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## **SDM Education Group Holdings Limited**

### **SDM教育集團控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8363)**

## **VOLUNTARY ANNOUNCEMENT IN RELATION TO POTENTIAL SETTLEMENT OF THE CONVERTIBLE NOTE**

This announcement is made by SDM Education Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis. The purpose of this announcement is to keep the shareholders (the “**Shareholders**”) of the Company and potential investors informed of the latest development of the potential settlement of the Convertible Note.

References are made to the announcements of the Company dated 27 December 2018, 12 February 2019 and 14 April 2022 (the “**Announcements**”) in relation to the issue and potential settlement of the Convertible Note. Unless otherwise stated herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

### **BACKGROUND OF THE CONVERTIBLE NOTE**

On 24 December 2018 and 12 February 2019, the Company, SDM Asia Limited (the “**Issuer**”), a wholly-owned subsidiary of the Company, and Barium Real Limited (the “**Noteholder**”) entered into the Subscription Agreement and the Amendment Deed respectively. Pursuant to the Subscription Agreement and the Amendment Deed, the Issuer conditionally agreed to issue and the Noteholder conditionally agreed to subscribe for the Convertible Note in the principal amount of US\$25,000,000 (equivalent to approximately HK\$195,000,000). The Convertible Note bears coupon interest at the rate of 8% per annum, payable upon redemption by the Noteholder on the maturity date on 31 March 2023. The Convertible Note shall be converted into new preference shares of the Issuer upon the occurrence of certain events as detailed in the Subscription Agreement and the Amendment Deed.

On 12 February 2019, the Issuer and the Company executed the Note Instrument in favour of the Noteholder where the Company unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable by the Issuer in relation to the Convertible Note. The Convertible Note is guaranteed by the Company and secured by the entire equity interest in the Issuer. The Convertible Note in the principal amount of US\$25,000,000 (equivalent to approximately HK\$195,000,000) has been issued by the Issuer to the Noteholder.

As disclosed in the Company's announcement dated 14 April 2022, the Company has been discussing with the Noteholder to explore the possibility of settlement of the Convertible Note since 2022. As disclosed in the second interim report for the twelve months ended 31 December 2023, the Issuer, the Company and the Noteholder reached a consensus to extend the repayment date of the indebtedness under the Convertible Note by installments. As at 31 December 2023, the Company has remitted US\$3.5 million (equivalent to approximately HK\$27.3 million) to the Noteholder for partial repayment. Additional partial repayment of US\$0.16 million (equivalent to approximately HK\$1.25 million) has been made up to the date of this announcement.

#### **POTENTIAL SETTLEMENT OF THE CONVERTIBLE NOTE**

The Company has been in active and arm's length negotiation with the Noteholder with a view to reach a settlement plan of the Convertible Note as soon as possible. The potential settlement plan may, amongst others, involve the transfer of shares of the Issuer, which may constitute notifiable transaction(s) of the Company under Chapter 19 of the GEM Listing Rules.

As at the date hereof, the terms and conditions of the potential settlement plan of the Convertible Note have not been finalised. The Company will make further announcement(s) in accordance with the GEM Listing Rules in due course to inform the Shareholders and potential investors of any further material progress in relation to the Convertible Note.

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

Hong Kong, 17 April 2024

*As at the date of this announcement, the executive Directors are Mr. Chiu Ka Lok, Mr. Chun Chi Ngon Richard and Dr. Chun Chun, the non-executive Director is Ms. Yeung Siu Foon and the independent non-executive Directors are Dr. Kao Ping Suen, Mr. Chak Chi Shing and Mr. Sek Sing Chor.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain at [www.hkexnews.hk](http://www.hkexnews.hk) on the “Latest Listed Company Information” page of the Stock Exchange’s website for at least 7 days from the date of its posting and on the Company website at [www.sdm.hk](http://www.sdm.hk).*