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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

**If you have sold or transferred** all your shares in China Vocational Education Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or transferee(s), or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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**China Vocational Education Holdings Limited**  
**中國職業教育控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code:1756)**

**CONTINUING CONNECTED TRANSACTIONS**  
**REVISION OF ANNUAL CAP AND RENEWAL OF**  
**CONSTRUCTION SERVICES FRAMEWORK AGREEMENT**  
**AND**  
**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent financial adviser to**  
**the Independent Board Committee and the Independent Shareholders**

**VINCO** 

**Vinco Financial Limited**

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Capitalised terms on this cover page shall have the same meanings as those defined in “Definitions” in this circular.

A letter from the Board is set out on pages 4 to 15 of this circular and a letter from the Independent Board Committee is set out on page 16 of this circular. A letter of advice from the Independent Financial Adviser containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 17 to 33 of this circular.

A notice convening the EGM to be held at 6/F, The Administration Building of Guangzhou Huali Science and Technology Town, No. 11 Huali Road, Zengcheng District, Guangzhou, Guangdong Province, PRC on Monday, 31 July 2023 at 10:30 a.m. is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company’s branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude the shareholders of the Company from attending and voting in person at the EGM or any adjournment thereof if they so wish. In the event you attend the EGM after having lodged the form of proxy, it will be deemed to have been revoked.

All times and dates specified herein refer to Hong Kong local times and dates.

12 July 2023

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## DEFINITIONS

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

“Annual Caps”	the annual caps for the transactions contemplated under the Supplemental Construction Services Framework Agreement, being RMB315.0 million and RMB126.0 million for the years ending 31 August 2023 and 2024, respectively
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	China Vocational Education Holdings Limited 中國職業教育控股有限公司, an exempted company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1756)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Construction Services Framework Agreement”	the framework agreement dated 17 July 2020 and entered into between the Company and Huali Construction, pursuant to which Huali Construction and/or its subsidiaries have agreed to provide construction services for the Group’s school campuses in the PRC (including the existing campuses and the new campuses) for the period from 15 September 2020 until 31 August 2023 (both dates inclusive)
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting to be convened at 6/F, The Administration Building of Guangzhou Huali Science and Technology Town, No. 11 Huali Road, Zengcheng District, Guangzhou, Guangdong Province, PRC on Monday, 31 July 2023 at 10:30 a.m. or any adjournment thereof for the purpose of considering and, if thought fit, approving the Supplemental Construction Services Framework Agreement and the transactions contemplated thereunder (including the Annual Caps)
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HL-Diamond Trust”	HL-Diamond Trust is a discretionary trust established by Mr. Zhang Zhifeng as the settlor and with Mr. Zhang Zhifeng and his spouse and children as the beneficiaries

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## DEFINITIONS

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“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huali Construction”	Guangdong Huali Construction Co., Ltd.* (廣東華立建築有限公司), a limited liability company established in the PRC and 99.97% and 0.03% directly owned by Mr. Zhang and Mr. Zhang Zhifan, the brother of Mr. Zhang, respectively, and a connected person of the Company
“Huali Education”	Huali Education Holdings Limited, a limited liability company incorporated in the British Virgin Islands and wholly owned by HL-Diamond Limited, which is in turn controlled by UBS Trustees (B.V.I.) Limited as trustee of HL-Diamond Trust, and one of the controlling shareholders of the Company
“Independent Board Committee”	a committee of the Board (comprising all the independent non-executive Directors) established for the purpose of advising the Independent Shareholders in respect of the Supplemental Construction Services Framework Agreement and the transactions contemplated thereunder (including the Annual Caps)
“Independent Financial Adviser” or “Vinco Financial”	Vinco Financial Limited, a corporation licensed to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Construction Services Framework Agreement and the transactions contemplated thereunder (including the Annual Caps)
“Independent Shareholders”	Shareholders who are not interested in the Construction Services Framework Agreement and are not required under the Listing Rules to abstain from voting on the resolutions to approve the Supplemental Construction Services Framework Agreement and the transactions contemplated thereunder (including the Caps) at the EGM
“Independent Third Party(ies)”	third party(ies) independent of the Company and the connected persons of the Company
“Latest Practicable Date”	7 July 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10

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## DEFINITIONS

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“Mr. Zhang”	Mr. Zhang Zhifeng, the chairman of the Board, an executive Director and one of the controlling shareholders of the Company
“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China which, for the purpose of this circular only, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Proposed Revision of Annual Cap”	the proposed increase of the annual cap from RMB163.4 million to RMB315.0 million for the total transaction sum under the Construction Services Framework Agreement for the year ending 31 August 2023
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of US\$0.0001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“South China”	Guangdong Province, Guangxi Province and Hainan Province of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Construction Services Framework Agreement”	the supplemental framework agreement dated 12 May 2023 and entered into between the Company and Huali Construction, pursuant to which Huali Construction and/or its subsidiaries have agreed to revise the annual cap under the Construction Services Framework Agreement for the year ending 31 August 2023 and provide construction services for the Group’s school campuses in the PRC (including the existing campuses and the new campuses) for the period from 1 September 2023 until 31 August 2024 (both dates inclusive)
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent.

\* English translation of names in Chinese which is marked with “\*” in this circular is for identification purposes only

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**LETTER FROM THE BOARD**

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**China Vocational Education Holdings Limited**  
**中國職業教育控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code:1756)**

*Executive Directors*

Mr. Zhang Zhifeng (*Chairman*)

Mr. Ye Yaming

Mr. Zhang Yude

Mr. Zou Kang

*Independent Non-executive Directors*

Ms. Chiu Lai Kuen Susanna MH JP

Mr. Yang Ying

Mr. Ding Yi

*Registered Office*

P.O. Box 309, Uglan House

Grand Cayman KY1-1104

Cayman Islands

*Headquarters in the PRC*

The Administration Building of

Guangzhou Huali Science

and Technology Town

No. 11 Huali Road

Zengcheng 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

12 July 2023

To the Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS**  
**REVISION OF ANNUAL CAP AND RENEWAL OF**  
**CONSTRUCTION SERVICES FRAMEWORK AGREEMENT**

**1. INTRODUCTION**

References are made to the announcement of the Company dated 17 July 2020 in relation to the Construction Services Framework Agreement and the announcement of the Company dated 12 May 2023 in relation to the entering into of the Supplemental Construction Services Framework Agreement.

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with, among other things, (i) further details the Proposed Revision of Annual Cap; (ii) further details of the terms of the Supplemental Construction Services Framework Agreement and the transactions contemplated thereunder (including the Annual Caps); (iii) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iv) the recommendation from the Independent Board Committee to the Independent Shareholders; and (v) the notice of EGM.

### **2. REVISION OF ANNUAL CAP FOR CONTINUING CONNECTED TRANSACTION**

Pursuant to the terms of the Construction Services Framework Agreement, the Group has been engaging Huali Construction for construction services for its school campuses. Having considered the relevant factors, including the delay in construction works primarily as a result of the COVID-19 pandemic which contributed to the delay in construction completion, the estimated amount of construction services to be required by the Group and the expected progress of such construction works, the Company estimates that the existing annual cap under the Construction Services Framework Agreement for the year ending 31 August 2023 will not be sufficient. As a result, a revised annual cap of RMB315.0 million is proposed for the total transaction sum under the Construction Services Framework Agreement for the year ending 31 August 2023.

Based on the Company's management account as at 28 February 2023, the total actual transaction amount for the six months ended 28 February 2023 under the Construction Services Framework Agreement amounted to approximately RMB101.7 million, representing approximately 62.2% of the existing annual cap for the year ending 31 August 2023.

The Company confirms that as at the Latest Practicable Date, the actual transaction amounts for the construction services paid by the Group to Huali Construction and/or its subsidiaries under the Construction Services Framework Agreement have not exceeded the annual cap in respect of these transactions.

Save for the Proposed Revision of Annual Cap, the scope of services and other terms of the Construction Services Framework Agreement shall remain valid and in full force and effect.

### **3. RENEWAL OF CONTINUING CONNECTED TRANSACTION**

In contemplation of the expiry of the Construction Services Framework Agreement, the Board announces that on 12 May 2023 (after the trading hours), the Company and Huali Construction entered into the Supplemental Construction Services Framework Agreement to continue the provision of construction services for the Group's school campuses in the PRC (including the existing campuses and the new campuses) for a term of one year commencing from 1 September 2023 to 31 August 2024.

### **4. THE SUPPLEMENTAL CONSTRUCTION SERVICES FRAMEWORK AGREEMENT**

The principal terms of the Supplemental Construction Services Framework Agreement are set out below:

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## LETTER FROM THE BOARD

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- Date : 12 May 2023
- Parties : (a) the Company; and  
(b) Huali Construction
- Subject matter : Huali Construction and/or its subsidiaries have agreed to, during the term of the Supplemental Construction Services Framework Agreement, provide construction services for the Group's school campuses (including the existing campuses and the new campuses) in the PRC. The Group and Huali Construction will enter into a separate contract for each construction project.
- Term : Commencing from the date of the Supplemental Construction Services Framework Agreement to 31 August 2024 (both days inclusive).
- Pricing policy : The construction fees and the terms of each individual contract must be fair and reasonable for both the Group and Huali Construction, and should be determined based on general commercial terms in the ordinary and usual course of business. The Group will make reference to the market prices and the charging basis for the same or similar services provided by Independent Third Parties, in any event, it shall not be less than three comparable transactions (if no comparable transaction or quotation is available, the Group will review the proposed transactions (including its payment terms) based on its past experience and public information on the market, if available). Further, the Group shall also take into account the historical purchase prices for the relevant construction fees and the terms of the historical contracts to ensure that the price provided by Huali Construction and/or its subsidiaries is not less favourable to the Group. In addition, the construction fees and the terms of each individual contract shall be based on general commercial terms in the ordinary and usual course of business and shall be no less favourable than those offered by the Independent Third Parties. In addition, the Group shall consider the same or comparable transactions completed by Independent Third Parties in the same or the most recent period when determining the construction fees and the terms of each individual contract.



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## LETTER FROM THE BOARD

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In addition, the relevant personnel of the infrastructure management office of the Company shall compare other transactions or quotations for similar transactions with Independent Third Parties and ensure that the terms offered by Huali Construction (including its payment terms) are (i) within the ordinary businesses of the Group; (ii) on normal commercial terms and conditions and no less favorable to the Group; (iii) fair and reasonable and in the interests of the Shareholders; and (iv) in compliance with the Group's pricing and internal control measures and policies for connected transactions.

If the construction project relates to civil engineering works and installation works (including fire safety works, water supply and drainage works, indoor electrical works, low current embedding works and lightning protection works), pricing will be based on the guidance of the Code of Valuation with Bill of Quantities of Construction Works (《建設工程工程量清單計價規範》) (national standard) (including updates on such guidance materials issued by the regulatory authorities from time to time). In addition, (i) for civil engineering works, the pricing will be based on the Guangdong Comprehensive Quota of Housing Construction and Decoration Projects (《廣東省房屋建築與裝飾工程綜合定額》) (provincial standard) (including updates on such guidance materials issued by the regulatory authorities from time to time); and (ii) for installation works, the pricing will be based on the Guangdong Comprehensive Quota of General Installation Projects (《廣東省通用安裝工程綜合定額》) (provincial level) (including updates on such guidance materials issued by the regulatory authorities from time to time). The prices of major materials to be used in the construction projects will be based on the construction project reference prices issued by the Cost Management Department of the Housing and Urban-Rural Development Bureau (住房及城鄉建設局造價管理部門) of the project location during the construction period, which will be updated on a monthly basis. The Group shall engage an independent licensed construction consulting company before the commencement of the construction works and upon completion of the construction works to check whether the transaction price in the construction projects carried out by Huali Construction and/or its subsidiaries are based on the above government guidelines.

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## LETTER FROM THE BOARD

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Payment term	:	The payment and settlement will be based on each individual contract to be executed by the parties. The Group will typically pay (i) approximately 25% of the total contract sum as upfront payment within 7 days after the signing of the individual contract, (ii) progress payment equal to 60% of the value of construction work completed by Huali Construction and/or its subsidiaries, and (iii) up to 100% of the total contract sum upon post completion inspection, subject to approximately 3% of the total contract sum may be retained as quality assurance deposit which will be paid upon expiry of the defect liability period (usually being 20 days from the passing of completion inspection of the construction works).
Conditions precedent	:	The effectiveness of the Supplemental Construction Services Framework Agreement is conditional upon the Company having obtained the Independent Shareholders' approval in respect of the Supplemental Construction Services Framework Agreement and the transactions contemplated thereunder (including the Annual Caps).

### 5. EXISTING ANNUAL CAPS AND HISTORICAL TRANSACTION AMOUNTS

The existing annual caps and historical transaction amounts under the Construction Services Framework Agreement are set below:

Financial year	Existing annual caps <i>RMB' million</i>	Historical transaction amounts <i>RMB' million</i>	Utilization rate
From 15 September 2020 (the effective date of the Construction Services Framework Agreement) to 31 August 2021	757.3	429.3	56.7%
From 1 September 2021 to 31 August 2022	414.4	35.2	8.5%
From 1 September 2022 to 31 August 2023	163.4	101.7 (for the six months ended 28 February 2023)	62.2%

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## LETTER FROM THE BOARD

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### The Annual Caps

Set out below are the Annual Caps of the continuing connected transactions under the Supplemental Construction Services Framework Agreement:

	<b>From 1 September 2022 to 31 August 2023</b>	<b>From 1 September 2023 to 31 August 2024</b>
	<i>RMB' million</i>	<i>RMB' million</i>
Annual caps	315.0	126.0

The Annual Caps were determined after arm's length negotiations between the Company and Huali Construction, with reference to (i) the historical transaction amounts charged to and paid by the Group for the construction projects, (ii) the prevailing market prices of comparable construction services in Guangdong Province from the Independent Third Parties in term of the scale, complexity, technical requirements, specifications, expected completion time and possible risk factors associated with the engagement, (iii) the experience, terms of service and expected service quality of the contractors, as well as the amount of construction fees set out in the Code of Valuation with Bill of Quantities of Construction Works (《建設工程工程量清單計價規範》), the Guangdong Comprehensive Quota of Housing Construction and Decoration Projects (《廣東省房屋建築與裝飾工程綜合定額》) and the Guangdong Comprehensive Quota of General Installation Projects (《廣東省通用安裝工程綜合定額》), and (iv) the current status of the construction works and the construction schedule.

The construction works on the campuses in Xinhui District, Jiangmen City, the PRC (the “**Jiangmen Campus**”) and Zengcheng District, the PRC (the “**Zengcheng Campus**”, together with the Jiangmen Campus, the “**Campuses**”) was initially expected to be completed by the end of August 2023. Due to the impact of the postponement of construction works in the past two years, the construction progress did not carried out as initially scheduled. As at 28 February 2023, only approximately 26% and approximately 34% of the construction works of the Jiangmen Campus and the Zengcheng Campus were completed, respectively. Pursuant to the current construction plan and the latest construction progress, the Group is expecting to complete the main structural works by August 2023, the fitting-out works by July 2024 and all the construction works by 31 August 2024. Accordingly, the annual caps for the two years ended 31 August 2021 and 2022 in relation to construction works initially scheduled to be carried out in 2021 and 2022 were postponed to 2023 and 2024, which lead to the increase of the annual cap for the year ending 31 August 2023 and the entering into of the Supplemental Construction Services Framework Agreement.

In arriving at the Annual Caps, the Directors have considered (i) the historical transaction amounts with Huali Construction, including the unit price per square meter charged to the Group for previous construction works under the Construction Services Framework Agreement; (ii) existing gross floor area of the Campuses of approximately 36,922.46 square meters; (iii) the estimation of the gross floor area of the Campuses to be constructed of approximately 128,508.87 square meters; and (iv) the prices of major materials to be used for the construction works of the Campuses by reference to the

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## LETTER FROM THE BOARD

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reference prices issued by the Cost Management Department of the Housing and Urban-Rural Development Bureau\* (住房及城鄉建設局造價管理部門) of the Campuses location during the construction period, which will be updated on a monthly basis.

Set out below are details of the Group's current construction plans:

School campus	Details of construction works	Total GFA <i>sq.m.</i>	Total transaction sum <i>RMB' million</i>	Estimated amount of construction fees for	
				the period from 1 September 2022 to 31 August 2023 <i>RMB' million</i>	the period from 1 September 2023 to 31 August 2024 <i>RMB' million</i>
<b>Jiangmen Campus</b>	Construction of a teaching building, two laboratories and two dormitories	92,285	332	206	126
<b>Zengcheng Campus</b>	Construction of three dormitories	36,224	109	109	-
	<b>Total</b>	<b>128,509</b>	<b>441</b>	<b>315</b>	<b>126</b>

### 6. REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLEMENTAL CONSTRUCTION SERVICES FRAMEWORK AGREEMENT

Huali Construction is principally engaged in the provision of construction services, and has the necessary qualifications, capabilities and experience to provide construction services for the Group's school campuses in the PRC. As part of its business plan, the Group has been expanding its business operation through increasing student enrollment. Such development requires the Group to expand the capacity of its existing campuses.

The Board has been monitoring the performance of the Construction Services Framework Agreement. Taking into account (a) the delay in construction works primarily as a result of the COVID-19 pandemic which contributed to the delay in construction completion, and (b) the actual transaction amounts in respect of the construction works undertaken by Huali Construction and/or its subsidiaries under the Construction Services Framework Agreement, the Board envisages that the existing annual cap under the Construction Services Framework Agreement for the year ending 31 August 2023 will not be sufficient. Therefore, the Board proposed to seek Independent Shareholders' approval of the Proposed Revision of Annual Cap. Further, considering the extensive experience of Huali Construction and/or its subsidiaries in construction projects in the PRC and the good cooperation

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## LETTER FROM THE BOARD

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between the Group and Huali Construction and/or its subsidiaries pursuant to the Construction Services Framework Agreement, the entering into of the Supplemental Construction Services Framework Agreement will enable the Group to continue to engage Huali Construction and/or its subsidiaries for their construction services with assurance of the quality of construction works for the Group's constructions projects.

### **7. INTERNAL CONTROL MEASURES FOR THE CONTINUING CONNECTED TRANSACTIONS**

The Group has adopted the following internal control procedures to govern the transactions contemplated under the Supplemental Construction Services Framework Agreement (including the Annual Caps):

- (i) the Company's finance department shall, on a monthly basis, closely monitor and record the actual transaction amounts of the transactions contemplated under the Supplemental Construction Services Framework Agreement to ensure that the Annual Caps will not be exceeded;
- (ii) the Company has adopted a reporting system, whereby the Company's finance department is required to, upon receipt of the written contract with the relevant connected person, record the key information of the transaction, including the contract parties, the contract term and the transaction amounts. In addition, if (i) the aggregate transaction amounts under the continuing connected transaction exceeds 70% of the relevant annual cap, the finance department will be required to report the aggregate transaction amounts to the Company's senior management on a bi-weekly basis; and (ii) the aggregate transaction amounts under the continuing connected transaction exceeds 90% of the relevant annual cap, approval from the Company's senior management shall be obtained before entering into any additional transactions with the relevant connected person;
- (iii) in order to ensure that the fees charged by Huali Construction and/or its subsidiaries are fair and reasonable and no less favourable to the Group than those offered by Independent Third Parties, the Company will, prior to the entering into of separate contracts with Huali Construction and/or its subsidiaries, obtain at least three quotations from Independent Third Parties and compare the terms offered by Huali Construction and/or its subsidiaries with those offered by Independent Third Parties using the same objective criteria, which include pricing, technical specifications, quality of constructions materials and expected completion time;
- (iv) the Company's auditor will review the transactions contemplated under the Supplemental Construction Services Framework Agreement on an annual basis and confirm whether (a) such transactions have been approved by the Board; (b) such transactions were entered into in accordance with the terms of the Supplemental Construction Services Framework Agreement; and (c) the Annual Caps have been exceeded; and
- (v) the independent non-executive Directors will review the transactions contemplated under the Supplemental Construction Services Framework Agreement on an annual basis to confirm whether such transactions are conducted (a) in the ordinary and usual course of business of the

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## LETTER FROM THE BOARD

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Group; (b) on normal commercial terms or better; and (c) in accordance with the terms of the Supplemental Construction Services Framework Agreement that are fair and reasonable and in the interests of the Shareholders as a whole.

For the avoidance of doubt, the Group adopted the same internal control measures for all continuing connected transactions, including the transactions contemplated under the Construction Services Framework Agreement and the Supplemental Construction Services Framework Agreement.

By implementing the above measures, the Directors consider that the Company has established sufficient internal control procedures to ensure that the transactions will be carried out in accordance with the terms of the Supplemental Construction Services Framework Agreement and that the fees to be charged by Huali Construction and/or its subsidiaries will not be less favourable than those charged by Independent Third Parties for similar transactions.

### 8. INFORMATION OF THE GROUP AND HUALI CONSTRUCTION

#### **The Company**

The Company is an investment holding company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange. The Group is a large-scale private higher education and vocational education group in South China, offering applied science-focused and practice-oriented programs and vocational education and trainings.

#### **Huali Construction**

Huali Construction is a limited liability company established in the PRC and is principally engaged in the provision of construction services.

### 9. LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Huali Construction was 99.97% and 0.03% directly owned by Mr. Zhang and Mr. Zhang Zhifan, the brother of Mr. Zhang, respectively. Huali Construction is therefore a connected person of the Company and the transactions contemplated under the Supplemental Construction Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Given the applicable percentage ratios in respect of the revised annual cap under the Construction Services Framework Agreement for the year ending 31 August 2023 exceed 5%, the Proposed Revision of Annual Cap is subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Further, since one or more of the applicable percentage ratios of the annual cap of the transactions contemplated under the Supplemental Construction Services Framework Agreement exceed 5%, the transactions contemplated under the Supplemental Construction Services Framework Agreement are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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## LETTER FROM THE BOARD

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### 10. GENERAL

Since Huali Construction was 99.97% directly owned by Mr. Zhang as at the Latest Practicable Date, Mr. Zhang and Mr. Zhang Yude, an executive Director and the son of Mr. Zhang, have abstained from voting on the board resolutions to approve the Supplemental Construction Services Framework Agreement and the transactions contemplated thereunder (including the Annual Caps). Save as disclosed above, none of the Directors has material interest in, or is required to abstain from voting on resolutions of the Board in relation to the Supplemental Construction Services Framework Agreement and the transactions contemplated thereunder (including the Annual Caps).

To the best of the knowledge and belief of the Directors having made all reasonable enquiries, save and except for Mr. Zhang and his associates (including Huali Education, a controlling shareholder of the Company which held 900,000,000 Shares (representing 75% of the issued share capital of the Company) as at the Latest Practicable Date), no other Shareholder has a material interest in the transactions contemplated under the Construction Services Framework Agreement such that he/she/it will have to abstain from voting on the resolutions in relation to the Construction Services Framework Agreement and the transactions contemplated thereunder (including the Annual Caps) to be proposed at the EGM.

### 11. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all the independent non-executive Directors, has been established to advise the Independent Shareholders on (i) whether the terms of the Supplemental Construction Services Framework Agreement and the Annual Caps are fair and reasonable; (ii) whether the Supplemental Construction Services Framework Agreement and the transactions contemplated thereunder (including the Annual Caps) are on normal commercial terms and in the ordinary and usual course of the business of the Group; (iii) whether the transactions contemplated under the Supplemental Construction Services Framework Agreement are in the interests of the Company and the Shareholders as a whole; and (iv) the voting action that should be taken by the Independent Shareholders.

Vinco Financial has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Construction Services Framework Agreement and the transactions contemplated thereunder (including the Annual Caps).

### 12. EGM

The EGM will be convened by the Company for the Independent Shareholders to consider and, if thought fit, approve the Supplemental Construction Services Framework Agreement and the transactions contemplated thereunder (including the Annual Caps). The voting at the EGM will be conducted by way of poll.

A notice convening the EGM to be held at 6/F, The Administration Building of Guangzhou Huali Science and Technology Town, No. 11 Huali Road, Zengcheng District, Guangzhou, Guangdong Province, PRC on Monday, 31 July 2023 at 10:30 a.m. is set out on pages EGM-1 to EGM-2 of this

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## LETTER FROM THE BOARD

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circular. A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the EGM or any adjournment thereof if they so wish. In the event you attend the EGM after having lodged the form of proxy, the relevant form(s) of proxy will be deemed to have been revoked.

In order to qualify for the right to attend and vote at the EGM or any adjournment thereof, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Tuesday, 25 July 2023.

### **13. RECOMMENDATION**

The Independent Board Committee, having taken into account, among other things, the advice of the Independent Financial Adviser, is of the view that the terms of the Supplemental Construction Services Framework Agreement and the transactions contemplated thereunder (including the Annual Caps) are fair and reasonable, on normal commercial terms and will be conducted in the ordinary and usual course of business of the Group and the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM in respect of the approval of the Supplemental Construction Services Agreement and the transactions contemplated thereunder (including the Annual Caps).

The Directors (excluding the Directors who had abstained from voting on the relevant board resolutions) are of the view that the Supplemental Construction Services Framework Agreement and the Annual Caps are fair and reasonable and on normal commercial terms so far as the Independent Shareholders are concerned, and such transactions are conducted in the ordinary and usual course of business of the Group and in the interest of the Company and the Shareholders as a whole. Accordingly, The Directors (excluding the Directors who had abstained from voting on the relevant board resolutions) recommends the Independent Shareholders to vote in favour of the resolution in respect of the Supplemental Construction Services Framework Agreement and the transactions contemplated thereunder (including the Annual Caps) to be proposed at the EGM.



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## LETTER FROM THE BOARD

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### 14. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in (i) the section headed “Letter from the Independent Board Committee” in this circular; (ii) the section headed “Letter from the Independent Financial Adviser” in this circular; and (iii) the appendix to this circular.

Yours faithfully,  
On behalf of the Board  
**China Vocational Education Holdings Limited**  
**Zhang Zhifeng**  
*Chairman*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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**China Vocational Education Holdings Limited**  
**中國職業教育控股有限公司**  
(Incorporated in the Cayman Islands with limited liability)  
(Stock Code:1756)

12 July 2023

*To the Independent Shareholders*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS**  
**REVISION OF ANNUAL CAP AND RENEWAL OF**  
**CONSTRUCTION SERVICES FRAMEWORK AGREEMENT**

We refer to the circular of China Vocational Education Holdings Limited (the “**Company**”) dated 12 July 2023 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context requires otherwise.

We have been appointed by the Board as members of the Independent Board Committee to advise the Independent Shareholders in respect of the Supplemental Construction Services Framework Agreement and the transactions contemplated thereunder (including the Annual Caps), details of which are set out in the section headed “Letter from the Board” in the Circular. Vinco Financial has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

Having considered the information set out in the section headed “Letter from the Board” in the Circular as well as the analysis and recommendation set out in the section headed “Letter from the Independent Financial Adviser” in the Circular, we concur with the opinion of the Independent Financial Adviser that the Supplemental Construction Services Framework Agreement and the Annual Caps are fair and reasonable and on normal commercial terms so far as the Independent Shareholders are concerned, and such transactions are conducted in the ordinary and usual course of business of the Group and in the interest of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Supplemental Construction Services Framework Agreement and the transactions contemplated thereunder (including the Annual Caps).

Yours faithfully,  
**the Independent Board Committee of**  
**China Vocational Education Holdings Limited**  
**Ms Chiu Lai Kuen Susanna MH JP, Mr. Yang Ying and Mr. Ding Yi**  
*Independent non-executive Directors*

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## LETTER FROM VINCO FINANCIAL

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*The following is the text of a letter of advice from Vinco Financial to the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Construction Services Framework Agreement and the transactions contemplated thereunder (including the Annual Caps) for the purpose of incorporation in this circular:*

**VINCO**  榮高  
**Vinco Financial Limited**

12 July 2023

*To the Independent Board Committee and the Independent Shareholders of  
China Vocational Education Holdings Limited*

Dear Sirs,

**CONTINUING CONNECTED TRANSACTIONS  
REVISION OF ANNUAL CAP AND RENEWAL OF  
CONSTRUCTION SERVICES FRAMEWORK AGREEMENT**

**INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Construction Services Framework Agreement and the transactions contemplated thereunder (including the Annual Caps), details of which are set out in the “Letter from the Board” in the circular (the “**Circular**”) issued by the Company to the Shareholders dated 12 July 2023 of which this letter forms part. Capitalised terms used in this letter shall have the same meanings ascribed to them in the Circular unless the context otherwise requires.

Reference is made to the announcement of the Company dated 17 July 2020 in connection to the Construction Services Framework Agreement entered into between the Company (for itself and on behalf of its subsidiaries) and Huali Construction, pursuant to which, Huali Construction and/or its subsidiaries would provide construction services for the Group’s school campuses (including the existing campuses and the new campuses) in the PRC. The Construction Services Framework Agreement will expire on 31 August 2023.

Given that the transaction amount under the Construction Services Framework Agreement is approaching the existing annual cap for the year ending 31 August 2023, the Company estimates that the existing annual cap under the Construction Services Framework Agreement for the year ending 31 August 2023 will not be sufficient. As a result, a revised annual cap of RMB315.0 million is proposed for the total transaction sum under the Construction Services Framework Agreement for the year ending 31 August 2023.

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## LETTER FROM VINCO FINANCIAL

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In contemplation of the expiry of the Construction Services Framework Agreement, the Board announces that on 12 May 2023 (after the trading hours), the Company and Huali Construction entered into the Supplemental Construction Services Framework Agreement to continue the provision of construction services for the Group's school campuses in the PRC (including the existing campuses and the new campuses) for a term of one year commencing from 1 September 2023 to 31 August 2024.

As at the Latest Practicable Date, Huali Construction was 99.97% and 0.03% directly owned by Mr. Zhang and Mr. Zhang Zhifan, the brother of Mr. Zhang, respectively. Huali Construction is therefore a connected person of the Company and the transactions contemplated under the Supplemental Construction Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Given the applicable percentage ratios in respect of the revised annual cap under the Construction Services Framework Agreement the year ending 31 August 2023 exceed 5%, the Proposed Revision of Annual Cap is subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Further, since one or more of the applicable percentage ratios of the annual cap of the transactions contemplated under the Supplemental Construction Services Framework Agreement exceed 5%, the transactions contemplated under the Supplemental Construction Services Framework Agreement are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### **THE INDEPENDENT BOARD COMMITTEE**

The Board currently comprises Mr. Zhang Zhifeng, Mr. Ye Yaming, Mr. Zhang Yude and Mr. Zou Kang as the executive Director; and Ms. Chiu Lai Kuen Susanna MH JP, Mr. Yang Ying and Mr. Ding Yi as the independent non-executive Directors.

The Independent Board Committee, comprising all the independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the Supplemental Construction Services Framework Agreement and the transactions contemplated thereunder (including the Annual Caps).

In our capacity as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders for the purpose of the Listing Rules, our role is to give an independent opinion as to whether the transactions contemplated under the Supplemental Construction Services Framework Agreement are in the ordinary and usual course of business of the Group and the Supplemental Construction Services Framework Agreement (including the Annual Caps) has been entered into on normal commercial terms after arm's length negotiations between the parties, and the terms of the transactions contemplated under the Supplemental Construction Services Framework Agreement (including the Annual Caps) are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

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## LETTER FROM VINCO FINANCIAL

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### OUR INDEPENDENCE

As at the Latest Practicable Date, we were not aware of any relationships or interest between us and the Company or any parties that could be reasonably be regarded as hindrance to our independence as defined under Rule 13.80 of the Listing Rules to act as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Construction Services Framework Agreement and the transactions contemplated thereunder (including the Annual Caps). We are not associated with the Company, its subsidiaries, its associates or their respective substantial shareholders or associates, and accordingly, are eligible to give independent advice and recommendations.

Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we will receive any fees from the Company, its subsidiaries, its associates or their respective substantial shareholders or associates. We are not aware of the existence of or change in any circumstances that would affect our independence.

We have not acted as a financial adviser to the Company in the last two years. Accordingly, we consider that we are eligible to give independent advice on the Supplemental Construction Services Framework Agreement and the transactions contemplated thereunder (including the Annual Caps).

### BASIS OF OUR OPINION AND RECOMMENDATION

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Construction Services Framework Agreement and the transactions contemplated thereunder (including the Annual Caps), we have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by the Directors, management of the Company and its subsidiaries. We have assumed that all information, facts, opinions and representations made or referred to in the Circular were true, accurate and complete as at the date of the Circular and that all expectations and intentions of the Directors, the management of the Company and its subsidiaries, will be met or carried out as the case may be. We have no reason to doubt the truth, accuracy and completeness of the information, facts, opinions and representations provided to us by the Directors and the management. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading. We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed.

We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information, opinions or representations given or made by or on behalf of the Company, nor conducted any independent in-depth investigation into the business affairs, assets and liabilities or future prospects of the Company, their respective subsidiaries or associates (if applicable) or any of the other parties involved in the transactions, nor have we considered the taxation

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## LETTER FROM VINCO FINANCIAL

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implication on the Group or the Shareholders as a result of the transactions. The Company has been separately advised by its own professional advisers with respect to the transactions and the preparation of the Circular (other than this letter).

We have assumed that the transactions will be consummated in accordance with the terms and conditions set forth in the Circular without any waiver, amendment, addition or delay of any terms or conditions. We have assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents as required for the transactions, no delay, limitation, condition or restriction will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived from the transactions. In addition, our opinion is necessarily based on the financial, market, economic, industry-specific and other conditions as they existed on, and the information made available to us as at the Latest Practicable Date.

We consider that we have reviewed all currently available information and documents, among others: (i) the interim report of the Company for the six months ended 28 February 2023 (the “**2023 Interim Report**”); (ii) the annual report of the Company for the year ended 31 August 2022; (iii) the announcement and circular of the Company dated 17 July 2020 and 28 August 2020 respectively in relation to the Construction Services Framework Agreement; (iv) the announcement of the Company dated 12 May 2023 in relation to the Supplemental Construction Services Framework Agreement; and (v) the basis and assumptions of the transactions contemplated under the Supplemental Construction Services Framework Agreement which are made available to us and enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our advice. Based on the foregoing, we confirm that we have taken all reasonable steps, which are applicable to the Supplemental Construction Services Framework Agreement and the transactions contemplated thereunder (including the Annual Caps) as referred to in Rule 13.80 of the Listing Rules (including the notes thereto).

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in respect of the Supplemental Construction Services Framework Agreement and the transactions contemplated thereunder (including the Annual Caps), except for its inclusion in the Circular, is not to be quoted or referred to, in whole in part, nor shall this letter be used for any other purposes, without our prior written consent.

In the event of inconsistency, the English text of this letter shall prevail over the Chinese translation of this letter.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In formulating our opinion and recommendation to the Independent Board Committee and Independent Shareholders in respect of the Supplemental Construction Services Framework Agreement and the transactions contemplated thereunder (including the Annual Caps), we have taken into account the principal factors and reasons set out below:

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## LETTER FROM VINCO FINANCIAL

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### **1. Background information of the parties to the transactions**

#### ***1.1 Information of the Company***

The Company is an investment holding company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange. The Group is a large-scale private higher education and vocational education group in South China, offering applied science-focused and practice-oriented programs and vocational education and trainings.

#### ***1.2 Information of Huali Construction***

Huali Construction is a limited liability company established in the PRC and is principally engaged in the provision of construction services.

### **2. Reasons for and benefits of entering into of the Supplemental Construction Services Framework Agreement**

As disclosed in the Letter from the Board, Huali Construction is principally engaged in the provision of construction services, and has the necessary qualifications, capabilities and experience to provide construction services for the Group's school campuses in the PRC. As part of its business plan, the Group has been expanding its business operation through increasing student enrollment. Such development requires the Group to expand the capacity of its existing campuses. Pursuant to the 2023 Interim Report, we understand there is an increase of 11.6% of student enrollment from the six months ended 28 February 2022 to the six months ended 28 February 2023.

The Board has been monitoring the performance of the Construction Services Framework Agreement. Taking into account (a) the delay in construction works primarily as a result of the COVID-19 pandemic which contributed to the delay in construction completion, and (b) the actual transaction amounts in respect of the construction works undertaken by Huali Construction and/or its subsidiaries under the Construction Services Framework Agreement, the Board envisages that the existing annual cap under the Construction Services Framework Agreement for the year ending 31 August 2023 will not be sufficient. Therefore, the Board proposed to seek Independent Shareholders' approval of the Proposed Revision of Annual Cap. Further, considering the extensive experience of Huali Construction and/or its subsidiaries in construction projects in the PRC and the good cooperation between the Group and Huali Construction and/or its subsidiaries pursuant to the Construction Services Framework Agreement, the entering into of the Supplemental Construction Services Framework Agreement will enable the Group to continue to engage Huali Construction and/or its subsidiaries for their construction services with assurance of the quality of construction works for the Group's constructions projects.

As confirmed with the management of the Company, Huali Construction is familiar with the Group's requirements and standards for construction services since it has provided the construction services for the Group's school campuses under the Construction Services Framework Agreement from 15 September 2020. Therefore, it is reasonable for the Group to continue to engage Huali Construction and or its subsidiaries to complete the construction works which have been delayed due to the

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## LETTER FROM VINCO FINANCIAL

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COVID-19 pandemic. We have obtained the information in relation to the actual transaction amounts of the construction works undertaken by Huali Construction and/or its subsidiaries under the Construction Services Framework Agreement up to 28 February 2023 from the Company. Hence, we noted that the transaction amount under the Construction Services Framework Agreement is approaching the existing annual cap for the year ending 31 August 2023 and the proposed Annual Caps can enable the remaining construction works to be completed.

Having considered the above, we are of the view that the entering into of the Supplemental Construction Services Framework Agreement and the transactions contemplated thereunder (including the Annual Caps) are conducted in the ordinary and usual course of the Group's business and are in the interests of both the Company and the Shareholders as a whole.

### 3. The Supplemental Construction Services Framework Agreement

#### 3.1 *The principal terms*

As extracted from the Letter from the board, the principal terms of the Supplemental Construction Services Framework Agreement are set out below:

Date:	12 May 2023
Parties:	(a) The Company; and (b) Huali Construction
Subject matter:	Huali Construction and/or its subsidiaries have agreed to, during the term of the Supplemental Construction Services Framework Agreement, provide construction services for the Group's school campuses (including the existing campuses and the new campuses) in the PRC. The Group and Huali Construction will enter into a separate contract for each construction project.
Term:	Commencing from the date of the Supplemental Construction Services Framework Agreement to 31 August 2024 (both days inclusive).



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## LETTER FROM VINCO FINANCIAL

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### Pricing Policy:

The construction fees and the terms of each individual contract must be fair and reasonable for both the Group and Huali Construction, and should be determined based on general commercial terms in the ordinary and usual course of business. The Group will make reference to the market prices and the charging basis for the same or similar services provided by Independent Third Parties, in any event, it shall not be less than three comparable transactions (if no comparable transaction or quotation is available, the Group will review the proposed transactions (including its payment terms) based on its past experience and public information on the market, if available). Further, the Group shall also take into account the historical purchase prices for the relevant construction fees and the terms of the historical contracts to ensure that the price provided by Huali Construction and/or its subsidiaries is not less favourable to the Group. In addition, the construction fees and the terms of each individual contract shall be based on general commercial terms in the ordinary and usual course of business and shall be no less favourable than those offered by the Independent Third Parties. In addition, the Group shall consider the same or comparable transactions completed by Independent Third Parties in the same or the most recent period when determining the construction fees and the terms of each individual contract.

In addition, the relevant personnel of the infrastructure management office of the Company shall compare other transactions or quotations for similar transactions with Independent Third Parties and ensure that the terms offered by Huali Construction (including its payment terms) are (i) within the ordinary businesses of the Group; (ii) on normal commercial terms and conditions and no less favorable to the Group; (iii) fair and reasonable and in the interests of the Shareholders; and (iv) in compliance with the Group's pricing and internal control measures and policies for connected transactions.

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## LETTER FROM VINCO FINANCIAL

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If the construction project relates to civil engineering works and installation works (including fire safety works, water supply and drainage works, indoor electrical works, low current embedding works and lightening protection works), pricing will be based on the guidance of the Code of Bill Quantities and Valuation for Construction Works (《建設工程工程量清單計價規範》) (national standard)(including updates on such guidance materials issued by the regulatory authorities from time to time). In addition, (i) for civil engineering works, the pricing will be based on the Guangdong Comprehensive Quota of Housing Construction and Decoration Projects (《廣東省房屋建築與裝飾工程綜合定額》) (provincial standard); and (ii) for installation works, the pricing will be based on the Guangdong Comprehensive Quota of General Installation Projects (《廣東省通用安裝工程綜合定額》) (provincial level) (including updates on such guidance materials issued by the regulatory authorities from time to time); and (ii) for installation works, the pricing will be based on the Guangdong Comprehensive Quota of General Installation Projects (《廣東省通用安裝工程綜合定額》) (provincial level) (including updates on such guidance materials issued by the regulatory authorities from time to time). The prices of major materials to be used in the construction projects will be based on the construction project reference prices issued by the Cost Management Department of the Housing and Urban-Rural Development Bureau (住房及城鄉建設局造價管理部門) of the project location during the construction period, which will be updated on a monthly basis. The Group shall engage an independent licensed construction consulting company before the announcement of the construction works and upon completion of the construction works to check whether the transaction price in the construction projects carried out by Huali Construction and/or its subsidiaries are based on the above government guidelines.

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## LETTER FROM VINCO FINANCIAL

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Payment term:	The payment and settlement will be based on each individual contract to be executed by the parties. The Group will typically pay (i) approximately 25% of the total contract sum as upfront payment within 7 days after the signing of the individual contract , (ii) progress payment equal to 60% of the value of construction work completed by Huali Construction and/or its subsidiaries, and (iii) up to 100% of the total contract sum upon post completion inspection, subject to approximately 3% of the total contract sum may be retained as quality assurance deposit which will be paid upon expiry of the defect liability period (usually being 20 days from the passing of completion inspection of the construction works).
Conditions precedent:	The effectiveness of the Supplemental Construction Services Framework Agreement is conditional upon the Company having obtained the Independent Shareholders' approval in respect of the Supplemental Construction Services Framework Agreement and the transactions contemplated thereunder (including the Annual Caps).

### ***3.2 Our analysis regarding the Supplemental Construction Services Framework Agreement***

We have reviewed the Supplemental Construction Services Framework Agreement which mentions that the terms of services to be rendered by Huali Construction to the Group as contemplated under the Supplemental Construction Services Framework Agreement is no less favourable to the Group than those available from Independent Third Parties. We have obtained and reviewed the relevant documents relating to the provision of construction services by the subsidiaries of Huali Construction to the Group for the period from 15 September 2020 (the effective date of the Construction Services Framework Agreement) to 28 February 2023 including four individual contracts entered into between the Group and Huali Construction and/or its subsidiaries, four quotations obtained from Huali Construction and/or its subsidiaries and the corresponding quotations issued from not less than three Independent Third Parties respectively before entering into each individual contract, the pricing guidance issued by the Guangdong Province Housing and Urban-Rural Development Bureau\* (廣東省住房及城鄉建設) which the Group make reference to determine the actual terms of the Supplemental Construction Services Framework Agreement and the approval forms in relation to the transactions under the Construction Services Framework Agreement signed by the relevant personnel of the infrastructure management office of the Company. We consider the above samples we collected from the Group are fair and representative since they cover all the transactions for the construction services provided by Huali Construction and/or its subsidiaries and the corresponding comparison made for similar transactions with Independent Third Parties when determining the actual terms under the Supplemental Construction Services Framework Agreement. The pricing policy of the historical transactions with Huali

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## LETTER FROM VINCO FINANCIAL

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Construction's subsidiaries is in line with the corporate governance practices of other listed companies and the pricing policy set out in the Supplemental Construction Services Framework Agreement, whereby the Company would make reference to the market prices and the charging basis for the same or similar services provided by Independent Third Parties based on general commercial terms in the ordinary and usual course of business, and consider the same or comparable transactions completed by Independent Third Parties in the same or the most recent period when determining the construction fees and the terms of each individual contract.

According to the sample of quotations collected from the Group, we found the Group made reference to not less than three comparable quotations provided by Independent Third Parties for the same or similar services before entering into each individual contract under the Construction Services Framework Agreement, which would be under the Supplemental Construction Services Framework Agreement subsequently. We reviewed at least three samples of quotations issued by Independent Third Parties which are all granted a license under State Administration for Market Regulation\* (國家市場監督管理總局) before the Group entered into the individual contract with Huali Construction and/or its subsidiaries. We noted that their principal business consist of provision of construction services like Huali Construction and/or its subsidiaries as stated in the above-mentioned license we collected from the Company. Also, we found that the construction fees quoted by Huali Construction and/or its subsidiaries were more favourable to the Group than those quoted by the Independent Third Parties.

Pursuant to the Code of Bill Quantity and Valuation for Construction Works\* (《建設工程工程量清單計價規範》) dated 1 July 2013, the Guangdong Comprehensive Quota of Housing Construction and Decoration Projects\* (《廣東省房屋建築與裝飾工程綜合定額》) issued in 2018 and the Guangdong Comprehensive Quota of General Installation Projects\* (《廣東省通用安裝工程綜合定額》) issued in 2018, we understand the items for both civil engineering work and installation work are charged based on the above government guidelines and the actual fee would be confirmed and billed when the construction services are carried out. We have also confirmed with the management of the Company that the prices of major materials are based on the construction project information prices announced by the Cost Management Department of the Housing and Urban- Rural Development Bureau\* (住房及城鄉建設局造價管理部門) of the project location during the construction period. We have obtained the documents issued by an independent licensed construction consulting company in relation to the construction services provided by Huali Construction and/or its subsidiaries to the Group which indicates that the price adopted in the construction projects are based on the above government guidelines. Based on the market reference price of construction materials in Jiangmen District and Zengcheng District, the PRC issued by the Cost Management Department of the Housing and Urban Development Bureau\* (住房及城鄉建設局造價管理部門) prior to the entering into of each individual contract, we found the materials price advised by the government was constant and had no significant deviation to the price charged by Huali Construction and/or its subsidiaries to the Group. Furthermore, we collected the construction fees proposed by Huali Construction and or its subsidiaries and found the price

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## LETTER FROM VINCO FINANCIAL

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charged to the Group followed the above government guidelines. Also, as confirmed with Company, the comparable transaction or quotation was available before entering into individual contract with Huali Construction and/or its subsidiaries in the past.

Besides, we have compared the terms of the samples of individual construction service contract entered into between the Group and Huali Construction and/or its subsidiaries, which were similar to those under the construction service contract entered into between the Group and Independent Third Parties and found that they were no less favourable to the Group than those offered by Independent Third Parties. Pursuant to the quotation documents provided from Huali Construction and/or its subsidiaries and the Independent Third Parties, we found all construction companies including Huali Constructions and or/its subsidiaries and the Independent Third Parties which participated the bidding of the construction services agreed the same contract terms with the Group.

After having conducted the aforementioned works, we are of the view that the construction fees, the charging basis and the terms offered by Huali Construction and/or its subsidiaries are based on general commercial terms, in the ordinary and usual course of business and no less favourable to the Group than those offered by Independent Third Parties.

We have reviewed the Construction Services Framework Agreement and the Supplemental Construction Services Framework Agreement and found there is no difference of the terms stated between the two agreements. Since all the terms under Supplemental Construction Services Framework would be the same as the Construction Services Framework Agreement except the proposed annual caps merely for Huali Construction and/or its subsidiaries to complete the remaining construction services, we are of the view that the terms for the continuing connected transactions contemplated under the Supplemental Construction Services Framework Agreement are no less favourable to the Group than terms available from Independent Third Parties, fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

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**LETTER FROM VINCO FINANCIAL**

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**4. The Annual Caps**

Set out below are existing annual caps, historical transaction amounts and the utilisation rate under the Construction Services Framework Agreement:

<b>Period</b>	<b>Existing annual caps <i>RMB' million</i></b>	<b>Historical transaction amounts <i>RMB' million</i></b>	<b>Utilisation rate</b>
From 15 September 2020 (the effective date of the Construction Services Framework Agreement) to 31 August 2021	757.3	429.3	56.7%
From 1 September 2021 to 31 August 2022	414.4	35.2	8.5%
From 1 September 2022 to 31 August 2023	163.4	101.7 (for the six months ended 28 February 2023)	62.2%

Set out below are the Annual Caps of the continuing connected transactions under the Supplemental Construction Services Framework Agreement:

	<b>From 1 September 2022 to 31 August 2023 <i>RMB' million</i></b>	<b>From 1 September 2023 to 31 August 2024 <i>RMB' million</i></b>
Annual Caps	315.0	126.0

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## LETTER FROM VINCO FINANCIAL

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In our assessment of the reasonableness of the Annual Caps under the Supplemental Construction Services Framework Agreement, we have reviewed the estimation of the total purchases of construction services by the Group from Huali Construction for the six months ending 31 August 2023 and the year ending 31 August 2024 and the underlying bases and assumptions respectively. We have discussed with the Company regarding the below factors and concurred with the Company's view that it is reasonable and in the interests of both the Company and the Shareholders to set the Annual Caps at the proposed levels, after taking into consideration the following:

- (i) the historical transaction amounts charged to and paid by the Group for the construction projects. As depicted from the table above, we note that the relevant utilisation rate of the existing annual caps for the six months ended 28 February 2023 is approximately 62.20%, which is over half of the existing annual caps for the year ending 31 August 2023. The assumption of the existing annual caps for the remaining six months period not being sufficient for the transactions contemplated thereunder the Construction Services Framework Agreement is reasonable. Also, we have obtained information regarding the average unit price per square meter charged to the Group for projects under the Construction Services Framework Agreement from the Company (which is calculated by dividing the contract sum by the corresponding total GFA of the construction works) and noted that the unit price of the material involved in the projects to be completed under the Supplemental Construction Services Framework Agreement remains the same as there is no additional new individual contracts to be entered under the Supplemental Construction Services Framework Agreement. As confirmed by the Directors, the prices under the Supplemental Construction Services Framework Agreement are same as those under the Construction Services Framework Agreement since entering into each individual contracts. Pursuant to the latest construction progress and the current construction plan obtained from the Company, we understand there is approximately 71% of the gross floor area of the Campuses to be constructed in order to complete all the remaining construction works referencing to the existing gross floor area of the Campuses (out of the estimated aggregate gross floor area of the Campuses of approximately 128,508.87 square meters, approximately 36,922.46 square meters has been completed);
- (ii) the prevailing market prices of comparable construction services in Guangdong Province from the Independent Third Parties in term of the scale, complexity, technical requirements, specifications, expected completion time and possible risk factors associated with the engagement. Given that the unit price of the materials involved in the projects under the Supplemental Construction Services Framework Agreement would be the same as that under the Construction Services Framework Agreement as mentioned above in (i) and the independent financial adviser for the Construction Services Framework Agreement reviewed and compared the samples of quotations of the same construction project issued by the Independent Third Parties and the Huali Construction and/or its subsidiaries pursuant to the circular dated 28 August 2020, we are of the view that the Company did consider the market prices of comparable construction services when setting the Annual Caps;

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## LETTER FROM VINCO FINANCIAL

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- (iii) the experience, terms of service and expected service quality of the contractors, as well as the amount of construction fees set out in the Code of Valuation with Bill of Quantities of Construction Works (《建設工程工程量清單計價規範》), the Guangdong Comprehensive Quota of Housing Construction and Decoration Projects (《廣東省房屋建築與裝飾工程綜合定額》) and the Guangdong Comprehensive Quota of General Installation Projects (《廣東省通用安裝工程綜合定額》). We have also confirmed with the management of the Company that the prices of major materials will be based on the construction project information prices announced by the Cost Management Department of the Housing and Urban- Rural Development Bureau\* (住房及城鄉建設局造價管理部門) of the project location during the construction period, which will be updated on a monthly basis. We have obtained the documents issued by an independent licensed construction consulting company in relation to the construction services provided by Huali Construction and/or its subsidiaries to the Group which indicates that the price adopted in the construction projects are based on the above government guidelines. Such document would be issued by the independent licensed construction consulting company before the construction work starts and upon the construction work is completed. The independent licensed construction consulting company confirms the pricing basis in relation to the construction services was based on the requirements mentioned in the above guidelines including the pricing of each type of services under the Supplemental Construction Services Framework Agreement;
- (iv) the current status of the construction works and the construction schedule. Pursuant to the expected construction plan for the period from 1 March 2023 to 31 August 2023, we understand the Company shall complete the remaining construction works due to the delay during the period of COVID-19 pandemic and there is no additional project under the Supplemental Construction Services Framework Agreement compared with those under the Construction Services Framework Agreement; and
- (v) the construction works on the campuses in Xinhui District, Jiangmen City, the PRC (the “**Jiangmen Campus**”) and Zengcheng District, the PRC (the “**Zengcheng Campus**”, together with the Jiangmen Campus, the “**Campuses**”) was initially expected to be completed by end of August 2023. Due to the impact of the postponement of construction works in the past two years, the construction progress did not carry out as initially scheduled. According to the internal tracking record showing the latest construction progress obtained from the Company, we noted that only approximately 26% and approximately 34% of the construction works of the Jiangmen Campus and the Zengcheng Campus were completed, respectively as at 28 February 2023. Also, we reviewed the current construction plan and noted that the Group is expecting to complete the main structural works by August 2023, the fitting-out works by July 2024 and all the construction works by 31 August 2024. Accordingly, the annual caps for the two years ended 31 August 2021 and 2022 in relation to construction works initially scheduled to be carried out in 2021 and 2022 were postponed to 2023 and 2024, which lead to the increase of the annual cap for the year ending 31 August 2023 and the entering into of the Supplemental Construction Services Framework Agreement.



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## LETTER FROM VINCO FINANCIAL

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Set out below are details of the Group's current construction plans:

School campus	Details of construction works	Total GFA <i>sq.m.</i>	Total transaction sum  <i>RMB'million</i>	Estimated amount of construction fees for	
				the period from 1 September 2022 to 31 August 2023 <i>RMB'million</i>	the period from 1 September 2023 to 31 August 2024 <i>RMB'million</i>
Jiangmen Campus	Construction of a teaching building, two laboratories and two dormitories	92,285	332	206	126
Zengcheng Campus	Construction of three dormitories	36,224	109	109	-
	<b>Total</b>	<b>128,509</b>	<b>441</b>	<b>315</b>	<b>126</b>

Having considered the above factors, we concur with the Directors that the Annual Caps are fair and reasonable.

### INTERNAL CONTROL MEASURES GOVERNING THE TRANSACTIONS CONTEMPLATED UNDER THE SUPPLEMENTAL CONSTRUCTION SERVICES FRAMEWORK AGREEMENT

As confirm by the Director, the Company will adopt the following internal control procedures to govern the continuing connected transactions of the Company contemplated under the Supplemental Construction Services Framework Agreement (including the Annual Caps):

- (i) the Company's finance department shall on a monthly basis, closely monitor and record the actual transaction amounts of the transactions contemplated under the Supplemental Construction Services Framework Agreement to ensure that the Annual Caps will not be exceeded. We believe this control procedures could ensure that the Annual Caps will not be exceeded and the continuing connected transactions are conducted in accordance with section 2.4 under the Supplemental Construction Services Framework Agreement;
- (ii) the Company has adopted a reporting system, whereby the Company's finance department is required to, upon receipt of the written contract with the relevant connected person, record the key information of the transaction, including the contract parties, the contract term and the transaction amounts. In addition, if (i) the aggregate transaction amounts under the continuing connected transaction exceeds 70% of the relevant annual cap, the finance department will be required to report the aggregate transaction amounts to the Company's senior management on a bi-weekly basis; and (ii) the aggregate transaction amounts under the continuing connected transaction exceeds 90% of the relevant annual cap, approval from the Company's senior management shall be obtained before entering into any additional transactions with the relevant connected person. We obtained the record showing the key information of the transaction between the Group and Huali Construction and/or its subsidiaries including but not limited to the relevant contract parties, the contract term and the transaction

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## LETTER FROM VINCO FINANCIAL

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amounts. Also, we confirmed with the Company that there was no such event that the aggregate transaction amounts under the continuing connected transaction exceeds 70% of the relevant annual cap for the construction services provided by Huali Construction and/or its subsidiaries in the past;

- (iii) in order to ensure that the fees charged by Huali Construction and/or its subsidiaries are fair and reasonable and no less favourable to the Group than those offered by Independent Third Parties, the Company will, prior to entering into separate contracts with Huali Construction and/or its subsidiaries, obtain at least three quotations from Independent Third Parties and compare the terms offered by Huali Construction and/or its subsidiaries with those offered by Independent Third Parties using the same objective criteria, which include pricing, technical specifications, quality of constructions and expected completion time. We found the quotations provided by the Independent Third Parties and Huali Construction and/or its subsidiaries show not only the total price to be charged for the construction services but technical specification, quality of constructions and expected completion time and noted that the fees charged by Huali Construction and/or its subsidiaries are no less favourable to the Group;
- (iv) the Company's auditor will review the transactions contemplated under the Supplemental Construction Services Framework Agreement on an annual basis and confirm whether (a) such transactions have been approved by the Board; (b) such transactions were entered into in accordance with the terms of the Supplemental Construction Services Framework Agreement; and (c) the Annual Caps have been exceeded. We have obtained the letter issued by the external auditors dated 6 November 2020, 19 November 2021 and 29 November 2022 to conduct the annual review of the transactions under the Construction Services Framework Agreement; and
- (v) the independent non-executive Directors will review the transactions contemplated under the Supplemental Construction Services Framework Agreement on an annual basis to confirm whether such transactions are conducted (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or better; and (c) in accordance with the terms of the Supplemental Construction Services Framework Agreement that are fair and reasonable and in the interests of the Shareholders as a whole. Pursuant to the board meeting minutes dated 6 November 2020, 19 November 2021 and 29 November 2022, we understand the independent non-executive Directors reviewed the transactions contemplated under the Construction Services Framework Agreement on an annual basis and we consider the above procedures taken previously would continue to be conducted by the Company under the Supplemental Construction Services Framework Agreement.

For the avoidance of doubt, the Group adopted the same internal control measures for all continuing connected transactions, including the transactions contemplated under the Construction Services Framework Agreement and the Supplemental Construction Services Framework Agreement.

By implementing the above measures, the Directors consider that the Company has established sufficient internal control procedures to be imposed on the continuing connected transactions, we concur with the view of the Directors that the procedures to be adopted by the Group to govern the continuing connected transactions are sufficient and adequate to ensure that such transactions will be conducted under normal commercial terms and are not prejudicial to the interest of the Company and the Independent Shareholders.

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## LETTER FROM VINCO FINANCIAL

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### RECOMMENDATION

Having considered the above principal factors and reasons, we consider that (i) the Supplemental Construction Services Framework Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group; (ii) the terms of the Supplemental Construction Services Framework Agreement are on normal commercial term and are fair and reasonable, and it is in the interests of the Company and the Shareholders as a whole to enter into the proposed transactions with Huali Construction; and (iii) the Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM approving the Supplemental Construction Services Framework Agreement and the transactions contemplated thereunder (including the Annual Caps) for the period commencing from the date of the Supplemental Construction Services Framework Agreement to 31 August 2024.

Yours faithfully,  
For and on behalf of  
**Vinco Financial Limited**  
**Alister Chung**  
*Managing Director*

*Note:* Mr. Alister Chung is a licensed person registered with the Securities and Future Commission of Hong Kong and a responsible officer of Vinco Financial Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has participated in the provision of independent financial advisory services for various transactions involving companies listed in Hong Kong for over 10 years.

## 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 regard to the Company. 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 herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (a) Directors' and chief executives' interests and short positions in the Shares, underlying Shares and debentures

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code to the were as follows:

Name of Director or chief executive	Capacity/Nature of interest	Number of Shares	Approximate percentage of shareholding interest in the Company <sup>(1)</sup>
Mr. Zhang <sup>(2)</sup>	Settlor of trust	900,000,000 (L)	75.0%
Mr. Zhang Yude <sup>(3)</sup>	Beneficiary of trust	900,000,000 (L)	75.0%

(L) – Long position

Notes:

- (1) As at the Latest Practicable Date, the total number of issued Shares was 1,200,000,000 Shares.
- (2) The sole shareholder of Huali Education is Trust Co. The entire equity interest in Trust Co is held on trust by UBS Nominees Limited for UBS Trustees (B.V.I.) Limited. UBS Trustees (B.V.I.) Limited is the trustee of HL-Diamond Trust. HL-Diamond Trust is a discretionary trust established by Mr. Zhang Zhifeng as the settlor and with Mr. Zhang Zhifeng and his spouse and children as the beneficiaries. Therefore, each of Mr. Zhang Zhifeng and his spouse and children, Trust Co and UBS Trustees (B.V.I.) Limited is deemed to be interested in the 900,000,000 Shares held by Huali Education.
- (3) Mr. Zhang Yude (the son of Mr. Zhang Zhifeng) is one of the beneficiaries of HL-Diamond Trust.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required 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 required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

**(b) Substantial shareholders' interests and short positions in the Shares and underlying Shares**

As at the Latest Practicable Date, to the best knowledge of the Directors, the following persons (other than the Directors or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

<b>Name of Shareholder</b>	<b>Capacity/Nature of interest</b>	<b>Number of Shares</b>	<b>Approximate percentage of shareholding interest in the Company<sup>(1)</sup></b>
UBS Trustees (B.V.I.) Limited <sup>(2)</sup>	Trustee	900,000,000 (L)	75.0%
UBS Nominees Limited <sup>(2)</sup>	Interest in controlled corporation	900,000,000 (L)	75.0%
HL-Diamond Limited <sup>(2)</sup>	Interest in controlled corporation	900,000,000 (L)	75.0%
Huali Education <sup>(2)</sup>	Beneficial owner	900,000,000 (L)	75.0%
51Job, Inc	Beneficial owner	68,331,000 (L)	5.7%

*(L) – Long position*

*Notes:*

- (1) As at the Latest Practicable Date, the total number of issued Shares was 1,200,000,000 Shares.
- (2) The sole shareholder of Huali Education is Trust Co. The entire equity interest in Trust Co is held on trust by UBS Nominees Limited for UBS Trustees (B.V.I.) Limited. UBS Trustees (B.V.I.) Limited is the trustee of HL-Diamond Trust. HL-Diamond Trust is a discretionary trust established by Mr. Zhang

Zhifeng as the settlor and with Mr. Zhang Zhifeng and his spouse and children as the beneficiaries. Therefore, each of Mr. Zhang Zhifeng and his spouse and children, Trust Co and UBS Trustees (B.V.I.) Limited is deemed to be interested in the 900,000,000 Shares held by Huali Education.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any interests or short positions owned by any persons (other than the Directors or chief executive of the Company) in the Shares or underlying Shares which fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

### **3. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into any service contracts with any member of the Group which is not determinable within one year without payment of compensation other than statutory compensation.

### **4. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS**

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 August 2022, being the date to which the latest published audited accounts of the Company were made up.

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

### **5. COMPETING INTERESTS OF DIRECTORS**

As at the Latest Practicable Date, none of the Directors and their respective close associates had any interest in any business, apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group pursuant to Rule 8.10 of the Listing Rules.

### **6. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 August 2022, being the date of which the latest published audited financial statements of the Company were made up.

**7. CONSENT AND QUALIFICATION OF EXPERT**

The following is the qualification of the expert (the “**Expert**”) who has provided opinion or advice contained in this circular:

<b>Name</b>	<b>Qualification</b>
Vinco Financial Limited	A licensed corporation to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO

The letter, report and/or opinion from the Expert is given as at the date of this circular for incorporation in this circular. The Expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of its letter, report and/or opinion, as the case may be, and references to its name in the form and context in which they appear.

As at the Latest Practicable Date, the Expert did not have any interest in the share capital of any member of the Group nor had any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group, and did not have any interest, either directly or indirectly, in any assets which have been, since 31 August 2022, the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

**8. MISCELLANEOUS**

The English text of this circular shall prevail over the Chinese text in the event of inconsistency.

**9. DOCUMENT ON DISPLAY**

A copy of the Supplemental Construction Services Framework Agreement will be published on the website of the Stock Exchange at [www.hkexnews.com](http://www.hkexnews.com) and the website of the Company at [www.cveduholdings.com](http://www.cveduholdings.com) for a period of 14 days from the date of this circular.

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## NOTICE OF EGM

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### **China Vocational Education Holdings Limited** **中國職業教育控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code:1756)**

### **NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN THAT** an extraordinary general meeting (the “**EGM**”) of China Vocational Education Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) will be held at 6/F, The Administration Building of Guangzhou Huali Science and Technology Town, No. 11 Huali Road, Zengcheng District, Guangzhou, Guangdong Province, PRC on Monday, 31 July 2023 at 10:30 a.m. for the purpose of considering and, if thought fit, passing with or without modification, the following resolution as an ordinary resolution of the Company:

### **ORDINARY RESOLUTION**

1. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

**“THAT:**

- (a) the entering into of the supplemental framework agreement dated 12 May 2023 between the Company and Guangdong Huali Construction Co., Ltd.\* (廣東華立建築有限公司) (“**Huali Construction**”) (the “**Supplemental Construction Services Framework Agreement**”), pursuant to which, Huali Construction and/or its subsidiaries have agreed to (i) revise the annual cap under the framework agreement dated 17 July 2020 for the year ending 31 August 2023; and (ii) provide construction services for the Group’s school campuses in the People’s Republic of China (including the existing campuses and the new campuses) for the period commencing from the date falling upon the passing of this resolution until 31 August 2024 (both dates inclusive) (a copy of the Supplemental Construction Services Framework Agreement marked “A” has been produced to the EGM and signed by the chairman of the EGM for the purpose of identification), the transactions contemplated thereunder and annual cap for the year ending 31 August 2024 (as set out in the circular of the Company dated 12 July 2023) be and are hereby approved, ratified and confirmed; and
- (b) any director of the Company or the authorised person(s) of the Company be and is(are) hereby authorised on behalf of the Company to sign, seal and execute all such other documents and agreements and to do all such acts and things as he/she may in his/her discretion consider necessary or desirable or expedient to implement and/or to give effect, determine, revise,



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## NOTICE OF EGM

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supplement or complete any matters relating to or in connection with the Supplemental Construction Services Framework Agreement and the transactions thereby contemplated and the annual caps.”

Yours faithfully,  
On behalf of the Board  
**China Vocational Education Holdings Limited**  
**Zhang Zhifeng**  
*Chairman*

Hong Kong, 12 July 2023

*Notes:*

1. The resolution proposed at the EGM will be voted by poll (except where the chairman decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Listing Rules. The results of the poll will be published on both the websites of The Stock Exchange of Hong Kong Limited of [www.hkexnews.hk](http://www.hkexnews.hk) and the Company at [www.cveduholdings.com](http://www.cveduholdings.com) in accordance with the Listing Rules.
2. A shareholder entitled to attend and vote at the EGM is entitled to appoint another person as his/her/its proxy to attend and vote instead of him/her/it; a proxy need not be a shareholder of the Company.
3. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined as that one of the said persons so present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof.
4. A form of proxy for use of the EGM is enclosed with the circular of the Company. In order to be valid, a form of proxy must be deposited at the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong together with the power of attorney or other authority (if any) under which it is signed (or a notarised certified copy thereof) not less than 48 hours before the time appointed for the holding of the above meeting or any adjournment thereof. The completion and return of the form of proxy shall not preclude shareholders of the Company from attending and voting in person at the EGM (or any adjourned meeting thereof) if they so wish.
5. The transfer books and register of members will be closed from Wednesday, 26 July 2023 to Monday, 31 July 2023, both days inclusive to determine the entitlement of the shareholders to attend the EGM, during which period no share transfers can be registered. All transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investors Service Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 25 July 2023.
6. All times and dates specified herein refer to Hong Kong local times and dates.

*As at the date of this notice, the executive directors of the Company are Mr. Zhang Zhifeng, Mr. Ye Yaming, Mr. Zhang Yude and Mr. Zou Kang; and the independent non-executive directors of the Company are Ms Chiu Lai Kuen Susanna MH JP, Mr. Yang Ying and Mr. Ding Yi.*

\* *English translation of names in Chinese which is marked with "\*" in this notice is for identification purposes only*