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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)

**CONTINUING CONNECTED TRANSACTION-FINANCIAL (2024–2027)
FRAMEWORK AGREEMENT**

On 30 September 2024 (Hong Kong time after trading hours), the Company (for itself and on behalf of its subsidiaries) and Mr. Liu, Ms. Chen and Mr. Liu Yung Kwong (for themselves and on behalf of their respective associates) entered into the Financial (2024–2027) Framework Agreement.

As the counterparties to the Financial (2024–2027) Framework Agreement include Mr. Liu, Ms. Chen, Mr. Liu Yung Kwong and their respective associates, all of whom are connected persons of the Company under Chapter 14A of the Listing Rules, the transactions contemplated under the Financial (2024–2027) Framework Agreement constitute continuing connected transactions of the Group.

The Financing Services contemplated under the Financial (2024–2027) Framework Agreement would amount to financial assistance by a connected person for the benefit of the Group, which is on normal commercial terms or better, and such loans are not secured by the assets of the Group, therefore the Financing Services is exempt under Rule 14A.90 of the Listing Rules from all reporting, annual review, announcement and shareholders' approval requirements.

The Credit Services contemplated under the Financial (2024–2027) Framework Agreement was entered into on normal commercial terms or better that are fair and reasonable, and one or more of the applicable percentage ratios in respect of the Credit Services on an annual basis under Chapter 14A of the Listing Rules exceed 0.1% but all are lower than 5%. Pursuant to Rule 14A.76(2)(a) of the Listing Rules, the Credit Services is exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules, but is subject to the reporting, annual review, and announcement requirements.

FINANCIAL (2024–2027) FRAMEWORK AGREEMENT

On 30 September 2024 (Hong Kong time after trading hours), the Company (for itself and on behalf of its subsidiaries) and Mr. Liu, Ms. Chen and Mr. Liu Yung Kwong (for themselves and on behalf of their respective associates) entered into the Financial (2024–2027) Framework Agreement.

The principal terms and relevant pricing policy of the Financial (2024–2027) Framework Agreement are set out below:

Date: 30 September 2024 (after trading hours)

Parties: (i) the Company (for itself and on behalf of its subsidiaries); and
(ii) Mr. Liu, Ms. Chen and Mr. Liu Yung Kwong (for themselves and on behalf of their respective associates).

Duration: From 1 October 2024 to 31 August 2027 (both days inclusive).

Major terms: **Financing Services**

Any member of the Group may from time to time and at its absolute discretion request Financing Services from member of the Counterparties Group, and the relevant member of the Counterparties Group may at its absolute discretion decide whether to provide Financing Services to the relevant member of the Group.

The Company undertakes with the Counterparties, among others, that in case the relevant member of the Group is unable to repay the relevant loans (including the interests) on schedule under the Financing Services provided by member of the Counterparties Group to the relevant member of the Group, the Company will (and the relevant member of the Counterparties Group is entitled to request the Company to) repay such outstanding loans (including the interests) for the relevant members of the Group.

The terms and conditions of Financing Services conducted pursuant to the Financial (2024–2027) Framework Agreement shall be agreed between relevant member of the Group and relevant member of the Counterparties Group in writing by individual agreements from time to time. The terms of such individual agreements shall be consistent with the Financial (2024–2027) Framework Agreement save and except for the clauses regarding applicable law and dispute resolution.

Credit Services

Any member of the Counterparties Group may from time to time and at its absolute discretion request members of the Group to advance loans, and the relevant member of the Group may at its absolute discretion decide whether to advance loans to the relevant member of the Counterparties Group.

The Counterparties jointly and severally undertake with the Company, among others, that in case the relevant member of the Counterparties Group is unable to repay the relevant loans (including the interests) on schedule under the Credit Services provided by member of the Group to the relevant member of the Counterparties Group, the Counterparties will jointly and severally (and the relevant member of the Group is entitled to request any one or more of the Counterparties to) repay such outstanding loans (including the interests) for the relevant members of the Counterparties Group.

The terms and conditions of Credit Services conducted pursuant to the Financial (2024–2027) Framework Agreement shall be agreed between relevant member of the Counterparties Group and relevant member of the Group in writing by individual agreements from time to time. The terms of such individual agreements shall be consistent with the Financial (2024–2027) Framework Agreement save and except for the clauses regarding applicable law and dispute resolution.

Pricing policy
and basis of price
determination:

Financing Services

If the relevant member of the Counterparties Group decides to provide any Financing Services to a member of the Group, the interest rates charged by the relevant member of the Counterparties Group shall be within the range of prevailing market rates for the same type of financing services, and the overall terms and conditions (including but not limited to the timeliness and processing efficiency of financing as well as the interest rates) under the same credit rating condition offered by the relevant member of the Counterparties Group as a whole in respect of the Financing Services shall not be less favourable than those offered by other major commercial banks and/or relevant financial institutions located in the place where the relevant member of the Group is located in respect of the same type of financing services and by the relevant member of the Counterparties Group to any other members of the Counterparties Group (including the Group) with the same credit rating in respect of same type of financing services, and shall be on normal commercial terms.

Credit Services

Subject to compliance with all applicable laws, the interest rates offered by the Group in respect of Credit Services shall:

- (a) for loans made within the PRC, be within the range of or higher than:
 - (i) the interest rates for loans of the same type offered by major commercial banks of the PRC (see *Note 1*) to the relevant member of the Counterparties; and
 - (ii) the interest rates for loans of the same type offered by the Group to any Independent Third Party; and

other terms and conditions offered by the Group as a whole shall also not be less favourable to the Group than those offered by the Group to any Independent Third Party and shall be on normal commercial terms; and

- (b) for loans made outside the PRC, be within the range of or higher than:
 - (i) the interest rates for loans of the same type offered by major commercial banks located in the place where the relevant member of the Counterparties is located (see *Note 2*) to the relevant member of the Counterparties; and
 - (ii) the interest rates for loans of the same type offered by the Group to any Independent Third Party; and

other terms and conditions offered by the Group as a whole shall also not be less favourable to the Group than those offered by the Group to any Independent Third Party and shall be on normal commercial terms.

Notes:

1. The major commercial banks of PRC refer to Bank of China Limited, Industrial and Commercial Bank of China Limited, Agricultural Bank of China Limited and China Construction Bank Corporation, etc.
2. The major commercial banks located in the place where the relevant member of the Group or member of the Counterparties (as the case may be) is located refer to, in the case of Hong Kong, Bank of China (Hong Kong) Limited, The Hongkong and Shanghai Banking Corporation Limited, Hang Seng Bank Limited and Standard Chartered Bank (Hong Kong) Limited, etc.

PROPOSED ANNUAL CAPS

The following table sets out the respective proposed annual caps of the continuing connected transactions under the Financial (2024–2027) Framework Agreement for the three years ending 31 August 2027:

	For the year ending 31 August		
	2025	2026	2027
	(RMB'000)	(RMB'000)	(RMB'000)
Financial (2024–2027)			
Framework Agreement			
Financing Services			
— Facility limit (including interest)	90,000	90,000	90,000
Credit Services			
— Maximum daily balances of outstanding loans (including interest receivables in respect of these loans)	90,000	90,000	90,000

BASIS OF THE PROPOSED ANNUAL CAPS

Financial (2024–2027) Framework Agreement

The proposed annual caps in relation to the Financial (2024–2027) Framework Agreement are determined with reference to the following factors:

- (i) in respect of Financing Services:
 - (a) the flexibility of financing of the certain subsidiaries of the Company which may be suffering less favourable financial position at the relevant time and the availability of the facility limit granted to by third-party banks; and
 - (b) the prevailing market conditions of the interests and/or fees charged for comparable Financing Services;
- (ii) in respect of Credit Services:
 - (a) the expected cashflow surplus of the Group;

- (b) the business needs of the Group, the maximum amount of exposure at any time which the Group is prepared to assume under the Financial (2024–2027) Framework Agreement in the context of the cash flow of the Group as well as the credit and financial position of the member of the Counterparties, considering which the possible interest income arising from the idle fund in the PRC may net off the interest cost from financing outside the PRC; and
- (c) the repayment ability of the Counterparties Group.

REASONS FOR AND BENEFITS OF THE FINANCIAL (2024–2027) FRAMEWORK AGREEMENT

The Directors (including the independent non-executive Directors) consider that the terms of the Financial (2024–2027) Framework Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Group, and it is in the interests of the Company and the shareholders of the Company as a whole to enter into the Financial (2024–2027) Framework Agreement, for reasons as follows:

General

The Group is mainly engaged in the provision of private higher education and vocational education institution services in the PRC and overseas. As the Group carries on its business both inside and outside the PRC, the Group has capital needs in both regions and from time to time requires cross-border fund transfer to and from the PRC and the overseas. As disclosed in the Company's annual reports and interim reports, as the largest private business higher and vocation education group in the Greater Bay Area, the Group's substantial operation is in the PRC from which the Group generates majority of its revenue; at the same time, the Group has capital needs to support and develop its overseas business. Under the Financial (2024–2027) Framework Agreement, the Group is able to leverage on the Counterparties Group's idle fund outside the PRC to facilitate cross-border transfer of fund within members of the Group which provides greater flexibility for the Group to cope with its business and capital needs as well as to grasp business opportunities in a timely manner at a relatively lower costs than if the Group is to make use of financing services offered by independent third party financial institutions; at the same time the Group can better utilise its idle funds in the PRC by earning a more favourable interest income from the Counterparties Group, compared with any independent third party for providing services of similar nature and of similar term. Such arrangement will in turn facilitate the operation and development of the Group's business in both the PRC and overseas.

Financing Services

The Financial (2024–2027) Framework Agreement allows the Group to expand its financial channels, accelerate the efficiency of asset turnover and optimise its financial structure, as well as improve the efficiency of its capital usage. Members of the Group may continue to obtain financing from the Counterparties Group as an alternative source especially when the commercial banks or financial institutions are unable to provide sufficient financing resources to satisfy the business needs of the Group, especially for such members of the Group with which may be suffering less favourable financial position at the relevant time.

The Financial (2024–2027) Framework Agreement also provides flexible and comprehensive finance and treasury services to all members of the Group. As the Counterparties Group are familiar with the business and operation of the members of the Group, it is expected that the Counterparties Group will be more efficient than other financial institutions in terms of processing transactions for members of the Group given their close relationships and hence will be able to satisfy the financing needs of members of the Group in a more timely manner.

The Company also believes that the Counterparties Group may also be able to obtain cost-efficient financing from other financial institutions at lower interest rates by taking advantage of their economies of scale which members of the Group may not be able to enjoy if the latter directly borrow from such other financial institutions. Furthermore, no annual review fee, handling fee, commitment fee or other administrative fee of similar nature which other financial institutions will charge if the Group borrows from such financial institutions will be charged by the Counterparties Group in respect of the Financing Services contemplated under the Financial (2024-2027) Framework Agreement. It is expected that members of the Group may in turn obtain financing from the Counterparties Group at lower interest rates and/or more favourable terms than those of corporate commercial loans offered by other financial institutions.

Credit Services

In view of the expected idle cash flow of the Group over the three financial years ending 31 August 2027, the Financial (2024–2027) Framework Agreement would provide the Group with greater flexibility in the management of its idle cash flow by enabling it to lend a portion of its idle cash resources to the Counterparties Group and obtaining favourable interest income in return, thereby efficiently utilising and maximising the return of its idle cash flow.

In view of the close relationship between the Group and the Counterparties Group, and the financial needs of the Counterparties Group from time to time, the Group would be able to provide more efficient processing of loan requests from the Counterparties Group and accordingly has greater competitive advantages over other lending institutions and thereby attracting the Counterparties Group to obtain financing from the Group. Besides, the Group

would benefit from efficiently utilising its idle cash flow and receiving higher interest income by advancing loans to the Counterparties Group. Accordingly, both the Group and the Counterparties Group would gain from the Credit Services.

INTERNAL CONTROL MEASURES

In respect of all continuing connected transactions contemplated under the Financial (2024–2027) Framework Agreement, the Group has adopted the following internal control procedures:

General

- (i) Before conducting any transaction contemplated under, or entering into any specific agreements pursuant to, a framework agreement for continuing connected transactions, the internal control unit of the Group would review the terms of the proposed transactions and the draft specific agreements to ensure that the transactions would be conducted in accordance with the terms of the framework agreement and the Company's pricing policy.
- (ii) Before conducting any transaction with connected persons, the finance department of the Group would confirm if the Group still has sufficient unused annual caps for carrying out the relevant continuing connected transactions. The internal control unit would on a monthly basis review the continuing connected transactions carried out during the month under review to assess, and compile a monthly report, on the following: (i) confirming that the continuing connected transactions of the Group have been carried out in accordance with the terms of the relevant framework agreement and the Company's pricing policy, (ii) confirming that the transactions have been conducted on normal commercial terms and on terms no less favourable from the perspective of the Group than those offered by Independent Third Parties and (iii) the transactions amount during the month under review, the aggregate amount of transactions conducted during the relevant financial year and confirming that the relevant annual caps have not been exceeded. In the report, the forecasted transactions amount for the next three months would also be set out. If it is anticipated that the annual caps may be exceeded if the Company is to carry out the proposed transactions, the Company would take all appropriate steps in advance to comply with the relevant requirements under the Listing Rules and seek to revise the relevant annual caps in accordance with the relevant requirements under the Listing Rules before entering into the proposed transaction.

- (iii) The independent non-executive Directors and auditors of the Company would conduct annual review of the continuing connected transactions under the Financial (2024–2027) Framework Agreement and provide annual confirmation in accordance with Rules 14A.55 and 14A.56 of the Listing Rules. The audit committee of the Company would also review the Company’s financial controls, risk management and internal control systems; and when considering any renewal or revisions to the Financial (2024–2027) Framework Agreement, the Company would comply with the relevant requirements under the Listing Rules.
- (iv) The Group has adopted a sound and independent audit system and a comprehensive financial management system. The Group will record and monitor the transactions under Financial (2024–2027) Framework Agreement to ensure that the transaction amounts do not exceed the applicable annual caps.
- (v) Before entering into individual transactions under the Financial (2024–2027) Framework Agreement, the Company will, in addition to monitoring the pricing terms (as disclosed below), also examine other terms of the transactions to ensure that the terms conform with the Financial (2024–2027) Framework Agreement.
- (vi) The management of the Group will regularly assess the risk of Credit Services and Financing Services. The management of the Group will also report to the Board every year with respect to the Credit Services and Financing Services under the Financial (2024–2027) Framework Agreement including utilisation rate of annual caps.
- (vii) Pursuant to the Financial (2024–2027) Framework Agreement, the Counterparties have undertaken that if any member of the Counterparties Group fails to make any repayment in accordance with the relevant terms and procedures under the Credit Services, the Counterparties shall repay any outstanding loans on behalf of the relevant member of the Counterparties Group in full. Such undertaking provides indemnification for the loans under the Financial (2024–2027) Framework Agreement.
- (viii) The Company will obtain benchmarks (such as prevailing market interest rates in respect of the various services under the Financial (2024–2027) Framework Agreement, including but not limited to the lending interest rates stipulated by the major commercial banks and/or the PBOC) periodically during the term of the Financial (2024–2027) Framework Agreement. With all the benchmarks mentioned above collected, the Company will negotiate with members of the Counterparties on the best interest rates/fees most favourable to the relevant member of the Group that can be obtained. The benchmarks will set the bottom line for members of the Group in the negotiation process.

Financing Services

- (i) The Group will receive Financing Services from the Counterparties only on a non-exclusive basis and subject always to the aforementioned pricing policies.

Credit Services

- (i) The Group's finance department will monitor the maximum daily balance of the loans on a daily basis to ensure that the aggregate loans do not exceed the applicable annual caps.
- (ii) The Group will request the relevant member of the Counterparties to provide the Group with sufficient information including various financial indicators to enable the Group to monitor and review its financial condition. The relevant member of the Counterparties shall also notify the Group, subject to compliance with applicable laws and regulations, should it be subject to any judicial, legal or regulatory proceedings or investigations which are reasonably likely to have a material impact on the financial condition of any of them. If the Group considers that there is any material adverse change in the financial condition of the relevant member of the Counterparties, the Group will take appropriate measures (including ceasing to advance further loans) to protect the Group's financial position.
- (iii) Should the balance of loan at the end of any day reaches 90% of the annual cap, the Group would cease advancing further loans to the Counterparties until the balance of loan falls below 90%.

LISTING RULES IMPLICATIONS

Mr. Liu Yung Kwong is a brother (and hence an associate) of Mr. Liu and Mr. Liu Yung Kan.

As the counterparties to the Financial (2024–2027) Framework Agreement include Mr. Liu and Ms. Chen (executive Directors and controlling Shareholders), Mr. Liu Yung Kwong and their respective associates, all of whom are connected persons of the Company under Chapter 14A of the Listing Rules, the transactions contemplated under the Financial (2024–2027) Framework Agreement constitute continuing connected transactions of the Group.

The Financing Services would amount to financial assistance by a connected person for the benefit of the Group, which is on normal commercial terms or better, and such loans are not secured by the assets of the Group, therefore the Financing Services is exempt under Rule 14A.90 of the Listing Rules from all reporting, annual review, announcement and shareholders' approval requirements.

The Credit Services contemplated under the Financial (2024–2027) Framework Agreement was entered into on normal commercial terms or better that are fair and reasonable, and one or more of the applicable percentage ratios in respect of each of such transactions on an annual basis under Chapter 14A of the Listing Rules exceed 0.1% but all are lower than 5%. Pursuant to Rule 14A.76(2)(a) of the Listing Rules, the Credit Services is exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules, but is subject to the reporting, annual review, and announcement requirements.

In view of such interests, each of Mr. Liu, Ms. Chen, Mr. Liu Yung Kan who is a brother of Mr. Liu and Mr. Liu Yung Kwong, and Ms. Liu Yi Man who is a daughter (and hence an associate within the meaning of the Listing Rules) of Mr. Liu and Ms. Chen, had abstained from voting in the Board meeting during which the Board approved the Financial (2024–2027) Framework Agreement to avoid any potential conflict of interests.

GENERAL INFORMATION OF THE PARTIES

Information of 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, and it is an early mover in the education sector in pursuing international expansion. The Group currently operates five private higher education institutions in the PRC ((i) Huashang College, (ii) Huashang Vocational College, (iii) Urban Vocational College of Sichuan, (iv) Urban Technician College of Sichuan and (v) Huashang Technical School, and three private higher and vocational education institutions overseas ((i) Global Business College of Australia, (ii) Edvantage Institute Australia and (iii) Edvantage Institute Singapore). 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).

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings when used herein:

“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“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;
“Counterparties”	collectively, Mr. Liu, Ms. Chen, Mr. Liu Yung Kwong;
“Counterparties Group”	collectively, the Counterparties and their respective associates;
“Credit Services”	advance of loan(s) (including but not limited to term loans, revolving loan facilities, and fixed assets loans) by member(s) of the Group to member(s) of the Counterparties Group pursuant to the Financial (2024–2027) Framework Agreement;
“Director(s)”	the director(s) of the Company;
“Financial (2024–2027) Framework Agreement”	the financial (2024–2027) framework agreement dated 30 September 2024 entered into among the Company (for itself and on behalf of its subsidiaries) and Mr. Liu, Ms. Chen and Mr. Liu Yung Kwong (for themselves and on behalf of their respective associates);
“Financing Services”	the financing services to be provided by the Counterparties Group from time to time in accordance with the Financial (2024–2027) Framework Agreement, including but not limited to the provision of term loans, revolving loan facilities, and fixed assets loans to the Group, in each case not secured by the assets of the Group;
“Group”	the Company and its subsidiaries;
“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 Guangdong University of Finance and Economics (廣東財經大學華商學院), a private higher education institution operated by the Group;
“Huashang Technical School”	Guangdong Huashang Technical School (廣東華商技工學校), a private school registered as a private non-enterprise unit under the law of the PRC, operated by the Group;
“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, operated by the Group;
“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;
“Mr. Liu”	Mr. Liu Yung Chau (廖榕就), the founder of the Company, a controlling Shareholder, executive Director, the chairman of the Board and the spouse of Ms. Chen;
“Mr. Liu Yung Kwong”	Mr. Liu Yung Kwong (廖榕光), brother of Mr. Liu and Mr. Liu Yung Kan, and an employee of the Group;
“Ms. Chen”	Ms. Chen Yuan, Rita (陳練瑛), a controlling Shareholder, executive Director and the spouse of Mr. Liu;
“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purposes of this announcement;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	holder(s) of share(s) of the Company;
“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;

“%” per cent.

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

Hong Kong, 30 September 2024

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.