
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Prospectus or as to the action to be taken, you should consult your licensed securities dealer or other registered institution in securities, bank manager, solicitors, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **SDM Education Group Holdings Limited**, you should at once hand the Prospectus Documents to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s). The Prospectus Documents should not, however, be distributed, forwarded or transmitted to, into or from any jurisdiction where to do so might constitute a violation of the relevant local securities law or regulations.

A copy of each of the Prospectus Documents, together with the written consent referred to in the paragraphs under “17. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES” in Appendix III to this Prospectus, have been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies (WUMP) Ordinance. The SFC, the Registrar of Companies in Hong Kong and the Stock Exchange take no responsibility as to the contents of any of the Prospectus Documents or any other document referred to above.

Dealings in the securities of the Company may be settled through CCASS operated by HKSCC. You should consult your licensed securities dealer or other registered institutions in securities, bank manager, solicitor, professional accountant or other professional advisers for details of those settlement arrangements and how such arrangements may affect your rights and interests.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from their respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange, or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Hong Kong Exchanges and Clearing Limited, the Stock Exchange and HKSCC take no responsibility for the contents of the Prospectus Documents, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Prospectus Documents. You should read the whole of this Prospectus including the discussions of certain risks and other factors as set forth in the paragraphs under “WARNING OF THE RISKS OF DEALING IN SHARES AND THE NIL-PAID RIGHTS SHARES” in the section headed “Letter from the Board” of this Prospectus.

Distribution of the Prospectus Documents in jurisdictions other than Hong Kong may be restricted by law. Persons into whose possession the Prospectus Documents comes should inform themselves of and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction for which the Company will not accept any liability.

SDM | 爵士芭蕾舞學院
Jazz & Ballet Academie

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) PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING SHARES HELD ON RECORD DATE (2) POSSIBLE 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

Capitalised terms used in this cover page shall have the same meanings as defined in this Prospectus.

Dealings in the Rights Shares in the nil-paid form will take place from Tuesday, 21 February 2023 to Tuesday, 28 February 2023 (both days inclusive).

If the conditions of the Rights Issue are not fulfilled or the Underwriting Agreement is terminated by the Underwriter, the Rights Issue will not proceed. Any person contemplating dealing in the nil-paid Rights Shares during the period from Tuesday, 21 February 2023 to Tuesday, 28 February 2023 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed. Any person contemplating dealing in the Shares and/or the Rights Shares in their nil-paid form are recommended to consult his/her/its/their own professional advisers.

The Underwriting Agreement contains provisions granting the Underwriter, by notice in writing to the Company, served prior to the Latest Time for Termination, the right to terminate the Underwriting Agreement on the occurrence of certain events including force majeure. These certain events are set out in the section headed “TERMINATION OF THE UNDERWRITING AGREEMENT” on pages 10 to 11 of this Prospectus. If the Underwriting Agreement is terminated by the Underwriter, the Rights Issue will not proceed.

The Latest Time for Acceptance of, and payment for, the Rights Shares and application for and payment for Excess Rights Shares is 4:00 p.m. on Friday, 3 March 2023. The procedures for acceptance and payment for or transfer of the Rights Shares are set out on pages 21 to 23 of this Prospectus.

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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DEFINITIONS

In this Prospectus, unless the context otherwise requires, the following terms or expressions shall have the meanings set out below:

“Announcements”	the announcements of the Company dated 6 January 2023, 9 January 2023, 27 January 2023, 7 February 2023 and 8 February 2023 relating to, among other things, the Rights Issue
“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day on which licensed banks in Hong Kong are generally open for business, other than a Saturday or a Sunday or a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is issued or the Extreme Conditions is announced in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not cancelled at or before 12:00 noon
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“China Clear”	China Securities Depository and Clearing Corporation Limited
“Committed Shares”	the respective assured entitlements of the Committed Shareholders to the Rights Shares under the Rights Issue in full
“Committed Shareholders”	Mr. Chiu, Dr. Chun and Wealthy Together, who collectively legally and beneficially own 278,750,000 Shares, representing approximately 60.92% of the total number of the existing issued Shares as at the Latest Practicable Date
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented and modified from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented and modified from time to time
“Company”	SDM Education Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the GEM of the Stock Exchange (stock code: 8363)

DEFINITIONS

“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Convertible Notes”	outstanding convertible notes of the Company of US\$5,850,000 entitling the holders thereof to convert into up to 19,124,056 Shares at the conversion price of HK\$2.386 for each Share
“Director(s)”	director(s) of the Company
“Dr. Chun”	Dr. Chun Chun, an executive Director and the spouse of Mr. Chiu
“EAF(s)”	the form(s) of application for use by the Qualifying Shareholders who wish to apply for excess Rights Shares, being in such form as may be agreed between the Company and the Underwriter
“Excess Rights Shares”	any nil-paid Rights Share(s) provisionally allotted but not accepted by any of the Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares prior to the Latest Time for Acceptance, any entitlements of the Non-Qualifying Shareholders provisionally allotted to a nominee of the Company which are left unsold, and shall include any of the Rights Shares created from the aggregation of fractions of the Rights Shares
“Extreme Conditions”	the extreme conditions as announced by any Hong Kong governmental department or body or otherwise, whether or not under or pursuant to the revised “Code of Practice in Times of Typhoons and Rainstorms” issued by the Labour Department in July 2021, in the event of serious disruption of public transport services, or government services, extensive flooding, major landslides or large-scale power outage after typhoons or incidents similar in seriousness or nature
“FRC”	the Financial Reporting Council of Hong Kong
“GEM Listing Committee”	has the meaning ascribed thereto under the GEM Listing Rules
“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

DEFINITIONS

“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of and not connected (as defined under the GEM Listing Rules) with the Company and connected person(s) of the Company
“Irrevocable Undertaking”	the irrevocable undertaking dated 6 January 2023 given by the Committed Shareholders in favour of the Company and the Underwriter and described in the paragraph headed “Irrevocable Undertaking” under the section headed “PROPOSED RIGHTS ISSUE” in this Prospectus
“Last Trading Day”	6 January 2023, being the last trading day of the Shares on the Stock Exchange before the release of the announcement of the Company dated 6 January 2023
“Latest Practicable Date”	13 February 2023, being the latest practicable date prior to printing of this Prospectus for the purpose of ascertaining certain information for inclusion in this Prospectus
“Latest Time for Acceptance”	4:00 p.m. on Friday, 3 March 2023 or such later time or date as may be agreed in writing between the Company and the Underwriter, being the latest time for application for, acceptance and payment in respect of provision allotments under the Rights Issue and for application and payment for excess Right Shares as described in the Prospectus Documents
“Latest Time for Termination”	4:00 p.m. on Monday, 6 March 2023 being the first Business Day after the Latest Time for Acceptance or such later time or date as may be agreed between the Underwriter and the Company in writing, being the latest time to terminate the Underwriting Agreement
“Loan Agreement”	the shareholder loan agreement dated 9 June 2021 entered into between Mr. Chiu as lender and the Company as borrower in respect of an unsecured and non-interest bearing loan of HK\$10,000,000
“Mr. Chiu”	Mr. Chiu Ka Lok, an executive Director and the Chairman of the Company, and the spouse of Dr. Chun

DEFINITIONS

“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) whom the directors of the Company, based on the enquiry made or legal advice obtained, consider it necessary or expedient not to offer the Rights Shares to such Overseas Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Optionholder’s Undertaking(s)”	the undertaking(s) by the holders of the Share Options, whereby each of the relevant Share Option Holders irrevocably undertakes represent and warrant to the Company and the Underwriter that he/she/it will not exercise such Share Options held by him/her/it for the period from the date of such undertaking to the Record Date
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose address(es) as shown on such register is (are) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be used in connection with the Rights Issue in such form as may be agreed between the Company and the Underwriter
“PRC”	the People’s Republic of China
“PRC Southbound Trading Investor(s)”	the PRC southbound trading investor(s) through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect who hold(s) the Share(s) through China Clear and/or HKSCC Nominees Limited as nominee(s)
“Prospectus”	this prospectus despatched to the Qualifying Shareholders (and the Non-Qualifying Shareholders for information only) on the Prospectus Posting Date in connection with the Rights Issue containing the details of the Rights Issue
“Prospectus Documents”	the Prospectus, the PAL and the EAF
“Prospectus Posting Date”	Friday, 17 February 2023 or such other date as the Company may determine in writing for the despatch of the Prospectus Documents
“Qualifying Shareholders”	Shareholder(s) other than the Non-Qualifying Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date

DEFINITIONS

“Record Date”	Friday, 20 January 2023 or such other date as may be agreed between the Company and the Underwriter in writing for the determination of the entitlements under the Rights Issue
“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, being Union Registrars Limited, at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong
“Relevant Excess Share(s)”	the excess Rights Shares to be applied for by Mr. Chiu, Dr. Chun and Wealthy Together
“Remaining Proceeds”	the proceeds of the Rights Issue after deducting the relevant expenses of the Rights Issue and the Set-Off
“Rights Issue”	the proposed issue by way of rights on the basis of one (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“Rights Share(s)”	the new Share(s) proposed to be allotted and issued by the Company pursuant to the Rights Issue
“Set-Off”	the set-off of the amount of the Shareholders’ Loans against the equivalent amount of subscription price of the Committed Shares and the Relevant Excess Shares allocated to Mr. Chiu, Dr. Chun and Wealthy Together
“Set-Off Agreement”	the agreement of set-off to be entered into by the Company, Mr. Chiu, Dr. Chun and Wealthy Together in respect of the Set-Off
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shanghai-Hong Kong Stock Connect” or “Shenzhen-Hong Kong Stock Connect”	a securities trading and clearing platform under which the PRC domestic investors may trade in shares listed on the Hong Kong Stock Exchange via China Clear
“Share(s)”	ordinary share(s) of nominal value of HK\$0.1 each in the share capital of the Company

DEFINITIONS

“Share Option(s)”	the total of 29,710,000 outstanding share options carrying rights for the holders thereof to subscribe for 29,710,000 new Shares granted under the Share Option Scheme
“Share Option Holders”	holders of the Share Options
“Share Option Scheme”	the existing share option scheme adopted by the Company on 26 September 2014
“Shareholder(s)”	the holder(s) of the issued Shares
“Shareholder’s Loan A”	the unsecured and non-interest-bearing loan in the principal amount of HK\$10,000,000 advanced by Mr. Chiu to the Company pursuant to the Loan Agreement
“Shareholder’s Loan B”	the unsecured loan in the principal amount of HK\$21,080,000 advanced by Mr. Chiu and Dr. Chun jointly to the Company on 22 February 2022
“Shareholders’ Loans”	collectively, Shareholder’s Loan A and Shareholder’s Loan B
“Specified Event”	an event occurring or matter arising on or after the date of execution of the Underwriting Agreement and prior to the Latest Time for Termination which, if it had occurred or arisen before the date of execution of the Underwriting Agreement, would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.10 per Rights Share
“substantial shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Underwriter”	Pacific Foundation Securities Limited, a company incorporated in Hong Kong with limited liability and is licensed by the SFC to carry out Type 1 (dealing in securities) and Type 9 (asset management) regulated activities under the SFO whose ordinary course of business includes underwriting of securities
“Underwriting Agreement”	the underwriting agreement dated 6 January 2023 (after trading hours) entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Rights Issue

DEFINITIONS

“Underwritten Shares”	such number of Untaken Shares to be underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement
“Untaken Shares”	the Underwritten Shares for which duly completed PAL or EAF (accompanied by cheques or banker’s cashier orders for the full amount payable on application which are honoured on first or, at the option of the Company, subsequent presentation) have not been lodged for acceptance, or received, as the case may be, on or before the Latest Time for Acceptance
“Wealthy Together”	Wealthy Together Limited, a company incorporated in the British Virgin Islands with limited liabilities which is wholly and beneficially owned by Mr. Chiu
“%”	per cent.

EXPECTED TIMETABLE

Event	2023
First day of dealing in nil-paid Rights Shares	9:00 a.m. on Tuesday, 21 February
Latest time for splitting of the PAL	4:00 p.m. on Thursday, 23 February
Last day of dealing in nil-paid Rights Shares	Tuesday, 28 February
Latest Time for Acceptance of and payment for the Rights Shares and application and payment for Excess Rights Shares	4:00 p.m. on Friday, 3 March
Latest Time for Termination of the Underwriting Agreement and for the Rights Issue to become unconditional (if applicable)	4:00 p.m. on Monday, 6 March
Announcement of allotment results	Friday, 10 March
Despatch of certificates for fully-paid Rights Shares and refund cheques, if any, in respect of wholly or partially unsuccessful application for Excess Rights Shares	Monday, 13 March
Expected first day of dealings in fully-paid Rights Shares	9:00 a.m. on Tuesday, 14 March
Designated broker starts to stand in the market to provide matching services for odd lots of Shares	9:00 a.m. on Tuesday, 14 March
Designated broker ceases to stand in the market to provide matching services for odd lots of Shares	4:00 p.m. on Tuesday, 4 April

Dates or deadlines specified in expected timetable above or in other parts of this Prospectus are indicative only and may be varied by agreement between the Company and the Underwriter. Any changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

EXPECTED TIMETABLE

EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

The Latest Time for Acceptance of and payment for the Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning and/or Extreme Conditions caused by super typhoons is announced by the government of Hong Kong:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Friday, 3 March 2023. Instead, the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Friday, 3 March 2023. Instead, the latest time for acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares does not take place on or before 4:00 p.m. on Friday, 3 March 2023, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event.

TERMINATION OF THE UNDERWRITING AGREEMENT

TERMINATION OF THE UNDERWRITING AGREEMENT

If prior to the Latest Time for Termination:

- (A) the Underwriter shall become aware of the fact that, or shall have reasonable cause to believe that any of the warranties or undertakings in this Agreement being untrue, inaccurate, misleading or breached, or there is any matter which would reasonably be expected to give rise to a material breach or claim, and in each case the same is (in the absolute opinion of the Underwriter) material in the context of the Rights Issue; or
- (B) there shall be:
 - (i) any introduction of any new law or regulation or any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, whether in Hong Kong or elsewhere;
 - (ii) any event, series of events or circumstances resulting in or likely to result in (whether or not foreseeable) any change in (whether or not permanent) local, national or international, financial, political, military, industrial, economic, legal, fiscal, taxation, regulatory or securities market matters or conditions or currency exchange rates or exchange controls in the PRC, Hong Kong and Cayman Islands which develop, occur, happen, come into effect, exist or come to the knowledge of the Underwriter;
 - (iii) any event or circumstance in the nature of force majeure (including, without limitation, any act of government, any local, national or international event or change of a political, military, financial, economic or other nature, any local, national or international outbreak or escalation of hostilities or armed conflict affecting local securities markets, economic sanctions, strike or lock-out (whether or not covered by insurance), riot, fire, explosion, flooding, earthquake, civil commotion, act or declaration of war, outbreak or escalation of hostilities (whether or not war is or has been declared), act of terrorism (whether or not responsibility has been claimed), act of God, pandemic, epidemic, outbreak of infectious disease, declaration of a state of emergency or calamity or crisis, in the PRC, Hong Kong and Cayman Islands;
 - (iv) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction of trading in securities) occurs;
 - (v) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out occurred after the signing of this Agreement;
 - (vi) any material adverse change in the circumstances of the Company or any member of the Group;

TERMINATION OF THE UNDERWRITING AGREEMENT

- (vii) any moratorium, suspension or material restriction on trading of the Shares on the Stock Exchange occurs due to exceptional financial circumstances or otherwise;
- (viii) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than seven consecutive Business Days, excluding any suspension in connection with the clearance of the Announcement or the Prospectus Documents or other announcements in connection with the Rights Issue or for such events as required under the GEM Listing Rules not caused by any default or breach of the GEM Listing Rules by the Company;
- (ix) the occurrence of any Specified Event which is incapable of being waived by the Underwriter; or
- (x) any change or development involving a prospective change in taxation or exchange controls in Hong Kong or elsewhere,

which is or are, in the sole and absolute opinion of the Underwriter:—

- (a) likely to have a material adverse effect on the business, financial position or prospects of the Group taken as a whole; or
- (b) likely to have a material adverse effect on the success of the Rights Issue or the level of Rights Shares to be taken up; or
- (c) so material as to make it inappropriate, inadvisable or inexpedient to proceed further with the Rights Issue,

then the Underwriter may, by notice in writing given to the Company on or before the Latest Time for Termination, rescind this Agreement and the Rights Issue shall not proceed.

Upon termination of non-fulfillment of the conditions of the Underwriting Agreement or by serving a notice in writing by the Underwriter, all obligations of the Underwriter and the Company hereunder shall cease and determine and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with this Agreement and the Company shall not be liable to pay any underwriting commission. Rescission or termination of the Underwriting Agreement shall be without prejudice to any rights of any party in respect of any breach by the other prior to such rescission or termination and in respect of any costs, fees and other reasonable out-of-pocket expenses of the Underwriter, which will be borne by the Company.

If the Underwriter terminates the Underwriting Agreement prior to the Latest Time for Termination, the Rights Issue will not proceed. A further announcement would be made by the Company if the Underwriting Agreement is terminated by the Underwriter prior to the Latest Time for Termination.

LETTER FROM THE BOARD



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)

Executive Directors

Mr. Chiu Ka Lok
Mr. Chun Chi Ngon Richard
Dr. Chun Chun

Non-executive Director

Ms. Yeung Siu Foon

Independent non-executive Directors

Mr. Chak Chi Shing
Dr. Hung Siu Ying Patrick
Dr. Kao Ping Suen

Registered Office:

Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman, KY1-1108
Cayman Islands

*Principal place of business
in Hong Kong:*

Room 202B, 2/F
Liven House
61-63 King Yip Street
Kwun Tong
Kowloon
Hong Kong

17 February 2023

*To the Qualifying Shareholders; and
for information only, the Non-Qualifying
Shareholders and the Share Option Holders*

Dear Sir or Madam

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

INTRODUCTION

References are made to the Announcements.

On 6 January 2023 (after trading hours), the Company announced that the Company proposes to implement the Rights Issue on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date at the Subscription Price of HK\$0.10 per Rights Share, to raise (before expenses) HK\$22.88 million (prior to any deduction of costs and expenses as explained below in this Prospectus under the section headed “INTENDED USE OF PROCEEDS”) by issuing 228,800,000 Rights Shares to the Qualifying Shareholders.

LETTER FROM THE BOARD

The purpose of this Prospectus is to provide you with, among other things, details of the Rights Issue and the financial information and other general information of the Group.

RIGHTS ISSUE

Issue statistics

Basis of the Rights Issue	:	one (1) Rights Share for every two (2) existing Shares held on the Record Date
Subscription Price	:	HK\$0.10 per Rights Share
Number of existing Shares in issue as at the Latest Practicable Date	:	457,600,000 Shares
Number of Rights Shares	:	228,800,000 Rights Shares
Aggregate nominal value of the Rights Shares	:	HK\$22.88 million
Number of Shares in issue as enlarged by the allotment and issue of the Rights Shares	:	686,400,000 Shares
Total funds to be raised before expenses	:	HK\$22.88 million (prior to any deduction of costs and expenses as explained below in this Prospectus under the section headed "INTENDED USE OF PROCEEDS")
Right of excess applications	:	Qualifying Shareholders may apply for Rights Shares in excess of their provisional allotment

The 228,800,000 Rights Shares to be issued pursuant to the terms of the Rights Issue represent (i) approximately 50.00% of the total number of issued Shares as at the Latest Practicable Date; and (ii) approximately 33.33% of the number of issued Shares as enlarged by the allotment and issue of the Rights Shares.

LETTER FROM THE BOARD

As at the Latest Practicable Date, there are (i) 29,710,000 outstanding Share Options granted by the Company carrying rights for the holders thereof to subscribe for an aggregate of 29,710,000 new Shares; and (ii) the Convertible Notes entitling the holders thereof to convert into up to 19,124,056 Shares. Save for the foregoing, as at the Latest Practicable Date, the Company had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares prior to the Record Date. The Company has no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

Subscription Price

The Subscription Price is HK\$0.10 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, application for Excess Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) the same as the closing price of HK\$0.10 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) the same as the average of the closing prices of approximately HK\$0.10 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;
- (iii) the same as the average of the closing prices of approximately HK\$0.10 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 7.98% to the average of the closing prices of approximately HK\$0.11 per Share as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day;
- (v) the same as the theoretical ex-rights price of approximately HK\$0.10 per Share as adjusted for the effect of the Rights Issue, based on the closing price of HK\$0.10 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (vi) a premium of approximately HK\$0.596 per Share over the audited net liabilities value per Share of approximately HK\$0.496 as at 31 December 2021, based on (a) the net liabilities attributable to the Shareholders of approximately HK\$226,814,000 as at 31 December 2021; and (b) 457,600,000 issued Shares as at the Latest Practicable Date;

LETTER FROM THE BOARD

- (vii) no theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules), being the discount of the theoretical diluted price of approximately HK\$0.10 per Share to the benchmarked price of approximately HK\$0.10 per Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the higher of the closing price on the Last Trading Day of HK\$0.10 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the Last Trading Day of approximately HK\$0.10 per Share); and
- (viii) a discount of approximately 9.09% to the closing price of HK\$0.11 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue) upon full acceptance of the provisional allotment of Rights Shares will be approximately HK\$0.094.

The Subscription Price was set at a discount to the recent closing prices of the Shares aiming at lowering the further investment cost of the Shareholders so as to encourage them to take up their entitlements to maintain their shareholdings in the Company, thereby minimising dilution impact. The Subscription Price was determined after arm's length negotiation between the Company and the Underwriter with reference to, among other things, (i) the market price of the Shares under the prevailing market conditions; (ii) the financial performance of the Group for the year ended 31 December 2021 and six months ended 30 June 2022; and (iii) the reasons for and benefits of the Rights Issue as discussed in the section headed "REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE" in this Prospectus.

The Directors (including the independent non-executive Directors) consider the terms of the Rights Issue, including the Subscription Price, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole, after taking into account that (i) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the Rights Issue are able to sell the nil-paid rights in the market; (ii) the Rights Issue allows the Qualifying Shareholders to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company and apply for Excess Rights Shares subject to the level of acceptance; (iii) the proceeds from the Rights Issue can fulfil the development plan of the Group; and (iv) the Subscription Price represents a premium over the net liabilities values per Share as at 31 December 2021 and 30 June 2022.

Qualifying Shareholders

The Company will send the Prospectus Documents to the Qualifying Shareholders only. For the Non-Qualifying Shareholders, the Company will send the Prospectus to them for their information only, but no PAL and EAF will be sent to the Non-Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company and not be Non-Qualifying Shareholder on the Record Date. As at the Latest Practicable Date, the Shares were not eligible securities for southbound trading under Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect. As a result, the PRC Southbound Trading Investor(s) cannot participate in the Rights Issue through China Clear.

LETTER FROM THE BOARD

Shareholders whose Shares are held by nominee companies (or which are deposited in CCASS) should note that the Board will regard a nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies (or which are deposited in CCASS) are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date. Shareholders and investors of the Company should consult their professional advisers if they are in doubt.

Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholders should note that their shareholdings in the Company will be diluted.

Rights of Overseas Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholder(s) may not be eligible to take part in the Rights Issue as explained below. The Company will send the Prospectus only (without the PAL and the EAF) and a letter explaining the circumstances in which the Non-Qualifying Shareholders are not permitted to participate in the Rights Issue to the Non-Qualifying Shareholders for their information only.

In compliance with the necessary requirements of the GEM Listing Rules, the Company will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholder(s) (if any). If based on legal opinions provided by the legal advisers to the Company, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholder(s) on account either of the legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body or stock exchange in that (those) place(s), the Rights Issue will not be extended to such Overseas Shareholder(s). As at the Latest Practicable Date, there was no Shareholder whose address was outside Hong Kong.

Arrangements will be made for Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholder(s) to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses and stamp duty, of more than HK\$100 will be paid pro rata to the relevant Non-Qualifying Shareholder(s). The Company will retain individual amounts of HK\$100 or less for the benefit of the Company. Any unsold entitlement of Non-Qualifying Shareholder(s) to the Rights Shares and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders will be made available for excess applications by Qualifying Shareholders under the EAF(s).

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue subject to the results of the enquiries made by the Company pursuant to the GEM Listing Rules. Accordingly, Overseas Shareholders should exercise caution when dealing in the securities of the Company.

LETTER FROM THE BOARD

Basis of provisional allotments

The basis of the provisional allotment shall be one (1) Rights Share for every two (2) existing Shares in issue and held by the Qualifying Shareholders at the close of business on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by lodging a duly completed PAL and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance. Any holdings (or balance of holdings) of less than two (2) Shares will not entitle their holders to be provisionally allotted a Rights Share. Please refer to the arrangement as referred to in the paragraph headed "Fractional entitlements of the Rights Shares" below.

Fractional entitlements of the Rights Shares

In any event, fractions of the Rights Shares will not be provisionally allotted to any of the Qualifying Shareholders. Fractional entitlements will be rounded down to the nearest whole number of Rights Shares. Any Rights Shares created from the aggregation of fractions of the Rights Shares will be made available for excess application by the Qualifying Shareholders as described in the paragraph headed "Application for Excess Rights Shares" below. Should there be no excess application by the Qualifying Shareholders, those Rights Shares created from the aggregation of fraction of the Rights Shares shall be taken up by the Underwriter.

Status of the Rights Shares

The Rights Shares, when allotted and issued, shall rank pari passu in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares in their fully-paid form.

Share certificates and refund cheques for the Rights Issue

Subject to the fulfillment of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on Monday, 13 March 2023. Refund cheques in respect of wholly or partially unsuccessful applications for Excess Rights Shares (if any) are expected to be posted on Monday, 13 March 2023 by ordinary post to the applicants at their own risk, to their registered addresses.

LETTER FROM THE BOARD

Application for Excess Rights Shares

The Company shall make the Excess Rights Shares available for subscription by the Qualifying Shareholders by means of EAF, and the Excess Rights Shares represent:

- (i) any nil-paid Rights Shares provisionally allotted but not accepted by any of the Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares prior to the Latest Time for Acceptance;
- (ii) subject to the provisions of the Underwriting Agreement, any entitlements of the Non-Qualifying Shareholders provisionally allotted to a nominee of the Company which are left unsold; and
- (iii) any of the Rights Shares created from the aggregation of fractions of the Rights Shares.

Application for Excess Rights Shares can be made by the Qualifying Shareholders only and by duly completing and signing an EAF (in accordance with the instructions printed thereon) and lodging the same with a separate remittance for the Excess Rights Shares being applied for with the Registrar no later than 4:00 p.m. on Friday, 3 March 2023.

The Directors will, upon consultation with the Underwriter, allocate any Excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

- (i) any Excess Rights Shares will be allocated to Qualifying Shareholders who apply for them on a pro rata basis in proportion to the number of the Excess Rights Shares applied for under each application;
- (ii) reference will only be made to the number of Excess Rights Shares being applied for but no preference will be made to the Rights Shares subscribed through applications by PALs or the existing number of Shares held by Qualifying Shareholders;
- (iii) if the aggregate number of Rights Shares not taken up by the Qualifying Shareholders and/or transferees of nil-paid Rights Shares under the PALs is greater than the aggregate number of Excess Rights Shares applied for through the EAFs, the Company will allocate to each Qualifying Shareholder who applies for Excess Rights Shares in full application; and
- (iv) no preference will be given to topping up odd-lots to whole board lots.

LETTER FROM THE BOARD

Shareholders with their Shares held by a nominee company (or which are deposited in CCASS) should note that the Board will regard such nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to the relevant beneficial owners individually save and except for the beneficial owner(s) which the Company may permit in its absolute discretion. Shareholders with their Shares held by a nominee company (or which are held in CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares under their own names on or prior to the Record Date for the purpose of the Rights Issue.

In the event that the Directors note unusual patterns of Excess Rights Shares applications, the Directors will review those applications and if the Directors have reason to believe that any application may have been made with the intention to abuse the above mechanism, such application(s) for Excess Rights Shares may be rejected at the sole discretion of the Directors.

If a Qualifying Shareholder wishes to apply for any Rights Shares in addition to his/her/its provisional allotment, he/she/it must complete and sign the enclosed EAF in accordance with the instructions printed thereon and lodge the same with a separate remittance for the amount payable on application in respect of the Excess Rights Shares being applied for with the Registrar at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, by no later than 4:00 p.m. on Friday, 3 March 2023. All remittances must be made in Hong Kong dollars by cheques which must be drawn on a bank account with, or by banker's cashier orders which must be issued by, a licensed bank in Hong Kong and made payable to "**SDM EDUCATION GROUP HOLDINGS LIMITED — EXCESS APPLICATION ACCOUNT**" and crossed "**Account Payee Only**".

If no Excess Rights Shares are allotted to a Qualifying Shareholder who has applied for Excess Rights Shares, the remittance tendered on application is expected to be returned by refund cheque to that Qualifying Shareholder in full without interest by ordinary post at his/her/its own risk by the Registrar on Monday, 13 March 2023. If the number of Excess Rights Shares allotted to a Qualifying Shareholder is less than that applied for, the surplus application monies is also expected to be returned by refund cheque to that Qualifying Shareholder without interest by ordinary post to his/her/its registered address at his own risk by the Registrar on Monday, 13 March 2023.

All cheques or banker's cashier orders accompanying completed EAFs will be presented for payment immediately following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the EAF together with a cheque or a banker's cashier order in payment for the Excess Rights Shares applied for will constitute a warranty by the applicant that the cheque or the banker's cashier order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any EAF in respect of which the cheque or banker's cashier order is dishonoured on first presentation.

LETTER FROM THE BOARD

The EAF is for use only by the person(s) to whom it is addressed and is not transferable. All Prospectus Documents, including refund cheques for wholly or partially unsuccessful applications for Excess Rights Shares, will be sent by ordinary post at the risk of the person(s) entitled thereto to their registered addresses as at the Record Date by the Registrar on the respective despatch dates. The Company may, at its discretion, treat an EAF as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the EAF is not completed in accordance with the relevant instructions. No action has been taken to permit the offering of the Rights Shares or the distribution of the Prospectus Documents in any territory other than Hong Kong. Accordingly, no person receiving a copy of the EAF in any territory outside Hong Kong may treat it as an offer or invitation to apply for the Excess Rights Shares, unless in a territory where such an offer or invitation could lawfully be made without compliance with any registration or other legal and regulatory requirements thereof. Completion and return of the EAF together with a cheque or banker's cashier order in payment for the Excess Rights Shares applied for will constitute a warranty and representation from such Qualifying Shareholder(s) to the Company that all registration, legal and regulatory requirements of all relevant jurisdictions in connection with the EAF and any application thereunder, have been, or will be, duly complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above warranty and representation. The Company reserves the right to refuse to accept any application for Excess Rights Shares where it believes that doing so would violate the applicable securities or other laws or regulations of any jurisdiction.

If any of the conditions of the Rights Issue as set out in the paragraph headed "Condition of the Rights Issue" below is not fulfilled and/or not waived (where applicable) at or before 4:00 p.m. on Monday, 6 March 2023 (or such later time and date as may be agreed between the Company and the Underwriter), the Rights Issue will not proceed. Under such circumstances, the remittance received in respect of application for Excess Rights Shares will be returned to the Qualifying Shareholders or, in the case of joint applicants, to the first named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on Monday, 13 March 2023.

Arrangement on odd lots trading

In order to facilitate the trading of odd lots (if any) of the Shares, the Company will appoint a designated broker to arrange for matching service on a best effort basis regarding the sale and purchase of odd lots of the Shares for a limited period of time. Shareholders should note that matching of the sale and purchase of odd lots of the Shares is not guaranteed. Any Shareholder who is in any doubt about the odd lots arrangement is recommended to consult his/her/its own professional advisers.

LETTER FROM THE BOARD

Procedures for acceptance and payment or transfer

PAL — Acceptance, payment and transfer

A PAL is enclosed with this Prospectus which entitles the Qualifying Shareholders to whom it is addressed to subscribe for the number of the Rights Shares shown thereon. If a Qualifying Shareholder wishes to accept all the Rights Shares provisionally allotted to him/her/it as specified in the PAL, he/she/it must lodge the PAL in accordance with the instructions printed thereon with the Registrar, together with a remittance for the full amount payable on acceptance, so as to be received by no later than 4:00 p.m. on Friday, 3 March 2023 (or, under bad weather conditions and/or Extreme Conditions, such later date as mentioned in the paragraph “EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES” in the section headed “EXPECTED TIMETABLE” in this Prospectus). All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by banker’s cashier orders which must be issued by, a licensed bank in Hong Kong and made payable to “**SDM EDUCATION GROUP HOLDINGS LIMITED — RIGHTS ISSUE ACCOUNT**” and crossed “**Account Payee Only**”.

It should be noted that unless the duly completed PAL, together with the appropriate remittance, has been lodged with the Registrar by no later than 4:00 p.m. on Friday, 3 March 2023, whether by the original allottee or any person in whose favour the provisional allotment has been validly transferred, that provisional allotment and all rights and entitlement thereunder will be deemed to have been declined and will be cancelled and such Rights Shares will be available for application under the EAFs by the Qualifying Shareholders. The Company may, at its sole and absolute discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require such incomplete PAL to be completed by the relevant applicant at a later stage.

If a Qualifying Shareholder wishes to accept only part of his/her/its provisional allotment or transfer part of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it under the PAL or transfer part of his/her/its rights to more than one person, the entire and original PAL must be surrendered and lodged for cancellation by no later than 4:00 p.m. on Thursday, 23 February 2023 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required. The new PALs will be available for collection from the Registrar at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PAL. It should be noted that Hong Kong ad valorem stamp duty is payable in connection with the transfer of your rights to subscribe for the relevant Rights Shares to the transferee(s) and the acceptance by the transferee(s) of such rights.

The Company reserves the right to refuse to register any transfer in favour of any person in respect of which the Company believes such transfer may violate applicable legal or regulatory requirements.

LETTER FROM THE BOARD

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders.

All cheques or banker's cashier orders will be presented for payment following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Any PAL in respect of which the cheque or banker's cashier order is dishonoured on first presentation is liable to be rejected, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. You must pay the exact amount payable upon application for the Rights Shares, and underpaid application will be rejected. In the event of overpaid application, a refund cheque, without interest, will be made out to you if the overpaid amount is HK\$100 or above.

Completion and return of the PAL with a cheque or a banker's cashier order, whether by a Qualifying Shareholder or by any nominated transferee(s), will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or banker's cashier order is dishonoured on first presentation, and in that event, the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

No action has been taken by the Company to permit the offering of the Rights Shares or the distribution of the Prospectus Documents in any territory or jurisdiction outside Hong Kong. Accordingly, no person receiving the Prospectus Documents in any territory or jurisdiction outside Hong Kong may treat it as an offer or invitation to apply for Rights Shares, unless in the relevant territory or jurisdiction where such an offer or invitation could lawfully be made without compliance with any registration or other legal or regulatory requirements. Subject as referred to below, it is the responsibility of anyone outside Hong Kong wishing to make an application for the Rights Shares to satisfy himself/herself/itself, before subscribing for the provisionally allotted Rights Shares, as to the full observance of the laws and regulations of all relevant territories and jurisdictions, including the obtaining of any governmental or other consents and to pay taxes and duties required to be paid in such territory or jurisdiction in connection therewith. Any acceptance of the offer of the Rights Shares by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been or will be fully complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representation or warranty. If you are in doubt as to your position, you should consult your own professional advisers. The Company reserves the right to refuse to accept any application for the Rights Shares where it believes that doing so would violate the applicable securities legislation or other laws and regulations of any territory or jurisdiction. No application for Rights Shares will be accepted from any person who is a Non-Qualifying Shareholder.

LETTER FROM THE BOARD

If the Underwriter exercises the right to terminate or rescind the Underwriting Agreement prior to the Latest Time for Termination and/or if any of the conditions of the Rights Issue is not fulfilled or waived by the Underwriter by the Latest Time for Termination or such other date as the Company and the Underwriter may agree, the monies received in respect of the relevant provisional allotment, without interest, will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in the nil-paid form have been validly transferred or, in the case of joint acceptances, to the first-named person, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders or such other persons to their registered addresses by the Registrar on Monday, 13 March 2023.

No receipt will be issued in respect of any application monies received.

Application for listing of the Rights Shares

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement dates of the dealings in the Rights Shares in both their nil-paid and fully-paid forms or such other dates as may be determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Dealing in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the register of members of the Company in Hong Kong will be in the board lots of 2,000 Rights Shares and will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy, FRC transaction levy or any other applicable fees and charges in Hong Kong.

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

Condition of the Rights Issue

The Rights Issue is conditional upon the Underwriting Agreement having become unconditional and not being terminated in accordance with the terms thereof. The conditions the satisfaction or fulfillment of which will render the Underwriting Agreement becoming unconditional are set out in the section headed “Conditions of the Underwriting Agreement” below.

LETTER FROM THE BOARD

Taxation

Qualifying Shareholders are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of holding or disposal of, or dealing in the Rights Shares. It is emphasised that none of the Company, the Directors or any other parties involved in the Rights Issue accept responsibility for any tax effects or liability of holders of the Rights Shares resulting from purchase, holding or disposal of, or dealing in the Rights Shares.

Irrevocable Undertaking

As at the Latest Practicable Date, the Committed Shareholders, namely Mr. Chiu, Dr. Chun and Wealthy Together, held 31,000,000 Shares, 49,000,000 Shares and 198,750,000 Shares, respectively, representing approximately 6.77%, approximately 10.71% and approximately 43.43% of the total number of issued Shares, respectively.

Pursuant to the Irrevocable Undertaking, each of the Committed Shareholders has irrevocably and unconditionally agreed and undertaken to the Company, among other things, that:

- (i) they will remain the beneficial owner of the respective relevant Shares from the date of the Irrevocable Undertaking up to and including the Record Date; and
- (ii) they will accept or procure the acceptance of the Committed Shares, and shall procure the completed PALs in respect of the Committed Shares be lodged with the Registrar on or before the Latest Time for Acceptance in accordance with the instructions printed on the PAL with the effect of application for subscription for the full amount of the Committed Shares on a fully-paid basis.

Optionholder's Undertakings

As at the Latest Practicable Date, each of the Share Option Holders has signed the Optionholder's Undertakings not to exercise the Share Options (or any part thereof) granted to him/her from the date of the Optionholder's Undertakings to the close of business on the Record Date.

Repayment of Shareholders' Loans

Pursuant to the Loan Agreement, Mr. Chiu had advanced to the Company the Shareholder's Loan A in the principal amount of HK\$10,000,000. The Shareholder's Loan A was used for (i) business development in Hong Kong including but not limited to opening new dance centre(s); (ii) expansion plan of business in the PRC; (iii) relief of liabilities with a decrease of finance costs; and (iv) general working capital of the Group. The Shareholder's Loan A is unsecured and bearing no interest.

LETTER FROM THE BOARD

In addition, on 22 February 2022, the Company's loan with outstanding principal amount of HK\$29,080,000 owed to a third party which carried interest at 17.175% per annum at that time, was repaid by Mr. Chiu and Dr. Chun in the amount of HK\$21,080,000 on behalf of the Company. This helped the Company to reduce its financial burden for bearing such relatively high interest rate and hence reduce its finance costs. The Shareholder's Loan B is unsecured and initially bearing weighted-average interest rate at 11.39% per annum. The interest rate was subsequently agreed by Mr. Chiu and Dr. Chun to reduce to nil.

The Company, Mr. Chiu, Dr. Chun and Wealthy Together will enter into the Set-Off Agreement, pursuant to which the parties have agreed to restructure the Shareholders' Loans by offsetting the outstanding balance of the Shareholders' Loans as at the date of completion of the Rights Issue on a dollar-to-dollar basis against an equivalent amount of the aggregated Subscription Price of (i) all Committed Shares; and (ii) the Relevant Excess Shares allocated to Mr. Chiu, Dr. Chun and Wealthy Together. The Set-Off will be conditional upon the completion of the Rights Issue.

The exact amount of the Set-Off would depend on the number of Committed Shares to be taken up by, and the number of Relevant Excess Shares to be applied for and allocated to, Mr. Chiu, Dr. Chun and Wealthy Together.

THE UNDERWRITING AGREEMENT

The Underwriting Agreement

On 6 January 2023 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriter, pursuant to which the Underwriter has conditionally agreed to underwrite, on a fully underwritten basis, up to 98,987,028 Underwritten Shares (assuming no change in the number of Shares in issue on or before the Record Date), subject to the terms and conditions set out in the Underwriting Agreement, in particular the fulfilment of the conditions precedent contained therein.

Principal terms of the Underwriting Agreement

Date	:	6 January 2023 (after trading hours)
Underwriter	:	Pacific Foundation Securities Limited
Number of Rights Shares to be underwritten	:	Up to 98,987,028 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date other than the conversion in full of the Convertible Notes) underwritten by the Underwriter on a fully underwritten basis pursuant to the terms and conditions of the Underwriting Agreement
Underwriting Commission	:	4% of the aggregate Subscription Price of 98,987,028 Underwritten Shares

LETTER FROM THE BOARD

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Underwriter and its ultimate beneficial owners are independent of the Company and its connected persons. As at the date of the Underwriting Agreement, the Underwriter is not interested in any Shares.

The Rights Issue is underwritten by the Underwriter on a fully underwritten basis on the terms of the Underwriting Agreement. Prior to engaging the Underwriter, the Company had approached several agents for introduction of at least three underwriters which are licensed to provide underwriting services to explore interest in underwriting the Rights Issue on a fully underwritten basis. The Company was advised that due to (i) the Company's low exposure in the market and the media; (ii) the low historical trading volume in the Shares; (iii) the uncertain market sentiments; and (iv) the existing net liabilities position of the Group, those financial institutions did not have interests in providing the underwriting services of the scale of the Rights Issue to the Company.

The said commission rate was determined after arm's length negotiations between the Company and the Underwriter and having considered that (i) the existing net liabilities position of the Group; (ii) the size of the Rights Issue, which is relatively large considering the historical low trading volume and liquidity of the Shares; (iii) save for the Underwriter, which is a reputable underwriter, no other financial institutions showed interests to underwrite the Rights Issue on a fully underwritten basis under the current and expected market condition; and (iv) the benefits of the Rights Issue, in particular, may improve the financial position of the Group. The Directors (including the independent non-executive Directors) consider the terms of the Underwriting Agreement with the Underwriter (including the underwriting commission) are fair and reasonable so far as the Company and the Shareholders are concerned and the entering of the Underwriting Agreement is in the interests of the Company and the Shareholders as a whole.

Save for the Underwriting Agreement and the Undertakings, the Company has not entered into any agreement, arrangement, understanding or undertaking in regard of the Rights Issue with the Underwriter or any of its connected persons and their respective associate.

Conditions of the Underwriting Agreement

The Underwriting Agreement is conditional upon the following conditions being fulfilled or waived (as appropriate):

- (a) the passing of all necessary resolution(s) by the board of directors of the Company to approve the Rights Issue;
- (b) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively all the Prospectus Documents in accordance with section 342C of the Companies (WUMP) Ordinance and otherwise in compliance with the GEM Listing Rules, the Companies Ordinance and the Companies (WUMP) Ordinance not later than the Prospectus Posting Date;

LETTER FROM THE BOARD

- (c) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and a letter in the agreed form to the Non-Qualifying Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date;
- (d) the GEM Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of and permission to deal in the Rights Shares (in their nil-paid and fully-paid forms) by no later than the first day of dealings in the Rights Shares;
- (e) each condition to enable the Rights Shares (in their nil-paid and fully-paid forms) to be admitted as eligible securities for deposit, clearance and settlement in CCASS (other than the listing approval) having been satisfied not later than the Business Day prior to the first day of dealings in the Rights Shares as set out in the Prospectus and no notification having been received by the Company from HKSCC by such date that such admission or facility for holding and settlement has been or is to be refused;
- (f) the Shares remaining listed on the Stock Exchange at all times prior to the Latest Time for Termination and the current listing of the Shares not having been withdrawn and no indication being received before the Latest Time for Termination from the Stock Exchange to the effect that such listing may be withdrawn or objected to (or conditions will or may be attached thereto) including but not limited to as a result of the Rights Issue or in connection with the terms of this Agreement or for any other reason;
- (g) this Agreement not being terminated by the Underwriter pursuant to the terms thereof prior to the Latest Time for Termination;
- (h) compliance with and performance by the Company of all undertakings and obligations under the terms of this Agreement by the times specified;
- (i) the compliance with and performance by the Committed Shareholders of all undertakings and obligations under the Irrevocably Undertaking by the times specified;
- (j) each of the Share Option Holders having executed and delivered the Optionholder's Undertaking to the Company and the Underwriter, and the compliance with and performance by the Share Option Holders of all undertakings and obligations under the Optionholder's Undertakings by the times specified therein; and
- (k) all relevant approvals having been obtained from all relevant governmental authorities (where applicable) as the case may require in connection with the Rights Issue by the relevant time that such consent and approval is required and such approvals not being withdrawn or revoked prior to the Latest Time for Termination;

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and the conditions precedent as set out in (a) to (k) above are incapable of being waived. In the event of the said conditions precedent not being fulfilled or waived on or before the respective dates aforesaid, or if no time or date is specified, no later than 28 February 2023 or such later date or dates as may be agreed between the Company and the Underwriter in writing, the Underwriting Agreement may be rescinded by the Underwriter.

Termination of the Underwriting Agreement

The Underwriter may terminate the Underwriting Agreement by notice in writing given to the Company at any time prior to the Latest Time for Termination upon the occurrence of certain events. For details, please refer to the section headed “TERMINATION OF THE UNDERWRITING AGREEMENT” above.

REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE

The Company is an investment holding company and the Group is principally engaged in (i) jazz and ballet and pop dance academy in Hong Kong (the “**Dance Academy Business**”); (ii) operation of kindergartens and pre-schools in Hong Kong and Singapore; (iii) provision of swallowing and speech treatments in Hong Kong; and (iv) provision of photographic services in Hong Kong.

As set out in the annual report of the Group for the financial year ended 31 December 2021, the revenue of the Group has increased by approximately 56.37% from approximately HK\$114.20 million for the financial year ended 31 December 2020 to approximately HK\$178.58 million for the financial year ended 31 December 2021. The growth in revenue was primarily attributable to the increase of the full-year operation of the flagship pre-school and a group of four pre-schools in Singapore and operation dance academies in Hong Kong.

As mentioned in the section headed “INTENDED USE OF PROCEEDS” in this Prospectus, the Directors intended to conduct the Rights Issue to raise the required funds to expand and develop the Group’s business and repay the Shareholders’ Loans. The Set-Off will enable the Group to repay, in full or in part, the Shareholders’ Loans without cash outflow. The Group will utilize the Remaining Proceeds to continue to focus on engaging in business in relation to jazz and ballet and pop dance academy in Hong Kong. The Group continued to maintain and attract students to enroll in the Group’s courses by developing new courses and enhancing courses to respond to changes in market trends so as to expand the Group’s coverage and effectively market the courses to a broader base of students. As the competitions in the dance institution industry for children in Hong Kong is expected to remain competitive, the Directors consider that the Rights Issue will provide more flexibilities for the Group and enhance the financial capabilities of the Group to cope for any opportunities arise.

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Looking forward, the Group will continue to seek for appropriate investment opportunities to expand its business scope and to diversify its existing business. It is expected that the Group will further enhance the geographical coverage by opening and/or acquiring more dance centres in the future to strengthen its leading position in the industry. The Group targets to open new dance centres with locations near populated residential areas in Hong Kong, in particular, in private housing estates, in areas close to a network of schools or which are currently without the presence of the Group's dance centres. In implementing the expansion plan, the Group will also consider to acquire existing dance centres from other players in the industry, if the right opportunity should arise, as the Group can be immediately benefited from the existing clientele base.

In light of the above, the Directors consider that the Rights Issue will allow the Group to improve its financial position and enhance its financial capabilities which will be vital to maintain the Group's competitiveness under the rapidly evolving market with increasingly fierce competitions and will allow the Group to capture the market opportunities and expand its business in a timely manner. Therefore, the Directors consider that the Rights Issue is therefore beneficial and in the interests of the Company and the Shareholders as a whole.

Alternative means of fund raising

The Directors have considered other alternative means of fund raising, such as debt financing, bank borrowing, and/or placing of new Shares, before resolving to the Rights Issue. The Company has considered the pros and cons of different fund-raising options. In respect of debt financing, the Directors consider debt financing will result in additional interest burden and subject the Group to repayment obligations. In addition, as the Group does not have material fixed assets which is satisfactory to the banks to be served as collaterals and the fact that there is a disclaimer of opinion on going concern for the latest annual report of the Company, debt financing may not be achievable or may not be on favourable terms in a timely manner or may require pledge of other kind of assets or securities which may reduce the Group's flexibility.

As for equity fund raising, such as placing of new Shares, it would lead to immediate dilution in the shareholding interest of existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company, which is not the intention of the Company. As for open offer, while it is similar to a rights issue by offering qualifying shareholders to participate, it does not allow free trading of rights entitlements in the open market.

In comparison, the Rights Issue is pre-emptive in nature, allowing Qualifying Shareholders to maintain their respective pro-rata shareholding through their participation in the Rights Issue. The Rights Issue allows the Qualifying Shareholders to (i) increase their respective interests in the shareholding of the Company by acquiring additional rights entitlement in the open market (subject to the availability); or (ii) reduce their respective interests in the shareholding of the Company by disposing of their rights entitlements in the open market (subject to the market demand). As an open offer does not allow the trading of rights entitlements, rights issue is preferred. Accordingly, the Directors consider that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

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As at the Latest Practicable Date, other than the Rights Issue, the Company did not have any other fund-raising plan.

INTENDED USE OF PROCEEDS

The estimated gross proceeds of the Rights Issue before the Set-Off will be HK\$22.88 million.

The net proceeds from the Rights Issue after deducting the relevant expenses of the Rights Issue of approximately HK\$1.42 million are estimated to be approximately HK\$21.46 million. After the Set-Off, the Company intends to apply the Remaining Proceeds of approximately HK\$7.50 million as follows:

- (i) approximately HK\$2.50 million for expansion of the Dance Academy Business including the renovation cost of a new dance centre in Hong Kong in the fourth quarter of 2023; and
- (ii) approximately HK\$5.00 million for other general corporate and working capital purposes, including rental expenses of approximately HK\$2.7 million to be paid in March 2023 and the remaining for general staff costs.

For the avoidance of doubt, in the event that Mr. Chiu, Dr. Chun and Wealthy Together apply for Relevant Excess Shares under the Set-Off Agreement, the Remaining Proceeds will be reduced to an amount less than HK\$7.50 million. Subject to the exact number of Relevant Excess Shares to be applied, the Directors expect that approximately HK\$2.50 million will be utilized for expansion of the Dance Academy Business as mentioned above, and the remaining amount of the Remaining Proceeds for other general corporate and working capital purposes will be less than HK\$5.0 million.

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CHANGE IN THE SHAREHOLDING STRUCTURES OF THE COMPANY ARISING FROM THE RIGHTS ISSUE

For illustration purposes only, set out below are the shareholding structures of the Company as at the Latest Practicable Date, and the effect on the shareholding structure of the Company upon completion of the Rights Issue in the manner contemplated under the Underwriting Agreement:

Name of Shareholders	As at the Latest Practicable Date		Immediately after completion of the Rights Issue (assuming all Qualifying Shareholders have taken up all the entitled Rights Shares)		Immediately after completion of the Rights Issue (assuming none of the Qualifying Shareholders have taken up any entitled Rights Shares and all Untaken Shares were subscribed for by or through the Underwriter)	
	<i>Number of Shares</i>	<i>Approximate %</i>	<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	298,125,000	43.43
Mr. Chiu	31,000,000	6.77	46,500,000	6.77	46,500,000	6.77
Dr. Chun	49,000,000	10.71	73,500,000	10.71	73,500,000	10.71
The Underwriter	—	—	—	—	89,425,000	13.03
Public Shareholders	178,850,000	39.09	268,275,000	39.09	178,850,000	26.06
Total	457,600,000	100.00	686,400,000	100.00	686,400,000	100.00

POSSIBLE ADJUSTMENTS TO THE SHARE OPTIONS AND THE CONVERTIBLE NOTES

As at the Latest Practicable Date, there are (i) 29,710,000 outstanding Share Options granted by the Company carrying rights for the holders thereof to subscribe for an aggregate of 29,710,000 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 may lead 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. The Company will notify the holders of such Share Options, the Convertible Notes and the Shareholders by way of announcement (as and when appropriate) regarding adjustments to be made (if any) pursuant to the terms of the Share Option Scheme and the Convertible Notes and such adjustments will be certified by an independent financial adviser or auditors of the Company (as the case may be).

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Save for the foregoing, as at the Latest Practicable Date, the Company had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares prior to the Record Date. The Company has no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

FUND RAISING ACTIVITIES INVOLVING ISSUE OF SECURITIES IN THE PAST 12 MONTHS

The Company has not conducted any equity fund raising activities in the past 12 months immediately preceding the Latest Practicable Date.

GEM LISTING RULES IMPLICATIONS

As (i) the Company has not conducted any rights issue or open offer within the 12-month period immediately preceding the Latest Practicable Date, (ii) the Rights Issue will not increase the number of issued Shares or the market capitalisation of the Company by more than 50%, and (iii) the Rights Issue is not underwritten by a Director, chief executive or substantial shareholder of the Company (or any of their respective associates), the Rights Issue is not subject to Shareholders' approval under the GEM Listing Rules.

WARNING OF THE RISKS OF DEALING IN SHARES AND THE NIL-PAID RIGHTS SHARES

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the paragraph headed "TERMINATION OF THE UNDERWRITING AGREEMENT". Accordingly, the Rights Issue may or may not proceed.

The Shares have been dealt in on an ex-rights basis from Thursday, 12 January 2023. Dealings in the Rights Shares in nil-paid form are expected to take place from Tuesday, 21 February 2023 to Tuesday, 28 February 2023 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

LETTER FROM THE BOARD

RISK FACTORS

In compliance with the GEM Listing Rules, the Company sets out below the risk factors of the Group for the Shareholders' attention. The Directors believe that there are certain risks involved in the operations of the Group which includes, but does not limit to, the followings:

The Group is principally engaged in (i) the Dance Academy Business; (ii) operation of kindergartens and pre-schools in Hong Kong and Singapore; (iii) provision of swallowing and speech treatments in Hong Kong; and (iv) provision of photographic services in Hong Kong.

Risk relating to the Group's business

- (a) *The Group's future growth relies on the ability to open and profitably operate new dance centres, and the new dance centres may not operate as successfully as we have anticipated.*

The Group's ability to successfully open new dance centres is subject to a number of risks and uncertainties, including difficulties in locating suitable sites or securing leases on reasonable terms, shortage of quality dance teachers, and delay in decoration and renovation works. There is no guarantee that the Group will be able to attract enough customers to the new centres and there is no assurance that the revenue of each of the new dance centres will be equal to or exceed those of the existing dance centres. If the new centres failed to be operated in a profitable manner, the Group's financial performance may be adversely affected.

- (b) *The Group's profitability could be adversely affected by the lack of commercially attractive locations, the increase in rental expenses and failure to renew existing leases of the leased properties.*

Most of the Group's dance centres are located in populated residential districts in Hong Kong. The availability of attractive locations for the Group's centres is important to the Group's business. With the Group's stringent selection criteria on the environment of the centres, the commercially viable choices are usually limited and thus there is no assurance that the Group will be able to find suitable premises for the Group centres with reasonable commercial terms in the event there is a need for relocation or we intend to open new centres. In such event, the Group's plan for relocation or expansion may be delayed or not implemented, which could have an adverse effect on our operational and financial conditions.

In addition, as all of the Group's dance centres are located at leased premises, we are exposed to the market conditions of the rental market in Hong Kong. The increase in rental expenses will increase the costs of the Group's operation and thereby may adversely affect the Group's results of operation and financial position if the Group is unable to pass the increased costs onto the customers.

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Prior to the expiry of each of the lease agreements of the dance centres, the Group has to negotiate the terms of renewal with the landlord. The Group competes with others for locations in a highly competitive market, therefore, there is no assurance that the Group will be able to renew such lease agreements on terms acceptable to it or lease premises at strategic locations on comparably or commercially viable terms. In the event that the Group is unable to renew the existing leases and need to relocate a centre at the expiry of a lease, the Group will need to identify a replacement location to carry on the business of the relevant centre. As a result, the Group's operation may be disrupted and may pose a financial impact due to additional costs for such relocation and write-off of fixed assets. Failure to secure leases at commercially attractive locations can also adversely affect our Group's revenue, profitability and performance. Even if the Group are able to renew or extend leases, the rental expenses may increase significantly, which can adversely affect the Group's profitability.

- (c) ***Revenue may decline and the Group may not be able to maintain our profitability if the Group are unable to attract students to enrol at profitable fee levels.***

Competition in the dance institution industry for children in Hong Kong is intense and the Group must have an extensive network of centres and courses offered at acceptable prices in order to be able to respond to and meet customers' demands effectively. Therefore the Group's ability to continue to maintain and attract students to enrol in the Group's courses at profitable fee levels which in turn affects the utilisation rate at each centre is critical to the continual success and growth of the Group's business. This in turn will depend on several factors, including the ability to maintain standard of courses provided by Group, to develop new courses or programmes, to enhance existing courses to respond to changes in market trends, dance curriculum and student demands, to expand the Group's coverage and effectively market the courses to a broader base of students and to respond to competitions. Any inability to maintain or achieve the aforesaid may adversely affect the Group's revenue and profitability.

- (d) ***The Group's continuing success depends on retaining key personnel***

The Directors believe that our success, to a large extent, is attributable to, amongst other things, the contribution of Mr. Chiu Ka Lok and Ms. Chan Yuen Hong. Details of their expertise and experience are set out in the section headed "9. PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY" in appendix III to this Prospectus. There is no assurance that the Group will be able to attract and retain key personnel, or that they will not resign in the future and the Group is unable to find appropriate replacements in a timely manner or at all.

In addition, the Group's dance teachers and management talents, efforts and expertise in the dance and children education field are crucial to the operations and financial performance of the Group. The Group's brand, reputation, business and success depend upon the Group's ability to retain and motivate sufficient qualified dance teachers. The dance teachers are critical in maintaining the quality of programmes and services of the Group and maintaining the Group's brand and reputation, as they interact with the students on a regular basis.

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If the Group is unable to continue to renew the service contracts with its dance teachers in a timely manner or on commercially acceptable terms, or if any of their service contracts is terminated upon expiration or if any of the dance teachers does not continue his/her service with the Group for whatever reason, the Group may not be able to replace them easily and retain students who are currently taking courses with them. If any of the above happens, the Group's business could be disrupted and the Group's profitability and turnover could be adversely and materially affected.

- (e) *The “SDM Jazz & Ballet Academie” (SDM爵士芭蕾舞學院) brand is important to the success of the Group.*

The Group recognise the importance of building a strong brand, “SDM Jazz & Ballet Academie” (SDM爵士芭蕾舞學院), and consider the strong brand name as one of the reasons of success of the Group and will continue to be important to the Group's growth. The Directors believe that maintaining and enhancing the brand is critical in maintaining its competitive advantage. If the value of the brand or image is diminished or impaired or if the brand does not continue to attract students, the Group's business, financial performance and results of operations could be materially and adversely affected.

Risk relating to the Group's industry

Impact of the New Senior School Curriculum

The demand for dance courses in Hong Kong may be affected by the change of the contents and emphasis on the New Senior School Curriculum. If the focus of the curriculum shifts away from whole person development, which led to the demand for extra-curricular activities in Hong Kong to other learning areas, the demands for our dance classes may fall and subsequently lead to a lowered number of class enrolments, which will in turn adversely affect our revenue and net profit and net profit margin.

Risk relating to the Rights Issue

The Underwriter may terminate the arrangement set out in the Underwriting Agreement

Under the Underwriting Agreement, the Underwriter may terminate the arrangement set out in the Underwriting Agreement by notice in writing to the Company upon the occurrence of any of the events stated in the section headed “TERMINATION OF THE UNDERWRITING AGREEMENT” in this Prospectus prior to the Latest Time for Termination.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Prospectus.

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

1. FINANCIAL INFORMATION

The audited consolidated financial statements of the Group for the years ended 31 December 2019, 31 December 2020 and 31 December 2022 and the unaudited consolidated financial statements of the Group for the six months ended 30 June 2022, including the notes thereto, have been published on both the website of the Stock Exchange (www.hkexnews.hk) and the Company (www.sdm.hk):

- The annual report of the Company for the year ended 31 December 2019 published on 17 May 2020 (pages 46 to 179) which could be accessed here:

<https://www1.hkexnews.hk/listedco/listconews/gem/2020/0517/2020051700057.pdf>

- The annual report of the Company for the year ended 31 December 2020 published on 14 May 2021 (pages 47 to 187) which could be accessed here:

<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0514/2021051400045.pdf>

- The annual report of the Company for the year ended 31 December 2021 published on 2 May 2022 (pages 53 to 171) which could be accessed here:

<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0502/2022050200011.pdf>

- The interim report of the Company for six months ended 30 June 2022 published on 15 August 2022 (pages 2 to 20) which could be accessed here:

<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0815/2022081500007.pdf>

2. INDEBTEDNESS STATEMENT

As at the close of business on 31 December 2022, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Prospectus, the indebtedness of the Group was as follows:

	<i>HK\$'000</i>
Bank loans — secured and guaranteed	35,147
Convertible notes — secured and guaranteed	239,088
Other borrowings — unsecured and unguaranteed	11,294
Shareholders' loans — unsecured and unguaranteed	20,631
Amount due to directors — unsecured and unguaranteed	4,800
Amount due to a related company — unsecured and unguaranteed	2,146
	<hr/>
	313,106
	<hr/> <hr/>

As at the close of business on 31 December 2022, the Group's banking facilities were secured by the personal guarantee provided by Mr. Chiu.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade and other payables in the normal course of business, as at the close of business on 31 December 2022, the Group did not have any debt securities authorised or created but unissued, issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchase or finance lease commitments, guarantees or other material contingent liabilities.

The Directors confirmed that there has been no material adverse change in the indebtedness and contingent liabilities of the Group since 31 December 2022 being the latest practicable date for determining the Group's indebtedness up to the date of this Prospectus.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account (i) the upcoming repayment of convertible note in the principal amount of USD25 million that will be expired on 31 March 2023 (the "**Singapore Convertible Note**"); (ii) the estimated net proceeds from the Rights Issue; and (iii) the present available financial resources, including internally generated funds and existing banking facilities, the Group will not have sufficient working capital for its present requirements for the next 12 months from the date of this Prospectus.

The above indicates the existence of material uncertainties which may cast doubts relating to the going concern of the Group. In view of these circumstances, the Directors have given careful consideration to the future liquidity requirements and are intended to take measures (the "**Measures**") to improve its financial position and to alleviate its liquidity pressure, including but not limited to the followings:

- (i) as the maturity date of the outstanding bank loans and other borrowings of the Company will not be due until April 2025 to June 2033, the Company expects the cashflow generated from its operations and its internal funding will be sufficient to settle the principals and interests in accordance with their respective loans' repayment schedules;
- (ii) as the maturity date of the Singapore Convertible Note will be expired on 31 March 2023, the Directors are currently negotiating with the holder of the Singapore Convertible Notes on possible settlement alternatives, including but not limited to,
 - (a) the Group has been negotiating with the holder of the Singapore Convertible Note to delay the demand of such repayment for at least 12 months;

- (b) the Group has been considering to dispose certain subsidiaries of the Group in Singapore to settle the accrued interests and the principal amount in parts and/or in full. Regular meetings will be held between the Group and the holder of the Singapore Convertible Note before the end of March 2023 to reach and finalize a new settlement plan. If the above said transactions (disposals) were to be materialized, such transactions may constitute notifiable transactions of the Company under the Chapter 14 of the Listing Rules and the Company will fulfill its disclosure obligations under the Listing Rules in a timely manner; and
- (c) the Group is intended to carry out other potential equity fund-raising activities as and when required to further improve its financial position and to alleviate its liquidity pressure.

The Directors hereby remind the Shareholders that the sufficiency of the working capital of the Group will be dependent on the outcome of the Measures undertaken/being undertaken of the Group, which are subject to inherent uncertainties including whether (i) there will be certain measures to improve its financial position, to provide liquidity and cash flows; and (ii) there will be additional new sources of financing to fulfill the repayment obligations in relation to the Singapore Convertible Note in the principal amount of USD25 million in the absence of the successful of (a) delaying of the demands of such repayment; (b) disposing of the certain subsidiaries of the Group; and (c) conducting of other fund-raising activities other than the Rights Issue.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECT OF THE GROUP

The Group has been actively seeking new business opportunities from time to time in order to diversify its business and enhance the long-term growth potential of the Group and the Shareholder's value.

The Group will continue to enhance the geographical coverage by opening and/or acquiring more dance centres in the future to strengthen our leading position in the industry. New centres will be located near populated residential areas in Hong Kong, in particular, in private housing estates, in areas close to a network of schools or which are currently without the presence of the Group's dance centres. In implementing the expansion plan, the Group will also consider to acquire existing dance centres from other players in the industry, if the right opportunity should arise, as the Group can be immediately benefited from the existing clientele base. In order to expand the dance academy business in Hong Kong, the Company has been preparing the grand opening of its dance centre located at LOHAS Park, which started operation subsequent to the year end, in February 2022. Other than opening new centres, the Company has continued to provide online dance classes to students as an alternative to on-site classes. In addition, the Company has renovated or relocated some dance centres to provide a better classroom environment to its students.

Meanwhile, the Company will also expedite its expansion in overseas markets to further broaden its source of income. The Group will adopt investment approach prudently to consider all potential mergers or acquisitions opportunities or cooperation with strong potential partners that could maximize Shareholders' return in the long term.

Going forward, the Group will implement a strategy to enhance the Group's current operation, which is to engage in the operation of day care centres, kindergartens, colleges and enrichment courses through acquisition and self establishment.

For illustrative purpose only, set out below is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group after completion of the Rights Issue. Although reasonable care has been exercised in preparing the unaudited pro forma financial information, Shareholders who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a complete picture of the Group's financial results and positions for the financial periods concerned.

A. STATEMENT OF UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The statement of unaudited pro forma adjusted consolidated net tangible assets of the Group prepared in accordance with Paragraph 13 of Appendix 1B and Paragraph 31 of Chapter 7 of the GEM Listing Rules is set out below to illustrate the effects of the Rights Issue on the consolidated net tangible liabilities of the Group as if the Rights Issue had taken place on 30 June 2022.

The statement of unaudited pro forma adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only, based on the judgements and assumptions of the Directors of the Company, and because of its hypothetical nature, may not give a true picture of the financial position of the Group following the Rights Issue.

The following statement of unaudited pro forma adjusted consolidated net tangible assets of the Group is based on the consolidated net tangible liabilities of the Group as at 30 June 2022 based on Right Issue of 228,800,000 at subscription price of HK\$0.10 and no Convertible Notes was converted before the Record Date, adjusted as described below:

	Unaudited consolidated net tangible liabilities of the Group attributable to owners of the Company as at 30 June 2022 <i>(Note 1)</i> HK\$'000	Estimated net proceeds from the Rights Issue <i>(Note 2)</i> HK\$'000	Unaudited pro forma adjusted consolidated net tangible liabilities of the Group as at 30 June 2022 HK\$'000
Based on 228,800,000 Rights Shares to be issued at subscription price of HK\$0.10 per Rights Share	<u>(398,998)</u>	<u>21,460</u>	<u>(377,538)</u>
Unaudited consolidated net tangible liabilities per existing share before implementation of the Rights Issue <i>(Note 3)</i>			<u>HK\$(0.87)</u>
Unaudited pro forma adjusted consolidated net tangible liabilities per Share immediately after completion of the Rights Issue <i>(Note 4)</i>			<u>HK\$(0.55)</u>

Notes:

1. The consolidated net tangible liabilities of the Group attributable to owners of the Company as at 30 June 2022 is extracted from the consolidated net liabilities of the Group attributable to owners of the Company as at 30 June 2022 of approximately HK\$234,398,000 as adjusted by exclusion of goodwill and intangible assets of approximately HK\$97,787,000 and HK\$66,813,000, respectively, as shown on consolidated statement of financial position of the Group extracted from the Group's published unaudited consolidated financial statements for the period ended 30 June 2022 dated 12 August 2022.
2. The estimated net proceeds from the Rights Issue of approximately HK\$21,460,000 is calculated based on the maximum number of 228,800,000 Rights Shares to be issued at the subscription price of HK\$0.10 per Rights Share, after deduction of the estimated related expenses of approximately HK\$1,420,000, assuming that the Rights Issue had been completed on 30 June 2022.
3. The calculation is determined based on the consolidated net tangible liabilities of the Group attributable to owners of the Company as at the Latest Practicable Date of approximately HK\$398,998,000 divided by the number of Shares in issue of 457,600,000 as at the Latest Practicable Date and immediately before completion of the Rights Issue.
4. The calculation is determined based on the unaudited pro forma adjusted consolidated net tangible liabilities of the Group as at 30 June 2022 of approximately HK\$377,538,000 divided by total number of Shares as enlarged by the allotment and issue of the Rights Shares of 686,400,000 which is arrived at on the basis that (i) 457,600,000 Shares in issue at the Latest Practicable Date and (ii) 228,800,000 Rights Shares to be issued upon completion of the Rights Issue, as if the Rights Issue had been completed on 30 June 2022.

**B. ACCOUNTANT’S REPORT ON UNAUDITED PRO FORMA FINANCIAL
INFORMATION**

The following is the text of a report, prepared for the sole purpose of inclusion in this prospectus, from the independent reporting accountant, ZHONGHUI ANDA CPA Limited, Certified Public Accountants, Hong Kong.



ZHONGHUI ANDA CPA Limited
Certified Public Accountants

17 February 2023

The Board of Directors
SDM Education Group Holdings Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of pro forma financial information of SDM Education Group Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company for illustrative purposes only. The pro forma financial information consists of the pro forma adjusted consolidated net tangible liabilities as at 30 June 2022 as set out on pages II-1 to II-3 of the prospectus (the “**Prospectus**”) issued by the Company. The applicable criteria on the basis of which the directors have compiled the pro forma financial information are described in Section A of Appendix II to the Prospectus.

The pro forma financial information has been compiled by the directors to illustrate the impact of the Rights Issue on the Group’s consolidated net tangible liabilities as at 30 June 2022 as if the transaction had been taken place at 30 June 2022. As part of this process, information about the Group’s consolidated net tangible liabilities has been extracted by the directors from the Group’s consolidated financial statements as included in the interim report for the period ended 30 June 2022, on which no review report has been published.

Directors' Responsibility for the Pro Forma Financial Information

The directors are responsible for compiling the pro forma financial information in accordance with paragraph 13 of Appendix 1B and paragraph 31 of Chapter 7 of the Rules Governing the Listing of Securities on the GEM of The Stock exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and with reference to Accounting Guideline (“**AG**”) 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 31(7) of Chapter 7 of the GEM Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountant plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the pro forma financial information in accordance with paragraph 31 of Chapter 7 of the GEM Listing Rules and with reference to AG 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in the Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2022 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We make no comments regarding the reasonableness of the amount of net proceeds from the Rights Issue, the application of those net proceeds, or whether such use will actually take place as described under "Reasons for and benefits of the Rights Issue and use of proceeds" set out on pages 28 to 30 of the Prospectus.

Opinion

In our opinion:

- (a) the pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 31(1) of Chapter 7 of the GEM Listing Rules.

Yours faithfully,

ZHONGHUI ANDA CPA Limited

Certified Public Accountants

Li Shun Fai

Practising Certificate Number P05498

Hong Kong

1. RESPONSIBILITY STATEMENT

This Prospectus, 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 Prospectus 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 Prospectus misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; and (ii) immediately following the completion of the Rights Issue (assuming no further issue of Shares from the Latest Practicable Date up to the completion of the Rights Issue) was and will be as follows:

(i) As at the Latest Practicable Date

Authorised: HK\$

<u>8,000,000,000</u>	Shares of HK\$0.1 each	<u>800,000,000</u>
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Issued and fully paid:

<u>457,600,000</u>	Shares of HK\$0.1 each	<u>45,760,000</u>
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(ii) Immediately following the completion of the Rights Issue (assuming no further issue of Shares from the Latest Practicable Date up to the completion of the Rights Issue)

Issued and fully paid: HK\$

<u>457,600,000</u>	Shares of HK\$0.1 each	<u>45,760,000</u>
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Number of Rights Shares to be issued:

<u>228,800,000</u>	Shares of HK\$0.1 each	<u>22,880,000</u>
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Number of Shares in issue immediately following completion of the Rights Issue:

<u>686,400,000</u>	Shares of HK\$0.1 each	<u>68,640,000</u>
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As at the Latest Practicable Date, there are (i) 29,710,000 outstanding Share Options granted by the Company carrying rights for the holders thereof to subscribe for an aggregate of 29,710,000 new Shares; and (ii) the Convertible Notes entitling the holders thereof to convert into 19,124,056 Shares. Save as disclosed below, the Company has no other outstanding convertible securities, options or warrants, which confer any right to subscribe for or convert or exchange into the Shares.

As at the Latest Practicable Date, no share or loan capital of the Company or any members of the Group had been put under option or agreed conditionally or unconditionally to be put under option.

All issued Shares rank pari passu in all respects with each other, including, in particular, as to rights to dividends, voting rights and return of capital.

The Rights Shares to be allotted and issued will, when issued, rank pari passu in all respects with the Shares then in issue. Holders of the Rights Shares will be entitled to receive all dividends and distributions which may be declared, made or paid on or after the date of issue of Rights Shares. As at the Latest Practicable Date, there was no arrangement under which future dividends are waived or agreed to be waived.

No part of the share capital or any other securities of the Company has been listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

3. SHARE OPTION SCHEMES

As at the Latest Practicable Date, there are 29,710,000 outstanding Share Options granted by the Company carrying rights for the holders thereof to subscribe for an aggregate of 29,710,000 new Shares pursuant to the Share Option Scheme. Save for the foregoing, as at the Latest Practicable Date, the Company had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares. The Company has no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

Details of the outstanding Share Options as at the Latest Practicable Date are set forth below:

Name of the grantee	Position	Date of grant	Exercise price per Share of Share Options (HK\$)	Exercise period of Share Options	Number of Share Options outstanding as at the Latest Practicable Date
Employees	—	11 February 2020	1.20	11 February 2020 to 10 February 2023	680,000
		25 February 2020	1.44	25 February 2020 to 24 February 2023	300,000
		15 June 2021	0.40	15 June 2021 to 14 June 2024	15,192,000
Tan Phek Huan	Consultant	25 February 2020	1.44	25 February 2020 to 24 February 2023	1,000,000
Goh Kin Siang	Consultant	25 February 2020	1.44	25 February 2020 to 24 February 2023	1,000,000
Ace Data Solution Limited	IT supplier	15 June 2021	0.40	15 June 2021 to 14 June 2024	3,846,000
Li Zhi Wei	Business partner	15 June 2021	0.40	15 June 2021 to 14 June 2024	3,846,000
Zhou Yun Jian	Business partner	15 June 2021	0.40	15 June 2021 to 14 June 2024	3,846,000
Total					29,710,000

4. DISCLOSURE OF INTERESTS

(a) **Interests or short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and the Company's associated corporations**

As at the Latest Practicable Date, the interests or short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required, pursuant to Rule 5.46 to Rule 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange were as follows:

Long positions in the Shares of the Company

Name of Director/ chief executive	Nature of interest	Total number of issued Shares held	Approximate percentage of the issued Shares (%) (Note 1)
Mr. Chiu	Interest of a controlled, corporation beneficial owner and family interest	278,750,000 (Note 2)	60.92
Dr. Chun	Beneficial owner and family interest	278,750,000 (Note 3)	60.92

Notes:

- (1) As at the Latest Practicable Date, the total issued Shares was 457,600,000 Shares.
- (2) Wealthy Together is wholly and beneficially owned by Mr. Chiu, an executive Director and the Chairman of the Company. Mr. Chiu is deemed to be interested in 198,750,000 Shares held by Wealthy Together by virtue of his 100% shareholding interest in Wealthy Together. Mr. Chiu beneficially owned 31,000,000 Shares and Dr. Chun being the spouse of Mr. Chiu, beneficially owned 49,000,000 Shares. By virtue of the SFO, Mr. Chiu is deemed to be interested in 278,750,000 shares.
- (3) Dr. Chun, an executive Director of the Company, is the spouse of Mr. Chiu and is therefore deemed to be interested in all the shares held/owned by Mr. Chiu (by himself or through Wealthy Together) by virtue of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had, or deemed to have, any interests or short positions in any Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 to Rule 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange.

(b) Substantial shareholders' interests or short positions in the Shares, underlying Shares and debentures of the Company

As at the Latest Practicable Date, so far as was known to the Directors and chief executive of the Company, the following persons, other than a Director or chief executive of the Company, had, or was deemed or taken to have an interest or short position in the Shares, underlying Shares and debentures of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, as required in the register required to be kept by the Company under Section 336 of the SFO:

Long position in the Shares of the Company

Name of Shareholder	Nature of interest	Total number of issued Shares held	Approximate percentage of the issued Shares (%) (Note 1)
Wealthy Together	Beneficial owner	198,750,000 (Note 2)	43.43
Hui Pui Cheung	Beneficial owner	39,980,000	8.74
Chen Jiaxin	Interest of a controlled corporation	28,000,000	6.12
Tycoon Mind Limited	Beneficial owner	28,000,000	6.12

Notes:

- (1) As at the Latest Practicable Date, the total issued Shares was 457,600,000 Shares.
- (2) Wealthy Together is beneficially and wholly owned by Mr. Chiu, an executive Director and the Chairman of the Company. By virtue of the SFO, Mr. Chiu is deemed to be interested in the shares held by Wealthy Together.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, no person (other than a Director or chief executive of the Company) had, or was taken or deemed to have interests or short positions in any Shares, underlying Shares and debentures of the Company which would fall to be notified to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, as required in the register required to be kept by the Company under Section 336 of the SFO or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

As at the Latest Practicable Date, so far as known to the Directors and save as disclosed in this section headed “4. DISCLOSURE OF INTERESTS” in this Appendix III, no Director is a director or employee of a company which has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO.

5. DIRECTORS’ SERVICES CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which is not expiring or determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

6. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Registered Office	Clifton House 75 Fort Street P.O. Box 1350 Grand Cayman, KY1-1108 Cayman Islands
Head office and principal place of business in Hong Kong	Room 202B, 2/F Liven House 61-63 King Yip Street Kwun Tong, Kowloon Hong Kong
Hong Kong branch share registrar and transfer office	Union Registrars Limited Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point Hong Kong

Principal Bankers

Hang Seng Bank Limited
83 Des Voeux Road Central,
Central, Hong Kong

Bank of China (Hong Kong) Limited
Bank of China Tower
1 Garden Road
Hong Kong

United Overseas Bank
28/F, Champion Tower,
Three Garden Road,
Central, Hong Kong

DBS Bank (Hong Kong) Limited
11/F, 99 Queen's Road Central,
Central, Hong Kong

Underwriter

Pacific Foundation Securities Limited
Room 4409, 44/F COSCO Tower,
183 Queen's Road Central,
Hong Kong

**Legal Adviser to the Company
as to Hong Kong laws**

M.B. KEMP LLP
23/F Pico Tower,
66 Gloucester Road,
Hong Kong

Financial Adviser to the Company

Veda Capital Limited
Suite 1001, 10/F
299QRC, 299 Queen's Road Central,
Hong Kong

Auditors

Zhonghui Anda CPA Limited
23/F, Tower 2, Enterprise Square Five
38 Wang Chiu Road, Kowloon Bay
Hong Kong

Audit Committee

Mr. Chak Chi Shing
Room 202B, 2/F
Liven House
61-63 King Yip Street
Kwun Tong, Kowloon
Hong Kong

Dr. Hung Siu Ying Patrick

Room 202B, 2/F
Liven House
61-63 King Yip Street
Kwun Tong, Kowloon
Hong Kong

Dr. Kao Ping Suen

Room 202B, 2/F
Liven House
61-63 King Yip Street
Kwun Tong, Kowloon
Hong Kong

Company Secretary**Mr. Wong Wang Kam**

Room 202B, 2/F
Liven House
61-63 King Yip Street
Kwun Tong, Kowloon
Hong Kong

Authorised representatives**Mr. Chiu Ka Lok**

Room 202B, 2/F
Liven House
61-63 King Yip Street
Kwun Tong, Kowloon
Hong Kong

Mr. Chun Chi Ngon Richard

Room 202B, 2/F
Liven House
61-63 King Yip Street
Kwun Tong, Kowloon
Hong Kong

**Business address of all Directors
and authorised representatives**

Room 202B, 2/F
Liven House
61-63 King Yip Street
Kwun Tong, Kowloon
Hong Kong

7. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, arbitration or claims of material importance and no litigation, arbitration or claims of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

8. MATERIAL CONTRACTS

As at the Latest Practicable Date, the following contracts (not being contracts in the ordinary course of business of the Company) have been entered into by members of the Group within two years immediately preceding the date of this prospectus which are or may be material:

1. the Loan Agreement;
2. the placing agreement entered into between the Company and Nardo Capital (International) Limited dated 21 October 2021 in relation of the subscription of the 19,500,000 placing shares of the Company;
3. an addendum to the placing agreement entered into between the Company and Nardo Capital (International) Limited dated 2 November 2021, pursuant to which Nardo Capital (International) Limited shall not be entitled, and shall not have the right to appoint any director to the Board;
4. the placing agreement entered into between the Company and ACCP Global Limited dated 2 November 2021 in relation to placing the 39,000,000 placing shares of the Group on best effort basis;
5. the Irrevocable Undertaking; and
6. Underwriting Agreement.

9. PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY

Executive Directors

Mr. Chiu Ka Lok (趙家樂) (“Mr. Chiu”), aged 48, is our chairman and executive Director. He was appointed as our Director on 12 February 2014 and was re-designated as an executive Director on 24 March 2014. Mr. Chiu is also the member of the remuneration committee of the Company. Mr. Chiu founded our Group in May 2006. Mr. Chiu is primarily responsible for the overall corporate strategies, management and business development of our Group. Prior to establishing Shelly De Mozz, Mr. Chiu was engaged in the production and sales of education software to primary and secondary school teachers. Mr. Chiu was awarded the “Quality Education Fund” from the Government of Hong Kong in 1997 for a “Teachers Learning Programme” project. Since then, Mr. Chiu has continued to develop his career and team in the education industry. Mr. Chiu has approximately ten years of experience in children education and management. Mr. Chiu is the chief executive officer of the Hong Kong Speech and Swallowing Therapy Centre, a company principally engaged in providing swallowing and speech treatment, responsible for business development. He was also a director of Pok Oi Hospital, a charitable organisation providing various services to the local community including child care and education. Mr. Chiu graduated from The University of Science & Technology, Hong Kong, in November 1998, with a bachelor’s degree in computer engineering.

Mr. Chiu is the spouse of Dr. Chun Chun, a non-executive Director of the Company and the son-in-law of Mr. Chun Chi Ngon Richard, an executive Director of the Company and Ms. Yeung Siu Foon, a non-executive Director of the Company.

Mr. Chiu had not been a director of any other listed company for the last three preceding years.

Mr. Chun Chi Ngon Richard (秦志昂) (“Mr. Chun”), aged 75, is our chief executive officer and executive Director. Mr. Chun was appointed as our Director on 12 February 2014 and was redesignated as an executive Director on 24 March 2014. Mr. Chun is also the member of the nomination committee of the Company. Mr. Chun joined our Group in May 2006. Mr. Chun is primarily responsible for procurement, administration and inventory management. Mr. Chun has over 20 years of experience in procurement. Prior to joining our Group, Mr. Chun was the general manager of Mandarin Fashions Limited, a company principally engaged in clothing, from January 1984 to April 1998, and was responsible for the overall management of the Company, meeting customers, purchase order negotiation and finalisation, purchase of raw materials, production supervision, sale of products and exports management.

Mr. Chun is the father-in-law of Mr. Chiu Ka Lok, an executive Director of the Company and the father of Dr. Chun Chun, a non-executive Director of the Company. Mr. Chun is also the spouse of Ms. Yeung Siu Foon, a non-executive Director of the Company.

Mr. Chun had not been a director of any other listed company for the last three preceding years.

Dr. Chun Chun (秦秦) (“Dr. Chun”), aged 47, was appointed as our non-executive Director on 24 March 2014 and re-designated as an executive Director on 10 August 2021. Dr. Chun has approximately 22 years of experience in speech & swallowing therapy. Dr. Chun has worked as a consultant of Hong Kong Speech & Swallowing Therapy Centre, a company principally engaged in providing swallowing and speech treatment. She was responsible for the provision of assessment and treatment for patients and training for internal staff since June 2006. Dr. Chun also worked in various hospitals or bureau. From August 2003 to December 2004, she was the speech and language consultant of the Hong Kong Education Department. From December 2001 to December 2002 and November 1999 to October 2001, Dr. Chun was the speech therapist of Tung Wah Eastern Hospital and Pamela Youde Nethersole Eastern Hospital, respectively. Dr. Chun obtained a bachelor’s degree in Science in Speech and Hearing Sciences and a doctor’s degree in Philosophy from The University of Hong Kong in December 1999 and November 2007, respectively. Dr. Chun is a certified VitalStim Therapy Provider, Deep Pharyngeal Neuromuscular Stimulation Provider and an administrator of the Lee Silverman Voice Treatment. Furthermore, since October 2019, Dr. Chun acts as a school supervisor of SDM-Chatsworth International Kindergarten (Boundary Street) which is operated by a subsidiary of the Company.

Dr. Chun is the spouse of Mr. Chiu, an executive Director of the Company and the daughter of Mr. Chun Chi Ngon Richard, an executive Director of the Company and Ms. Yeung Siu Foon, a non-executive Director of the Company.

Dr. Chun had not been a director of any other listed company for the last three preceding years.

Non-executive Director

Ms. Yeung Siu Foon (楊少寬) (“Ms. Yeung”), aged 72, was appointed as our non-executive Director on 24 March 2014. Ms. Yeung has approximately 16 years of experience in education sector as a teacher. From July 1968 to January 1970, Ms. Yeung worked as a panel teacher in Chiu Kwong Kindergarten. From January 1970 to August 1985, Ms. Yeung worked as a panel teacher and kindergarten officer in Rainbow Middle School. Ms. Yeung graduated from Macao Saint Joseph’s Kindergarten College, Macao, in June 1967, with a secondary certificate in kindergarten teacher.

Ms. Yeung is the mother-in-law of Mr. Chiu Ka Lok, an executive Director of the Company and is the mother of Dr. Chun Chun, a non-executive Director of the Company. Ms. Yeung is also the spouse of Mr. Chun Chi Ngon Richard, an executive Director of the Company.

Ms. Yeung had not been a director of any other listed company for the last three preceding years.

Independent non-executive Director

Mr. Chak Chi Shing (翟志勝) (“**Mr. Chak**”), aged 42, was appointed as our independent non-executive Director on 15 May 2019. Mr. Chak is also the chairman of the remuneration committee, the audit committee and nomination committee of the Company. Mr. Chak obtained a bachelor’s degree in accounting and finance from Curtin University of Technology in Australia. Mr. Chak is a member of CPA Australia and Hong Kong Institute of Certified Public Accountants. Mr. Chak has over 13 years of professional experience in auditing, accounting, corporate finance and financial management and also has over 2 years of experience in company secretarial and corporate governance. Mr. Chak is currently the chief financial officer, company secretary and an authorised representative of Tokyo Chuo Auction Holdings Limited (stock code: 1939) from 13 September 2019, the independent non-executive director of Link-Asia International MedTech Group Limited (stock code: 1143) from 7 June 2021, and the company secretary and an authorised representative of Hao Wen Holdings Limited (stock code: 8019) from 2 January 2020. Mr. Chak was the executive director of China Shenghai Food Holdings Company Limited (stock code: 1676) from December 2018 to September 2019. Mr. Chak served as the company secretary of Bolina Holdings Co., Ltd. (stock code: 1190) from March 2017 to August 2018, and the company secretary of the Company from March 2016 to July 2016.

Save as disclosed above, Mr. Chak had not been a director of any other listed company for the last three preceding years.

Dr. Hung Siu Ying Patrick (洪小瑩) (“**Dr. Hung**”), aged 59, was appointed as our independent non-executive Director on 21 September 2020. Dr. Hung is also a member of the audit committee of the Company, obtained a Doctor of Philosophy degree in Electrical Engineering and a Master of Science degree in electrical engineering from Stanford University, and a Bachelor of Science degree in Electrical Engineering from The University of Hong Kong. Dr. Hung was a consulting assistant professor at Stanford University Computer Systems Laboratory from 2003 to 2009. Dr. Hung cofounded Velosti Technology Limited in 2009 and Alta Sicuro Technology Limited in 2015. He was an external examiner at The Hong Kong Polytechnic University and an external assessor at City University of Hong Kong. Dr. Hung was a Taishan scholar in Shandong Province in China and a Confederation of British Industry Overseas scholar in the United Kingdom.

Dr. Hung had not been a director of any other listed company for the last three preceding years.

Dr. Kao Ping Suen (高炳旋) (“Dr. Kao”), aged 49, was appointed as our independent non-executive Director on 28 February 2022. Dr. Kao is also a member of the audit committee, remuneration committee and nomination committee of the Company, obtained a doctor degree of Education (EdD) in Educational Management (dance education) from the Tarlac State University (TSU) in 2012, a master degree of art from the Chinese University of Hong Kong in 2009, a master degree of education from the Open University of Hong Kong in 2007 and a diploma in dance from the HKU School of Professional and Continuing Education in 2005. He is currently the art director of the Hong Kong Art Troupe of International Folklore, the external secretary of the Hong Kong Schools Dance Association (香港學界舞蹈協會外務秘書), the executive chairman of the Hong Kong Cup International Folklore & Art Festival, the member of the Organising Committee for National Day Celebration by the Circle of Literary and Art in Hong Kong and a guest lecturer of art colleges in the PRC. He is a prestigious icon in the fields of art and education, with 20 years of experiences in playing the role of team leader/director of Hong Kong in the International Festival of Art. Dr. Kao was accredited as a Professional Manager (PMgr) by the HKMA and the Master of Traditional Chinese Culture and Arts by the Chinese Traditional Culture Promotion Society under the Ministry of Culture of the PRC. He is currently the judges of various local, national and international contests of culture and art and is a Doctoral candidate in Business Administration since 2021.

Dr. Kao had not been a director of any other listed company for the last three preceding years.

Senior Management

Ms. Chan Yuen Hong (陳遠航) (“Ms. Chan”), aged 49, joined our Group in April 2007 as marketing officer and was promoted as our general manager and dean of SDM Jazz & Ballet on July 2007. She is primarily responsible for overall school operation including strategic planning, development of curriculum, marketing and general business operation of SDM Jazz & Ballet Academie. Ms. Chan has approximately 16 years of experience in management and marketing. From June 2005 to February 2006, she was the development executive of MV Destination Limited, a company principally engaged in providing event management services, responsible for marketing, promotion and event co-ordination. From July 1998 to July 2003, she was the senior marketing manager of Gold Royal International Enterprise Ltd., a company principally engaged in providing healthcare and beauty services, responsible for product development and training, brand building and marketing. From October 1996 to June 1998, Ms. Chan was a management trainee of The Marco Polo Hong Kong Hotel, responsible for providing assistance to various departments including human resources, marketing, food and beverage, housekeeping, front office and accounts. Ms. Chan graduated from Hong Kong Polytechnic University Hong Kong, in November 1996, with a bachelor’s degree in hotel and catering management. Ms. Chan is currently the chairman of the Hong Kong Children Dance Promotion Association.

Ms. Chan has not been a director of any other listed company for the last three preceding years.

Ms. Yu Sze Wan (余思韻) (“Ms. Yu”), aged 45, was appointed as assistant to general manager in July 2007, as administration and human resources manager in February 2008 and was promoted as head of administrations and deputy general manager in July 2013. Ms. Yu is responsible for coordinating the operation of various departments, human resources planning, and personnel recruitment. Ms. Yu has over 15 years of experience in management. Prior to joining us, Ms. Yu worked as administration assistant in Manulife (International) Limited, a company principally engaged in insurance, investment, asset management and financial planning, responsible for administrative matters, from April 1997 to November 1997. She was a consultant in World Sky International Limited, a company principally engaged in trading and marketing of health products, where she was responsible for providing assistance to improve the workflow, training memo, policies and practices, analyzing training needs, designing employee development programme and conducting product training, from November 1997 to February 2007. Ms. Yu obtained a certificate in secretarial studies from Sacred Heart Canossian Commercial School, Hong Kong, in June 1996. Ms. Yu is the administrative officer of the Hong Kong Children Dance Promotion Association. Ms. Yu obtained certificates in personnel administration and operations as well as in human resources management from the Hong Kong Management Association in 2011.

Ms. Yu has not been a director of any other listed company for the last three preceding years.

10. EXPERT AND CONSENT

The following is the qualification of the experts who have given statement or opinion or advice for inclusion in this Prospectus:

Name	Qualification
Veda Capital Limited	A licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
Zhonghui Anda CPA Limited	Certified Public Accountants

As at the Latest Practicable Date, the above experts have given, and has not withdrawn, its written consent to the issue of this Prospectus with the inclusion of its letter and references to its name in the form and context in which they appear.

As at the Latest Practicable Date, the above experts did not have any shareholding, direct or indirect, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the above experts did not have any interest, direct or indirect, in any asset which have been since 31 December 2021, being the date on which the latest published audited financial statements of the Group were made up, acquired or disposed of or leased to any member of the Group or were proposed to be acquired or disposed of or leased to any member of the Group.

11. EXPENSES

The expenses in connection with the Rights Issue and the application for listing, including underwriting commission, printing, registration, translation, legal and accounting charges are estimated to amount to approximately HK\$1.42 million and will be payable by the Company.

12. DIRECTORS' INTEREST IN ASSETS AND CONTRACTS OF SIGNIFICANCE

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which have been, since 31 December 2021 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group, subsisting at such date and which was significant in relation to the business of the Group.

13. RESTRICTION AFFECTING REMITTANCE OF PROFIT AND CAPITAL

The Directors are not aware of any restriction affecting the remittance of profits or repatriation of capital of the Group into Hong Kong from outside Hong Kong.

14. FOREIGN EXCHANGE LIABILITIES

Other than the operations of the Group's Singapore subsidiary being denominated in Singapore Dollars, the Group's business operations, assets and liabilities are mainly denominated in HK\$. The Group has not entered into agreements or financial instruments to hedge the Group's exchange rate risks, but manages foreign currency risk by closely monitoring the movement of the foreign currency rates.

The Company does not have any forecasted or planned dividends that will be required to be paid with foreign exchange. The Company will have sufficient cash and cash equivalents to meet its foreign exchange liabilities as they become due.

15. GENERAL

- (i) As of the Latest Practicable Date, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside of Hong Kong.
- (ii) As of the Latest Practicable Date, save for the Irrevocable Undertakings, the Board had not received any information from any substantial Shareholders of their intention to take up the Rights Shares to be provisionally allotted or offered to them under the Rights Issue.

- (iii) The business address of each of the Directors and senior management of the Company is Room 202B, 2/F Liven House, 61-63 King Yip Street, Kwun Tong, Kowloon, Hong Kong.
- (iv) The English text of this Prospectus shall prevail over the Chinese text for the purpose of interpretation.
- (v) The company secretary of the Company is Mr. Wong Wang Kam, who is a member of the Hong Kong Institute of Certified Public Accountants and CFA Institute.
- (vi) The compliance officer of the Company is Mr. Chiu Ka Lok, who is also an executive Director.

16. LEGAL EFFECT

The Prospectus Documents and all acceptance of any offer or application contained therein are governed by and shall be construed in accordance with the laws of Hong Kong. The Prospectus Documents shall have the effect, if an application is made pursuant hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (WUMP) Ordinance so far as applicable.

17. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of each of the Prospectus Documents and the written consent referred to in the paragraph headed “10. EXPERT AND CONSENT” in this appendix, have been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (WUMP) Ordinance.

18. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors, controlling shareholders and their respective close associates had any interest in any business which competes or might compete, either directly or indirectly, with the businesses of the Group.

19. AUDIT COMMITTEE

As of the Latest Practicable Date, the audit committee of the Board comprised the independent non-executive Directors, namely Mr. Chak Chi Shing as the chairman and Dr. Hung Siu Ying Patrick and Dr. Kao Ping Suen as the members. The background, directorship and past directorship (if any) of each of the members of the audit committee of the Board are set forth in the paragraphs under “9. PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY” in this appendix. The audit committee of the Board was established with written terms of reference adopted in compliance with the GEM Listing Rules to (i) review and supervise the financial reporting process and risk management and internal control systems of the Group; (ii) nominate and monitor external auditors; and (iii) provide advice and comments to the Board on matters related to corporate governance.

20. DOCUMENTS ON DISPLAY

The following documents are available on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.sdm.hk) for period of 14 days from the date of this Prospectus:

- (i) the material contracts referred to the paragraph headed “8. MATERIAL CONTRACTS” in this appendix;
- (ii) the annual reports of the Company for the financial years ended 31 December 2019, 31 December 2020 and 31 December 2021, and the interim report of the Company for the six months ended 30 June 2022;
- (iii) the letter from Zhonghui Anda CPA Limited on the unaudited pro forma financial information of the Group, the text of which is set out in Appendix II to this Prospectus;
- (iv) the letter of written consent referred to in the paragraph headed “10. EXPERT AND CONSENT” in this appendix; and
- (v) the Prospectus Documents.