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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)

**SUPPLEMENTAL ANNOUNCEMENT
IN RELATION TO THE ANNUAL REPORT FOR
THE YEAR ENDED 31 DECEMBER 2021**

Reference are made to (i) the annual results announcement of SDM Education Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 29 April 2022; (ii) the audited annual report of the Company for the year ended 31 December 2021 (the “**Annual Report**”) published on 2 May 2022; and (iii) the supplemental announcement of the Company dated 27 June 2022 in relation to the Annual Report (the “**Supplemental Announcement**”). Terms used herein shall have the same meanings as those defined in the Supplemental Announcement, unless the context requires otherwise.

The Board would like to provide certain additional information in relation to the Disclaimer of Opinion issued by the Auditor in relation to the Annual Report.

CLARIFICATION

The Company wishes to make the following clarification to Corporate Governance Report under the last paragraph on page 16 of the Annual Report, which was extracted as follows:

“The Directors acknowledge their responsibilities for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance and the GEM Listing Rules. The Directors have selected appropriate accounting policies and applied them consistently; made judgement and estimate that are prudent and reasonable. As at 31 December 2021, the Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group’s ability to continue as a going concern as details set out in Note 2 to the Consolidated Financial Statements. The Directors’ responsibilities in the preparation of the consolidated financial statements and the auditors’ responsibilities are set out in the Independent Auditor’s Report from pages 53 and 54 of this report.”

The Company wishes to clarify that, as at 31 December 2021, the Board was aware of the existence of material uncertainties, where the Group had net current liabilities and net liabilities of approximately HK\$412,849,000 and HK\$218,190,000, that might cast significant doubt upon the Group's ability to continue as a going concern.

The Directors have reviewed the financial position of the Group as at 31 December 2021, including its working capital and bank and cash balances, together with the projected cash flow forecasts for the next twelve months and the Directors consider that the Group is financially viable to continue as a going concern, details of which are set out in Note 2 to the Consolidated Financial Statements.

AUDITOR'S VIEW ON THE COMPANY'S PLAN IN ADDRESSING THE DISCLAIMER OF OPINION

As disclosed in the Annual Report and the Supplemental Announcement, the Auditor has issued the Disclaimer of Opinion in this regard. The detailed plan of the Company to address the Disclaimer of Opinion, together with the Management and the Audit Committee's position, view and assessment on the Disclaimer of Opinion is disclosed in the Supplemental Announcement.

The Company would like to further provide information in relation to the Auditor's view on the Company's plan to address the Disclaimer of Opinion.

Based on the Company's discussion with the Auditor, the Auditor concurred with the view of the Directors and the Audit Committee that, in the event that such plans and measures of the Management as disclosed in the Supplemental Announcement are completed on or before the end of the year ending 31 December 2022, including but not limited to:

- (i) the Company successfully manages the impact arising from COVID-19 outbreak to generate sufficient cash flows from its operations, furthermore, the raising profitability which may generate the operating cash inflow for the future business development due to the economy recovery accompanied by relax on lockdown policy and boundary restriction in Hong Kong;
- (ii) the negotiation between the Noteholder and the Company regarding the potential settlement of the Convertible Note; and
- (iii) the Company will continue to seek for other alternative financing and borrowings as the additional sources of financing,

the respective Disclaimer of Opinion may be removed in the Company's financial statements for the year ending 31 December 2022.

GENERAL

Save as disclosed above, all other information in Annual Report remains unchanged.

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

Hong Kong, 29 June 2022

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 Rules Governing the Listing of Securities on GEM (“GEM”) of The Stock Exchange of Hong Kong Limited 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 GEM website with the domain name of www.hkgem.com on the “Latest Company Announcement” page for at least 7 days from the date of publication and on the website of the Company at www.sdm.hk