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读书郎

Readboy Education Holding Company Limited

讀書郎教育控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2385)

CONNECTED TRANSACTIONS PROVISION OF LOANS

PROVISION OF LOANS

Readboy Technology, an indirect wholly-owned subsidiary of the Company, as the Lender entered into a series of Loan Agreements with the Borrower, pursuant to which the Lender agreed to provide the Borrower with a number of Loans in an aggregate principal amount of RMB15.0 million.

IMPLICATIONS UNDER THE LISTING RULES

The Borrower is a limited liability company established in the PRC and is held by Mr. Chen and Mr. Qin as to 51.02% and 48.98%, respectively. As Mr. Chen is a non-executive Director and one of the Controlling Shareholders and Mr. Qin is the chairman of the Board, chief executive officer of the Company, an executive Director and one of the Controlling Shareholders, the Borrower is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Loan Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the Loan Agreements were entered into between the Lender and the Borrower within a 12-month period, the Loan Agreements shall be aggregated pursuant to Rule 14A.81 of the Listing Rules. As the highest applicable percentage ratio (other than the profits ratio) in relation to the Loan Agreements calculated pursuant to Rule 14.07 of the Listing Rules, on an aggregate basis, exceed 0.1% but less than 5%, the transactions contemplated under the Loan Agreements are subject to the reporting and announcement requirements but exempt from the circular and shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

The Company would have complied with the notification and announcement requirements under Rule 14A.76(2) of the Listing Rules in respect of the respective Loan Agreements entered into between the Lender and the Borrower when the notification and announcement obligations arose. However, due to unintentional and inadvertent oversight, the compliance by the Company with the relevant Listing Rules requirements was delayed. Accordingly, the Company hereby makes this announcement to inform the Shareholders as soon as practicable that the respective Loan Agreements entered into between the Lender and the Borrower have proceeded.

THE LOAN AGREEMENTS

Details of the Loans contemplated under the respective Loan Agreements are as follows:

	Loan Agreement I/ Loan I	Loan Agreement II/ Loan II	Loan Agreement III/ Loan III
Date	13 January 2023	9 March 2023	17 May 2023
Parties	(1) R e a d b o y Technology (as the Lender)	(1) R e a d b o y Technology (as the Lender)	(1) R e a d b o y Technology (as the Lender)
	(2) Z h u h a i Dreamcatcher (as the Borrower)	(2) Z h u h a i Dreamcatcher (as the Borrower)	(2) Z h u h a i Dreamcatcher (as the Borrower)
Principal amount of the Loan	RMB2.0 million	RMB8.0 million	RMB5.0 million
Term	From 15 January 2023 to 30 June 2023	From 9 March 2023 to 31 May 2023	From 17 May 2023 to 31 December 2023
Interest Rate	3.95% per annum	3.95% per annum	3.95% per annum
Purpose	The Loan I shall be applied and used by the Borrower solely for the general working capital of the Borrower's operation.	The Loan II shall be applied and used by the Borrower solely for the general working capital of the Borrower's operation.	The Loan III shall be applied and used by the Borrower solely for the general working capital of the Borrower's operation.

	Loan Agreement I/ Loan I	Loan Agreement II/ Loan II	Loan Agreement III/ Loan III
Repayment	<p>The outstanding principal amount of Loan I together with all accrued interests are to be repaid at the end of the term of the Loan Agreement I.</p> <p>The Borrower shall make the repayment in one lump sum within 10 days after the end of the term of the Loan Agreement I.</p> <p>The provision of Loan I under the Loan Agreement I was funded by the internal resources of the Group. For the avoidance of doubt, Loan I was not funded by the net proceeds from the initial public offering of the shares of the Company.</p>	<p>The outstanding principal amount of Loan II together with all accrued interests are to be repaid at the end of the term of the Loan Agreement II.</p> <p>The Borrower shall make the repayment in one lump sum within 10 days after the end of the term of the Loan Agreement II.</p> <p>The provision of Loan II under the Loan Agreement II was funded by the internal resources of the Group. For the avoidance of doubt, Loan II was not funded by the net proceeds from the initial public offering of the shares of the Company.</p>	<p>The outstanding principal amount of Loan III together with all accrued interests are to be repaid at the end of the term of the Loan Agreement III.</p> <p>The Borrower shall make the repayment in one lump sum within 10 days after the end of the term of the Loan Agreement III.</p> <p>The provision of Loan III under the Loan Agreement III was funded by the internal resources of the Group. For the avoidance of doubt, Loan III was not funded by the net proceeds from the initial public offering of the shares of the Company.</p>
Outstanding balance	<p>The principal amount of Loan I together with all accrued interests have been repaid in full by the Borrower to the Lender on 30 May 2023.</p>	<p>The principal amount of Loan II together with all accrued interests have been repaid in full by the Borrower to the Lender on 30 May 2023.</p>	<p>As at the date of this announcement, the outstanding balance under the Loan Agreement III is RMB5.0 million and the accrued interests.</p>

BASIS FOR DETERMINATION OF LOAN AMOUNTS AND TERMS OF THE LOAN AGREEMENTS

The principal amounts of the Loans and other terms of the Loan Agreements (including the annual interest rate) were agreed upon by the Lender and the Borrower after arm's length negotiation and with reference to, among other things, the prevailing market terms of transactions of similar nature, the prevailing market interest rates quoted by the People's Bank of China, the financial conditions, other background and the repayment ability of the Borrower as well as commercial practices.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LOAN AGREEMENTS

In order to reach a ready-to-use status at the check and acceptance process, the Loans were used primarily by the Borrower as its general working capital for its operation, in particular, for its construction project which was under phase II construction at that time. Given that (i) the Company will receive interest for the Loans at the rate of 3.95% per annum in short term which is more favorable than the interest rate of bank loans offered by commercial banks in the PRC; (ii) the Company has sufficient cashflow and will fund the Loans with its internal resources; and (iii) there were no material negative impact to the Company's operations and financial performance for granting the Loans, the Directors (including the independent non-executive Directors) consider that the provision of the Loans, although not in the ordinary course of business of the Company, is on normal commercial terms or better and the terms of the Loan Agreements and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION OF THE PARTIES

The Lender

The Lender is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in the production and sales of AI learning equipment. The Company is a company incorporated in the Cayman Islands with limited liability and is an investment holding company operating its business through its subsidiaries. The Group is principally engaged in the production and sale of personal student tablets, digital and smart classroom solutions, wearable products, other products and advertisement and content licensing in the PRC.

The Borrower

The Borrower is a limited liability company established in the PRC and is held by Mr. Chen and Mr. Qin as to 51.02% and 48.98%, respectively. The Borrower is principally engaged in property leasing.

LISTING RULES IMPLICATIONS

The Borrower is a limited liability company established in the PRC and is held by Mr. Chen and Mr. Qin as to 51.02% and 48.98%, respectively. As Mr. Chen is a non-executive Director and one of the Controlling Shareholders and Mr. Qin is the chairman of the Board, chief executive officer of the Company, an executive Director and one of the Controlling Shareholders, the Borrower is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Loan Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the Loan Agreements were entered into between the Lender and the Borrower within a 12-month period, the Loan Agreements shall be aggregated pursuant to Rule 14A.81 of the Listing Rules. As the highest applicable percentage ratio (other than the profits ratio) in relation to the Loan Agreements calculated pursuant to Rule 14.07 of the Listing Rules, on an aggregate basis, exceed 0.1% but less than 5%, the transactions contemplated under the Loan Agreements are subject to the reporting and announcement requirements but exempt from the circular and shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

Save for Mr. Chen and Mr. Qin, who had abstained from voting on the relevant board resolutions in connection with entering into of the respective Loan Agreements and the transactions contemplated thereunder, no Director had a material interest or was required to abstain from voting on the relevant board resolutions in connection with entering into the Loan Agreements and the transactions contemplated thereunder.

The Company would have complied with the notification and announcement requirements under Rule 14A.76(2) of the Listing Rules in respect of the respective Loan Agreements entered into between the Lender and the Borrower when the notification and announcement obligations arose. However, due to inadvertent oversight, the compliance by the Company with the relevant Listing Rules requirements was delayed. Accordingly, the Company hereby makes this announcement to inform the Shareholders as soon as practicable that the respective Loan Agreements entered into between the Lender and the Borrower have proceeded.

INTERNAL CONTROL MEASURES FOR THE CONNECTED TRANSACTIONS

The Company has adopted relevant internal policies and measures to ensure that the connected transactions of the Group are conducted in accordance with the relevant agreements. Further, the Directors consider the fact that delay in publishing the announcement related to the provision of Loans was an isolated event. In order to prevent the recurrence of any similar incidents in the future, the Company has taken necessary and additional measures to strengthen the Group's internal control measures on connected transactions, such as reporting and filing system. The policies and measures adopted by the Company include:

- (i) Transaction data is provided periodically (as one of the items in the management accounts) to the management of the Company for reviewing and monitoring the connected transactions of the Group;
- (ii) The pricing of each transaction under the agreements is examined periodically, including to review the transaction records about the Company's provision of similar loans to and procurement of similar loans from (as the case may be) independent third parties, and ensure that the connected transactions under the relevant agreements are conducted in accordance with their pricing policies and that the prices obtained from or offered to the Group are no less favourable than those offered to or obtained from other Independent Third Party(ies) for the same type of loans or products;
- (iii) The finance and compliance departments of the Company will hold regular meetings to discuss issues found in transactions under the relevant agreements and the solutions. Independent non-executive Directors and the auditor of the Company will also conduct annual reviews on the agreements;
- (iv) The data collection and cross-checking process within the Group is accelerated to ensure timely compliance with all necessary requirements under the Listing Rules, including that before renewing the existing business and/or entering into a new form of business with any connected person, the relevant business operation department shall first report to the finance department and compliance department, and the senior management shall assess whether the scope of the existing connected transactions should be revised and/or whether new agreements should be entered into for such new transactions; and
- (v) Additional trainings on connected transactions are provided to all management personnel and relevant employees to enhance their familiarity with the Listing Rules and their awareness of compliance with the relevant internal control procedures in connection with the connected transactions of the Group, so that the Company may comply with the Listing Rules in a timely manner.

The Board is of the view that the above methods and procedures can ensure that the pricing and other contractual terms of the connected transactions of the Group are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders, and that the connected transactions are conducted as agreed in the relevant agreements and in compliance with the requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings as set out below:

“Board”	the board of Directors
“Borrower” or “Zhuhai Dreamcatcher”	Zhuhai Dreamcatcher Network Technology Co., Ltd* (珠海市追夢網絡科技有限公司), a company established in the PRC with limited liability, which is owned as to 51.02% by Mr. Chen and 48.98% by Mr. Qin
“Company”	Readboy Education Holding Company 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: 2385)
“Controlling Shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	persons who themselves (and in the case of any corporate entities, their ultimate beneficial owners) are third parties independent of, and not connected with, the Company and its connected persons (as defined under the Listing Rules)
“Lender” or “Readboy Technology”	Readboy Educational Technology Co., Ltd* (讀書郎教育科技有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time

“Loan(s)”	the loans in the aggregate principal amount of RMB15.0 million granted by the Lender to the Borrower under the Loan Agreements, including Loan I, Loan II and Loan III, the details of which are included in the section headed “The Loan Agreements” in this announcement
“Loan Agreement(s)”	Loan Agreement I, Loan Agreement II and Loan Agreement III, the details of which are included in the section headed “The Loan Agreements” in this announcement
“Mr. Chen”	Mr. Chen Zhiyong, one of the controlling shareholders of the Company and a non-executive Director
“Mr. Qin”	Mr. Qin Shuguang, one of the controlling shareholders of the Company, chairman of the Board, chief executive officer of the Company and an executive Director
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the issued share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By order of the Board
Readboy Education Holding Company Limited
Qin Shuguang
Chairman and Chief Executive Officer

Hong Kong, 18 August 2023

As at the date of this announcement, the Board comprises Mr. Qin Shuguang, Ms. Liu Zhilan and Mr. Deng Denghui as executive Directors; Mr. Chen Zhiyong and Mr. Shen Jianfei as non-executive Directors; and Mr. Li Xinshou, Ms. Kong Fanhua and Prof. Li Renfa as independent non-executive Directors.

** for identification purpose only*