
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in South China Vocational Education Group Company Limited, you should at once hand this circular to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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**

A letter from the Board is set out on pages 4 to 13 of this circular.

The transactions being the subject matter of this circular have been approved by written shareholders' approval pursuant to the Listing Rules and this circular is being published to the Shareholders for information only.

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DEFINITIONS

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

“Associate(s)”	has the meaning ascribed to it in the Listing Rules
“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
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“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
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“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
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“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

DEFINITIONS

“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
“Latest Practicable Date”	25 November 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“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 24 May 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

DEFINITIONS

“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

If there is any inconsistency between the Chinese names of entities or enterprises established in the PRC and their English translations, the Chinese names shall prevail. The English translation of company or entity names in Chinese or another language which are marked with “” is for identification purpose only.*

LETTER FROM THE BOARD

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)

Executive Directors:

Mr. He Huishan (*Chairman*)

Ms. He Huifen (*Chief Executive Officer*)

Mr. Lao Hansheng

Independent non-executive Directors:

Mr. Luo Pan

Mr. Yeh Zhe-Wei

Mr. Ma Shuchao

Registered Office:

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

Corporate Headquarters and

Principal Place of Business

in the PRC:

No. 492 Da Guan Zhong Road

Tianhe District

Guangzhou

Guangdong Province

PRC

Principal Place of Business in

Hong Kong:

40th Floor, Dah Sing Financial Centre

No. 248 Queen's Road East

Wanchai

Hong Kong

29 November 2024

To the Shareholders

Dear Sir/Madam,

**MAJOR TRANSACTION
DECORATION AND CONSTRUCTION AGREEMENTS FOR
DORMITORIES AND BASEMENT**

1. INTRODUCTION

The purpose of this circular is to provide you with information in respect of the terms of the Decoration and Construction Agreements and other information as required under the Listing Rules.

LETTER FROM THE BOARD

2. THE DECORATION AND CONSTRUCTION AGREEMENTS

As disclosed in the announcement of the Company dated 31 October 2024, 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.

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

- Date: 31 October 2024
- Parties: a) Lingnan Institute of Technology
b) 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.

LETTER FROM THE BOARD

Contract Price,
Adjustment and
Settlement:

RMB63,533,648.35 (the “**Contract Price I**”), which is subject to adjustment as follows:

- a) if there is any change in the construction scope due to blueprint revisions, a separate budget will be prepared with unit prices referencing those of similar items in the Overall Decoration and Installation Agreement;
- b) for items specified in the blueprints that are not constructed, the corresponding costs will be fully deducted;
- c) any additional or reduced work outside the blueprints, agreed upon by both parties, will be calculated based on the discounted unit prices in the contract budget list (合同預算清單). If no prior agreement on unit prices exists, settlement will be based on local market prices for construction periods or as mutually agreed; and
- d) if the price of main construction materials increases or decreased by more than 5%, adjustments will be made for the portion exceeding or below the 5% threshold.

The Company does not expect these adjustments to be significant or would otherwise render the Decoration and Construction Agreements a very substantial acquisition of the Company, in which event the Company will make further announcement(s) and comply with the relevant requirements under the Listing Rules.

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**”).

LETTER FROM THE BOARD

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:

- a) 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;
- b) 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);
- c) up to 95% of the Contract Price I shall be payable after the completion and delivery for use;
- d) 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 Settlement Completion I; and
- e) 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 ranges from 2 to 5 years, as 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.

LETTER FROM THE BOARD

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

- Date: 31 October 2024
- Parties: a) Lingnan Institute of Technology
b) 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 as follows:
- a) if there is any change in the construction scope due to blueprint revisions, a separate budget will be prepared with unit prices referencing those of similar items in the Foundation Construction Agreement;
 - b) for items specified in the blueprints that are not constructed, the corresponding costs will be fully deducted;
 - c) any additional or reduced work outside the blueprints, agreed upon by both parties, will be calculated based on the discounted unit prices in the contract budget list (合同預算清單). If no prior agreement on unit prices exists, settlement will be based on local market prices for construction periods or as mutually agreed; and

LETTER FROM THE BOARD

- d) if the price of main construction materials increases or decreased by more than 5%, adjustments will be made for the portion exceeding or below the 5% threshold.

The Company does not expect these adjustments to be significant or would otherwise render the Decoration and Construction Agreements a very substantial acquisition of the Company, in which event the Company will make further announcement(s) and comply with the relevant requirements under the Listing Rules.

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:

- a) 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;
- b) 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);
- c) up to 95% of the Contract Price II shall be payable after the completion and delivery for use; and
- d) up to 100% of the Settlement Amount II shall be payable after the completion of the earthwork backfilling (土方回填).

LETTER FROM THE BOARD

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, including the Overall Decoration and Installation Agreement and the Foundation Construction Agreement, were awarded to the Contractor through a competitive, single integrated tendering process (一體化招標). In this process, each of the bidders, including the Contractor, submitted a combined bid covering both the contracts 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 circular, 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.

LETTER FROM THE BOARD

Information of 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 circular, the Contractor is owned by several shareholders who are natural persons. Its largest shareholder, Mr. Deng Xionghong (鄧雄紅), holds 50.0% equity interest in the Contractor, while each of the other shareholders holds less than 30.0%.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Contractor, its shareholders and ultimate beneficial owner(s) 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.

LETTER FROM THE BOARD

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 51.0% by Mr. He Huishan and 49.0% by Ms. Zhou Lanqing, the spouse of Mr. He Huishan; (ii) China Foreign Education is 100.0% owned by Ms. He Huifen; (iii) Fangyuan Education is 100.0% owned by the estate of the late Ms. He Huifang; (iv) Good Booming is 100.0% 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 the Latest Practicable Date, 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.

LETTER FROM THE BOARD

3. RECOMMENDATIONS

The Directors (including all the independent non-executive Directors) are of the view that the Decoration and Construction Agreements are conducted in the ordinary and usual course of business of the Group, on normal commercial terms, and that the terms thereof, are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, had a special general meeting been convened to approve the Decoration and Construction Agreements, the Directors (including all the independent non-executive Directors) would have recommended the Shareholders to vote in favor of the resolutions approving the entering into of the Decoration and Construction Agreements and the terms of the Decoration and Construction Agreements at the special general meeting.

4. FURTHER INFORMATION

Your attention is also drawn to the financial information set out in Appendix I and the general information set out in Appendix II to this circular.

Yours faithfully,
For and on behalf of the Board
South China Vocational Education Group Company Limited
He Huishan
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

The published audited consolidated financial statements of the Group for each of the three years ended 31 December 2021, 2022 and 2023 and the unaudited consolidated financial statements of the Group for the six months ended 30 June 2024 are disclosed in the following documents, which can be accessed on both the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.scvedugroup.com):

- (a) the annual report of the Company for the year ended 31 December 2021 published on 21 April 2022 (pages 100 to 212) in relation to the financial information of the Group for the same year;
- (b) the annual report of the Company for the year ended 31 December 2022 published on 26 April 2023 (pages 104 to 220) in relation to the financial information of the Group for the same year;
- (c) the annual report of the Company for the year ended 31 December 2023 published on 24 April 2024 (pages 96 to 204) in relation to the financial information of the Group for the same year; and
- (d) the interim report of the Company for the six months ended 30 June 2024 published on 27 September 2024 (pages 26 to 52) in relation to the financial information of the Group for the same period.

2. STATEMENT OF INDEBTEDNESS OF THE GROUP

As of the close of the business on 31 October 2024, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had the following indebtedness:

Bank and Other Borrowings

As of the close of business on 31 October 2024, the Group had bank and other outstanding borrowings of approximately RMB148,395,000, all of which are unsecured and not guaranteed.

Lease Liabilities

As of the close of business on 31 October 2024, the Group had lease liabilities of approximately RMB100,082,000, all of which are unsecured and not guaranteed.

Contingent Liabilities and Guarantees

As of the close of business on 31 October 2024, the Group did not have any unrecorded significant contingent liabilities or guarantees.

Pledge of Assets

As of the close of business on 31 October 2024, no assets of the Group were pledged to secure bank loans and other borrowings.

Save as aforesaid and apart from intra-group liabilities, the Group did not have any debt securities issued and outstanding, and authorised or otherwise created but unissued, or any material outstanding loan capital, bank overdrafts, loans, mortgages, charges or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments, guarantees or any other actual or material contingent liabilities outstanding at the close of business on 31 October 2024.

The Directors confirm that there has been no material change to the indebtedness and contingent liabilities of the Group since 31 October 2024 up to and including the Latest Practicable Date.

3. SUFFICIENCY OF WORKING CAPITAL

Taking into account the financial resources of the Group (including the Group's available cash balance, the anticipated cash flows from operations and the net proceeds from the Global Offering), in the absence of any unforeseen circumstances, the Directors are of the opinion that the Group will have sufficient financial resources to meet its working capital requirement and financial requirements for capital expenditure for at least the next 12 months from the date of this circular.

The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

4. IMPACT ON THE EARNINGS, ASSETS AND LIABILITIES OF THE GROUP

As of 31 December 2023, the audited consolidated total assets and total liabilities of the Group amounted to approximately RMB2,466 million and RMB815 million respectively. The consideration payable under the Decoration and Construction Agreements will be paid in cash, primarily financed by the Group's internal resources and the proceeds from the Global Offering.

The facilities under the Decoration and Construction Agreements would be recorded as property, plant and equipment under non-current assets of the Group and hence the amount of the total assets of the Group is expected to increase following the completion of the works, after such increase is partially offset by the decrease in cash and cash equivalents. The amount of the total liabilities of the Group is also expected to increase due to the funding requirements of the consideration of the Decoration and Construction Agreements. Given the nature of the Decoration and Construction Agreements, the Group does not expect the Decoration and Construction Agreements to have immediate material impact on the earnings of the Group.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is a leading provider of private formal vocational education services in the Guangdong-Hong Kong-Macau Greater Bay Area (the “**Greater Bay Area**”), through two schools, namely Lingnan Institute of Technology and Guangdong Lingnan Modern Technician College.

According to the Group’s operating data for the six months ended 30 June 2024, total full-time student enrollment across its schools reached 28,907 for the 2023/2024 academic year. As of 30 June 2024, the average tuition fees at Lingnan Institute of Technology and Guangdong Lingnan Modern Technician College were RMB17,187 and RMB14,204, respectively, with average boarding fees at RMB2,048 and RMB1,997.

Looking ahead, supported by recent national policies — including the revised Vocational Education Law of the PRC and reforms to modernize vocational education — the Group will continue to focus on its core business. Emphasis will be placed on integrating vocational training with industry needs to support skill development in sectors like healthcare, education, and home services. Leveraging its strategic position in the Greater Bay Area, a key economic center, the Group aims to capitalize on rising demand for skilled talent in emerging industries and healthcare, creating significant growth opportunities. The Group is also committed to expanding its vocational education services through several initiatives: developing Lingnan Institute of Technology into a comprehensive technical college, pursuing strategic mergers and acquisitions in the Greater Bay Area, and broadening its ancillary education offerings, including adult continuing education and vocational qualification programs. In addition, the Group plans to strengthen international partnerships and implement a “Five-in-One” model that integrates training, healthcare, e-commerce, and public welfare, building a solid foundation for diversified, sustainable growth.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regards to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement contained in this circular or this circular misleading.

2. DISCLOSURE OF DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

Interests of Directors and chief executives of the Company and its associated corporations

As of the Latest Practicable Date, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

a) Long Position in the Shares of the Company

Name of Director	Nature of Interest	Number of Shares Held	Position	Approximate Percentage of Shareholding in the Company ⁽¹⁾
Mr. He Huishan	Interest in a controlled corporation ⁽²⁾⁽³⁾	620,000,000	Long	46.48%
Ms. He Huifen	Interest in a controlled corporation ⁽⁴⁾	190,000,000	Long	14.24%

Notes:

- (1) Based on the number of issued Shares as of the Latest Practicable Date, being 1,334,000,000 Shares.
- (2) Zhihui Guang is owned as to 51% by Mr. He Huishan and 49% by Ms. Zhou Lanqing, respectively. Ms. Zhou Lanqing is the spouse of Mr. He Huishan. Mr. He Huishan is therefore deemed to be interested in the Shares held by Zhihui Guang by virtue of the SFO, being 570,000,000 Shares.

- (3) Mr. He Huishan is the sole shareholder of Good Booming. Mr. He Huishan is therefore deemed to be interested in the Shares held by Good Booming by virtue of the SFO, being 50,000,000 Shares.
- (4) Ms. He Huifen is the sole shareholder of China Foreign Education. Ms. He Huifen is therefore deemed to be interested in the Shares held by China Foreign Education by virtue of the SFO, being 190,000,000 Shares.

b) Long Position in the Shares of the Associated Corporation

Long Position in the Shares of Guangzhou Lingnan Education Group Co., Ltd.
(廣州嶺南教育集團有限公司)

Name of Director	Nature of Interest	Number of Shares Held	Position	Approximate Percentage of Shareholding in the Associated Corporation ⁽¹⁾
Mr. He Huishan	Beneficial owner	18,000,000	Long	60.00%
Ms. He Huifen	Beneficial owner	6,000,000	Long	20.00%

Note:

- (1) Based on the number of issued shares of Guangzhou Lingnan Education Group Co., Ltd. as of the Latest Practicable Date, being 30,000,000 shares.

Save as disclosed above, as of the Latest Practicable Date, none of the Directors and chief executives of the Company had any interests and short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

3. MATERIAL ADVERSE CHANGES

The Directors confirm that, as of the Latest Practicable Date, there was no material adverse change in the financial or trading position of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up.

4. DIRECTORS' SERVICE CONTRACTS

As of the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into a service contract with any member of the Group, other than service contracts expiring or determinable by the relevant member of the Group within one year without payment of compensation other than statutory compensation.

5. DIRECTORS' INTERESTS IN ASSETS

As of the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which have been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 December 2023, being the date to which the latest published audited financial statements of the Group were made up.

6. DIRECTORS' INTERESTS IN CONTRACTS OR ARRANGEMENTS

None of the Directors was materially interested in any contract or arrangement subsisting as of the Latest Practicable Date which is significant in relation to the business of the Group.

7. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As of the Latest Practicable Date, so far as the Directors were aware, none of the Directors and their respective close associates had interest in any business apart from the Group's businesses which competes or is likely to compete, either directly or indirectly, with the business of the Group.

8. MATERIAL LITIGATION

As of the Latest Practicable Date, no member of the Group was engaged in any litigation or claims of material importance nor was any litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Group.

9. MATERIAL CONTRACTS

The Directors confirmed that there were no material contracts (as defined under the Listing Rules) entered into by the members of the Group within two years immediately preceding the Latest Practicable Date.

10. GENERAL

- (a) The company secretary of the Company is Ms. Suen Ka Yan who is a member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

- (b) The address of the principal share registrar, Conyers Trust Company (Cayman) Limited, and transfer office of the Company in Cayman Islands is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (c) The address of the Hong Kong branch share registrar, Tricor Investor Services Limited, and transfer office of the Company in Hong Kong is at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (d) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

11. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Company (www.scvedugroup.com) and the Stock Exchange (www.hkexnews.hk) for a period of 14 days from the date of this circular (both days inclusive):

- (1) the Overall Decoration and Installation Agreement dated 31 October 2024; and
- (2) the Foundation Construction Agreement dated 31 October 2024.