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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)

MAJOR TRANSACTION
DECORATION AND CONSTRUCTION AGREEMENTS FOR
DORMITORIES AND BASEMENT

DECORATION AND CONSTRUCTION AGREEMENTS FOR DORMITORIES AND BASEMENT

On 31 October 2024 (after trading hours), Lingnan Institute of Technology entered into the Overall Decoration and Installation Agreement with the Contractor, pursuant to which the Contractor shall provide decoration and installation services to Lingnan Institute of Technology for Qingyuan New Dormitories and Basement for a contract price of RMB63,533,648.35.

On the same date (after trading hours), Lingnan Institute of Technology entered into the Foundation Construction Agreement with the Contractor, pursuant to which the Contractor shall provide construction services to Lingnan Institute of Technology for certain foundation pit support of Qingyuan New Dormitories and Basement for a contract price of RMB8,519,776.40.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio calculated according to Rule 14.07 of the Listing Rules in respect of the Decoration and Construction Agreements, when aggregated with that of the General Construction Contract, exceeds 25% but all of the applicable percentage ratios are less than 100%, the transactions contemplated under the Decoration and Construction Agreements constitute a major transaction for the Company and is therefore subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Under Rule 14.44 of the Listing Rules, Shareholders' approval for the transactions may be obtained by way of written Shareholders' approval in lieu of holding a general meeting if (a) no Shareholder is required to abstain from voting if the Company were to convene a general meeting to obtain such Shareholders' approval; and (b) written Shareholders' approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% in nominal value of the issued share capital of the Company having the right to attend and vote at that general meeting to approve such transactions.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, no Shareholders or any of their respective associates has any material interest in the Decoration and Construction Agreements and none of the Shareholders is required to abstain from voting in favour of the resolution to approve the entering into of the Decoration and Construction Agreements.

As of 31 October 2024, Zhihui Guang, China Foreign Education, Fangyuan Education and Good Booming, being the controlling Shareholders of the Company, hold 1,000,000,000 Shares in total, representing approximately 75.0% of the total number of issued share capital of the Company. The Company has obtained from Zhihui Guang, China Foreign Education, Fangyuan Education and Good Booming their written approvals for the Decoration and Construction Agreements and the transactions contemplated thereunder in lieu of holding a general meeting of the Company in accordance with Rule 14.44 of the Listing Rules. As such, no general meeting will be convened for approving the Decoration and Construction Agreements and the transactions contemplated thereunder pursuant to Rule 14.44 of the Listing Rules.

A circular containing, among others, further information on the Decoration and Construction Agreements, the transactions contemplated thereunder and other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 21 November 2024.

On 31 October 2024 (after trading hours), Lingnan Institute of Technology entered into the Decoration and Construction Agreements with the Contractor, pursuant to which the Contractor shall provide decoration and installation services to Lingnan Institute of Technology for Qingyuan New Dormitories and Basement for a contract price of RMB63,533,648.35.

On the same date (after trading hours), Lingnan Institute of Technology entered into the Foundation Construction Agreement with the Contractor, pursuant to which the Contractor shall provide construction services to Lingnan Institute of Technology for certain foundation pit support of Qingyuan New Dormitories and Basement for a contract price of RMB8,519,776.40.

DECORATION AND CONSTRUCTION AGREEMENTS FOR DORMITORIES AND BASEMENT

The principal terms of the Overall Decoration and Installation Agreement are summarized as follows:

Date: 31 October 2024

Parties: (i) Lingnan Institute of Technology
(ii) the Contractor

Subject Matter: The Contractor will act as the general contractor for the decoration of Qingyuan New Dormitories and Basement and the installation of, among others, certain water supply and drainage facilities, electricity facilities, fire safety facilities, lightening protection facilities, elevators and outdoor pipes network for Qingyuan New Dormitories and Basement.

Construction Period: The construction works are expected to be completed by 30 July 2025, subject to extension of the construction period resulted from (i) revision of the blueprints of the construction by Lingnan Institute of Technology or the designer(s) which affects the construction progress or increase the workload; and (ii) suspension of works resulted from force majeure events in connection with natural disasters, such as typhoon, flood disaster, fire disaster from natural causes and earthquake.

The revision of the blueprints of the construction shall be signed by the representatives from the designer(s) and Lingnan Institute of Technology to take effect.

Contract Price, Adjustment and Settlement: RMB63,533,648.35 (the “**Contract Price I**”), which is subject to adjustment in accordance with relevant provisions in the Overall Decoration and Installation Agreement, including the change of construction scope resulted from the revision of blueprints, instruction by Lingnan Institute of Technology and non-construction of part of the project.

Lingnan Institute of Technology shall review the settlement documents for the completion of construction within 60 days after receiving such documents from the Contractor. Lingnan Institute of Technology shall be deemed to have agreed on the settlement amount contained in the settlement documents (the “**Settlement Amount I**”) upon expiry of such period, unless it raises objection within such period. The settlement is completed when Lingnan Institute of Technology agrees on or is deemed to agree on the Settlement Amount I (the “**Settlement Completion I**”).

- Conditions
Precedent: The Company shall have obtained the Shareholders’ approval in accordance with the requirements under the Listing Rules.
- Payment Terms: The consideration under the Overall Decoration and Installation Agreement is payable by Lingnan Institute of Technology in the following manner:
- (i) 30% of the Contract Price I shall be payable within 10 business days from the date of the notice of commencement issued by the Contractor;
 - (ii) a monthly progress payment shall be payable each month, which equals to 60% of the value of the works completed each month as confirmed by the bill of quantity (工程量清單);
 - (iii) Up to 95% of the Contract Price I shall be payable after the completion and delivery for use;
 - (iv) Up to 97% of the Settlement Amount I (a) shall be payable after the completion filing is completed; or (b) in the event that Lingnan Institute of Technology failed to complete the completion filing within three months after the delivery for use, shall be payable after the Completion Settlement I; and
 - (v) The remaining 3% shall be used as warranty payment, which shall be payable within one month after the expiry of the warranty period.

Project Warranty Period: The project warranty period shall be otherwise agreed on by Lingnan Institute of Technology and the Contractor. During the project warranty period, the Contractor shall be responsible for handling quality problems of the construction works or bear the costs arising from the maintenance or repair conducted by Lingnan Institute of Technology. The warranty period varies depending on the types of construction works.

The principal terms of the Foundation Construction Agreement are summarized as follows:

Date: 31 October 2024

Parties: (i) Lingnan Institute of Technology
(ii) the Contractor

Subject Matter: The Contractor will act as the general contractor for the construction of the foundation pit support of the No. 54 Basement II of the Qingyuan Campus.

Construction Period: The construction works are expected to be completed by 30 November 2024, subject to extension of the construction period resulted from (i) revision of the blueprints of the construction by Lingnan Institute of Technology or the designer(s) which affects the construction progress or increase the workload; and (ii) suspension of works resulted from force majeure events in connection with natural disasters, such as typhoon, flood disaster, fire disaster from natural causes and earthquake.

The revision of the blueprints of the construction shall be signed by the representatives from the designer(s) and Lingnan Institute of Technology to take effect.

Contract Price, Adjustment and Settlement: RMB8,519,776.40 (the “**Contract Price II**”, together with the Contract Price I, collectively the “**Contract Prices**”), which is subject to adjustment in accordance with relevant provisions in the Foundation Construction Agreement, including the change of construction scope resulted from the revision of blueprints, instruction by Lingnan Institute of Technology and non-construction of part of the project.

Lingnan Institute of Technology shall review the settlement documents for the completion of construction within 60 days after receiving such documents from the Contractor. Lingnan Institute of Technology shall be deemed to have agreed on the settlement amount contained in the settlement documents (the “**Settlement Amount II**”, together with the Settlement Amount I, collectively the “**Settlement Amounts**”) upon expiry of such period, unless it raises objection within such period. The settlement is completed when Lingnan Institute of Technology agrees on or is deemed to agree on the Settlement Amount II (the “**Settlement Completion II**”).

Conditions
Precedent:

The Company shall have obtained the Shareholders’ approval in accordance with the requirements under the Listing Rules.

Payment Terms:

The consideration under the Foundation Construction Agreement is payable by Lingnan Institute of Technology in the following manner:

- (i) 30% of the Contract Price II shall be payable within 10 business days from the date of the notice of commencement issued by the Contractor;
- (ii) a monthly progress payment shall be payable each month, which equals to 60% of the value of the works completed each month as confirmed by the bill of quantity (工程量清單);
- (iii) Up to 95% of the Contract Price II shall be payable after the completion and delivery for use; and
- (iv) Up to 100% of the Settlement Amount II shall be payable after the completion of the earthwork backfilling (土方回填).

Project Warranty
Period:

The effective period of use commences from the excavation of the foundation pit until the expiry of one year after the project reaches the design elevation.

BASIS OF THE CONSIDERATION

The Decoration and Construction Agreements were awarded to the Contractor through a competitive tendering process on the basis of a predetermined set of same building specifications, taking into account the Contract Prices submitted by the Contractor and the Contractor's qualifications and experience. The Contract Prices were the lowest prices in the bids for the Decoration and Construction Agreements submitted by five different qualified contractors in the said tendering process. As of the date of this announcement, there has been no substantial upward adjustment to the Contract Prices.

The payment of the consideration under the Decoration and Construction Agreements, including the Contract Prices and the Settlement Amounts, will be primarily financed by the Group's internal resources and the proceeds from the Global Offering.

REASONS FOR AND BENEFITS OF ENTERING INTO THE DECORATION AND CONSTRUCTION AGREEMENTS

As the number of students of Lingnan Institute of Technology continues to increase, the number of beds at the existing dormitories of Lingnan Institute of Technology may not correspond to the demands of the students in the near future. Qingyuan New Dormitories and Basement will expand the student capacity of Lingnan Institute of Technology, thereby supporting further development of its businesses. In addition, the new dormitories will be equipped with more advanced facilities, which help improve students' living conditions and the campus security. Accordingly, the Directors believe that Qingyuan New Dormitories and Basement will facilitate the development of the Group and enhance its competitiveness and market recognition. The Group has entered into the General Construction Contract with the Contractor for constructing the main body of Qingyuan New Dormitories and Basement. The transactions contemplated under the Decoration and Construction Agreements will equip Qingyuan New Dormitories and Basement with necessary decoration and facilities.

The Directors are of the view that the terms of the Decoration and Construction Agreements are on normal commercial terms, are fair and reasonable and the entering into of the Decoration and Construction Agreements is in the interests of the Company and its Shareholders.

INFORMATION OF THE PARTIES

The Group, Lingnan Institute of Technology and Lingnan Education

The Group is a private formal vocational education service provider in the PRC.

Lingnan Institute of Technology is a private education institution registered under the laws of the PRC, which primarily offers junior college program.

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 the Lingnan Institute of Technology and the Group's Guangdong Lingnan Modern Technician College. It is principally engaged in vocational skills training and business management consulting services.

The Contractor

The Contractor is a limited liability company established under the laws of the PRC and is principally engaged in the provision of construction services. As of the date of this announcement, the Contractor is owned by several shareholders who are natural persons. Its largest shareholder, Mr. Deng Xionghong (鄧雄紅), holds 50.0% of the interests of the Contractor.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Contractor and its shareholders are Independent Third Parties.

LISTING RULES IMPLICATIONS

As disclosed in the Company's announcement dated 16 September 2024, the Company entered into the General Construction Contract with the Contractor. Having considered that the General Construction Contract and the Decoration and Construction Agreements are of the similar nature and were entered into by the Group and the Contractor within a 12-month period, the Directors consider it appropriate to aggregate the transaction amounts under the General Construction Contract and the Decoration and Construction Agreements to calculate the applicable percentage ratios under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio calculated according to Rule 14.07 of the Listing Rules in respect of the Decoration and Construction Agreements, when aggregated with that of the General Construction Contract, exceeds 25% but all of the applicable percentage ratios are less than 100%, the transactions contemplated under the Decoration and Construction Agreements constitute a major transaction for the Company and is therefore subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Under Rule 14.44 of the Listing Rules, Shareholders' approval for the transactions may be obtained by way of written Shareholders' approval in lieu of holding a general meeting if (a) no Shareholder is required to abstain from voting if the Company were to convene a general meeting to obtain such Shareholders' approval; and (b) written Shareholders' approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% in nominal value of the issued share capital of the Company having the right to attend and vote at that general meeting to approve such transactions.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, no Shareholders or any of their respective associates has any material interest in the Decoration and Construction Agreements and none of the Shareholders is required to abstain from voting in favour of the resolution to approve the entering into of the Decoration and Construction Agreements.

For the purpose of Rule 14.44 of the Listing Rules, Zhihui Guang, China Foreign Education, Fangyuan Education and Good Booming, being controlling Shareholders of the Company, are a closely allied group of Shareholders. In this regard, (i) Zhihui Guang is held as to 51% by Mr. He Huishan and 49% by Ms. Zhou Lanqing, the spouse of Mr. He Huishan; (ii) China Foreign Education is wholly-owned by Ms. He Huifen; (iii) Fangyuan Education is wholly-owned by the estate of the late Ms. He Huifang; (iv) Good Booming is wholly-owned by Mr. He Huishan; (v) Mr. He Huishan, Ms. He Huifen and the late Ms. He Huifang are siblings; (vi) Mr. He Huishan, Ms. Zhou Lanqing, Ms. He Huifen, and the late Ms. He Huifang are parties acting in concert pursuant to a concert party agreement dated 19 November 2020; and (vii) Zhihui Guang, China Foreign Education, Fangyuan Education and Good Booming have voted in the same manner in all Shareholders' resolutions of the Company since its incorporation. Please refer to the section headed "History and Corporate Structure" of the Prospectus for further information about the relationship among the said controlling Shareholders.

As of 31 October 2024, Zhihui Guang, China Foreign Education, Fangyuan Education and Good Booming, being the controlling Shareholders of the Company, hold 1,000,000,000 Shares in total, representing approximately 75.0% of the total number of issued share capital of the Company. The Company has obtained from Zhihui Guang, China Foreign Education, Fangyuan Education and Good Booming their written approvals for the Decoration and Construction Agreements and the transactions contemplated thereunder in lieu of holding a general meeting of the Company in accordance with Rule 14.44 of the Listing Rules. As such, no general meeting will be convened for approving the Decoration and Construction Agreements and the transactions contemplated thereunder pursuant to Rule 14.44 of the Listing Rules.

A circular containing, among others, further information on the Decoration and Construction Agreements, the transactions contemplated thereunder and other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 21 November 2024.

DEFINITIONS

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

“Board”	the Board of Directors
“China Foreign Education”	China Foreign Education Limited, a limited liability company incorporated under the laws of the British Virgin Islands, which is a shareholder of the Company
“Company”	South China Vocational Education Group Company Limited (中國華南職業教育集團有限公司), a limited liability company incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange
“Contractor”	Guangzhou Jisheng Construction Co., Ltd.* (廣東集盛建設有限公司), a limited liability company established under the laws of the PRC
“Decoration and Construction Agreements”	the Overall Decoration and Installation Agreement and the Foundation Construction Agreement
“Director(s)”	the director(s) of the Company
“Fangyuan Education”	Fangyuan International Education Investment Limited, a limited liability company incorporated under the laws of the British Virgin Islands, which is a shareholder of the Company
“Foundation Construction Agreement”	the construction agreement dated 31 October 2024 entered into between Lingnan Institute of Technology and the Contractor for the construction of certain foundation pit support of Qingyuan New Dormitories and Basement
“General Construction Contract”	the general construction agreement dated 16 September 2024 entered into between Lingnan Institute of Technology and the Contractor for the construction of the main body of Qingyuan New Dormitories and Basement
“Global Offering”	the initial public offering of the ordinary shares of the Company in 2021
“Good Booming”	Good Booming Limited, a limited liability company incorporated under the laws of the British Virgin Islands, which is a shareholder of the Company

“Group”	the Company, its subsidiaries and its affiliated entities
“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 the Company within the meaning of the Listing Rules
“Lingnan Education”	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
“Lingnan Institute of Technology”	Guangdong Lingnan Institute of Technology* (廣東嶺南職業技術學院), a private education institution registered under the laws of the PRC on May 24, 2002, the school sponsor’s interest of which is wholly owned by Lingnan Education
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Overall Decoration and Installation Agreement”	the decoration and installation agreement dated 31 October 2024 entered into between Lingnan Institute of Technology and the Contractor for the decoration and installation of certain facilities of Qingyuan New Dormitories and Basement
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus of the Company dated 30 June 2021
“Qingyuan Campus”	the campus of Lingnan Institute of Technology located in Qingyuan, Guangdong Province
“Qingyuan New Dormitories and Basement”	the No. 14 Students’ Dormitory, the No. 15 Teachers’ Dormitory and the No. 54 Basement II of the Qingyuan Campus, which are the subject matter to be constructed under the General Construction Contract and the Decoration and Construction Agreements
“RMB”	Renminbi, the lawful currency of PRC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Takeovers Code”	Code on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission of Hong Kong
“Zhihui Guang”	Zhihui Guang Limited, a limited liability company incorporated under the laws of the British Virgin Islands, which is a shareholder of the Company
“%”	per cent

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

Hong Kong, 31 October 2024

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