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Goldway Education Group Limited

金滙教育集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8160)

DISCLOSEABLE TRANSACTION INVOLVING ISSUE OF SHARES UNDER SPECIFIC MANDATE

The Board is pleased to announce that on 15 February 2023, the Company and the Purchaser, a wholly owned subsidiary of the Company, entered into the Agreement with the Vendor for the acquisition of 7.43% of the issued shares of the Target at the consideration of HK\$9 million to be settled in cash and by the allotment and issue of the Consideration Shares.

Completion of the Acquisition is conditional upon, among others, the passing of a resolution at the EGM to approve the Specific Mandate to allot and issue the Consideration Shares and the Stock Exchange granting the listing of and permission to deal in the Consideration Shares.

As the applicable percentage ratios under the GEM Listing Rules exceeds 5% but are under 25%, the Acquisition constitutes a discloseable transaction and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

A circular containing, among other things, information on the Agreement, the issue of the Consideration Shares and notice of the EGM will be despatched to the Shareholders as soon as practicable.

THE AGREEMENT

Date: 15 February 2023

Parties:

1. Rainbow Kingdom Limited as vendor;
2. Grand Popular Limited as purchaser; and
3. the Company.

The Vendor is principally engaged in investment holding and is wholly owned by Ip Sin Nam Ingrid. To the best of the Directors' knowledge, information and belief, and after making all reasonable enquiries, the Vendor and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

Assets to be acquired

The Company shall acquire 7.43% of the issued ordinary shares in the Target.

Consideration

The consideration is HK\$9 million, to be satisfied by the Purchaser as follows:

- (a) HK\$2 million in cash to be paid upon completion; and
- (b) HK\$7 million by the allotment and issue of the Consideration Shares by the Company to the Vendor (or its nominee) upon completion.

Basis of consideration

The consideration of HK\$9 million was determined after arm's length negotiations between the Purchaser and the Vendor with reference to (i) the preliminary valuation of 7.43% equity interest of the Target as at 31 December 2022 of approximately HK\$9.1 million prepared by an independent valuer using market approach; (ii) the historical financial performance of the Target; and (iii) the future prospects of the business of the Target as set out under the section "REASONS FOR THE ACQUISITION" below.

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

The valuation method used for the preliminary valuation of the Target was based on market approach, which does not involve any cashflow forecast.

Conditions precedent

Completion of the Agreement shall be conditional upon and subject to:

- (a) the Purchaser being satisfied with the results of its due diligence review of the assets, liabilities, operations and affairs of the Target;
- (b) all necessary consents and approvals required to be obtained on the part of the Vendor, the Purchaser, the Company and the Target in respect of the Agreement and the transactions contemplated thereunder having been obtained;
- (c) all necessary waiver, consent, approval, licence, authorisation, permission, order and exemption (if required) from the relevant governmental or regulatory authorities or other third parties which are necessary in connection with the Agreement and the transactions contemplated thereunder having been obtained;
- (d) the Company's shareholders having passed a resolution at a general meeting to approve the allotment and issue of the Consideration Shares pursuant to the Agreement;
- (e) the Listing Committee of the Stock Exchange having granted listing of and permission to deal in the Consideration Shares and such approval not having been withdrawn or revoked;
- (f) the obtaining of a valuation report on 7.43% equity interest of the Target of not less than HK\$9.1 million from an independent professional valuer in form and substance satisfactory to the Purchaser; and
- (g) the warranties set out in the Agreement remaining true and accurate in all material respects.

If the above conditions have not been satisfied (or as the case may be, waived by the Company in respect of (a) and (g) only) on or before the Long Stop Date, the Agreement shall cease and determine and thereafter neither party shall have any obligations and liabilities towards each other hereunder save for any antecedent breaches of the terms thereof.

Completion

Completion shall take place within five business days after all the conditions precedent of the Agreement are satisfied (or waived, as the case may be), or on such other date as the Vendor and the Purchaser may agree in writing.

After Completion, the Target will be accounted for as financial asset at fair value through other comprehensive income and the financial results of the Target will not be consolidated into the financial results of the Company.

INFORMATION ON THE TARGET

The Target is a limited company incorporated in Hong Kong and is principally engaged in providing financial printing services in Hong Kong, specialising in IPO prospectuses, financial reports, circulars, announcements and other financial documents.

Set out below is the financial information of the Target as extracted from its audited financial statements for the year ended 31 December 2021 and unaudited financial statements for the year ended 31 December 2022:

	Year ended 31 December 2022 (unaudited) HK\$'000	Year ended 31 December 2021 (audited) HK\$'000
Profit before taxation	21,748	15,595
Profit after taxation (<i>Note</i>)	21,748	15,595
Net assets	4,612	10,864

Note:

No provision for Hong Kong profits tax have been made as the Target's taxable profits have been set-off by losses of the previous financial years.

CONSIDERATION SHARES AND ISSUE PRICE

The Consideration Shares will be allotted and issued at the Issue Price of HK\$0.054 each, which represents:

- (i) a discount of approximately 1.82% to the closing price of HK\$0.055 per Share as quoted on the Stock Exchange on the date of the Agreement;
- (ii) a discount of approximately 10.00% to the average closing price of approximately HK\$0.060 per Share as quoted on the Stock Exchange for the last five consecutive trading days of the Shares immediately before the date of the Agreement.

The Issue Price was determined after arm's length negotiation between the Purchaser and Vendor with reference to the prevailing and historical market prices of the Shares. The Directors consider that the Issue Price is fair and reasonable.

The Consideration Shares represent approximately 20.67% of the total number of issued Shares as at the date of this announcement and represent approximately 17.13% of the total number of issued Shares as enlarged by the allotment and issue of the Consideration Shares.

THE SPECIFIC MANDATE

The Consideration Shares will be allotted and issued pursuant to the Specific Mandate to be obtained at the EGM.

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares. The Consideration Shares, when issued, will rank *pari passu* in all respects with the existing Shares in issue.

REASONS FOR THE ACQUISITION

The Group is principally engaged in providing education related tutoring services, franchising services and management services in Hong Kong and China.

As stated in the interim report of the Company for the six months ended 30 September 2022, the Group will further strengthen its efforts in the business and will look for suitable investment opportunities continuously to improve the Group's performance and to enhance the shareholder's return of the Group. Considering the Group recorded loss positions for the three years ended 31 March 2022 and for the six months ended 30 September 2022, the Directors believe that it is necessary for the Group to explore other investment opportunities with a view to improve the financial performance and to enhance shareholder's return of the Group.

The Target is a well-established provider of financial printing services to customers mainly from the financial and capital markets including but not limited to listed companies in Hong Kong and companies seeking for IPO in the capital market of Hong Kong. As the stock market of Hong Kong continues to grow, both the number of listed companies and their related corporate activities will continue to expand. It is expected that the demand for financial printing services from listed companies in Hong Kong will continue to rise. Coupled with the new listing regime for special purpose acquisition companies (SPAC) and specialist technology companies at pre-commercial or early commercial stage launched and announced by the Stock Exchange, it is expected the diversified listing channels would attract more companies to seek for listing in Hong Kong and thereby increase the demand for the financial printing services. Therefore, the Directors are of the view that there will be ample room for the Target to expand its business and the Acquisition represents an attractive investment opportunity for the Group to tap into this promising market.

Having considered the above, the Directors are of the view that the terms and conditions of the Agreement are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

EFFECTS ON THE SHAREHOLDING STRUCTURE

The following table summarises the shareholding structure of the Company as at the date of this announcement and upon issue of the Consideration Shares (assuming that there is no other change in the share capital of the Company):

	As at the date of this announcement		Immediately after issue of the Consideration Shares	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Greet Harmony Global Limited (<i>Note</i>)	28,762,000	4.59	28,762,000	3.80
Vendor	–	–	129,629,630	17.13
Other public Shareholders	598,238,000	95.41	598,238,000	79.07
Total	627,000,000	100.00	756,629,630	100.00

Note:

The entire issued share capital of Greet Harmony Global Limited is legally and beneficially owned by Mr. Tao Wah Wai Calvin, an executive Director.

GEM LISTING RULES IMPLICATIONS

As the applicable percentage ratios under the GEM Listing Rules exceed 5% but are under 25%, the Acquisition constitutes a discloseable transaction and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

GENERAL

The EGM will be convened and held for the Shareholders to consider, and if thought fit, to approve, the Specific Mandate.

A circular containing, among other things, information on the Agreement, the issue of the Consideration Shares and notice of the EGM will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and phrases have the following meanings:

“Acquisition”	the acquisition of 7.43% of the issued shares of the Target pursuant to the Agreement
“Agreement”	the sale and purchase agreement dated 15 February 2023 made between the Vendor, the Purchaser and the Company relating to the sale and purchase of 7.43% of the issued shares of the Target
“Board”	the board of directors of the Company
“business day”	a day (other than a Saturday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	Goldway Education Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM
“connected persons”	has the meaning ascribed to it under the GEM Listing Rules

“Consideration Shares”	129,629,630 new Shares to be issued by the Company at the Issue Price of HK\$0.054 per Share pursuant to the Agreement in satisfaction of part of the consideration under the Agreement
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the specific mandate for the allotment and issue of the Consideration Shares
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“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
“Issue Price”	HK\$0.054 per Share at which the Consideration Shares are to be issued pursuant to the Agreement
“Long Stop Date”	30 June 2023 or such later date as the Vendor and the Purchaser may agree
“PRC”	The People’s Republic of China
“Purchaser”	Grand Popular Limited, a company incorporated in the British Virgin Islands and a wholly owned subsidiary of the Company
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares

“Specific Mandate”	the specific mandate for the allotment and issue of the Consideration Shares to be granted to the Directors by the Shareholders at the EGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the GEM Listing Rules
“Target”	Orange Financial Printing Limited, a company incorporated in Hong Kong
“Vendor”	Rainbow Kingdom Limited

By Order of the Board of
Goldway Education Group Limited
Tao Wah Wai Calvin
Executive Director

Hong Kong, 15 February 2023

As at the date of this announcement, the executive Directors are Mr. Tao Wah Wai Calvin and Mr. Leung Wai Tai, and the independent non-executive Directors are Mr. Yu Lap Pan, Mr. Hu Chao and Mr. Wong Chi Man.

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 website of the Exchange at www.hkexnews.hk for at least seven days from the day of its publication. This announcement will also be published on the Company’s website at www.goldwayedugp.com.

* *For identification purpose only*