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SDM Education Group Holdings Limited

SDM 教育集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8363)

(1) RESULTS OF THE RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING SHARES HELD ON RECORD DATE (2) ADJUSTMENTS TO THE SHARE OPTIONS AND THE CONVERTIBLE NOTES

Underwriter to the Rights Issue



太平基業證券有限公司

Pacific Foundation Securities Limited

Financial adviser to the Company

VEDA | CAPITAL
智 略 資 本

Reference is made to the prospectus of SDM Education Group Holdings Limited (the “**Company**”) dated 17 February 2023 (the “**Prospectus**”) in relation to the Rights Issue of 228,800,000 Rights Shares at a subscription price of HK\$0.10 per Rights Share on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date. Unless otherwise stated, capitalised terms used herein shall bear the same meanings as defined in the Prospectus.

RESULTS OF THE RIGHTS ISSUE

The Board is pleased to announce that all the conditions of the Rights Issue have been fulfilled and the Rights Issue became unconditional at 4:00 p.m. on Monday, 6 March 2023. The gross proceeds raised from the Rights Issue are HK\$22.88 million and the net proceeds after deducting the relevant expenses of the Rights Issue are approximately HK\$21.46 million. After the Set-Off, the Remaining Proceeds are of approximately HK\$7.50 million.

As of 4:00 p.m. on Friday, 3 March 2023, being the Latest Time for Acceptance of and payment for the Rights Shares and for the application and payment for Excess Rights Shares,

- (i) a total of 15 valid acceptances in respect of a total of 143,756,621 Rights Shares provisionally allotted under the Rights Issue have been received, representing approximately 62.83% of the total number of 228,800,000 Rights Shares available for subscription under the Rights Issue; and
- (ii) a total of 1 valid acceptance for a total of 7,738,750 Excess Rights Shares have been received, representing approximately 3.38% of the total number of 228,800,000 Rights Shares available for subscription under the Rights Issue.

Pursuant to the Irrevocable Undertaking, Mr. Chiu, Dr. Chun and Wealthy Together have accepted and subscribed for 139,375,000 Rights Shares provisionally allotted to them under the Rights Issue.

In aggregate, a total of 16 valid acceptances and applications in respect of 151,495,371 Rights Shares, representing approximately 66.21% of the total number of 228,800,000 Rights Shares available for subscription under the Rights Issue, have been received. Based on the above results, the Rights Issue was under-subscribed by 77,304,629 Rights Shares, representing approximately 33.79% of the total number of the Rights Shares available for subscription under the Rights Issue.

EXCESS RIGHTS SHARES

Given the under-subscription of the Rights Shares, the Directors consider that it is fair and reasonable to accept all valid EAFs and allot the Excess Rights Shares to such applicants in full. Accordingly, no refund cheques for wholly and partially unsuccessful applications for Excess Rights Shares will be posted.

THE UNDERWRITING AGREEMENT

As all the conditions set out in the Underwriting Agreement have been fulfilled and the Underwriting Agreement was not terminated by the Underwriter prior to the Latest Time for Termination, the Underwriting Agreement became unconditional at 4:00 p.m. Monday, 6 March 2023.

As a result of the under-subscription of the Rights Shares and pursuant to the terms of the Underwriting Agreement, the Underwriter has subscribed for or procured subscribers to subscribe for 77,304,629 Rights Shares, representing approximately 33.79% of total number of 228,800,000 Rights Shares available for subscription under the Rights Issue. To the best of the Directors' knowledge, information and belief after having made reasonable enquiries, the Underwriter and all the subscribers and their ultimate beneficial owners are independent of the Company and its connected persons.

USE OF PROCEEDS

The gross proceeds from the Rights Issue are HK\$22.88 million and the net proceeds from the Rights Issue, after deducting all related expenses for the Rights Issue, are approximately HK\$21.46 million. After the Set-Off, the Remaining Proceeds from the Rights Issue will be applied in accordance with the proposed use of proceeds set out in the section headed “INTENDED USE OF PROCEEDS” in the Prospectus.

CHANGE IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

To the best knowledge and information of the Directors, the shareholding structure of the Company immediately before and after the completion of the Rights Issue is as follows:

| Name of Shareholders | Immediately before completion of the Rights Issue | | Immediately after completion of the Rights Issue | |
|-----------------------------|--|----------------------|---|----------------------|
| | <i>Number of Shares</i> | <i>Approximate %</i> | <i>Number of Shares</i> | <i>Approximate %</i> |
| Wealthy Together | 198,750,000 | 43.43 | 298,125,000 | 43.43 |
| Mr. Chiu | 31,000,000 | 6.77 | 46,500,000 | 6.77 |
| Dr. Chun | <u>49,000,000</u> | <u>10.71</u> | <u>73,500,000</u> | <u>10.71</u> |
| The Underwriter | – | – | 77,304,629 | 11.26 |
| Public Shareholders | <u>178,850,000</u> | <u>39.09</u> | <u>190,970,371</u> | <u>27.82</u> |
| Total | <u><u>457,600,000</u></u> | <u><u>100.00</u></u> | <u><u>686,400,000</u></u> | <u><u>100.00</u></u> |

DESPATCH OF SHARE CERTIFICATES AND REFUND CHEQUES

It is expected that the share certificates for the Rights Shares, in their fully-paid form, and the refund cheques (if any) in respect of wholly or partially unsuccessful applications for the Excess Rights Shares (without interest) will be posted to the allottees and/or applicants by ordinary post at their own risk on Monday, 13 March 2023.

COMMENCEMENT OF DEALINGS IN THE RIGHTS SHARES

Dealings in the Rights Shares, in their fully-paid form, are expected to commence on the Stock Exchange at 9:00 a.m. on Tuesday, 14 March 2023.

ADJUSTMENTS TO THE SHARE OPTIONS AND THE CONVERTIBLE NOTES

Immediately before completion of the Rights Issue, there were (i) 26,730,000 outstanding Share Options granted by the Company carrying rights for the holders thereof to subscribe for an aggregate of 26,730,000 new Shares; and (ii) the Convertible Notes entitling the holders thereof to convert into 19,124,056 Shares. Pursuant to the terms of the Share Option Scheme and the instrument of the Convertible Notes, the Rights Issue leads to adjustments to, among others, (i) the exercise price and/or the number of Shares to be issued upon exercise of the outstanding Share Options under the Share Option Scheme and (ii) the conversion price and/or the number of Shares to be converted under the Convertible Notes.

As a result of the Rights Issue, adjustments to the exercise price and the number of Shares to be issued upon exercise of the outstanding Share Options, pursuant to the terms and conditions of the Share Option Scheme, Rule 23.03(13) of the GEM Listing Rules in relation to the adjustment to the terms of the Share Option Scheme, the Supplementary Guidance on GEM Listing Rule 23.03(13) and the Note Immediately After the Rule attached to the Frequently Asked Question No. 072-2020 issued by the Stock Exchange on 6 November 2020 (the “**Stock Exchange Supplementary Guidance**”), are as follows and will become effective from Monday, 13 March 2023 upon the allotment and issue of the Rights Shares pursuant to the Rights Issue:

| Date of grant | Exercise period of Share Options | Number of Shares to be issued upon exercise of the Share Options | Exercise price per Share of Share Options HK\$ | Adjusted number of Shares to be issued upon exercise of the Share Options | Adjusted exercise price per Share of Share Options HK\$ |
|----------------------|---|---|---|--|--|
| 15 June 2021 | 15 June 2021 to 14 June 2024 | 26,730,000 | 0.40 | 27,325,892 | 0.391 |

Save for the above adjustments, all other terms and conditions of the outstanding Share Options granted under the Share Option Scheme remain unchanged.

The auditor of the Company, Zhonghui Anda CPA Limited, has reviewed the calculations and confirmed to the Directors in writing that the calculation is accurate and the above adjustments made to the exercise price and the number of Shares falling to be issued upon the exercise of the outstanding Share Options are in compliance with the requirements set forth in the terms and conditions of the Share Option Scheme, Rule 23.03(13) of the GEM Listing Rules and the Stock Exchange Supplementary Guidance.

Based on the terms and conditions of the Convertible Notes, the conversion price of the Convertible Notes has been adjusted from HK\$2.386 per conversion Share to HK\$2.334 per conversion Share (the “**Adjusted Conversion Price**”) as of the date of this announcement. Based on the total outstanding amount of the Convertible Bonds of US\$5,850,000 at the date of this announcement and the Adjusted Conversion Price, an additional 426,332 Shares will be issued upon conversion of all the outstanding Convertible Notes.

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

Hong Kong, Friday, 10 March 2023

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 Director is Ms. Yeung Siu Foon and the independent non-executive Directors are Mr. Chak Chi Shing, Dr. Hung Siu Ying Patrick and Dr. Kao Ping Suen.

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 at www.hkexnews.hk on the “Latest Listed Company Information” page of the HKEX website for at least 7 days from the date of its posting and on the Company website at www.sdm.hk.