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SOUTH CHINA VOCATIONAL EDUCATION GROUP COMPANY LIMITED

中國華南職業教育集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6913)

DISCLOSEABLE TRANSACTION PROVISION OF FINANCIAL ASSISTANCE

PROVISION OF FINANCIAL ASSISTANCE UNDER THE PRIOR LOAN AGREEMENTS

During the period from April 2022 and prior to the entering into of the Loan Agreements, Lingnan Education, Guangzhou Haigemeina and Ms. Xie Jiehua (謝潔花) entered into three loan agreements, pursuant to which, Lingnan Education agreed to provide the loans to Guangzhou Haigemeina in the principal amount of RMB9.00 million, RMB4.35 million and RMB29.00 million, respectively, for a term of six (6) months, six (6) months and nine (9) months, respectively.

As the applicable percentage ratios for the transactions under the Prior Loan Agreements were less than 5%, the Prior Loan Agreements did not constitute notifiable transactions under Chapter 14 of the Listing Rules.

PROVISION OF FINANCIAL ASSISTANCE UNDER THE LOAN AGREEMENTS

On June 22, 2022, Lingnan Education, Guangzhou Haigemeina and Ms. Xie Jiehua entered into the Loan Agreement July, pursuant to which, Lingnan Education agreed to provide the loan in the principal amount of RMB30.10 million to Guangzhou Haigemeina for a term of nine (9) months.

On August 16, 2022, Lingnan Education, Guangzhou Haigemeina and Ms. Xie Jiehua entered into the Loan Agreement September, pursuant to which, Lingnan Education agreed to provide the loan in the principal amount of RMB23.00 million to Guangzhou Haigemeina for a term of nine (9) months.

On September 27, 2022, Lingnan Education, Guangzhou Haigemeina and Ms. Xie Jiehua entered into the Loan Agreement October, pursuant to which, Lingnan Education agreed to provide the loan in the principal amount of RMB20.00 million to Guangzhou Haigemeina for a term of six (6) months.

On November 9, 2022, Lingnan Education, Guangzhou Haigemeina and Ms. Xie Jiehua entered into the Loan Agreement December A, pursuant to which, Lingnan Education agreed to provide the loan in the principal amount of RMB30.00 million to Guangzhou Haigemeina for a term of six (6) months.

On November 15, 2022, Lingnan Education, Guangzhou Haigemeina and Ms. Xie Jiehua entered into the Loan Agreement December B, pursuant to which, Lingnan Education agreed to provide the loan in the principal amount of RMB55.00 million to Guangzhou Haigemeina for a term of six (6) months.

On November 29, 2022, Lingnan Education, Guangzhou Haigemeina and Ms. Xie Jiehua entered into the Loan Agreement December C, pursuant to which, Lingnan Education agreed to provide the loan in the principal amount of RMB34.00 million to Guangzhou Haigemeina for a term of six (6) months.

As at December 31, 2022, the aggregate outstanding principal amount to be repaid under the Prior Loan Agreements and the Loan Agreements amounted to RMB211.00 million. As at the date of this announcement, the principal amount together with accrued interest under the Prior Loan Agreements and the Loan Agreements were repaid in full.

LISTING RULE IMPLICATIONS

As the Prior Loan Agreements and Loan Agreements were both entered into by Lender with Borrower, the transactions contemplated under the Loan Agreements were aggregated with the transactions contemplated under the Prior Loan Agreements. As one or more applicable percentage ratios (as defined under the Listing Rules) under the Loan Agreements, when calculated on an aggregated basis with the transactions contemplated under the Prior Loan Agreements, are more than 5% but less than 25%, the Loan Agreements constituted discloseable transactions of the Company and were thus subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. In addition, as the outstanding amount of all advances to Borrower exceeded 8% under the assets ratio (as defined under Rule 14.07 of the Listing Rules) when Lender entered into Loan Agreement December B and Loan Agreement December C, the Company was required to disclose the details of the relevant advances pursuant to Rules 13.13 and 13.15 of the Listing Rules.

PROVISION OF FINANCIAL ASSISTANCE TO BORROWER

Prior Loan Agreements

During the period from April 2022 and prior to the entering into of the Loan Agreements, Lingnan Education, Guangzhou Haigemeina and Ms. Xie Jiehua (謝潔花) entered into three loan agreements, pursuant to which, Lingnan Education agreed to provide the loans to Guangzhou Haigemeina in the principal amount of RMB9.00 million, RMB4.35 million and RMB29.00 million, respectively, for a term of six (6) months, six (6) months and nine (9) months, respectively.

The principal terms of each of the Prior Loan Agreements are set out below:

No.	Date	Principal loan amount (RMB)	Term	Interest rate per annum
1.	April 12, 2022	9.00 million	six (6) months from April 19, 2022 to October 18, 2022	5.50%
2.	May 18, 2022	4.35 million	six (6) months from May 26, 2022 to November 25, 2022	5.50%
3.	June 13, 2022	29.00 million	nine (9) months from July 1, 2022 to March 31, 2023	6.50%

The performance of the obligations of Borrower under each of the Prior Loan Agreements is guaranteed by each of Ms. Xie Jiehua and Guangdong Yinda with joint and several liability. As at the date of this announcement, the principal amount together with accrued interest under the Prior Loan Agreements had been fully repaid.

The Loan Agreements

Loan Agreement July

On June 22, 2022, Lingnan Education, Guangzhou Haigemeina and Ms. Xie Jiehua entered into the Loan Agreement July, pursuant to which, Lingnan Education agreed to provide the loan in the principal amount of RMB30.10 million to Guangzhou Haigemeina for a term of nine (9) months.

The principal terms of the Loan Agreement July are set out below:

Date	:	June 22, 2022
Parties	:	(1) Lingnan Education as lender; (2) Guangzhou Haigemeina as borrower; and (3) Ms. Xie Jiehua as guarantor
Principal loan amount	:	RMB30.10 million, which was determined based on the amount of funds the Company had which were not utilized and did not expect to utilize in the next nine months
Term	:	nine (9) months from July 14, 2022 to April 13, 2023
Interest rate	:	6.50% per annum, which was negotiated at arm's length between Lender and Borrower with reference to People's Bank of China's Loan Prime Rate
Repayment	:	The principal loan amount together with accrued interest may be repaid in full after the expiry of the term of the loan, or at any time during the term of the loan on demand by giving two-week prior notice to Borrower.
Prepayment	:	Borrower may repay, in full or in part, the principal loan amount together with the accrued interest before the expiry of the term of the loan with Lender's consent.
Guarantee	:	The performance of the obligations of Borrower under the Loan Agreement July is guaranteed by Ms. Xie Jiehua with joint and several liability.

In addition, as requested by Lingnan Education, Borrower procured Guangdong Yinda to provide joint guarantee for the loan under the Loan Agreement July pursuant to a separate letter of guarantee dated July 13, 2022 executed by Guangdong Yinda in favour of Lingnan Education.

Loan Agreement September

On August 16, 2022, Lingnan Education, Guangzhou Haigemeina and Ms. Xie Jiehua entered into the Loan Agreement September, pursuant to which, Lingnan Education agreed to provide the loan in the principal amount of RMB23.00 million to Guangzhou Haigemeina for a term of nine (9) months.

The principal terms of the Loan Agreement September are set out below:

Date	:	August 16, 2022
Parties	:	(1) Lingnan Education as lender; (2) Guangzhou Haigemeina as borrower; and (3) Ms. Xie Jiehua as guarantor
Principal loan amount	:	RMB23.00 million, which was determined based on the amount of funds the Company had which were not utilized and did not expect to utilize in the next nine months
Term	:	nine (9) months from September 7, 2022 to June 6, 2023
Interest rate	:	6.50% per annum, which was negotiated at arm's length between Lender and Borrower with reference to People's Bank of China's Loan Prime Rate
Repayment	:	The principal loan amount together with accrued interest may be repaid in full after the expiry of the term of the loan, or at any time during the term of the loan on demand by giving two-week prior notice to Borrower.
Prepayment	:	Borrower may repay, in full or in part, the principal loan amount together with the accrued interest before the expiry of the term of the loan with Lender's consent.
Guarantee	:	The performance of the obligations of Borrower under the Loan Agreement September is guaranteed by Ms. Xie Jiehua with joint and several liability.

In addition, as requested by Lingnan Education, Borrower procured Guangdong Yinda to provide joint guarantee for the loan under the Loan Agreement September pursuant to a separate letter of guarantee dated September 6, 2022 executed by Guangdong Yinda in favour of Lingnan Education.

Loan Agreement October

On September 27, 2022, Lingnan Education, Guangzhou Haigemeina and Ms. Xie Jiehua entered into the Loan Agreement October, pursuant to which, Lingnan Education agreed to provide the loan in the principal amount of RMB20.00 million to Guangzhou Haigemeina for a term of six (6) months.

The principal terms of the Loan Agreement October are set out below:

Date	:	September 27, 2022
Parties	:	(1) Lingnan Education as lender; (2) Guangzhou Haigemeina as borrower; and (3) Ms. Xie Jiehua as guarantor
Principal loan amount	:	RMB20.00 million, which was determined based on the amount of funds the Company had which were not utilized and did not expect to utilize in the next six months
Term	:	six (6) months from October 17, 2022 to April 16, 2023
Interest rate	:	6.50% per annum, which was negotiated at arm's length between Lender and Borrower with reference to People's Bank of China's Loan Prime Rate
Repayment	:	The principal loan amount together with accrued interest may be repaid in full after the expiry of the term of the loan, or at any time during the term of the loan on demand by giving two-week prior notice to Borrower.
Prepayment	:	Borrower may repay, in full or in part, the principal loan amount together with the accrued interest before the expiry of the term of the loan with Lender's consent.
Guarantee	:	The performance of the obligations of Borrower under the Loan Agreement October is guaranteed by Ms. Xie Jiehua with joint and several liability.

In addition, as requested by Lingnan Education, Borrower procured Guangdong Yinda to provide joint guarantee for the loan under the Loan Agreement October pursuant to a separate letter of guarantee dated October 17, 2022 executed by Guangdong Yinda in favour of Lingnan Education.

Loan Agreement December A

On November 9, 2022, Lingnan Education, Guangzhou Haigemeina and Ms. Xie Jiehua entered into the Loan Agreement December A, pursuant to which, Lingnan Education agreed to provide the loan in the principal amount of RMB30.00 million to Guangzhou Haigemeina for a term of six (6) months.

The principal terms of the Loan Agreement December A are set out below:

Date	:	November 9, 2022
Parties	:	(1) Lingnan Education as lender; (2) Guangzhou Haigemeina as borrower; and (3) Ms. Xie Jiehua as guarantor
Principal loan amount	:	RMB30.00 million, which was determined based on the amount of funds the Company had which were not utilized and did not expect to utilize in the next six months
Term	:	six (6) months from December 8, 2022 to June 7, 2023
Interest rate	:	6.50% per annum, which was negotiated at arm's length between Lender and Borrower with reference to People's Bank of China's Loan Prime Rate
Repayment	:	The principal loan amount together with accrued interest may be repaid in full after the expiry of the term of the loan, or at any time during the term of the loan on demand by giving two-week prior notice to Borrower.
Prepayment	:	Borrower may repay, in full or in part, the principal loan amount together with the accrued interest before the expiry of the term of the loan with Lender's consent.
Guarantee	:	The performance of the obligations of Borrower under the Loan Agreement December A is guaranteed by Ms. Xie Jiehua with joint and several liability.

In addition, as requested by Lingnan Education, Borrower procured Guangdong Yinda to provide joint guarantee for the loan under the Loan Agreement December A pursuant to a separate letter of guarantee dated December 7, 2022 executed by Guangdong Yinda in favour of Lingnan Education.

Loan Agreement December B

On November 15, 2022, Lingnan Education, Guangzhou Haigemeina and Ms. Xie Jiehua entered into the Loan Agreement December B, pursuant to which, Lingnan Education agreed to provide the loan in the principal amount of RMB55.00 million to Guangzhou Haigemeina for a term of six (6) months.

The principal terms of the Loan Agreement December B are set out below:

Date	:	November 15, 2022
Parties	:	(1) Lingnan Education as lender; (2) Guangzhou Haigemeina as borrower; and (3) Ms. Xie Jiehua as guarantor
Principal loan amount	:	RMB55.00 million, which was determined based on the amount of funds the Company had which were not utilized and did not expect to utilize in the next six months
Term	:	six (6) months from December 6, 2022 to June 5, 2023
Interest rate	:	6.50% per annum, which was negotiated at arm's length between Lender and Borrower with reference to People's Bank of China's Loan Prime Rate
Repayment	:	The principal loan amount together with accrued interest may be repaid in full after the expiry of the term of the loan, or at any time during the term of the loan on demand by giving two-week prior notice to Borrower.
Prepayment	:	Borrower may repay, in full or in part, the principal loan amount together with the accrued interest before the expiry of the term of the loan with Lender's consent.
Guarantee	:	The performance of the obligations of Borrower under the Loan Agreement December B is guaranteed by Ms. Xie Jiehua with joint and several liability.

In addition, as requested by Lingnan Education, Borrower procured Guangdong Yinda to provide joint guarantee for the loan under the Loan Agreement December B pursuant to a separate letter of guarantee dated December 5, 2022 executed by Guangdong Yinda in favour of Lingnan Education.

Loan Agreement December C

On November 29, 2022, Lingnan Education, Guangzhou Haigemeina and Ms. Xie Jiehua entered into the Loan Agreement December C, pursuant to which, Lingnan Education agreed to provide the loan in the principal amount of RMB34.00 million to Guangzhou Haigemeina for a term of six (6) months.

The principal terms of the Loan Agreement December C are set out below:

Date	:	November 29, 2022
Parties	:	(1) Lingnan Education as lender; (2) Guangzhou Haigemeina as borrower; and (3) Ms. Xie Jiehua as guarantor
Principal loan amount	:	RMB34.00 million, which was determined based on the amount of funds the Company had which were not utilized and did not expect to utilize in the next six months
Term	:	six (6) months from December 15, 2022 to June 14, 2023
Interest rate	:	6.50% per annum, which was negotiated at arm's length between Lender and Borrower with reference to People's Bank of China's Loan Prime Rate
Repayment	:	The principal loan amount together with accrued interest may be repaid in full after the expiry of the term of the loan, or at any time during the term of the loan on demand by giving two-week prior notice to Borrower.
Prepayment	:	Borrower may repay, in full or in part, the principal loan amount together with the accrued interest before the expiry of the term of the loan with Lender's consent.
Guarantee	:	The performance of the obligations of Borrower under the Loan Agreement December C is guaranteed by Ms. Xie Jiehua with joint and several liability.

In addition, as requested by Lingnan Education, Borrower procured Guangdong Yinda to provide joint guarantee for the loan under the Loan Agreement December C pursuant to a separate letter of guarantee dated December 14, 2022 executed by Guangdong Yinda in favour of Lingnan Education.

As at December 31, 2022, the aggregate outstanding principal amount to be repaid under the Prior Loan Agreements and the Loan Agreements amounted to RMB211.00 million. As at the date of this announcement, the principal amount together with accrued interest under the Prior Loan Agreements and the Loan Agreements had been fully repaid.

INFORMATION ON THE PARTIES

The Group and Lingnan Education

The Group is a private formal vocational education service provider in the PRC. Lingnan Education is a limited liability company established under the laws of the PRC. Lingnan Education is an affiliated entity of the Group and the sole school sponsor of our Guangdong Lingnan Institute of Technology and our Guangdong Lingnan Modern Technician College. It is principally engaged in vocational skills training and business management consulting services.

Guangzhou Haigemeina and Ms. Xie Jiehua

Guangzhou Haigemeina is a limited liability company established under the laws of the PRC and is principally engaged in providing branding and marketing support services. As advised by Guangzhou Haigemeina, it is ultimately owned as to 51% by Ms. Xie Jiehua (謝潔花) and 49% by Ms. He Jinkai (何金開).

Guangdong Yinda

Guangdong Yinda is a limited liability company established under the laws of the PRC and is principally engaged in providing credit guarantee for small and medium-sized enterprises. As advised by Guangdong Yinda, Guangdong Yinda is ultimately owned as to 68.0% by Mr. Li Sicong (李思聰), 2.6% by People's Government of Guangdong Province, 0.2% by Department of Finance of Guangdong Province and 29.2% by Independent Third Party(ies).

To the best of knowledge, information and belief of the Directors after making all reasonable enquiries and based on the public information available to the Company, Guangzhou Haigemeina, Guangdong Yinda and their ultimate beneficial owners are third parties independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF THE FINANCIAL ASSISTANCE

The provision of the financial assistance to Borrower was funded by the Company's idle capital. The terms of the Prior Loan Agreements and the Loan Agreements were arrived at by Lender and Borrower after arm's length negotiations and are on normal commercial terms. Having considered (i) the good relationship between Mr. He Huishan and Ms. Xie Jiehua, (ii) the interests income to be received by the Group and (iii) the guarantees with joint and several liability provided by both Ms. Xie Jiehua, an ultimate beneficial owner of Borrower, and Guangdong Yinda, a third party credit guarantee provider, the Directors consider that the terms of each of the Prior Loan Agreements and the Loan Agreements are fair and reasonable and the provision of financial assistance to Borrower is in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Under Chapter 14 of the Listing Rules

Prior Loan Agreements

As the applicable percentage ratios for the transactions contemplated under the Prior Loan Agreements were less than 5%, the Prior Loan Agreements did not constitute notifiable transactions and were not subject to the relevant requirements under Chapter 14 of the Listing Rules.

The Loan Agreements

As the Prior Loan Agreements and the Loan Agreements were both entered into by Lender with Borrower, the transactions contemplated under the Loan Agreements were aggregated with the transactions contemplated under the Prior Loan Agreements. As one or more applicable percentage ratios (as defined under the Listing Rules) under the Loan Agreements, when calculated on an aggregated basis with the transactions contemplated under the Prior Loan Agreements, are more than 5% but less than 25%, the Loan Agreements constituted discloseable transactions of the Company and were thus subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Under Rules 13.13 and 13.15 of the Listing Rules

As the outstanding amount of all advances to Borrower exceeded 8% under the assets ratio (as defined under Rule 14.07 of the Listing Rules) when Lender entered into Loan Agreement December B and Loan Agreement December C, the Company was required to disclose the details of the relevant advances pursuant to Rules 13.13 and 13.15 of the Listing Rules. As at the date of entering into Loan Agreement December B, the outstanding principal amount of all advances to Borrower amounted to RMB187.10 million.

However, due to an oversight of the senior management team of the Group and their misunderstanding of and being unfamiliar with the requirements under the Listing Rules in relation to financial assistance, the Loan Agreements had not been notified and announced by the Company in a timely manner in accordance with the Listing Rules which constituted breaches of Chapter 14 and Rules 13.13 and 13.15 of the Listing Rules at the material time.

REMEDIAL ACTIONS

The Company regrets the omission of such disclosure and in order to avoid the occurrence of similar non-compliance with the Listing Rules in the future, the Company has/will implement(ed) the following measures and procedures:

- (1) the Directors have consulted the Company's compliance advisor and legal adviser regarding the implications of the Loan Agreements under the Listing Rules and the relevant requirements applicable to the Company;
- (2) the Directors have instructed the management of the Group to take all necessary measures to examine all the loans of the Group and ensure they are in full compliance with the Listing Rules;
- (3) the Company will engage a qualified professional to review the effectiveness of its internal control measures and system;
- (4) the Company will arrange to (i) hold regular departmental meetings to regularly monitor notifiable transactions, (ii) strengthen the reporting system between departments and the Directors, and (iii) provide more guidance materials and trainings on compliance matters to the Directors, senior management and the financial staff of the Group on a regular basis to increase their awareness and knowledge of the Listing Rules; and
- (5) the Company will engage its legal advisors to provide appropriate training to its Directors and senior management.

The Board and senior management of the Group have been advised on the relevant requirements under the Listing Rules and will ensure that the Company will comply with the relevant Listing Rules and to avoid the recurrence of similar events in the future.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“Board”	the board of Directors
“Company”	South China Vocational Education Group Company Limited (中國華南職業教育集團有限公司), incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	The director(s) of the Company
“Group”	the Company, its subsidiaries and its affiliated entities
“Guangzhou Haigemeina” or “Borrower”	Guangzhou Haige Meina Film Production Co., Ltd.* (廣州海格梅納影視製作有限公司), a limited liability company established under the laws of the PRC and an Independent Third Party
“Guangdong Yinda”	Guangdong Yinda Financing Guarantee Investment Group Co., Ltd.* (廣東銀達融資擔保投資集團有限公司), a limited liability company established under the laws of the PRC and an Independent Third Party
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	an individual(s) or a company(ies) not connected with us within the meaning of the Listing Rules
“Lingnan Education” or “Lender”	Guangzhou Lingnan Education Group Co., Ltd.* (廣州嶺南教育集團有限公司), a limited liability company established under the laws of the PRC and an affiliated entity of the Group
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Loan Agreement December A”	the loan agreement entered into among Lingnan Education, Guangzhou Haigemeina and Ms. Xie Jiehua dated November 9, 2022
“Loan Agreement December B”	the loan agreement entered into among Lingnan Education, Guangzhou Haigemeina and Ms. Xie Jiehua dated November 15, 2022
“Loan Agreement December C”	the loan agreement entered into among Lingnan Education, Guangzhou Haigemeina and Ms. Xie Jiehua dated November 29, 2022

“Loan Agreement July”	the loan agreement entered into among Lingnan Education, Guangzhou Haigemeina and Ms. Xie Jiehua dated June 22, 2022
“Loan Agreement October”	the loan agreement entered into among Lingnan Education, Guangzhou Haigemeina and Ms. Xie Jiehua dated September 27, 2022
“Loan Agreement September”	the loan agreement entered into among Lingnan Education, Guangzhou Haigemeina and Ms. Xie Jiehua dated August 16, 2022
“Loan Agreements”	collectively, Loan Agreement July, Loan Agreement September, Loan Agreement October, Loan Agreement December A, Loan Agreement December B and Loan Agreement December C
“PRC”	the People’s Republic of China
“Prior Loan Agreements”	three loan agreements entered into among Lingnan Education, Guangzhou Haigemeina and Ms. Xie Jiehua during the period from April 2022 and prior to the entering into of Loan Agreements
“RMB”	Renminbi, the lawful currency of PRC
“Shareholders”	Our shareholders
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary (ies)”	has the meaning ascribed to it under the Listing Rules
“%”	per cent

By Order of the Board
South China Vocational Education Group Company Limited
He Huishan
Chairman

Hong Kong, March 28, 2023

As at the date of this announcement, the executive directors of the Company are Mr. He Huishan, Ms. He Huifen and Mr. Lao Hansheng; and the independent non-executive directors of the Company are Mr. Luo Pan, Mr. Yeh Zhe-Wei and Mr. Ma Shuchao.