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JH Educational Technology INC.
嘉宏教育科技有限公司
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 1935)

CONNECTED TRANSACTION
PROVISION OF FINANCIAL ASSISTANCE

On 17 June 2024 (after trading hours), JH Holdings Group, a consolidated affiliated entity of the Company and Mr. Chen Yuguo entered into a Loan Agreement, pursuant to which JH Holdings Group agreed to lend to Mr. Chen Yuguo a RMB loan facility (excluding the accrued interests) of RMB55 million, at an interest rate of 3.1% per annum for a term of two years commencing from 17 June 2024 and ending on 16 June 2026.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Mr. Chen Yuguo is an executive Director and a controlling shareholder of the Company, and therefore a connected person of the Company under the Listing Rules. Therefore, the Loan Agreement constitutes a connected transaction of the Company under the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) (other than profits ratio) in respect of the transaction under the Loan Agreement exceeds 0.1% but does not exceed 5%, the Loan Agreement is therefore subject to the reporting and announcement requirements but are exempt from the circular and independent Shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

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THE LOAN AGREEMENT

Set out below is a summary of the terms of the Loan Agreement:

Date

17 June 2024 (after trading hours)

Parties

- (i). JH Holdings Group, as lender; and
- (ii). Mr. Chen Yuguo, as the borrower.

Subject Matter

Pursuant to the Loan Agreement, JH Holdings Group agreed to lend to Mr. Chen Yuguo a RMB loan facility (excluding the accrued interests) of RMB55 million, at an interest rate of 3.1% per annum.

Term

The term of the Loan shall be two years which commences on 17 June 2024 and ends on 16 June 2026.

Interest payment and pricing policies

The applicable interest rate for the Loan(s) shall be 3.1% per annum, which is higher than the prevailing market interest rates by financial institutions for similar loans in the PRC.

Interest shall be calculated from the date that the borrower receives the Loan and shall be paid annually. On the Maturity Date, the borrower shall pay, to the extent not already paid, all accrued but unpaid interest owing and/or payable under the Loan Agreement.

Repayment

The borrower shall repay the Loan under the Loan Agreement on the Maturity Date. The borrower may, if he gives the lender no less than one Business Day prior notice, prepay the Loan together with accrued interest.

RISK CONTROL MEASURES

The Directors (including the independent non-executive Directors) consider that the following risk control measures adopted by the Company are adequate to cover the risks involved in the provision of financial assistance pursuant to the Loan Agreement:

- (i). upon the lender's request at any time, the borrower shall provide forthwith to the lender any documents and information relating to the financial position of the borrower, including but not limited to credit report, to assess the borrower's repayment capacity and credit risks;

- (ii). if the borrower has any potential risks of financial instability, the borrower shall inform the lender immediately;
- (iii). the lender will review the financial position of the borrower at least every six months. If the borrower has shown any signs of financial instability, the lender can demand the borrower to repay prior to the Maturity Date all or part of outstanding principal and interest accrued under the Loan Agreement by giving not less than 10 Business Days' prior written notice to the borrower; and
- (iv). Mr. Chen Yuguo, as the borrower, has made an undertaking to authorize the Company to deduct the dividends payable to Guo's Investment Holdings Limited, which is wholly owned by Mr. Chen Yuguo, and/or the remuneration payable to Mr. Chen Yuguo as a Director to repay outstanding Loan and accrued interests owed by the borrower in the event that the borrower does not repay any Loan and/or accrued interests according to the terms of the Loan Agreement.

REASONS FOR AND BENEFITS OF THE ENTERING INTO THE LOAN AGREEMENT AND PROVISION OF FINANCIAL ASSISTANCE

The Directors (including the independent non-executive Directors) considered even though the entry into of the Loan Agreement is not in the ordinary and usual course of business of the Group, the terms of the Loan Agreement, which have been entered into after arm's length negotiation between the lender and the borrower, are on normal commercial terms taking into account the prevailing market interest rates, and the terms therein are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The provision of the Loan under the Loan Agreement will provide a better return on the Group's temporarily surplus cash resources which is beneficial to the Group and the Shareholders as a whole. The Loan will be financed by the Group's internal fund.

Mr. Chen Yuguo, together with parties acting in concert with him, namely Mr. Chen Yuchun, Mr. Chen Shu, Mr. Chen Nansun, Mr. Chen Lingfeng and Ms. Zhang Xuli, are considered to have an interest in the transaction contemplated under the Loan Agreement, and had abstained from voting on the relevant Board resolutions to approve the Loan Agreement. Save for the above, no Director has a material interest in the transaction contemplated under the Loan Agreement, and none of them is required to abstain or had abstained from, voting on the relevant Board resolutions to approve the Loan Agreement.

INFORMATION OF THE GROUP, THE LENDER AND THE BORROWER

The Group is mainly engaged in offering formal undergraduate education, junior college education and high school education in the PRC. JH Holdings Group, as the lender, is a limited liability company established under the laws of the PRC on June 17, 2003, which is a consolidated affiliated entity of the Company. JH Holdings Group is an investment holding company. The principal activities of its subsidiaries are mainly engaged in offering formal undergraduate education, junior college education and high school education in PRC.

Mr. Chen Yuguo, as the borrower, is an executive Director and a controlling shareholder of the Company.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Mr. Chen Yuguo is an executive Director and a controlling shareholder of the Company, and therefore a connected person of the Company under the Listing Rules. Therefore, the Loan Agreement constitutes a connected transaction of the Company under the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) (other than profits ratio) in respect of the transaction under the Loan Agreement exceeds 0.1% but does not exceed 5%, the Loan Agreement is therefore subject to the reporting and announcement requirements but are exempt from the circular and independent Shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

DEFINITIONS

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

“Board”	the board of directors of the Company
“Company”	JH Educational Technology INC. (嘉宏教育科技有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 23 June 2017
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company, its subsidiaries and the consolidated affiliated entities
“JH Holdings Group”	JH Holdings Group Company Limited* (嘉宏控股集團有限公司), a limited liability company established under the laws of the PRC on 17 June 2003 and a consolidated affiliated entity of the Company
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the loan to be made under the Loan Agreement
“Loan Agreement”	the RMB55 million loan agreement dated 17 June 2024 entered into between JH Holdings Group and Mr. Chen Yuguo
“Maturity Date”	16 June 2026

“PRC”	the People’s Republic of China, excluding, for the purposes of this announcement only, the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By order of the Board
JH Educational Technology INC.
Chen Yuguo
Chairman

Zhejiang, the People’s Republic of China
17 June 2024

As at the date of this announcement, the executive Directors are Mr. Chen Yuguo, Mr. Chen Yuchun, Mr. Chen Shu, Mr. Chen Nansun and Mr. Chen Lingfeng; the non-executive Director is Ms. Zhang Xuli; and the independent non-executive Directors are Ms. Bi Hui, Mr. Fung Nam Shan and Mr. Wang Yuqing.