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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.***

References are made to the announcements of Edvantage Group Holdings Limited (the “**Company**”) dated 4 December 2020 (the “**Announcement**”), 18 December 2020, 28 December 2020, 30 December 2020 and 6 January 2021 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.

I. WAIVER IN RESPECT OF THE CONTRACTUAL ARRANGEMENT

As disclosed in the Announcement, the Company will apply for a waiver (the “**Waiver**”) pursuant to Rule 14A.102 of the Listing Rules from (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.

Reasons for application of the Waiver

The Directors consider that, after the Acquisition, Nanning Zhuowen Education is treated as a subsidiary of the Company, and the Registered Shareholders, as substantial shareholders of Nanning Zhuowen Education, have become connected persons at the subsidiary level of the Company under Chapter 14A of the Listing Rules. As the Registered Shareholders are parties to the Structured Contracts, the entering into of the Structured Contracts constitutes continuing connected transactions of the Company upon Completion. Nevertheless, the aforesaid continuing connected transactions 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 under such rule have been satisfied.

Notwithstanding the entering into of the Structured Contracts constitutes continuing connected transactions of the Company for the purposes of Chapter 14A of the Listing Rules, the Directors consider that it would be unduly burdensome and impracticable, and would add unnecessary administration costs of the Company, for all transactions contemplated under the Contractual Arrangement to be subject to strict compliance with the requirements set out under Rules 14A.52 and 14A.53 of the Listing Rules, namely (i) the requirement of limiting the term of the Structured Contracts to three years or less; and (ii) the requirement of setting a maximum aggregate annual value (that is, an annual cap) for the fees payable by the OPCO Group to Guangzhou Zhiheng Education under the Contractual Arrangement.

Grant of Waiver

In view of the above, the Company has applied for, and the Stock Exchange has granted the Waiver, subject to the following conditions:

(a) *No change without independent non-executive Directors' approval*

Save for any mandatory change required under or resulting from applicable 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 (if required)*

Whilst the entering into of the Structured Contracts is exempt from the circular, independent financial advice and Shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules, save for any mandatory change required under or resulting from applicable laws and regulations and save as described in paragraph (d) below, the Company will comply with the requirements under the Listing Rules if there are material changes to the Structured Contracts.

(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 Call Option, to the extent permitted under the PRC laws and regulations, to acquire all or part of the equity interests or the school sponsors' 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 OPCO Group (after deducting all costs, expenses, taxes, losses from the previous year (if required by law), the legally compulsory development fund of the respective school (if required by law), and other statutory fees (if required by law)) and multiplied by the proportion of the direct and/or indirect interest of the Registered Shareholders in the OPCO Group is 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 OPCO held by the Registered Shareholders and the majority of the voting rights of the Target Company held by OPCO, which in turn has the right to control all of the voting rights of the Schools.

(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, but 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 member of the OPCO Group will undertake that, for so long as the Shares are listed on the Stock Exchange, each of the member 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.

II. COMPLETION OF THE ACQUISITION

The Board is pleased to announce that, all the requirements for the Completion as set out in the Acquisition Agreement have been satisfied and the Acquisition has been completed as at the date of this announcement.

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

Hong Kong, 14 January 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.