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Edvantage Group Holdings Limited

中匯集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 0382)

CONTINUING CONNECTED TRANSACTIONS

(1) HOTEL MANAGEMENT CONTRACT

(2) HOTEL USAGE AGREEMENT

On 1 November 2024 (Hong Kong time after trading hours), Huashang Hotel (a wholly-owned subsidiary of the Company) and Sun City Hotel entered into the Hotel Management Contract and the Hotel Usage Agreement.

As Sun City Hotel, the counterparty to both the Hotel Management Contract and the Hotel Usage Agreement, is a company indirectly owned by Mr. Liu and Ms. Chen as to 50% and 50% respectively, and hence an associate and a connected person of the Company under Chapter 14A of the Listing Rules, the transactions contemplated under each of the Hotel Management Contract and the Hotel Usage Agreement constitute continuing connected transactions of the Group.

As the PRC Lease (2024 Renewal) Framework Agreement, the Hotel Management Contract and the Hotel Usage Agreement took place within a 12-month period, the PRC Lease (2024 Renewal) Framework Agreement, the Hotel Management Contract and the Hotel Usage Agreement shall be aggregated as a single series of transactions pursuant to Rule 14A.81 of the Listing Rules. The transactions contemplated under each of the Hotel Management Contract and the Hotel Usage Agreement were entered into on normal commercial terms or better that are fair and reasonable, and one or more of the applicable percentage ratios in respect of the transactions contemplated under the Hotel Management Contract and the Hotel Usage Agreement, when aggregated with the transactions contemplated under the PRC Lease (2024 Renewal) Framework Agreement on an annual basis under Chapter 14A of the Listing Rules exceed 0.1% but all are lower than 5%. Pursuant to Rule 14A.76(2)(a) of the Listing Rules, the transactions under each of the Hotel Management Contract and the Hotel Usage Agreement are exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules, but are subject to the reporting, annual review, and announcement requirements.

INTRODUCTION

On 1 November 2024 (Hong Kong time after trading hours), Huashang Hotel (a wholly-owned subsidiary of the Company) and Sun City Hotel entered into (i) the Hotel Management Contract, which provides for short-term arrangement under which Huashang Hotel would provide Hotel Management Services to Sun City Hotel at the Premises (as defined in the section “1. Hotel Management Contract” below) during the Transitional Period; and (ii) the Hotel Usage Agreement, under which the Group would be entitled to operate and manage its hotel business at the Premises after the end of the Transitional Period.

1. Hotel Management Contract

The principal terms of the Hotel Management Contract are summarised below:

Date: 1 November 2024 (after trading hours)

Parties: (i) Huashang Hotel (a wholly-owned subsidiary of the Company); and
(ii) Sun City Hotel

Duration: From the date of entering into of the Hotel Management Contract up to the earlier of (i) 31 October 2025; or (ii) the end of the Transitional Period and when Huashang Hotel and Sun City Hotel complete the calculation of the fees payable under the Hotel Management Contract (both days inclusive).

If Huashang Hotel has not obtained the Hotel Qualifications by 31 October 2025, Huashang Hotel and Sun City Hotel shall negotiate on the renewal of the Hotel Management Contract.

Major terms: During the Transitional Period, Sun City Hotel shall provide the following properties (“Premises”):

- (1) Sun Hin on the 1st Floor, hotel lobby, 2nd Floor to 3rd Floor, conference room, meeting room, business centre, multi-purpose conference room, reading room, small meeting room, restaurant on the 4th Floor and guest rooms on the 5th Floor to 12th Floor of Sun City Hotel Guangzhou, No. 151 Guangshen Avenue, Xintang Town, Zengcheng District, Guangzhou, the PRC;

- (2) 1st Floor to 5th Floor and hotel office area on the 6th Floor of Sun City Hotel Guangzhou, No. 151.1, Guangshen Avenue, Xintang Town, Zengcheng District, Guangzhou, the PRC;
- (3) Staff dormitories on 3rd Floor to 5th Floor, No.160 Jiefang North Road, Xintang Town, Zengcheng District, Guangzhou, the PRC; and
- (4) Staff canteen, function rooms on 2nd Floor and 3rd Floor to 8th Floor, No. 86, Weishan North 2nd Road, Xintang Town, Zengcheng District, Guangzhou, the PRC.

During the Transitional Period, Huanshang Hotel will provide Hotel Management Services to Sun City Hotel in respect of the Premises, including but not limited to the following:

- (1) Daily operation and management — comprehensive management of daily hotel operations, including but not limited to management and operation of rooms and facilities and catering services, etc.; maintenance of the daily cleaning and maintenance work of the Premises; monitoring of service quality; and coordination of the work processes of various departments of the Premises;
- (2) Financial monitoring — comprehensive financial management of the Premises' income and expenses including budgeting, financial reporting and costs control;
- (3) Marketing promotion — including development and implementation of hotel marketing strategies and carrying out promotional activities; Premises' brand building and maintenance; and establishing good cooperative relationships with travel agencies and other partners;
- (4) Customer service — including reception, reservation, complaint handling, provision of personalised service solutions; and establishment of customer relationship management system;

- (5) Personnel training — development of employee training plans; organisation of regular vocational skills training and assessments; recruitment, selection and training of outstanding management talents and technical key personnel; and
- (6) Other services — hotel safety management; management of the Premises' information technology system and information technology support; handling emergencies and formulation of emergency plans; and provision of other related management consulting services with reference to Sun City Hotel's needs.

Sun City Hotel shall provide all necessary support and cooperation to ensure Huashang Hotel is able to perform the Hotel Management Services smoothly.

Consideration and
payment terms:

Payment Terms

- (1) During the Transitional Period, Sun City Hotel shall pay Service Fees to Huashang Hotel for the Hotel Management Services provided by Huashang Hotel, which shall be the profit generated from the operation of the Premises during the Transitional Period under the management of Huashang Hotel.
- (2) Huashang Hotel shall pay the Cost of Property Use to Sun City Hotel. The Cost of Property Use shall be RMB3 million/year.

Assessment and Payment Arrangements

Within 30 days after the end of each semi-annual period (i.e. every 6 months) during the term of the Hotel Management Contract, Huashang Hotel and Sun City Hotel shall assess and reconcile the revenue and expenses of operation, the Cost of Property Use in relation to and the profits and losses arising from the operation of the Premises.

Based on such assessment:

- if the profit generated from the operation of the Premises under the management of Huashang Hotel during the relevant semi-annual period, after deducting the Cost of Property Use is not less than zero, Sun City Hotel shall pay an amount equivalent to the Service Fees minus the Cost of Property Use for the relevant semi-annual period to Huashang Hotel's designated bank account within 5 business days after the review;
- if the profit generated from the operation of the Premises under the management of Huashang Hotel during the relevant semi-annual period, after deducting the Cost of Property Use, is less than zero, or if a loss is incurred in that regard Huashang Hotel shall on top of the Cost of Property Use also bear such shortfall or loss by paying an amount equivalent to the profit generated/loss incurred from the operation of the Premises under the management of Huashang Hotel minus Cost of Property Use for the relevant semi-annual period to Sun City Hotel's designated bank account within 5 business days after the review.

Management Security Deposit

Huashang Hotel shall pay a security deposit in the sum of RMB3 million (“**Management Security Deposit**”) to Sun City Hotel within 15 business days after the day on which the Hotel Management Contract takes effect, to secure the full and proper performance of Huashang Hotel's obligations under the Hotel Management Contract. Upon the expiration or early termination of the Hotel Management Contract, the Management Security Deposit will either be: (i) in case Huashang Hotel has obtained the Hotel Qualifications by then, transferred as Usage Security Deposit (as defined below) for the purpose of the Hotel Usage Agreement; or (ii) in case Huashang Hotel has not yet obtained the Hotel Qualifications by then, refunded to Huashang Hotel without interest in accordance with the provisions of the Hotel Management Contract, in each case after deducting all outstanding Cost of Property Use and any other amounts payable by Huashang Hotel as a result of its breach (if any) of the Hotel Management Contract.

Unless otherwise stipulated in the Hotel Management Contract, Huashang Hotel shall not for any other reason request Sun City Hotel to deduct the Cost of Property Use and other amounts payable by Huashang Hotel to Sun City Hotel from the Management Security Deposit or other deposits stipulated in the Hotel Management Contract.

Arrangements on handling of profit and expenses

During the Transitional Period, the profit and expenses in relation to the operation of the Premises shall be handled through Sun City Hotel's designated bank account of which Huashang Hotel has full control, and Sun City Hotel shall issue receipts to the Premises' customers.

2. Hotel Usage Agreement

The principal terms of the Hotel Usage Agreement are summarised below:

Date: 1 November 2024 (after trading hours)

Parties: (i) Huashang Hotel (a wholly-owned subsidiary of the Company); and
(ii) Sun City Hotel

Duration: One year commencing from the date on which Huashang Hotel obtains the Hotel Qualifications (both days inclusive).

Subject to compliance with the relevant provisions under the Listing Rules, Huashang Hotel has the right (but not the obligation) to elect to extend the term of the Hotel Usage Agreement under the same terms for a further term of 3 years, by way of written notice to Sun City Hotel before the expiry of the term of the Hotel Usage Agreement.

Conditions precedent: The taking effect of the Hotel Usage Agreement is conditional upon the obtaining of the Hotel Qualifications by Huashang Hotel on or before 31 October 2025.

If Huashang Hotel fails to obtain the Hotel Qualifications on or before 31 October 2025, the Hotel Usage Agreement shall automatically be terminated with immediate effect.

Major terms:

Sun City Hotel shall provide the Premises to Huashang Hotel.

Sun City Hotel shall provide the following facilities and equipment for use by Huashang Hotel (“**Cooperation Facilities and Equipment**”): Kitchen equipment, electronic equipment, office equipment, furniture and motor vehicles.

Huashang Hotel shall operate the hotel business on its own at the Premises and be responsible for the daily operation and overall management of the Premises. The Premises shall be used for hotel operation-related purposes. All profits or losses arising from the operation and management of the Premises shall be borne by Huashang Hotel.

If Sun City Hotel fails to provide all necessary support and cooperation thereby causing Huashang Hotel not being able to carry out hotel operation normally, Sun City Hotel shall bear loss suffered by Huashang Hotel arising therefrom.

Consideration and
payment terms:

Usage Fees

During the term of the Hotel Usage Agreement, Huashang Hotel shall pay Sun City Hotel the Usage Fees. The Usage Fees shall be RMB3 million/year.

Usage Security Deposit

Upon the expiration or early termination of the Hotel Management Contract, if Huashang Hotel has obtained the Hotel Qualifications by then, the remaining amount of the Management Security Deposit under the Hotel Management Contract (after any deduction pursuant thereto) shall be transferred to stand as security deposit (“**Usage Security Deposit**”) to secure the full and proper performance of Huashang Hotel’s obligations under the Hotel Usage Agreement. In case the Management Security Deposit transferred is less than RMB3 million (whether because of deduction in part or in whole under the Hotel Management Contract or otherwise), Huashang Hotel shall replenish the Usage Security Deposit to RMB3 million within 15 business days after the day on which the Hotel Usage Agreement takes effect.

Upon the expiration or early termination of the Hotel Usage Agreement, the Usage Security Deposit will be refunded to Huashang Hotel without interest in accordance with the provisions of the Hotel Usage Agreement, after deducting all outstanding Usage Fees and any other amounts payable by Huashang Hotel as a result of its breach (if any) of the Hotel Usage Agreement.

Unless otherwise stipulated in the Hotel Usage Agreement, Huashang Hotel shall not for any other reason request Sun City Hotel to deduct the Usage Fees and other amounts payable by Huashang Hotel to Sun City Hotel from the Usage Security Deposit or other deposits stipulated in the Hotel Usage Agreement.

Payment Terms

Within 15 days from the date of taking effect of the Hotel Usage Agreement, Huashang Hotel shall pay Sun City Hotel the Usage Fees of RMB3 million for the year on a one-off basis. Any delay in the payment of Usage Fees by Huashang Hotel is a breach of the Hotel Usage Agreement for which Huashang Hotel shall be liable.

Representations and
Warranties by
Huashang Hotel:

Standard representations and warranties customary to similar agreements governing hotel usage, including but not limited to the following:

- (i) Huashang Hotel shall keep the Premises and the Cooperation Facilities and Equipment in good repair and refrain from carrying out structural alteration, except with the prior consent of Sun City Hotel; and
- (ii) Huashang Hotel shall refrain from transferring, renting or lending the Premises and the Cooperation Facilities and Equipment to third parties other than in the ordinary and usual course of business of the Premises, except with the prior consent of Sun City Hotel.

PROPOSED ANNUAL CAPS

The following table sets out the proposed annual caps of the continuing connected transactions under the Hotel Management Contract and the Hotel Usage Agreement for the two years ending 31 October 2026:

	For the year ending	
	31 October	
	2025	2026
	(RMB'000)	(RMB'000)
Amount payable by Huashang Hotel to Sun City Hotel under the Hotel Management Contract and Hotel Usage Agreement (<i>Note 1</i>)	9,000	6,000
Amount payable by Sun City Hotel to Huashang Hotel under the Hotel Management Contract and the Hotel Usage Agreement (which for the avoidance of doubt shall be exclusive of refund of Management Security Deposit and Usage Security Deposit) (<i>Note 2</i>)	15,000	0

Notes:

1. At any point in time during the two years ending 31 October 2026, Huashang Hotel will either provide Hotel Management Services to Sun City Hotel under the Hotel Management Contract (which is the case before Huashang Hotel obtains the Hotel Qualifications) or use the Premises and the Cooperation Facilities and Equipment to carry on its own hotel business under the Hotel Usage Agreement (which is the case after Huashang Hotel obtains the Hotel Qualifications).

In case Huashang Hotel could obtain the Hotel Qualifications prior to 31 October 2025, during the year ending 31 October 2025, the amount that may be payable by Huashang Hotel to Sun City Hotel under the Hotel Management Contract and Hotel Usage Agreement include Cost of Property Use and/or Usage Fees, Management Security Deposit and/or Usage Security Deposit, as well as loss incurred from the operation of the Premises under the management of Huashang Hotel.

In case Huashang Hotel only obtains the Hotel Qualifications on 31 October 2025, during the year ending 31 October 2026, as the Hotel Management Contract would have expired by then, the amount that may be payable by Huashang Hotel to Sun City Hotel under the Hotel Usage Agreement include Usage Fees and Usage Security Deposit. Therefore, the annual cap for the year ending 31 October 2026 is lower when compared to the annual cap for the year ending 31 October 2025.

In case Huashang Hotel could not obtain the Hotel Qualifications by 31 October 2025, both of the Hotel Management Contract and the Hotel Usage Agreement will have no effect during the year ending 31 October 2026 unless otherwise renewed by the parties in which case the Company will re-comply with all relevant requirements under the Listing Rules.

2. In light of the transaction arrangements as explained above, during the year ending 31 October 2025, the amount that may be payable by Sun City Hotel to Huashang Hotel include Service Fees under the Hotel Management Contract.

During the year ending 31 October 2026, as the Hotel Management Contract would have expired by then, Sun City Hotel will not be required to pay any Service Fees to Huashang Hotel. Therefore, the annual cap for the year ending 31 October 2026 is zero.

BASIS OF THE PROPOSED ANNUAL CAPS

The proposed annual caps in relation to the amount payable by Huashang Hotel to Sun City Hotel and the amount payable by Sun City Hotel to Huashang Hotel under the Hotel Management Contract and Hotel Usage Agreement are determined with reference to the following factors:

- (i) the expected costs of Huashang Hotel in providing the Hotel Management Services;
- (ii) the value of use of the Premises and Cooperation Facilities and Equipment provided by Sun City Hotel based on the opinion from an independent valuer; and
- (iii) the historical performance of the Premises under the management of Sun City Hotel with reference to the financial results of the Premises, including historical profit, occupancy rate and rental.

The Cost of Property Use under the Hotel Management Contract and the Usage Fees under the Hotel Usage Agreement, which are both RMB3 million/year, are both determined with reference to the value of use of the Premises and Cooperation Facilities and Equipment provided by Sun City Hotel based on the opinion from an independent valuer, with a substantial discount of approximately 80%, which is offered by Sun City Hotel. According to such opinion, the value of use of Sun City Hotel Guangzhou is not less than RMB15 million/year; yet, Sun City Hotel is willing to provide great support to the Group for enhancing its teaching quality and reducing the expenditures of the Group, and hence agreed to only charge the Group RMB3 million/year for its use of Sun City Hotel Guangzhou under the Hotel Management Contract and the Hotel Usage Agreement.

As the term of the lease of the Premises under the Hotel Management Contract and the Hotel Usage Agreement is 12 months from the commencement date and such lease does not contain any purchase option, the Group applies the short-term lease recognition exemption under the International Financial Reporting Standard 16 issued by the International Accounting Standards Board (IFRS 16) to such lease. Accordingly, the Group will recognise the lease payments under the Hotel Management Contract and the Hotel Usage Agreement as expenses on a straight-line basis over the lease term, instead of recognising the right-of-use asset at the commencement date of the lease.

IMPLICATIONS ON EXISTING CONTINUING CONNECTED TRANSACTIONS WITH SUN CITY HOTEL

Whereas certain portions of the Premises have been leased by Sun City Hotel to the Group under the PRC Lease (2024 Renewal) Framework Agreement, the Company will terminate the relevant individual agreements such that the Group will not pay duplicate rental fees/usage fees in respect of the same premise(s) under the Hotel Management Contract and Hotel Usage Agreement on the one hand and the PRC Lease (2024 Renewal) Framework Agreement on the other hand at all material times during the term of the Hotel Management Contract and Hotel Usage Agreement. For the avoidance of doubt, the PRC Lease (2024 Renewal) Framework Agreement is neither terminated nor varied.

Under the Hotel Service (2024 Renewal) Framework Agreement, Sun City Hotel will (i) provide to the Group various hotel services, which are accommodation, catering, and meeting and conference services, (ii) provide course materials to Huashang Hospitality Management School and (iii) provide experimental and practical training facilities and scenario-based practical courses to students in Huashang Hospitality Management School. After the taking effect of the Hotel Management Contract and Hotel Usage Agreement, whereas the Group will manage/operate on its own the hotel business of Sun City Hotel Guangzhou through Huashang Hotel, Sun City Hotel may still provide the foregoing services in respect of other portions of Sun City Hotel Guangzhou to the Group upon request of the Group in accordance with the terms and scope of the Hotel Service (2024 Renewal) Framework Agreement. Moreover, the term of the Hotel Service (2024 Renewal) Framework Agreement will expire on 31 August 2027, whereas it is expected that the term of the Hotel Management Contract and Hotel Usage Agreement will expire prior to the expiry of the Hotel Service (2024 Renewal) Framework Agreement and the Hotel Usage Agreement may or may not be renewed depending on the business performance of the Premises under the management of the Huashang Hotel during the term of the Hotel Management Contract and the Hotel Usage Agreement. In light of the above, the management considers that the Hotel Service (2024 Renewal) Framework Agreement shall neither be terminated nor varied.

REASONS FOR AND BENEFITS OF THE HOTEL MANAGEMENT CONTRACT AND THE HOTEL USAGE AGREEMENT

Integration of Industry and Education

The Group entered into the Hotel Management Contract and the Hotel Usage Agreement with Sun City Hotel with an aim to utilising Sun City Hotel Guangzhou as a teaching hotel of the Group, which will provide its students especially those in Huashang Hospitality Management School abundant training opportunities to give all-round exposure in hospitality and hotel management.

Huashang Hospitality Management School, a school under Huashang Vocational College, was founded in September 2014, which functions as an integrated teaching and training centre covering all hotel-operation related aspects. The school designs practical learning programmes that encourage and give students the opportunity to work closely with hospitality professionals so they can develop practical skills to all areas of hotel operations. For such purpose, the Group has been partnering with multiple high-end hotels in the PRC including but not limited to the Sun City Hotel Guangzhou operated by Sun City Hotel, and aims to train professionals according to the market demand by closely following industry trends and employment needs. Through the Group's cooperation training programmes with enterprises, the Group's students at the school undergo mandatory practical training programmes/internships related to their area of study before graduation.

In particular, Huashang Hospitality Management School's close relationship with Sun City Hotel enables a rich and differentiated learning experience to the Group's students. Leveraging the Group's established relationship with Sun City Hotel, the Group has hired lecturer with industry experience to teach at the Group's school and provide real-world instruction and advice to the Group's students. Further, Sun City Hotel also provides practical training programmes, internships, and other learning opportunities as well as course materials to students of Huashang Hospitality Management School.

Against such background, the Company considers that through the cooperation under the Hotel Management Contract and the Hotel Usage Agreement, the Group will be able to ride on the existing team of Sun City Hotel and the reputation of Sun City Hotel Guangzhou to provide learning opportunities to and enhance the learning experience of the Group's students, especially given Sun City Hotel is obliged to provide all necessary support and cooperation to enable Huashang Hotel to perform the Hotel Management Services under the Hotel Management Contract and carry out hotel operation under the Hotel Usage Agreement.

In particular, having the Group's teaching team which comprises, among others, professionals who have rich hotel management experience, joining force with the existing team of Sun City Hotel (including but not limited to Mr. Liu and Ms. Chen) which has more than 30 years of experience in hotel management, the Group will be in a better position to provide more in-depth and real-life hotel management experience to its students, which will enhance the overall teaching quality of Huashang Hospitality Management School, further facilitating the career preparation and development of its students. The management believes that such arrangement will also enhance the reputation of the Group and in turn boost the number of student enrolments in the Group's schools.

Although the Group may implement integration of industry and education by cooperating with other enterprises which carry on hotel business, as such hotel businesses are under the operation of third parties enterprises, the participation of students in the operation of the hotel business under such model may be more restricted. In contrast, if the Group operates a hotel(s) on its own, it will be in a better position to offer greater opportunities for its students to have a more comprehensive exposure to hotel operation and management in all aspects, ranging from business planning, budgeting and costs and revenue management, customer service, marketing, via which students will be able to put knowledge into practice and deepen their understanding of the operation of hotel business, thereby to better prepare the students to face obstacles, make decisions, solve problems, embrace and grasp opportunities in their future career in hospitality management; the teaching staff of the Group may also form teams with students of the Group and lead students to participate in the management of the Premises, including formulating and implementing new policies, allowing students to understand the operation of hotel business from the perspective of senior management.

Sun City Hotel Guangzhou as an Appropriate Premise

The Premises comprise the main building of Sun City Hotel Guangzhou and its staff dormitories and staff canteen. Sun City Hotel Guangzhou is a 4-star hotel, with a history of 30 years, located in the heart of Guangzhou city which stands out as a foreign-related hotel that offers a wide range of amenities to its guests and has a steady stream of customers.

The Group has been cooperating with Sun City Hotel for a considerable period of time and is familiar with the background, premises, facilities and equipment of, and the services offered in Sun City Hotel Guangzhou. In terms of geographical location, Sun City Hotel Guangzhou is located with easy public transport access and is in close proximity to the Group's schools in Guangzhou, thereby is convenient for the Group's students, teaching staff and guests. In light of the foregoing, the management therefore considers Sun City Hotel Guangzhou to be an ideal location for facilitating and deepening the integration of industry and education and school-enterprise cooperation, so as to offer valuable practical learning opportunities for the students of the Group.

Terms of the Hotel Management Contract and the Hotel Usage Agreement

Under the laws of the PRC, an entity which engages in hotel business must obtain the Hotel Qualifications. As at the date of this announcement, Huashang Hotel is still obtaining the Hotel Qualifications, which is expected to take around 6 months to 1 year to complete the process.

In the meantime, in order for the Group to prepare for entering the hotel business, Huashang Hotel entered into the Hotel Management Contract with Sun City Hotel, under which the Group may through Huashang Hotel explore new opportunities in and familiarise with the hotel industry via provision of Hotel Management Services in respect of the Premises with the support from the existing management team of Sun City Hotel and making use of their expertise and know-how. When Huashang Hotel has obtained the Hotel Qualifications, it may then leverage its experience gained from providing Hotel Management Services under the Hotel Management Contract to operate hotel business on its own at the Premises pursuant to the Hotel Usage Agreement.

During the term of the Hotel Management Contract, as a guarantee for the quality of the Hotel Management Services to be provided by Huashang Hotel under the Hotel Management Contract, in case loss is incurred by the Premises under the management of Huashang Hotel, Huashang Hotel is required to bear such loss. On the other hand, if Huashang Hotel provides high quality Hotel Management Services such that a profit is recorded, the Group is entitled to such profit after deducting Cost of Property Use. The aforesaid mechanisms ensure quality of Hotel Management Services and at the same time provide fair and reasonable reward to the Group for providing quality services.

Huashang Hotel is required to pay a refundable Management Security Deposit under the Hotel Management Contract and a refundable Usage Security Deposit under the Hotel Usage Agreement to Sun City Hotel. The Management Security Deposit and Usage Security Deposit provides reasonable safeguard to Sun City Hotel to cover loss that may be incurred as a result of the breach of the Hotel Management Contract and/or Hotel Usage Agreement on the part of Huashang Hotel. The management of the Company considers that the quantum of the Management Security Deposit and Usage Security Deposit, which is RMB3 million, is reasonable taking into account the value of the Premises and Cooperation Facilities and Equipment.

The Group considers that the duration of 1 year for each of the Hotel Management Contract and the Hotel Usage Agreement is appropriate as it enables the Group to review and, if required, make necessary adjustment after 1 year, and hence the Group considers such term to be fair and reasonable. If Huashang Hotel has not obtained the Hotel Qualifications by 31 October 2025, Huashang Hotel and Sun City Hotel shall negotiate on the renewal of the Hotel Management Contract and where appropriate a new Hotel Usage Agreement, in which case the Company will comply with the relevant requirements under the Listing Rules in respect of such renewal.

Accordingly, the Directors (including the independent non-executive Directors) consider that the terms of each of the Hotel Management Contract and the Hotel Usage Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Group, and it is in the interests of the Company and the shareholders of the Company as a whole to enter into each of the Hotel Management Contract and the Hotel Usage Agreement.

INTERNAL CONTROL MEASURES

In respect of the continuing connected transactions contemplated under each of the Hotel Management Contract and the Hotel Usage Agreement, the Group has adopted the following internal control procedures:

- (i) Before conducting any transaction contemplated under, or entering into any specific agreements pursuant to, a framework agreement for continuing connected transactions, the Group's internal audit function would review the terms of the proposed transactions and the draft agreements to ensure that the transactions would be conducted in accordance with the terms of the framework agreement and the Company's pricing policy.
- (ii) Before conducting any transaction with connected persons, the internal audit function would confirm if the Group still has sufficient unused annual caps for carrying out the relevant continuing connected transactions. The internal audit function would on a monthly basis review the continuing connected transactions carried out during the month under review to assess, and compile a monthly report, on the following: (1) confirming that the continuing connected transactions of the Group have been carried out in accordance with the terms of the relevant framework agreement and the Company's pricing policy, (2) confirming that the transactions have been conducted on normal commercial terms and on terms no less favourable from the perspective of the Group than those offered by Independent Third Parties and (3) the transactions amount during the month under review, the aggregate amount of transactions conducted during the relevant financial year and confirming that the relevant annual caps have not been exceeded. In the report, the forecasted transactions amount for the next three months would also be set out. If it is anticipated that the annual caps may be exceeded if the Group is to carry out the proposed transactions, the Group would take all appropriate steps in advance to comply with the relevant requirements under the Listing Rules and seek to revise the relevant annual caps in accordance with the relevant requirements under the Listing Rules before entering into the proposed transaction.
- (iii) The independent non-executive Directors and auditors of the Company would conduct annual review of the continuing connected transactions under the Hotel Management Contract and Hotel Usage Agreement and provide an annual confirmation in accordance with Rules 14A.55 and 14A.56 of the Listing Rules. The audit committee of the Company would also review the Group's financial controls, risk management and internal control systems when considering any renewal or revisions to the Hotel Management Contract and/or Hotel Usage Agreement, and the Company would comply with the relevant requirements under the Listing Rules.

LISTING RULES IMPLICATIONS

Sun City Hotel is a company indirectly owned by Mr. Liu and Ms. Chen as to 50% and 50% respectively.

As Sun City Hotel, the counterparty to both the Hotel Management Contract and the Hotel Usage Agreement, is a company indirectly owned by Mr. Liu and Ms. Chen as to 50% and 50% respectively, and hence an associate and a connected person of the Company under Chapter 14A of the Listing Rules, the transactions contemplated under the Hotel Management Contract and the Hotel Usage Agreement constitute continuing connected transactions of the Group.

As the PRC Lease (2024 Renewal) Framework Agreement, the Hotel Management Contract and the Hotel Usage Agreement took place within a 12-month period, the PRC Lease (2024 Renewal) Framework Agreement, the Hotel Management Contract and the Hotel Usage Agreement shall be aggregated as a single series of transactions pursuant to Rule 14A.81 of the Listing Rules. As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Hotel Management Contract and the Hotel Usage Agreement, when aggregated with the transactions contemplated under the PRC Lease (2024 Renewal) Framework Agreement on an annual basis under Chapter 14A of the Listing Rules exceed 0.1% but all are lower than 5%, pursuant to Rule 14A.76(2)(a) of the Listing Rules, these transactions are exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules, but are subject to the reporting, annual review, and announcement requirements. In view of such interests, each of Mr. Liu and Ms. Chen, Mr. Liu Yung Kan who is a brother (and hence an associate within the meaning of the Listing Rules) of Mr. Liu, and Ms. Liu Yi Man who is a daughter (and hence an associate within the meaning of the Listing Rules) of Mr. Liu and Ms. Chen, had abstained from voting in the board meeting during which the Board approved the Hotel Management Contract, the Hotel Usage Agreement and the respective transactions contemplated thereunder to avoid any potential conflict of interests.

GENERAL INFORMATION OF THE PARTIES

Information of the Group

The Group is the largest private higher education group in the Guangdong-Hong Kong-Macau Greater Bay Area of the PRC in terms of total student enrolment of business majors, and it is an early mover in the education sector in pursuing international expansion. The Group currently operates five private higher education institutions in the PRC ((i) Huashang College, (ii) Huashang Vocational College, (iii) Urban Vocational College of Sichuan, (iv) Urban Technician College of Sichuan and (v) Huashang Technical School), and three private higher and vocational education institutions overseas ((i) Global Business College of Australia, (ii) Edvantage Institute Australia and (iii) Edvantage

Institute Singapore). For more information on the Group, please visit its official website at <http://www.edvantagegroup.com.hk/>(the information that appears in this website does not form part of this announcement).

Information of Sun City Hotel

Sun City Hotel principally engages in business of provision of hotel and hospitality services.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings when used herein:

“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Company”	Edvantage Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 0382);
“Cost of Property Use”	the cost incurred by Sun City Hotel in the course of allowing Huashang Hotel to operate the Premises pursuant to the Hotel Management Contract;
“connected person(s)”	has the meanings ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Hotel Management Contract”	the hotel management contract entered into between Huashang Hotel and Sun City Hotel on 1 November 2024;
“Hotel Management Services”	the hotel management services to be provided by Huashang Hotel to Sun City Hotel in accordance with the Hotel Management Contract, including but not limited to daily operation and management, financial monitoring, marketing promotion, customer service and personnel training;

“Hotel Qualifications”	all qualifications that are required to be obtained by an entity to operate hotel business under the laws of the PRC, including but not limited to special industry licence for hotel industry;
“Hotel Service (2024 Renewal) Framework Agreement”	the hotel service (2024 renewal) framework agreement entered into between the Company (for itself and on behalf of its subsidiaries) and Sun City Hotel on 30 August 2024, particulars of which are set out in the Company’s announcement dated 30 August 2024;
“Hotel Usage Agreement”	the hotel usage agreement entered into between Huashang Hotel and Sun City Hotel on 1 November 2024;
“Huashang College”	Guangzhou Huashang College (廣州華商學院) (formerly known as Guangdong University of Finance and Economics (廣東財經大學華商學院), a private higher education institution operated by the Group;
“Huashang Hospitality Management School”	Huashang Hospitality Management School* (華商酒店管理學院), a school subordinated under Huashang Vocational College;
“Huashang Hotel”	Guangzhou Huashang Hotel Co., Ltd.* (廣州華商酒店有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company;
“Huashang Technical School”	Guangdong Huashang Technical School (廣東華商技工學校), a private school registered as a private non-enterprise unit under the law of the PRC, operated by the Group;
“Huashang Vocational College”	Guangzhou Huashang Vocational College (廣州華商職業學院), a private school registered as a private non-enterprise unit under the law of the PRC, operated by the Group;
“Independent Third Party(ies)”	a person(s) or company(ies) which is/are independent of and not connected with any directors, chief executives, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries and their respective associates;

“Listing Rules”	the rules governing the listing of securities on the Stock Exchange;
“Mr. Liu”	Mr. Liu Yung Chau (廖榕就), the founder of the Company, a controlling Shareholder, executive Director, the chairman of the Board and the spouse of Ms. Chen;
“Ms. Chen”	Ms. Chen Yuan, Rita (陳練瑛), a controlling Shareholder, executive Director and the spouse of Mr. Liu;
“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purposes of this announcement;
“PRC Lease (2024 Renewal) Framework Agreement”	the PRC lease (2024 renewal) framework agreement entered into among the Company (for itself and on behalf of its subsidiaries) and Mr. Liu, Ms. Chen and Mr. Liu Yung Kan (for themselves and on behalf of their respective associates) on 30 August 2024, particulars of which are set out in the Company’s announcement dated 30 August 2024;
“RMB”	Renminbi, the lawful currency of the PRC;
“Service Fees”	the service fees payable by Sun City Hotel to Huashang Hotel for provision of Hotel Management Services to Sun City Hotel pursuant to the Hotel Management Contract;
“Shareholder(s)”	holder(s) of share(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary”	any entity within the meaning of the term “subsidiary” as defined in the Listing Rules and the term “subsidiaries” shall be construed accordingly;
“Sun City Hotel”	Guangzhou Sun City Hotel Co., Ltd.* (廣州太陽城大酒店有限公司), a company established under the laws of the PRC with limited liability and a company indirectly owned by Mr. Liu and Ms. Chen as to 50% and 50%, respectively;

“Transitional Period”	the period commencing from the date of entering into of the Hotel Management Contract to the earlier of (i) 31 October 2025; or (ii) the date on which Huashang Hotel has obtained the Hotel Qualifications (both days inclusive);
“Usage Fees”	the usage fees payable by Huashang Hotel to Sun City Hotel for the provision of the Premises and Cooperation Facilities and Equipment by Sun City Hotel to Huashang Hotel to operate hotel business in accordance with the Hotel Usage Agreement; and
“%”	per cent.

By order of the Board
Edvantage Group Holdings Limited
LIU Yung Chau
Chairman and executive Director

Hong Kong, 1 November 2024

The English translation of Chinese names or words in this announcement, where indicated by “”, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

As at the date of this announcement, the executive Directors are Mr. Liu Yung Chau, Ms. Chen Yuan, Rita and Ms. Liu Yi Man, the non-executive Director is Mr. Liu Yung Kan; and the independent non-executive Directors are Mr. Xu Gang, Mr. O’Yang Wiley and Mr. Li Jiatong.