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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 audited annual report of SDM Education Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for the year ended 31 December 2021 (the “**Annual Report**”) published on 2 May 2022; and (ii) the Company’s announcements during the period from 5 January 2021 to 24 November 2021 in relation to issue of convertible notes and placing of new shares under general mandate (the “**Announcements**”). Terms used herein shall have the same meanings as those defined in the Annual Report and the Announcements, unless the context requires otherwise.

The Board would like to provide certain additional information in relation to use of proceeds from fundraising activities and share options of the Company as disclosed in the Annual Report and the Announcements.

USE OF PROCEEDS

During the year ended 31 December 2021, the Company raised net proceeds of US\$5.85 million (equivalent to HK\$45,630,000) from the issue of Australia Convertible Note under the new subscription agreement dated 5 January 2021. Out of the principal amount of the new Australia Convertible Note, US\$5,000,000 (equivalent to HK\$39,000,000) and US\$350,000 (equivalent to HK\$2,730,000) was used to settle the principal amount of the initial Australia Convertible Notes and the accrued interest thereon, respectively. The remaining net proceed of US\$496,000 (equivalent to approximately HK\$3,869,000) has been fully used for settlement of rents and salaries as general working capital for the Company’s education business in Australia during the first four months of 2021. The use of the proceed is same as the intention previously disclosed in the Announcements.

During the year ended 31 December 2021, the Company raised net proceeds of HK\$7.68 million from the issue of new shares of 19,500,000 (the “**Placing**”). The net proceed was fully used for payments for salaries and rents of approximately HK\$6 million and HK\$1.68 million, respectively for the Group’s business operations in Hong Kong during the fourth quarter of 2021. The use of the proceed is same as the intention for administrative and general expenses of the Group as previously disclosed in the Announcements.

In addition, page 135 of the Annual Report disclosed that there was “Issue of consideration shares on 24 November 2021 (note e)”. The Company would like to clarify that the 19,500,000 shares issued during 2021 under the General Mandate were for raising working capital and not for settlement of considerations.

SHARE OPTIONS

As at the date of the Annual Report, the total number of securities available for issue under the Share Option Scheme was 41,110,000 shares, representing approximately 8.98% of the issued shares of the Company at that date.

As disclosed on page 45 of the Annual Report, during the year ended 31 December 2021 the Company granted share options to the supplier and business partners who are non-employees of the Group. The details are set out as below.

3,846,000 share options were granted to the supplier who will provide IT services to the Group for three years from the date of grant. The services include upgrade of existing POS system for the Group’s dance academy business and regular maintenance and support services for the IT system and computer hardware of the Group. The share options were granted to this supplier as its service fees and to maintain long and cordial relationship for stable services.

3,846,000 share options were granted to each of the two business partners. They are individuals who are stationed in the mainland China to develop education business in the PRC for the Group. The share options were granted to them as incentives for achieving business expansion for the Group.

GENERAL

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

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

Hong Kong, 30 September 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 Directors 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 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.

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