis or on aggregated basis when aggregated with transaction contemplated under Xinhui Construction Agreement, exceeds 5% but all are less than 25%, the transaction contemplated under the Sihui Construction Agreement constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.



## **GENERAL INFORMATION ON THE GROUP**

The Group is the largest private higher education group in the Guangdong-Hong Kong-Macau Greater Bay Area of the PRC in terms of total student enrolment of business majors for the 2017/2018 school year according to Frost & Sullivan, and it is an early mover in the education sector in pursuing international expansion. The Group currently operates four private higher education institutions in the PRC ((i) Huashang College, a full-time bachelor-degree level higher education institution, (ii) Huashang Vocational College, a full-time junior college diploma-degree level higher education institution, (iii) Urban Vocational College of Sichuan (四川城市職業學院), a full-time junior college diploma-degree level higher education institution, and (iv) Urban Technician College of Sichuan (四川城市技師學院), a full-time technician college), and three private higher and vocational education institutions overseas ((i) Global Business College of Australia (a private vocational education institution), (ii) Edvantage Institute Australia (a private higher education institution), and (iii) Edvantage Institute Singapore (a private vocational education institution)). For more information on the Group, please visit its official website at <http://www.edvantagegroup.com.hk/> (the information that appears in this website does not form part of this announcement).

## **GENERAL INFORMATION ON GUANGDONG WUCHUAN CONSTRUCTION**

Based on the information provided by Guangdong Wuchuan Construction, it is a Class 1 construction enterprise in the PRC which is principally engaged in construction works and related businesses. It possesses qualifications in respect of contracting in various areas including building construction, building renovation and decoration, environmental protection engineering, municipal public works, construction mechanical and electrical installation engineering, construction labour operations, foundation engineering, fire protection facilities engineering, waterproof, anticorrosive and thermal insulation engineering, building curtain wall engineering, steel structure engineering, urban lighting engineering, water conservancy and hydroelectric engineering etc..

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the entire equity interest of Guangdong Wuchuan Construction is beneficially owned by Yang Xiaoyong (楊小雍) and Huang Yumei (黃鈺梅) as to 15% each, Lin Xiangyun (林翔雲), Feng Huanquan (馮煥權), Zheng Min (鄭敏) as to 10% each, and Liang Tujin (梁土金), Yang Xiaoqi (楊小琦), Liang Guomei (梁國梅), Zhang Quanmin (張全民), Huang Linbao (黃林保), Liang Cong (梁聰), Ye Rihua (葉日華) and Pan Chuguang (潘處光) as to 5% each, each of them an Independent Third Party.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“Company”	Edvantage Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 0382)
“connected person(s)”	has the meanings ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Guangdong Wuchuan Construction”	Guangdong Wuchuan Construction and Installation Engineering Co., Ltd.* (廣東吳川建築安裝工程有限公司), a company established in the PRC with limited liability and an Independent Third Party
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huashang College”	Guangzhou Huashang College (廣州華商學院) (formerly known as Huashang College Guangdong University of Finance and Economics (廣東財經大學華商學院)), a private school registered as a private non-enterprise unit under the law of the PRC on 30 May 2006, and a wholly-owned subsidiary of the Company
“Huashang Vocational College”	Guangzhou Huashang Vocational College (廣州華商職業學院), a private school registered as a private non-enterprise unit under the law of the PRC on 25 June 2009, and a wholly-owned subsidiary of the Company

“Independent Third Party(ies)”	a person(s) or company(ies) which is/are independent of and not connected with any directors, chief executives, controlling Shareholders and substantial Shareholders of the Company or any of its subsidiaries and their respective associates
“Listing Rules”	the rules governing the listing of securities on the Stock Exchange
“PRC”	the People’s Republic of China and for the purpose of this announcement excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$1.00 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Sihui Campus”	the campus of Huashang College located in Sihui District, Zhaoqing City, Guangdong Province, the PRC
“Sihui Construction Agreement”	the construction agreement dated 30 September 2021 entered into between Huashang Collage and Guangdong Wuchuan Construction in relation to the construction of the Sihui Teaching Facilities
“Sihui Teaching Facilities”	the teaching facilities to be constructed at the Sihui Campus under the Sihui Construction Agreement, including Complex No. 12, Student Dormitory No. 13, Student Dormitory No. 14, Student Dormitory No. 15, Student Dormitory No. 21, Student Dormitory No. 23, Student Dormitory No. 25, Teaching Building No. 18A, Practical Teaching Building No. 18B and civil air defence constructions (including usual equipment)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	any entity within the meaning of the term “subsidiary” as defined in the Listing Rules and the term “subsidiaries” shall be construed accordingly

“Transactions”	the transactions contemplated under the Sihui Construction Agreement and the Xinhui Construction Agreement
“Xinhui Construction Agreement”	the construction agreement dated 6 November 2020 entered into between Huashang Vocational Collage and Guangdong Wuchuan Construction as disclosed in the announcement of the Company dated 6 November 2020
“%”	per cent

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

Hong Kong, 30 September 2021

*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.*