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ISSUE OF NEW SHARES UNDER GENERAL MANDATE

THE SUBSCRIPTION

The Board is pleased to announce that on 20 August 2024 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for a total of 21,428,571 Subscription Shares at the Subscription Price of HK\$0.14 per Subscription Share under the General Mandate.

Assuming that there will be no change in the number of issued Shares between the date of this announcement and the Completion Date, the Subscription Shares represent (i) approximately 2.91% of the existing issued Shares of the Company as at the date of this announcement; and (ii) approximately 9.43% of the issued Shares of the Company as enlarged by the allotment and issue of the Subscription Shares.

The gross proceeds from the Subscription will be HK\$3,000,000 and the net proceeds from the Subscription (after deduction of the relevant expenses) will be approximately HK\$2.95 million. It is expected that such net proceeds from the Subscription will be utilised for repayment of liabilities of the Group.

Shareholders and potential investors of the Company should note that the Completion is subject to fulfilment or waiver of the conditions precedent under the Subscription Agreement and the Completion thereof may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

THE SUBSCRIPTION

The Board is pleased to announce that on 20 August 2024 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber.

THE SUBSCRIPTION AGREEMENT

The principal terms of the Subscription Agreement are set out as follows:

- Date:** 20 August 2024 (after trading hours)
- Parties:** (i) the Company, as the issuer; and
(ii) Grand View Protective Products Limited, as the Subscriber.
(each a “**Party**”, and collectively, the “**Parties**”)

As at the date of this announcement, the Subscriber holds 6.79% of total issued Shares. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Subscriber and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons.

Subscription Shares

As at the date of this announcement, the Company has 736,400,000 Shares in issue. Assuming that there will be no change in the number of issued Shares between the date of this announcement and the Completion Date, 21,428,571 Subscription Shares represent:

- (i) approximately 2.91% of the existing issued Shares of the Company as at the date of this announcement; and
- (ii) approximately 9.43% of the issued Shares of the Company as enlarged by the allotment and issue of the Subscription Shares.

The aggregate nominal value of the Subscription Shares is HK\$2,142,857.

Subscription Price

The Subscription Price of HK\$0.14 per Subscription Share represents:

- (i) a premium of approximately 48.94% to the closing price of HK\$0.094 per Share as quoted on the date of the Subscription Agreement; and
- (ii) a premium of approximately 37.80% to the average closing price of approximately HK\$0.102 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreement.

The net Subscription Price under the Subscription is approximately HK\$0.138 per Subscription Share.

The Subscription Price was arrived at after arm’s length negotiations between the Parties with reference to, among other things, the prevailing market price of the Shares. The Directors consider that the terms of the Subscription Agreement (including the Subscription Price) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Consideration

The deposit of HK\$3 million has been paid by the Subscriber before the execution of the Subscription Agreement. The deposit shall be utilised for settlement of the Consideration in full at Completion.

Conditions Precedent

Completion shall be subject to the satisfaction and/or fulfilment of such conditions precedent as set out hereunder:

- (a) the GEM Listing Committee of the Stock Exchange having granted approval for the listing of and permission to deal in the Subscription Shares;
- (b) the Company having complied with, and procured for the compliance with, all law applicable to the Subscription;
- (c) the listing status of the Shares not having been revoked, cancelled, withdrawn or suspended, or further or in the alternative, threatened with any revocation, cancellation, withdrawal or suspension; and
- (d) all the representations and warranties of the Company under the Subscription Agreement remaining true, correct, valid, binding and effective up to Completion.

Save and except that such conditions precedent (d) as set out above which may be waived by the Subscriber unilaterally at any time prior to the Long Stop Date (as defined below) by notice in writing to the Company, no other conditions precedent can be waived by any Party, and the Parties shall use their respective best endeavours to ensure that the conditions precedent (save and except such conditions precedent waived or to be waived pursuant to this paragraph) shall be fulfilled and satisfied as soon as possible after the execution of the Subscription Agreement, and in any event, no later than the Long Stop Date.

Save as otherwise stated, if any conditions precedent set out above (save and except such conditions precedent waived or to be waived pursuant to the above paragraph) shall not have been fulfilled by 30 August 2024 (the “**Long Stop Date**”), the Subscription Agreement shall, unless the Parties agree in writing to postpone the Long Stop Date to another date (being a Business Day), automatically terminate and cease to be of any effect except for certain terms as set out in the Subscription Agreement which shall remain in force, and none of the Parties shall have any claim of any nature or liabilities under the Subscription Agreement whatsoever against the other Party save for any antecedent breaches of the terms of the Subscription Agreement.

Completion

Subject to the conditions precedent being satisfied and/or fulfilled, Completion shall take place on the Completion Date.

The Subscriber shall not subscribe only part of the Subscription Shares, and Completion shall not take place if the Subscriber fails and/or refuses to subscribe the entire portfolio of the Subscription Shares.

Ranking

The Subscription Shares will be issued fully paid up and ranking *pari passu* in all respects with all other Shares then in issue, including as to the right to receive all dividends and other distributions which may be declared made or paid after Completion and will be issued free and clear of all encumbrances.

Application for listing

Application will be made by the Company to the Stock Exchange for granting the approval for the listing of, and permission to deal in, the Subscription Shares.

GENERAL MANDATE

The Subscription Shares will be allotted and issued under the General Mandate. Under the General Mandate, the Board is authorised to issue up to 137,280,000 new Shares, representing not exceeding 20% of the number of Shares in issue as at the date of the annual general meeting of the Company held on 29 June 2023. As at the date of this announcement, no new Share has been issued under the General Mandate. Accordingly, the general mandate is sufficient for the allotment and issue of the Subscription Shares and therefore the Subscription is not subject to the Shareholders' approval.

INFORMATION ON THE SUBSCRIBER

The Subscriber is a company incorporated in Hong Kong with limited liability, and is principally engaged in manufacturing and sale of protective products (including medical face masks, infrared thermometer, disinfectant spray, protective clothing, etc.) in Hong Kong and PRC markets. The Subscriber is owned as to 100% by Mr. Lei XiongPeng.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AND USE OF PROCEEDS

The Group is principally engaged in (i) business of jazz and ballet and pop dance academy in Hong Kong; (ii) operation of kindergartens and pre-schools in Hong Kong and Singapore; (iii) provision of swallowing and speech treatments in Hong Kong; and (iv) provision of photographic services in Hong Kong.

The gross proceeds from the Subscription will be HK\$3,000,000 and the net proceeds from the Subscription (after deduction of the relevant expenses) will be approximately HK\$2.95 million. It is expected that such net proceeds from the Subscription will be utilised for repayment of liabilities of the Group.

The Directors are of the view that (i) the Subscription Agreement is entered into upon normal commercial terms following arm's length negotiations between the Parties; (ii) the Subscription will enlarge the shareholder base and the capital base of the Company; and (iii) the net proceeds of the Subscription will strengthen the financial position of the Group.

Accordingly, the Directors consider that the Subscription is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has conducted the following equity fund raising activities during the twelve months immediately preceding the date of this announcement:

| Date of Announcement | Event | Net proceeds raised | Intended use of proceeds | Actual use of proceeds |
|----------------------|--|--------------------------------|---------------------------------------|------------------------|
| 29 July 2024 | Issue of 50,000,000 new shares under general mandate | Approximately HK\$6.95 million | Repayment of liabilities of the Group | Used as intended |

Save as the above, the Company did not conduct any equity fund raising activities during the twelve months immediately preceding the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

For illustration purposes only, the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the Completion are as follows:

| | (i) As at the date of the announcement | | (ii) Immediately after the Completion | |
|--------------------------------------|--|---------------|---------------------------------------|---------------|
| | Number of Shares | Approximately | Number of Shares | Approximately |
| Directors | | | | |
| Mr. Chiu Ka Lok (Note 1) | 46,500,000 | 6.31% | 46,500,000 | 6.14% |
| Dr. Chun Chun (Note 1) | 73,500,000 | 9.98% | 73,500,000 | 9.70% |
| Substantial Shareholders | | | | |
| Wealthy Together Limited (Note 1) | 298,125,000 | 40.48% | 298,125,000 | 39.34% |
| Mr. Fok Yuk Tong | 69,208,629 | 9.40% | 69,208,629 | 9.13% |
| Mr. Hui Pui Cheung | 39,980,000 | 5.43% | 39,980,000 | 5.28% |
| The Subscriber (Note 2) | 50,000,000 | 6.79% | 71,428,571 | 9.43% |
| Other public Shareholders | 159,086,371 | 21.60% | 159,086,371 | 20.99% |
| Total | 736,400,000 | 100% | 757,828,571 | 100% |

Notes:

- Wealthy Together Limited (“**Wealthy Together**”) is wholly and beneficially owned by Mr. Chiu Ka Lok (“**Mr. Chiu**”), an executive Director and the chairman of the Board. Mr. Chiu is deemed to be interested in 298,125,000 Shares held by Wealthy Together by virtue of his 100% shareholding interest in Wealthy Together. Also, Mr. Chiu beneficially owned 46,500,000 Shares and Dr. Chun Chun (“**Dr. Chun**”), being an executive Director and the spouse of Mr. Chiu,

beneficially owned 73,500,000 Shares. Mr. Chiu and Dr. Chun are therefore deemed to be interested in all 418,125,000 Shares by virtue of the Securities and Futures Ordinance.

2. According to the Subscription Agreement, the Subscriber and party(ies) acting in concert with it shall not hold Shares (inclusive of the Subscription Shares) in such portfolio which may trigger any mandatory general offer obligation under Rule 26.1 of the Takeovers Code.

Shareholders and potential investors of the Company should note that the Completion is subject to fulfilment or waiver of the conditions precedent under the Subscription Agreement and the Completion thereof may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, capitalized terms used shall have the following meanings:

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|-----------------------|--|
| “acting in concert” | have the meaning ascribed to it in the Takeovers Code |
| “Board” | the board of Directors |
| “Business Day(s)” | any day (excluding Saturdays, Sundays, public holidays and days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks generally are open for general banking business in Hong Kong |
| “Company” | SDM Education Group Holdings Limited, a company incorporated under the laws of the Cayman Islands with limited liability and the Shares of which are listed on GEM |
| “Completion” | completion of the Subscription |
| "Completion Date" | 6 September 2024 |
| “connected person(s)” | has the meaning ascribed to it under the GEM Listing Rules |
| “Consideration” | the sum of HK\$3,000,000 to be paid by the Subscriber to the Company at Completion for subscription of the entire portfolio of the Subscription Shares, representing a subscription price (or Subscription Price) of HK\$0.14 per Subscription Share |
| “Director(s)” | the director(s) of the Company |
| “GEM” | the GEM of the Stock Exchange |
| “GEM Listing Rules” | the Rules Governing the Listing of Securities on GEM |

| | |
|--------------------------|---|
| “General Mandate” | the general mandate granted to the Board to allot, issue and deal with the up to 137,280,000 new Shares at the annual general meeting of the Company held on 29 June 2023 |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Subscriber” | Grand View Protective Products Limited, a company incorporated in Hong Kong with limited liability |
| “Subscription” | the Subscription of the Subscription Shares by the Subscriber pursuant to the terms of the Subscription Agreement |
| “Subscription Agreement” | the Subscription Agreement entered into between the Company and the Subscriber dated 20 August 2024 in relation to the Subscription |
| “Subscription Price” | HK\$0.14 per Subscription Share |
| “Subscription Share(s)” | 21,428,571 new Shares to be placed under the Subscription |
| “SFC” | The Securities and Futures Commission of Hong Kong |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Share(s)” | ordinary share(s) of HK\$0.10 each in the share capital of the Company |
| “Shareholders” | holders of the Shares from time to time |
| “Takeovers Code” | the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “%” | per cent. |

By Order of the Board
SDM Education Group Holdings Limited
Chiu Ka Lok
Chairman

Hong Kong, 20 August 2024

As at the date of this announcement, the executive Directors are Mr. Chiu Ka Lok, Mr. Chun Chi Ngon Richard and Dr. Chun Chun, the non-executive Directors are Ms. Yeung Siu Foon and Mr. Sun Banggui and the independent non-executive Directors are Dr. Kao Ping Suen, Mr. Chak Chi Shing and Mr. Sek Sing Chor.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and be posted on the website of the Company at www.sdm.hk.