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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
IN RELATION TO
THE CONSTRUCTION AGREEMENT FOR
THE CONSTRUCTION OF
TEACHING FACILITIES OF
HUASHANG COLLEGE**

INTRODUCTION

The Board hereby announces that on 28 February 2023, Huashang College, a private higher education institution in the PRC operated by the Group and a subsidiary of the Company, entered into the Sihui Campus Construction Agreement with Zhongxin Construction, pursuant to which Zhongxin Construction (as the contractor) agreed to undertake the construction work of certain teaching facilities at the Sihui Campus of Huashang College.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) under the Sihui Campus Construction Agreement exceed 5% but all are less than 25%, the transactions contemplated under the Sihui Campus Construction Agreement constitute discloseable transactions of the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

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SIHUI CAMPUS CONSTRUCTION AGREEMENT

Principal terms of the Sihui Campus Construction Agreement are set out below:

Date: 28 February 2023

Parties:

- (i) Huashang College, as the owner
- (ii) Zhongxin Construction, as the contractor

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

Subject matter: Zhongxin Construction shall:

- (i) be responsible for the construction and engineering works of the Sihui Campus Teaching Facilities based on the technical specifications as required under the Sihui Campus Construction Agreement; and
- (ii) conduct the maintenance during various quality maintenance periods for different parts of the Sihui Campus Teaching Facilities as set out under the subsection headed "Quality maintenance periods" in this section, commencing from the date of passing the completion inspection and acceptance of the Sihui Campus Teaching Facilities.

Construction period: Expected completion and delivery date: 15 August 2023

Consideration:

The total consideration payable by Huashang College under the Sihui Campus Construction Agreement shall be approximately RMB264.1 million (equivalent to approximately HK\$298.1 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 Campus Teaching Facilities, with reference to the specific construction items (“**Construction Items**”) which include specified student dormitories, a teaching building, a teaching and laboratory building and civil air defence basement.

The consideration of the Construction Items shall be satisfied via bank transfer in the following manner:

Teaching building, laboratory building and student dormitories

- (i) up to 85% of the consideration for construction of the teaching building, laboratory building and student dormitories shall be settled by stages respectively after: (a) completion of the positive and negative zero (正負零); (b) completion of the four-layer roof (四層頂板); (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 for construction of the teaching building, laboratory building and student dormitories shall be settled after passing of the preliminary inspection (初驗通過) and formal completion inspection and acceptance (竣工驗收); and

- (iii) the remaining 3% of the consideration for construction of the teaching building, laboratory building and student dormitories shall be retained as the quality guarantee fees (質量保證金) which shall be payable in the manner as set out under the sub-section headed “Quality guarantee fees” in this section.

Construction of civil air defence basement

- (i) up to 75% of the consideration for construction of civil air defence basement shall be settled by stages respectively after: (a) completion of the piling (打樁); (b) completion of the basement floor (地下室底板); (c) completion the basement roof (地下室頂板); (d) completion of the backfilling of foundation pits around the basement (地下室周邊基坑回填平);
- (ii) up to 95% 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
- (iii) the remaining 5% of the consideration for construction of civil air defence basement shall be retained as the quality guarantee fees (質量保證金) which shall be payable in the manner as set out under the sub-section headed “Quality guarantee fees” in this section.

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

Basis of determination of consideration:

The consideration payable by Huashang College under the Sihui Campus Construction Agreement was determined after arm's length negotiation with Zhongxin 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 Zhongxin Construction was the most appropriate, because Zhongxin Construction possesses the first-class qualification for general contracting of housing construction projects in China (中國房屋建築工程施工總承包一級資格) and has been engaged as the construction contractor for various construction projects, demonstrating vast experience. Furthermore, it strictly controls the quality of work. The Board believes that the quality of Zhongxin Construction in the areas of business connection, construction management and construction work quality, as well as the safeguard provided by Zhongxin Construction, satisfy the stringent qualification and experience requirements as the construction contractor for the project.

Warranty period:

24 months commencing from the date of passing the formal completion inspection and acceptance of the Sihui Campus Teaching Facilities

Quality guarantee fees:

The quality guarantee fees in relation to the Sihui Campus 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 Zhongxin Construction has completed all the works under the Sihui Campus Construction Agreement, and no quality issue has arisen and no maintenance cost has been incurred.

Quality maintenance periods:

The quality maintenance periods for the Sihui Campus Teaching Facilities, each commencing from the date of passing the formal completion inspection and acceptance of the Sihui Campus 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 quality maintenance periods, Zhongxin Construction shall be responsible for handling and fixing any quality issue(s) relating to the Sihui Campus Teaching Facilities caused by the construction work of Zhongxin Construction in a timely manner, failing to do which Huashang College shall have the right to deduct from the quality guarantee fees such amount incurred by Huashang College in the relevant maintenance works and to claim against Zhongxin Construction such amount which exceeds the quality guarantee fees.

REASONS FOR AND BENEFITS OF THE SIHUI CAMPUS CONSTRUCTION AGREEMENT

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 Guangdong-Hong Kong-Macau Greater Bay Area of 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 Zhongxin 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 Campus Construction Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) under the Sihui Campus Construction Agreement exceed 5% but all are less than 25%, the transactions contemplated under the Sihui Campus Construction Agreement constitute discloseable transactions of the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

GENERAL 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 enrollment of business majors for the 2017/2018 school year according to Frost & Sullivan, and it is a pioneer in the education sector in pursuing international expansion. The Group currently operates five private middle and higher education institutions in the PRC, namely (i) Huashang College, a full-time bachelor-degree level higher education institution, (ii) Guangzhou Huashang Vocational College (廣州華商職業學院), 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, (iv) Urban Technician College of Sichuan (四川城市技師學院), a full-time technician college, and (v) Guangdong Huashang Technical School (廣東華商技工學校), three private higher and vocational education institutions overseas, namely (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) and the GBA Business School located in Hong Kong. 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 ZHONGXIN CONSTRUCTION

Based on the information provided by Zhongxin 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 engineering of building renovation and decoration, 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 and road 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 Zhongxin Construction is beneficially owned by Mr. Fan Zhongtang (范忠堂先生), Mr. Huang Haobo (黄浩博先生), Mr. Fan Zongcai (范宗材先生) and Ms. Yang Simin (楊思敏女士) as to 52.5%, 20%, 17.5% and 10%, respectively, all of whom are Independent Third Parties.

DEFINITION

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

“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)
“Director(s)”	the director(s) of the Company
“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), a private school registered as a private non-enterprise unit under the law of the PRC on 30 May 2006, and a 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 excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purpose of this announcement
“Sihui Campus”	the campus of Huashang College located in Sihui District, Zhaoqing City, Guangdong Province, the PRC
“Sihui Campus Construction Agreement”	the construction agreement (No. JS2022-074) dated 28 February 2023 entered into between Huashang College and Zhongxin Construction in relation to the construction of the Sihui Campus Teaching Facilities
“Sihui Campus Teaching Facilities”	the teaching facilities to be constructed at the Sihui Campus under the Sihui Campus Construction Agreement, including but not limited to one laboratory, three student dormitories, one teaching building, roads and other civil buildings
“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

“Zhongxin Construction” Guangdong Zhongxin Construction Group Co., Ltd. (廣東眾
鑫建設集團有限公司), a company established in the PRC
with limited liability

“%” per cent.

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

Hong Kong, 28 February 2023

For the purpose of this announcement, unless the context otherwise requires or expressly states, RMB is translated into HK\$ at the approximate exchange rate of RMB1.00 = HK\$1.1286. Such exchange rate is for reference only, and does not represent that any HK\$ or RMB amounts have been, will be or may be translated at such rate or any other rate, or at all.

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.