SOUTH CHINA VOCATIONAL EDUCATION GROUP COMPANY LIMITED
中 國 華 南 職 業 教 育 集 團 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6913)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

The board (the "**Board**") of directors (the "**Directors**") of South China Vocational Education Group Company Limited (the "**Company**") is pleased to announce the unaudited interim condensed consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 June 2025 (the "**Reporting Period**") together with the comparative figures for the corresponding period in 2024.

FINANCIAL HIGHLIGHTS

	Six months ended 30 June			
	2025	2024	**Change**	Percentage change
	RMB'000	*RMB'000*	***RMB'000***	*(%)*
	(Unaudited)	(Unaudited)		
Revenue	**361,785**	335,761	**26,024**	+7.8
Cost of sales	**238,775**	201,790	**36,985**	+18.3
Gross profit	**123,010**	133,971	**−10,961**	−8.2
Profit before tax	**83,613**	84,475	**−862**	−1.0
Profit for the period	**83,741**	87,775	**−4,034**	−4.6
Basic and diluted earnings per share	**RMB0.06**	RMB0.07	**RMB−0.01**	−14.3

Note:

The Board recommended the declaration of an interim dividend of HK2.0 cents per share for the six months ended 30 June 2025. The interim dividend will be declared and paid in Hong Kong dollars (six months ended 30 June 2024: HK2.2 cents per share).

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

		Six months ended 30 June	
		2025	2024
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
REVENUE	*4*	**361,785**	335,761
Cost of sales		**(238,775)**	(201,790)
Gross profit		**123,010**	133,971
Other income and gains	*4*	**33,852**	27,832
Selling and distribution expenses		**(13,936)**	(13,438)
Administrative expenses		**(41,825)**	(43,895)
Other expenses		**(12,606)**	(13,992)
Finance costs		**(4,882)**	(6,003)
PROFIT BEFORE TAX	*5*	**83,613**	84,475
Income tax credit	*6*	**128**	3,300
PROFIT FOR THE PERIOD		**83,741**	87,775
OTHER COMPREHENSIVE INCOME			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of financial statements		**49**	(74)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods		**49**	(74)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		**49**	(74)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**83,790**	87,701

	Note	Six months ended 30 June 2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Profit attributable to:			
Owners of the parent		**83,660**	87,722
Non-controlling interests		**81**	53
		83,741	87,775
Total comprehensive income attributable to:			
Owners of the parent		**83,709**	87,648
Non-controlling interests		**81**	53
		83,790	87,701
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*8*		
Basic and diluted			
— For profit for the period		**RMB0.06**	RMB0.07

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2025

	Notes	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**1,658,636**	1,648,359
Investment properties		**46,944**	47,909
Right-of-use assets		**346,039**	362,105
Goodwill		**3,052**	3,052
Other intangible assets		**11,629**	10,771
Contract costs		**8,441**	9,055
Prepayments, other receivables and other assets		**9,064**	15,346
Deferred tax assets		**13,028**	12,843
Total non-current assets		**2,096,833**	2,109,440
CURRENT ASSETS			
Prepayments, other receivables and other assets		**16,432**	13,315
Accounts receivable	*9*	**2,381**	9,254
Amounts due from related parties		**4,720**	891
Contract costs		**10,466**	10,641
Financial assets at fair value through profit or loss		**—**	30
Cash and cash equivalents		**300,211**	279,190
Time deposits		**95,000**	85,000
Restricted bank deposits		**—**	22,888
Total current assets		**429,210**	421,209
CURRENT LIABILITIES			
Contract liabilities	*4*	**120,861**	293,790
Other payables and accruals		**165,150**	194,671
Interest-bearing bank and other borrowings		**94,062**	63,079
Lease liabilities		**22,261**	24,632
Tax payable		**13,925**	15,629
Amounts due to related parties		**3,562**	1,658
Deferred income		**4,201**	5,072
Total current liabilities		**424,022**	598,531
NET CURRENT ASSETS/(LIABILITIES)		**5,188**	(177,322)
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,102,021**	1,932,118

	30 June 2025 *RMB'000* **(Unaudited)**	31 December 2024 *RMB'000* (Audited)
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**229,374**	118,140
Lease liabilities	**71,102**	78,626
Deferred income	**76,330**	77,923
Total non-current liabilities	**376,806**	274,689
Net assets	**1,725,215**	1,657,429
EQUITY		
Equity attributable to owners of the parent		
Share capital	**11,124**	11,124
Reserves	**1,713,701**	1,645,996
	1,724,825	1,657,120
Non-controlling interests	**390**	309
Total equity	**1,725,215**	1,657,429

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

South China Vocational Education Group Company Limited (中國華南職業教育集團有限公司, the "**Company**") was incorporated in the Cayman Islands on 15 August 2018 as an exempted company with limited liability under the Companies Act of the Cayman Islands. The registered address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The principal activity of the Company is investment holding. During the Reporting Period, the Company and its subsidiaries (collectively referred to as the "**Group**") were principally engaged in providing private higher vocational education in the People's Republic of China (the "**PRC**").

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2025 have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 *Interim Financial Reporting*. The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2024.

The unaudited interim condensed consolidated financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of amendments to HKFRS Accounting Standards effective as of 1 January 2025. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. One amendment applies for the first time in 2025, but does not have an impact on the interim condensed consolidated financial statements of the Group.

Lack of exchangeability — Amendments to HKAS 21

The amendments to HKAS 21 The Effects of Changes in Foreign Exchange Rates specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025. When applying the amendments, an entity cannot restate comparative information.

The amendments did not have a material impact on the Group's financial statements.

3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the provision of higher vocational education services in the PRC.

HKFRS 8 *Operating Segments* requires operating segments to be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision makers in order to allocate resources to segments and to assess their performance. The information reported to the Directors, who are the chief operating decision makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the Directors review the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

Geographical information

During the Reporting Period, the Group operated within one geographical segment because all of its revenue was generated in the PRC and all of its long-term assets/capital expenditure were located/incurred in the PRC. Accordingly, no further geographical segment information is presented.

Information about major customers

No revenue from services provided to a single customer accounted for 10% or more of the total revenue of the Group during the Reporting Period (six months ended 30 June 2024: Nil).

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue, other income and gains is as follows:

		For the six months ended 30 June	
		2025	2024
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue			
Revenue from contracts with customers			
Tuition fees	*(a)*	**328,837**	302,546
Boarding fees	*(a)*	**30,463**	29,296
Other education service fees	*(b)*	**2,485**	3,919
Total		**361,785**	335,761
Other income and gains			
Rental income		**18,267**	13,567
Training income		**7,998**	6,653
Government grants:			
Related to assets	*(c)*	**3,417**	2,731
Related to income	*(d)*	**832**	794
Bank interest income		**1,995**	1,751
Loan interest income		**—**	294
Brand licensing income		**909**	863
Fair value gain, net:			
Financial assets at fair value through profit or loss		**—**	782
Exchange gain, net		**4**	—
Others		**430**	397
Total		**33,852**	27,832

Notes:

(a) Tuition fees and boarding fees mainly represented income received from the provision of education and boarding services to the students, which were recognised over time, i.e. the academic year, of the services rendered.

(b) Other education service fees mainly represented income received from the provision of other education services including training services to the students, which was recognised over time, i.e. the training periods, of the services rendered.

(c) Government grants related to assets represent the subsidies in connection with certain pieces of leasehold land and the electronic devices relating to teaching activities. These grants related to assets are released to profit or loss over the expected useful lives of the relevant assets.

(d) Government grants related to income represent the subsidies compensated for the incurred operating expenses arising from teaching activities, which were recognised as other income when the incurred operating expenses fulfilled the conditions attached.

Contract liabilities

The Group receives tuition and boarding fees from students in advance prior to the beginning of each academic year or semester. The performance obligation is satisfied proportionately over the relevant period of the applicable program. The students are entitled to the refund of the payment in relation to the proportionate service not yet provided.

Significant changes in the contract liability balances during the period/year are as follows:

	Six months ended 30 June 2025	Year ended 31 December 2024
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
At the beginning of the period/year	**293,790**	234,117
Revenue recognised that was included in the balance of contract liabilities at the beginning of the period/year	**(270,530)**	(232,302)
Increases due to cash received, including amounts recognised as revenue during the period/year	**205,241**	760,377
Revenue recognised that was not included in contract liabilities at the beginning of the period/year	**(99,252)**	(466,471)
Transfer to refund liabilities	**(8,388)**	(1,931)
At the end of the period/year	**120,861**	293,790

Revenue recognised in relation to contract liabilities

The following table shows the amounts of revenue recognised in the current period that were included in the contract liabilities at the beginning of the Reporting Period:

	For the six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue recognised that was included in the balance of contract liabilities at the beginning of the period		
Tuition fees	**242,306**	204,583
Boarding fees	**28,224**	27,856
Total	**270,530**	232,439

Unsatisfied performance obligations

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 30 June 2025 are as follows:

	30 June 2025 *RMB'000* **(Unaudited)**	31 December 2024 *RMB'000* (Audited)
Expected to be recognised within one year:		
Tuition fees	**118,067**	261,407
Boarding fees	**2,794**	32,383
Total	**120,861**	293,790

The amounts of transaction prices associated with unsatisfied or partially unsatisfied performance obligations do not include variable consideration which is constrained.

There were no contract assets at the end of the Reporting Period recognised in the unaudited interim condensed consolidated statement of financial position.

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Note	For the six months ended 30 June 2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Employee benefit expense (excluding directors' and chief executive's remuneration):			
Wages and salaries		**129,872**	117,609
Pension scheme contributions (defined contribution scheme)****		**8,775**	14,473
Total		**138,647**	132,082
Depreciation of property, plant and equipment		**40,758**	33,064
Depreciation of right-of-use assets		**16,066**	15,453
Depreciation of investment properties		**965**	965
Amortisation of other intangible assets*		**1,554**	1,286
Exchange loss, net		**64**	1,895
Donation expenses***		**316**	1,370
Lease payments not included in the measurement of lease liabilities		**1,157**	346
Auditor's remuneration		**—**	1,100
Loss on disposal of items of property, plant and equipment, net***		**90**	15
Reversal of provision for expected credit losses on accounts receivable		**—**	(62)
Fair value gain, net			
Financial assets at fair value through profit or loss	*4*	**—**	(782)
Bank interest income	*4*	**(1,995)**	(1,751)
Loan interest income	*4*	**—**	(294)
Government grants**	*4*	**(4,249)**	(3,525)

* The amortisation of other intangible assets is included in cost of sales in the unaudited interim condensed consolidated statement of profit or loss and other comprehensive income.

** There are no unfulfilled conditions or other contingencies attaching to the government grants that have been recognised.

*** These amounts are included in other expenses in the unaudited interim condensed consolidated statement of profit or loss and other comprehensive income.

**** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

6. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act of the Cayman Islands and accordingly is not subject to income tax from business carried out in the Cayman Islands.

Lingnan Education Investment Limited, the Company's directly held subsidiary, was incorporated in the BVI as an exempted company with limited liability under the BVI Companies Act and accordingly is not subject to income tax from business carried out in the BVI.

South China Vocational Education Group (Hong Kong) Limited, a subsidiary incorporated in Hong Kong, is subject to income tax at the rate of 16.5% on the estimated assessable profits arising in Hong Kong. No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the period.

Pursuant to the decision (the "**2016 Decision**") of the Standing Committee of the National People's Congress on Amending the Private Schools Promotion Law of the PRC (《全國人民代表大會常務委員會關於修改〈中華人民共和國民辦教育促進法〉的決定》), which was promulgated on 7 November 2016 and came into force on 1 September 2017, private schools are no longer being classified as either schools for which the school sponsor(s) require reasonable returns or schools for which the school sponsor(s) do not require reasonable returns. Instead, the school sponsor(s) of a private school may choose for the school to be a for-profit private school or a non-profit private school, with the exception that schools providing nine-year compulsory education must be non-profit.

On 14 May 2021, the State Council released the Regulations for the Implementation of the Private Schools Promotion Law of the PRC (《中華人民共和國民辦教育促進法實施條例》) with an effective date of 1 September 2021 (the "**2021 Implementation Rules**"). The 2021 Implementation Rules are the detailed implementation rules of the Private Schools Promotion Law of the PRC. Pursuant to the 2016 Decision and the 2021 Implementation Rules, a private school may enjoy the preferential tax policies, which are not defined under both the 2016 Decision and the 2021 Implementation Rules, as stipulated by the related government authorities and a non-profit school may enjoy the same tax policies as enjoyed by a public school.

According to the Implementing Opinions of the Guangdong Provincial Government on Encouraging Private Entities and Individuals to Operate Schools and Promote the Healthy Development of Private Education (《廣東省人民政府關於鼓勵社會力量興辦教育促進民辦教育健康發展的實施意見》), which was promulgated by the People's Government of Guangdong Province on 4 May 2018 and the 2016 Decision, school sponsors of private schools which were established and registered in Guangdong prior to 7 November 2016 may choose for the schools to be for-profit private schools or non-profit private schools at their own discretion, except for the schools providing compulsory education, which must be non-profit. However, the Implementing Measures of Classification Registration for Private Schools (《關於民辦學校分類登記的實施辦法》), which was promulgated by five departments of the Guangdong province government and came into effect on 30 December 2018, does not specify a deadline for the existing private schools to elect to be registered as non-profit or for-profit private schools. As at the date of approval of these financial statements, the PRC Schools have not yet registered as for-profit private schools or non-profit private schools and remain as private non-enterprise units.

Considering that the relevant tax policies regarding schools for which the school sponsor(s) require reasonable returns or schools for which the school sponsor(s) do not require reasonable returns remain unchanged, no further new and specific tax implementation regulations are announced and the PRC Schools remain as private non-enterprise units and, in accordance with the historical tax compliance confirmations obtained from the local tax authorities and the Group's external legal advisor's comments on the preferential tax treatments for the current period, the PRC Schools treated their academic education income as non-taxable income and did not pay corporate income tax for the academic education income and have enjoyed the preferential tax treatments during the period. In the event the PRC Schools elect to register as for-profit private schools, the PRC Schools may be subject to corporate income tax ("**CIT**") at a rate of 25% in respect of service fees they receive from the provision of academic educational services going forward, if they do not enjoy any preferential tax treatment. As such, a significant impact on the Group's profit and loss may arise.

Pursuant to the PRC CIT Law, the Notice Regarding the Implementation on Tax Reduction/Exemption Policies for Small and Micro-sized Enterprises (SMEs) and the respective regulations, an subsidiary was entitled to a preferential tax rate of 20% of its respective taxable income. Except for that, the Group's other non-school subsidiaries which operate in Chinese Mainland are subject to CIT at a rate of 25% on their respective taxable income.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	For the six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current — Chinese Mainland		
Charge for the period	**58**	257
Deferred	**(186)**	(3,557)
Total	**(128)**	(3,300)

7. DIVIDENDS

	For the six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Proposed Interim — HK2.0 cents (six months ended 30 June 2024: HK2.2 cents) per ordinary share	**24,321**	26,788
Final declared and paid — HK1.3 cents (2024: HK4.8 cents) per ordinary share	**16,004**	58,076

On 29 August 2025, the board of directors proposed to declare an interim dividend of HK2.0 cents (six months ended 30 June 2024: HK2.2 cents) per ordinary share, amounting to a total of approximately RMB24,321,000 (six months ended 30 June 2024: RMB26,788,000).

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,334,000,000 (six months ended 30 June 2024: 1,334,000,000) in issue during the period.

The calculation of the diluted earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2025 and 2024.

The calculations of basic and diluted earnings per share are based on:

	For the six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations	**83,660**	87,722

	Number of shares For the six months ended 30 June	
	2025	2024
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculations	**1,334,000,000**	1,334,000,000

9. ACCOUNTS RECEIVABLE

An ageing analysis of the accounts receivable as at the end of the Reporting Period, based on the transaction date and net of loss allowance, is as follows:

	30 June 2025	31 December 2024
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within one year	**2,255**	8,930
One to two years	**126**	324
Total	**2,381**	9,254

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Reporting Period, the Group operated two schools in the Greater Bay Area, namely, Guangdong Lingnan Institute of Technology* (廣東嶺南職業技術學院) ("**Lingnan Institute of Technology**") and Guangdong Lingnan Modern Technician College* (廣東嶺南現代技師學院) ("**Lingnan Modern Technician College**").

Key Operating Business

The Group's Lingnan Institute of Technology was established in May 2002 to provide diploma education and vocational training and its Lingnan Modern Technician College was established in July 2005 to provide vocational education and training.

Lingnan Institute of Technology

Lingnan Institute of Technology is a private vocational education institution that has two campuses, one of which is located in Guangzhou, Guangdong Province (the "**Guangzhou Campus**"), and the other is located in Qingyuan, Guangdong Province (the "**Qingyuan Campus**"). As at 30 June 2025, Lingnan Institute of Technology consolidated the original 13 secondary colleges into eight secondary colleges, two public colleges and a college of continuing education, and re-integrated and established the School of Medical Applied Technology (醫學應用技術學院), with the addition of the new majors of stomatology technology (口腔醫學技術) and ophthalmic technology (眼視光技術), offering over 40 majors in a wide range of disciplines, including but not limited to, rehabilitation techniques, medical laboratory technology, electronic information engineering technology, e-commerce, computer network technology, cloud computing technology application, webcasting and operation, industrial internet, digital manufacturing technology of aircraft and intelligent logistics technology.

Lingnan Modern Technician College

Lingnan Modern Technician College is a private vocational education institution located in Guangzhou and provides vocational education and training in various industries for students. As at 30 June 2025, Lingnan Modern Technician College had 8 departments and offered over 38 majors, including but not limited to, mechatronics, drones, vehicle inspection and maintenance, fire engineering, traditional Chinese medicine, rehabilitation, nursing, advertising design, computer network application, computer program design and digital media application, etc.

Ancillary Education Services

The Group also generates revenue from certain ancillary education services, which primarily comprise of continuing education programs and other education services. Other education services primarily consist of test preparation and training services the Group provides to the students of its schools for occupational skills appraisal and professional qualification and certificates. These educational services are referred to as the Group's "Ancillary Education Services".

Business Operating Data

The aggregate number of full-time students enrolled at the Group's schools amounted to 34,748 for the 2024/2025 school year. As at 30 June 2025, the average tuition fee of Lingnan Institute of Technology and Lingnan Modern Technician College amounted to RMB18,065 and RMB15,023, respectively, and the average boarding fee of these two schools amounted to RMB2,586 and RMB2,079, respectively.

OUTLOOK

Continuous Improvement in Status of Vocational Education and Increasing Improvement of the Vocational Education System

1) Increased fiscal investment and improved school facilities

According to the Notice on Issuing the 2024 Budget for the Modern Vocational Education Quality Enhancement Program (《關於下達2024年現代職業教育品質提升計劃資金預算的通知》) jointly issued by the Ministry of Education and the Ministry of Finance, the central government has allocated RMB31.257 billion for the Modern Vocational Education Quality Enhancement Program. The funds will primarily support the improvement of teaching facilities, faculty development, and teaching quality in vocational institutions, covering equipment upgrades, practical training base construction, and other related areas. Concurrently, the Measures for the Evaluating National Scholarships in Secondary Vocational Education (《中等職業教育國家獎學金評審辦法》, which was issued by the Ministry of Education, the Ministry of Human Resources and Social Security and the Ministry of Finance indicate that, tuition fees are exempted for rural students, urban students enrolled in agriculture-related programs, and economically disadvantaged students in secondary vocational schools, with further improvements to the national scholarship and financial aid system.

2) ***Deepening integration of industry and education as well as enhanced school-enterprise cooperation***

According to the Notice on Strengthening the Development of City-based Industry-Education Consortiums (《關於加強市域產教聯合體建設的通知》) (the Ministry of Education), and the Implementation Plan for the Industry-Education Integration Empowerment and Enhancement Initiative in Vocational Education (2023–2025) (《職業教育產教融合賦能提升行動實施方案 (2023–2025年) (National Development and Reform Commission and other authorities), City-based Industry-Education Consortiums and Sectoral Alliances will be established, including an initial batch of 28 national-level city-based industry-education consortiums. Additionally, over 1,000 provincial-level Industry-Education Integration Alliances will be developed in key sectors such as modern agriculture and advanced manufacturing. The 'Thousand Colleges and Ten Thousand Enterprises' Collaborative Innovation Partnership Initiative will also be launched. Concurrently, the Notice on Implementing the Specialized Training Program for On-site Engineers in Vocational Education (《關於實施職業教育現場工程師專項培養計劃的通知》) (five departments, including the Ministry of Education) has established clear objectives for cultivating on-site engineering specialists, with 447 leading enterprises in advanced manufacturing sectors being selected to participate in the "Vocational Education On-Site Engineer Training Program". This specialized talent training scheme employs innovative collaborative models including customized training programs and co-constructed practice training bases to systematically develop high-skilled professionals who meet exact industry requirements.

3) ***Vocational education system optimization and program specialization***

The General Office of the CPC Central Committee and the State Council's Guidelines on Deepening the Reform of Modern Vocational Education System Development (《關於深化現代職業教育體系建設改革的意見》), along with the Ministry of Education's Notice on Accelerating Key Reform Tasks for Modern Vocational Education System Reform (《關於加快推進現代職業教育體系建設改革重點任務的通知》), mandate accelerated development of a modern vocational education framework. This reform adopts a "One Core with Dual Wings" framework (with provincial-level modern vocational education systems as the core, supported by city-based industry-education consortiums and sectoral alliances as dual wings) to drive multi-tiered, coordinated advancement across China's vocational education landscape.

4) Employment and Skilled Talent Development

The Implementation Guidelines on Implementing the Employment-First Strategy to Promote High-Quality and Full Employment (《關於實施就業優先戰略促進高品質充分就業的意見》), which was issued jointly by the CPC Central Committee and the State Council in September 2024, accelerates the development of modern vocational education by promoting the integration of vocational and academic education (職普融通), industry-education collaboration (產教融合), and science-education synergy (科教融匯). Key measures include establishing Technical Education Alliances (Groups), identifying and developing high-quality technical institutes and programs, incorporating career education into higher education talent cultivation, and advancing career-oriented enlightenment education at the senior high school level.

The vocational education business engaged in by the Group is in line with the direction of encouragement and support of national policies, has initially formed a favorable trend of industry-education integration with leading enterprises, and has a great potential for future development.

Deepening the Development in the Guangdong-Hong Kong-Macau Greater Bay Area to Continue Providing High-Caliber Talents for the Greater Bay Area

The Guangdong-Hong Kong-Macau Greater Bay Area (the "**Greater Bay Area**") has become one of the key economic growth drivers in China. According to relevant data, the total economic volume of the Greater Bay Area accounted for more than 11% of the country's total economic volume in 2023, and the shortage of talents in emerging industries will continue to expand. With the economic transformation and the population aging, there will be a growing demand for skilled talents in emerging industries and big health-related industries in the Greater Bay Area.

Based on the two existing schools, the Group will continue to expand its school network and vocational education market in the Greater Bay Area, including formal and non-formal vocational training market, to gradually increase its market share and solidify its position as a leading vocational education service provider in the Greater Bay Area.

Business Development Strategy

The Group will improve its results performance through the following five aspects:

1) High-quality development of formal vocational education

The Group and Lingnan Institute of Technology have established an ambitious decade-long strategic vision: to transform Lingnan Institute of Technology into an entrepreneurial vocational university specializing in the holistic health sector, while establishing itself as the Greater Bay Area's benchmark for industry-education integration and scientific innovation convergence in the theme of "Health+TMT", and being anchored in the institution's "Double Excellence" initiative (pursuing both high-quality development and premium service standards) in the next decade. With a focus on degree-upgrading majors, and in accordance with the "New Dual-High" and degree-upgrading standards, greater efforts will be made to promote faculty development, professional strength building, and service capacity building, with a view to developing into institutions that achieve the national "New Dual-High" criteria (including national-level specialty clusters).

In addition, the Lingnan Modern Technician College and JD Group jointly established an industrial college, which will further deepen the ecosystem of "industry-education-evaluation", introduce corporate instructors to participate in curriculum design, jointly build training bases, and realize the mode of "customized classes" in which students will enter the workforce upon graduation. The college will focus on industries with special characteristics such as artificial intelligence, big data, cloud computing and other emerging technologies applications, and build an "industry-education-evaluation" ecological talent cultivation system with functions such as "talent cultivation, enterprise service and student entrepreneurship" based on the industry and enterprise position standards. It also will proactively identify new venues in the Greater Bay Area for its new branches or new independent colleges, which will help expand its network of secondary vocational schools.

2) Expanding school networks by mergers and acquisitions

In addition to robust endogenous growth, the Group will also strive to expand its school networks by means of mergers and acquisitions. For the target of mergers and acquisitions, the Group will give priority to high-quality technical schools and institutions providing non-formal vocational training in the Greater Bay Area. Acquisition of existing schools will not only help the Group expand its scale, but is also conducive to the generation of synergies with its existing schools, thereby identifying more business opportunities and materialising more values.

3) Expanding ancillary education business

China's vocational skills training market is projected to exceed RMB900 billion by 2025, driven by rising online education penetration rates. Capitalizing on this growth, the Group is aggressively expanding into vocational skill certification and adult continuing education services. Lingnan Modern Technician College has been approved for the accreditation for 25 vocational skills, and has set up 28 social training and evaluation outlets in 9 prefectural cities in Guangdong Province, with plans to achieve substantial provincial coverage within three years. Simultaneously, Lingnan Institute of Technology is deepening collaborations with leading industries, major enterprises, and flagship projects, particularly in cross-sector technical services and corporate training. Through its college of continuing education (including the rural revitalization academy), the institution mobilizes secondary schools to participate, leveraging resources such as Industry-Education Integration Parks, School-Enterprise Cooperation Platforms, Rural Revitalization Training Bases and STEM Education Centers. This multi-pronged approach enhances both the economic value and social impact of our expanded training programs and technical services.

4) Developing international cooperation

The Group actively carries out international cooperation in running schools, introduces advanced vocational education and basic education resources and projects, and enhances the attractiveness of majors and courses and international characteristics through international cooperation. The Group explores cooperation with overseas colleges and institutions for higher education (focusing on colleges and institutions in Hong Kong, Macau, Singapore, the European Union and other countries and regions).

5) A new development pattern of "Five-in-One"

On the basis of the steady development, quality improvement and upgrading of the vocational education entities, the Group is actively exploring and expanding the five major sectors, namely training, dispatch, health, e-commerce and public welfare, and shifting from an academic education-oriented model to a new development pattern of "five-in-one" driven by "academic education + vocational training + technical services".

FINANCIAL REVIEW

Revenue

Revenue represents the value of services rendered during the Reporting Period. The Group's revenue is consisted of tuition fees, boarding fees and other education service fees its schools collected from students.

The Group's revenue increased by approximately 7.8% from approximately RMB335.8 million for the six months ended 30 June 2024 to approximately RMB361.8 million for the six months ended 30 June 2025. The increase was primarily due to an increase in tuition fees and boarding fees as a result of the increase in total full-time student enrollment during the Reporting Period.

Cost of sales

Cost of sales consists primarily of (i) staff costs; (ii) depreciation of property, plant and equipment; (iii) depreciation of right-of-use assets; (iv) amortization of other intangible assets; (v) cost of cooperative education; (vi) utilities; (vii) teaching expenditures; (viii) student study and practice fees; and (ix) campus property management fee.

The Group's cost of sales increased by approximately 18.3% from approximately RMB201.8 million for the six months ended 30 June 2024 to approximately RMB238.8 million for the six months ended 30 June 2025. The increase was primarily due to (i) an increase in the number of faculty and their average salaries during the Reporting Period; (ii) an increase in depreciation of property, plant and equipment in line with the expansion of the Group's school operating scale during the Reporting Period; (iii) an increase in cost of cooperative education due to the expansion of cooperative education scale; and (iv) an increase in campus property management and service expenditures in line with the expansion of campus building area.

Gross profit and gross profit margin

The Group's gross profit decreased by approximately 8.2% from approximately RMB134.0 million for the six months ended 30 June 2024 to approximately RMB123.0 million for the six months ended 30 June 2025 and the Group's gross profit margin decreased from approximately 39.9% to approximately 34.0% during the same periods. The decrease was primarily due to (i) an increase in the number of faculty and their average salaries during the Reporting Period; (ii) an increase in depreciation of property, plant and equipment in line with the expansion of the Group's school operating scale during the Reporting Period; (iii) an increase in cost of cooperative education due to the expansion of cooperative education scale; and (iv) an increase in campus property management and service expenditures in line with the expansion of campus building area.

Other income and gains

Other income and gains consist primarily of (i) bank interest income; (ii) rental income; (iii) training income; (iv) government grants; (v) brand licensing income; and (vi) service income.

The Group's other income and gains increased by approximately 21.6% from approximately RMB27.8 million for the six months ended 30 June 2024 to approximately RMB33.9 million for the six months ended 30 June 2025. The increase was primarily due to an increase in rental income.

Selling and distribution expenses

Selling and distribution expenses refer to costs incurred for the purpose of marketing and student recruitment promotion, including staff costs, advertising expenses, promotion expenses, office expenses and others.

The Group's selling and distribution expenses increased by approximately 3.7% from approximately RMB13.4 million for the six months ended 30 June 2024 to approximately RMB13.9 million for the six months ended 30 June 2025. The increase was primarily due to an increase in promotion expenses as a result of the expectation of total full-time student enrollment increase in the 2025/2026 academic year.

Administrative expenses

Administrative expenses primarily consist of (i) staff costs and welfare; (ii) depreciation and amortization; (iii) office expenses; and (iv) consulting expenses.

The Group's administrative expenses decreased by approximately 4.7% from approximately RMB43.9 million for the six months ended 30 June 2024 to approximately RMB41.8 million for the six months ended 30 June 2025. The decrease was primarily due to a decrease of staff costs and welfare.

Other expenses

Other expenses consist primarily of (i) cost for rental income; (ii) cost for training income; (iii) donation; and (iv) exchange loss.

The Group's other expenses decreased by approximately 9.9% from approximately RMB14.0 million for the six months ended 30 June 2024 to approximately RMB12.6 million for the six months ended 30 June 2025. The decrease was primarily due to a decrease of donation and exchange loss.

Finance costs

Finance costs primarily consist of the interest expenses for its bank and other borrowings and lease liabilities.

The Group's finance costs decreased by approximately 18.7% from approximately RMB6.0 million for the six months ended 30 June 2024 to approximately RMB4.9 million for the six months ended 30 June 2025. The decrease was primarily in line with the decrease in weighted average long-term interest-bearing bank and other borrowings during the Reporting Period.

Profit for the period

As a result of the above factors, profit for the period of the Group decreased by approximately 4.6% from approximately RMB87.8 million for the six months ended 30 June 2024 to approximately RMB83.7 million for the six months ended 30 June 2025.

FINANCIAL AND LIQUIDITY POSITION

Current assets and current liabilities

As at 30 June 2025, the Group had net current assets of approximately RMB5.2 million, increased by approximately 102.9% from the net current liabilities of approximately RMB177.3 million as at 31 December 2024. The increase in net current assets as at such date was primarily due to (i) an increase in cash and cash equivalents due to the rise in long-term borrowing; and (ii) a decrease in contract liabilities of tuition fee collected from students in the 2024/2025 school year.

The Group's current assets increased by RMB8.0 million to approximately RMB429.2 million as at 30 June 2025 from approximately RMB421.2 million as at 31 December 2024. The increase in current assets was primarily attributable to the increase in cash and cash equivalents due to the rise in long-term borrowing.

The Group's current liabilities decreased by RMB174.5 million to approximately RMB424.0 million as at 30 June 2025 from approximately RMB598.5 million as at 31 December 2024, mainly reflecting a decrease in contract liabilities of approximately RMB172.9 million as a result of revenue recognition of tuition fees and boarding fees for the 2024/2025 school year.

Indebtedness

Interest-bearing bank and other borrowings primarily consist of short-term working capital loans to supplement its working capital and finance its expenditure and long-term project loans for the continuous development of its school buildings and facilities.

The Group's interest-bearing bank and other borrowings amounted to approximately RMB323.4 million as at 30 June 2025, denominated in RMB. As at 30 June 2025, the Group's interest-bearing bank and other borrowings bore effective interest rates ranging from approximately 2.6% to 6.8% per annum.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of internally generated cash flows from operations and bank and other borrowings. The Group regularly assesses its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

Financial assets at fair value through profit or loss

As at 30 June 2025, the Group did not have any financial assets at fair value through profit or loss (31 December 2024: RMB0.03 million). The decrease was mainly due to the refund of an unlisted investment in February 2025.

Contingent liabilities and guarantees

As at 30 June 2025, the Group did not have any unrecorded significant contingent liabilities, guarantees or any material litigation against any member of the Group (31 December 2024: nil).

Pledge of assets

As at 30 June 2025, no assets of the Group were pledged to secure bank loans and other borrowings (31 December 2024: nil).

Foreign exchange exposure

All of the Group's revenue and the majority of its expenditures are denominated in RMB. As at 30 June 2025, majority of the Group's bank balances were denominated in RMB. The Group currently does not have any foreign currency hedging policies. The management will continue to assess the Group's foreign exchange risk exposure and consider adopting prudent measures as appropriate.

Gearing ratio

The gearing ratio, which is calculated by using total interest-bearing bank and other borrowings divided by total equity, increased to approximately 18.7% as at 30 June 2025 from approximately 10.9% as at 31 December 2024, mainly due to an increase of the Group's interest-bearing bank and other borrowings.

EMPLOYMENT, REMUNERATION POLICY AND TRAINING

As at 30 June 2025, the Group had a total of 2,005 employees. Employees of the Group are remunerated based on their performance, experience and prevailing industry practices, with all compensation policies and packages reviewed on a regular basis. The remuneration of the Group's employees includes salaries and allowances. As required by the PRC laws and regulations, the Group participates in various employee social security plans for its employees that are administered by local governments, including housing, pension, medical insurance, maternity insurance and unemployment insurance. The Group also emphasises employee trainings and career development, and invests in the education and training programs for its employees with the purpose of upgrading their knowledge on the latest trends and developments of the industry.

USE OF NET PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

The net proceeds (the "**Net Proceeds**") from the global offering of ordinary shares, after deducting underwriting commission and other expenses, were approximately HK$446.0 million.

As at 30 June 2025, the Company had utilised HK$325.1 million of the Net Proceeds, representing approximately 72.9% of the Net Proceeds. The amount of the unutilised Net Proceeds is HK$120.9 million, representing approximately 27.1% of the Net Proceeds.

The following table sets forth a summary of the utilisation of the Net Proceeds and the expected timeline of the use of the Net Proceeds:

Purpose	Revised portion as stated in the announcement of the Company dated 28 August 2024	Re-allocation of the unutilised Net Proceeds as stated in the announcement of the Company dated 28 August 2024	Utilised amount during the Reporting Period	Utilised amount as at 30 June 2025	Unutilised amount as at 30 June 2025	Expected timeline
		HK$' Million	*HK$' Million*	*HK$' Million*	*HK$' Million*	
Further increase student capacity of the schools with an aim to upgrade Lingnan Institute of Technology from an associate college to a vocational university						
— Acquiring additional land of approximately 400,200 sq.m.	—	—	—	—	—	N/A
— Constructing additional teaching and administrative facilities and purchasing teaching equipment	61.1%	272.6	11.1	201.8	70.8	2022–2025
— Constructing an industry and education integrated industrial park	3.0%	13.4	—	4.3	9.1	2022–2025
Acquire other schools and educational service providers to expand the school network	25.9%	115.4	—	74.4	41.0	2022–2025
Working capital	10.0%	44.6	—	44.6	—	N/A
Total	**100.0%**	**446.0**	**11.1**	**325.1**	**120.9**	

As at the date of this announcement, there was no change in the intended use of Net Proceeds and the expected timeline as previously disclosed in the announcement of the Company dated 28 August 2024, and will gradually utilise the residual amount of the Net Proceeds in accordance with the intended purposes.

OTHER INFORMATION

Significant Events after the Reporting Period

The Company did not have any significant events that should be brought to the attention of the shareholders of the Company (the "**Shareholders**") from the end of the Reporting Period and up to the date of this announcement.

Interim Dividend

The Board has proposed to declare an interim dividend of HK2.0 cents per share for the six months ended 30 June 2025 (30 June 2024: HK2.2 cents). The interim dividend will be declared and paid in Hong Kong dollars. The interim dividend will be paid on 30 September 2025 to the Shareholders whose names appear on the register of members of the Company on 16 September 2025.

Closure of Register of Members

The register of members of the Company will be closed from Monday, 15 September 2025 to Tuesday, 16 September 2025, both days inclusive, during which period no share transfers can be registered. In order to be qualified for the proposed interim dividend, all transfer instruments accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Friday, 12 September 2025.

Purchase, Sale or Redemption of Listed Securities of the Company

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities (including sale of treasury shares (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"))) for the six months ended 30 June 2025. As at 30 June 2025, no treasury shares (as defined in the Listing Rules) were held by the Company.

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

Save as disclosed herein, the Group did not hold any significant investment nor did the Group carry out any material acquisition or disposal of subsidiaries, associates, joint ventures or affiliated companies during the Reporting Period.

Future Plans for Material Investments and Investments in Capital Assets

Save as disclosed herein, as at 30 June 2025, the Group did not have any plans for material investments or investments in capital assets.

Corporate Governance Code

The Directors recognise the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. The Company has adopted corporate governance practices based on the principles and code provisions as set out in Part 2 of the Corporate Governance Code (the "**CG Code**") as contained in Appendix C1 to the Listing Rules as its own code of corporate governance practices. During the Reporting Period, the Company has complied with all code provisions in Part 2 of the CG Code.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as the code of conduct governing Directors' securities transactions. The Company confirms that, having made specific enquiries of all the Directors, each of them has complied with the required standard as set out in the Model Code for the six months ended 30 June 2025.

Audit Committee and Review of Interim Financial Information

The audit committee of the Board has reviewed, together with the management, the accounting principles and policies adopted by the Group, and discussed, among other things, financial reporting matters including a review of the unaudited consolidated results of the Group for the six months ended 30 June 2025.

Publication of Interim Results Announcement and Interim Report

This interim results announcement is published on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and on the website of the Company at www.scvedugroup.com, respectively. The interim report of the Company for the six months ended 30 June 2025 containing all the information required by the Listing Rules will be provided to the Shareholders and published on the above websites in due course.

Acknowledgement

The Board would like to express its sincere gratitude to the Group's management and staff members for their dedication and hard work as well as the shareholders, business partners, bankers and auditors of the Company for their support to the Group throughout the Reporting Period.

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

Hong Kong, 29 August 2025

In this announcement, the English translation of company or entity names in Chinese which are marked with "" is for identification purpose only.*

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