



CHINA CHUNLAI EDUCATION GROUP CO., LTD. 中國春來教育集團有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1969



2024 ANNUAL REPORT

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Company Profile

The Group is one of the leading providers of private higher education in China. Since our inception in 2004, we have grown to operate four universities/colleges in Henan Province and two colleges in Hubei Province, and participate in the operation of one college in Jiangsu Province. The total student enrolment of the Group's colleges increased from 103,277 for the 2022/2023 school year to 103,301 for the 2023/2024 school year. To capture growth opportunities, each of the Group's current universities/colleges in Henan Province has acquired or is in the process of acquiring additional land and other resources to further increase student enrolment. The Group's employment-oriented curricula are focused on equipping our students with practical skills that meet the upward trend in employment demand of economic development in China.

The Group's revenue increased from RMB1,498.0 million for the year ended 31 August 2023 to RMB1,631.5 million for the Reporting Period.

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Hou Junyu (侯俊宇)
Ms. Jiang Shuqin (蔣淑琴)
Ms. Zhang Jie (張潔) (*Chief Executive Officer*)

Non-executive Director

Mr. Hou Chunlai (侯春來) (*Chairman*)

Independent non-executive Directors

Dr. Jin Xiaobin (金曉斌)
Ms. Fok, Pui Ming Joanna (霍珮鳴)
Mr. Lau, Tsz Man (劉子文)

AUDIT COMMITTEE

Mr. Lau, Tsz Man (劉子文) (*Chairman*)
Dr. Jin Xiaobin (金曉斌)
Ms. Fok, Pui Ming Joanna (霍珮鳴)

REMUNERATION COMMITTEE

Ms. Fok, Pui Ming Joanna (霍珮鳴) (*Chairlady*)
Ms. Jiang Shuqin (蔣淑琴)
Mr. Lau, Tsz Man (劉子文)

NOMINATION COMMITTEE

Dr. Jin Xiaobin (金曉斌) (*Chairman*) (*redesignated as the Chairman since 28 November 2023*)
Mr. Hou Junyu (侯俊宇) (*redesignated as a member since 28 November 2023*)
Ms. Fok, Pui Ming Joanna (霍珮鳴)

COMPANY SECRETARY

Ms. Yu Anne (余安妮)

AUTHORISED REPRESENTATIVES

(for the purpose of Rule 3.05 of the Listing Rules)

Mr. Hou Junyu (侯俊宇)
Ms. Yu Anne (余安妮)

AUDITOR

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditor
23/F, Tower 2, Enterprise Square Five
38 Wang Chiu Road, Kowloon Bay, Kowloon
Hong Kong

LEGAL ADVISERS

As to Hong Kong law:
Skadden, Arps, Slate, Meagher & Flom
42/F, Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

As to PRC law:
Tian Yuan Law Firm
Suite 509, Tower A, Corporate Square
35 Financial Street, Xicheng District
Beijing, 100033
PRC

As to Cayman Islands law:
Walkers
15/F, Alexandra House
18 Chater Road
Central
Hong Kong

COMPLIANCE ADVISER

Somerley Capital Limited
20/F, China Building
29 Queen's Road Central
Hong Kong

REGISTERED OFFICE

Walkers Corporate Limited
190 Elgin Avenue
George Town
Grand Cayman KY1-9008
Cayman Islands

Corporate Information

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai
Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN CHINA

No. 66, Beihai East Road
Shangqiu City
Henan Province
PRC

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Walkers Corporate Limited
190 Elgin Avenue
George Town
Grand Cayman KY1-9008
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor
Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKERS

Industrial and Commercial Bank of China Limited
Shangqiu Branch
No. 569 Wenhua East Culture Road
Shangqiu City
Henan Province
PRC

Bank of China Limited Nanjing Branch
No. 148 South Zhongshan Road
Nanjing
Jiangsu Province
PRC

COMPANY WEBSITE

<https://www.chunlaiedu.com>

STOCK CODE

1969

Financial Summary

A summary of the consolidated results and the assets and liabilities of the Group for the last five financial years is set out below:

RESULTS	2020 <i>RMB'000, except percentages</i>	2021 <i>RMB'000, except percentages</i>	2022 <i>RMB'000, except percentages</i>	2023 <i>RMB'000, except percentages</i>	2024 <i>RMB'000, except percentages</i>
Revenue	702,493	1,041,999	1,309,197	1,497,962	1,631,496
Cost of revenue	(332,916)	(410,560)	(482,494)	(607,907)	(675,993)
Gross profit	369,577	631,439	826,703	890,055	955,503
Profit before tax	148,205	609,951	555,451	688,175	786,913
Total comprehensive income for the year	141,332	606,925	552,260	684,393	778,171
Adjusted net profit ⁽¹⁾	173,186	396,109	537,630	673,227	789,883
Profitability Margins					
Gross profit margin	52.6%	60.6%	63.1%	59.4%	58.6%
Adjusted net profit margin ⁽¹⁾	24.7%	38.0%	41.1%	44.9%	48.4%
Assets and Liabilities					
Non-current assets	3,325,399	4,492,955	4,754,364	4,997,088	5,248,388
Current assets	428,119	561,245	1,116,073	1,460,715	2,005,442
Current liabilities	1,810,469	2,215,211	2,883,954	2,448,150	2,849,450
Net current (liabilities)	(1,382,350)	(1,653,966)	(1,767,881)	(987,435)	(844,008)
Total assets less current liabilities	1,943,049	2,838,989	2,986,483	4,009,653	4,404,380
Total equity	1,441,449	2,059,444	2,615,690	3,275,659	3,883,903
Non-current liabilities	501,600	779,545	370,793	733,994	520,477
Total equity and non-current liabilities	1,943,049	2,838,989	2,986,483	4,009,653	4,404,380
Selected Major Items					
Property, plant and equipment	1,928,004	2,780,754	2,797,921	2,987,663	3,161,911
Cash and cash equivalents	204,011	399,603	630,927	789,720	790,900
Borrowings	1,793,011	2,368,232	2,392,639	2,171,622	2,248,190
Deferred revenue	5,666	8,329	6,622	3,831	1,833
Contract liabilities	89,902	219,419	533,118	678,914	693,444
Liquidity					
Gearing ratio ⁽²⁾	124.4%	115.0%	91.4%	66.2%	57.9%

Notes:

(1) Adjusted net profit is calculated as profit for the year excluding (i) share-based compensation, and (ii) foreign exchange loss/(gain). For details of the reconciliation of the profit for the year to the adjusted net profit of the Group, please refer to the section headed "Financial Review" in this annual report.

(2) The gearing ratio was calculated as total borrowings divided by total equity as at the end of the relevant financial year.

Financial Highlights

	Year ended 31 August		
	2024	2023	Change (%)
	(RMB in thousands, except percentages)		
Revenue	1,631,496	1,497,962	8.9%
Gross profit	955,503	890,055	7.4%
Profit before tax	786,913	688,175	14.3%
Profit for the year	778,171	684,393	13.7%
Non-IFRS Measure:			
Adjusted net profit ¹	789,883	673,227	17.3%

Note:

- (1) Adjusted net profit is calculated as profit for the year excluding (i) share-based compensation, and (ii) foreign exchange loss/(gain). For details of the reconciliation of the profit for the year to the adjusted net profit of the Group, please refer to the section headed "Financial Review" in this annual report.

The Board has recommended the payment of a final dividend of RMB0.0924 per share (equivalent to HK\$0.1 per share) for the Reporting Period (2023: RMB0.053 per share (equivalent to HK\$0.058 per share)), subject to the approval of the Shareholders at the annual general meeting to be held on Friday, 10 January 2025. The final dividend will be declared in Renminbi and paid in Hong Kong dollars.

NON-IFRS MEASURE

To supplement the Group's audited consolidated financial statements which are presented in accordance with the IFRS, the Company also uses adjusted net profit as an additional financial measure. The Company presents this non-IFRS measure because it is used by the management of the Company to evaluate the Group's financial performance by eliminating the impact of items that the Company does not consider indicative of the performance of the Group's business. The Company also believes that this non-IFRS measure provides additional information to Shareholders, investors and others in understanding and evaluating the Group's consolidated results of operations in the same manner as they help the management of the Group and in comparing financial results across accounting periods and to those of peer companies. However, the Company's presentation of such adjusted figure may not be comparable to a similarly titled measure presented by other companies. The use of this non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, the Group's results of operations or financial condition as reported under IFRS.

Management Discussion and Analysis

MARKET OVERVIEW

The formal education system in the PRC comprises fundamental education, which includes education from preschool to high school, secondary vocational education and higher education. Formal higher education can be further categorised into junior colleges and universities. Junior colleges only offer junior college programmes while universities can offer both junior college programmes and bachelor's degree programmes.

The Private Higher Education Industry in China

The private higher education industry in China has experienced rapid growth since the beginning of the 1990s as the relevant government authorities made great endeavour in developing the regulatory framework for private higher education. The number of student enrolments in private higher education in China has continued to increase in recent years, with more and more students having chosen to go to private universities or colleges instead of public schools. According to Frost & Sullivan, the total number of private higher education institutions in China has been growing continuously, and the development of private higher education is primarily driven by a number of factors, including (i) support by PRC government policies and initiatives; (ii) increasing resident income and demand for higher education; (iii) growing market demand for technical talents; and (iv) increasing diversification and strengthened education quality. With the help of these factors, the rapid growth in higher education in China is expected to continue, and the private higher education landscape remains competitive.

BUSINESS REVIEW

The Company is one of the leading providers of private higher education in China. Since our inception in 2004, we have grown to operate four universities/colleges in Henan Province, namely Shangqiu University, Shangqiu University Kaifeng Campus, Anyang University and Anyang University Yuanyang Campus, and two colleges in Hubei Province, namely Jiankang College and Jingzhou College (formerly known as Hubei College). We also participate in the operation of Tianping College. We completed the acquisition of sponsor interest of Jingzhou College in May 2021 and are in the process of acquiring the sponsor interest of Tianping College. We believe that we have strong potential to further grow our business, and the private higher education market in China presents many market opportunities.

The schools operated under the Group closely focus on the goal of application-oriented talent training, attach importance to, and actively carry out, the integration of industry and education, strengthen school-enterprise cooperation, explore "diversified talent training, innovative practical education system", and form their own characteristics and highlights. As at 31 August 2024, the Group had entered into approximately 1,100 school-enterprise cooperations. Our collaboration models include practice and training, joint transformation of research and development results, joint training of order classes, and joint construction of majors and laboratories, which have achieved good results.

Our employment-oriented curricula are focused on equipping our students with practicable skills that meet the upward trend in employment demand of economic development in China. The effectiveness of our practical curricula and training programmes is reflected in our high graduate employment rates. As at 31 August 2024, the average employment rate of the graduates of our higher education programmes was approximately 93.56%.

Management Discussion and Analysis

Our Colleges

Shangqiu University

Shangqiu University is located in Shangqiu, Henan Province, the PRC. The predecessor of Shangqiu University was Huayu College of Henan Agricultural University* (河南農業大學華豫學院), which we co-founded with Henan Agricultural University in 2004. Shangqiu University currently offers 53 bachelor's degree majors, 38 junior college to bachelor's degree transfer majors, 41 junior college diploma majors, 13 combined vocational education and junior college diploma majors and 22 vocational education majors. Shangqiu University has also been approved to offer double-degree bachelor's degree majors in marketing, Chinese language and literature, economics, human resources management, and international economy and trade. For the 2023/2024 school year, Shangqiu University had a total enrolment of 25,046 students.

In April 2017, Shangqiu University established Chunlai Institute, a two-year honours degree programme that aims to promote comprehensive and individualised education of its selected students. Chunlai Institute offers courses in, among others, management, world history, introduction to traditional Chinese culture, conversational English and art. To increase the competitiveness of its enrollees, Chunlai Institute also offers courses that prepare students for graduate school entrance exams and civil service examinations.

Shangqiu University Kaifeng Campus

Shangqiu University Kaifeng Campus is located in Kaifeng, Henan Province, the PRC. It was established in 2013 as a branch college (下屬學院) of Shangqiu University. Shangqiu University Kaifeng Campus currently offers 20 bachelor's degree majors, 16 junior college to bachelor's degree transfer majors, 7 junior college diploma majors, 4 combined vocational education and junior college diploma majors and 6 vocational education majors. For the 2023/2024 school year, Shangqiu University Kaifeng Campus had a total enrolment of 15,170 students.

Anyang University

Anyang University is located in Anyang, Henan Province, the PRC. The predecessor of Anyang University was College of Humanities and Management of Anyang Normal University (安陽師範學院人文管理學院), which was co-founded by Anyang Normal University and Anyang Iron and Steel Group in 2003. Anyang University currently offers 46 bachelor's degree majors, 34 junior college to bachelor's degree transfer majors, 39 junior college diploma majors, 23 combined vocational education and junior college diploma majors and 14 vocational education majors. For the 2023/2024 school year, Anyang University had a total enrolment of 28,738 students.

Anyang University Yuanyang Campus

In April 2021, we established the Anyang University Yuanyang Campus. Anyang University Yuanyang Campus currently offers 19 bachelor's degree majors, 12 junior college diploma majors. For the 2023/2024 school year, Anyang University Yuanyang Campus had a total enrolment of 10,788 students.

Management Discussion and Analysis

Jiankang College

Jiankang College is located in Xianning, Hubei Province, the PRC. By closely following the state's "Healthy China 2030" and "Aging Service and Industry" strategic development needs, Jiankang College has set up three departments and two divisions, including the Department of Nursing, the Department of Health Intelligent Engineering, the Department of Public Health, the Division of Basic Medicine, and the Division of Public Instruction, and offers 19 majors, namely nursing, midwifery, rehabilitation technology, dental medicine technology, health management, and rehabilitation engineering technology. For the 2023/2024 school year, Jiankang College had a total enrolment of 6,805 students.

Jingzhou College (formerly known as Hubei College)

Jingzhou College is located in Jingzhou, Hubei Province, the PRC. Jingzhou College currently offers 38 bachelor's degree majors, 15 junior college to bachelor's degree transfer majors and 20 junior college diploma majors. For the 2023/2024 school year, Jingzhou College had a total enrolment of 16,754 students.

Student Enrolment

The table below sets forth the enrolment statistics of our colleges for the 2022/2023 and 2023/2024 school years:

	Student enrolment ⁽¹⁾ for the school year		Change in number of students	Percentage change (approximately)
	2023/2024	2022/2023		
Shangqiu University				
Bachelor's degree programmes	9,521	9,698	-177	-1.8%
Junior college to bachelor's degree transfer programmes	4,842	3,011	1,831	60.8%
Junior college diploma programmes ⁽²⁾	5,631	10,632	-5,001	-47.0%
Vocational education programmes ⁽³⁾	5,052	6,017	-965	-16.0%
School subtotal	25,046	29,358	-4,312	-14.7%
Shangqiu University Kaifeng Campus				
Bachelor's degree programmes	8,571	8,173	398	4.9%
Junior college to bachelor's degree transfer programmes	4,746	4,163	583	14.0%
Junior college diploma programmes	1,117	4,938	-3,821	-77.4%
Vocational education programmes	736	780	-44	-5.6%
School subtotal	15,170	18,054	-2,884	-16.0%

Management Discussion and Analysis

	Student enrolment ⁽¹⁾ for the school year		Change in number of students	Percentage change (approximately)
	2023/2024	2022/2023		
Anyang University				
Bachelor's degree programmes	9,951	8,473	1,478	17.4%
Junior college to bachelor's degree transfer programmes	5,764	5,851	-87	-1.5%
Junior college diploma programmes	8,307	10,525	-2,218	-21.1%
Vocational education programmes	4,716	5,481	-765	-14.0%
School subtotal	28,738	30,330	-1,592	-5.2%
Anyang University Yuanyang Campus				
Bachelor's degree programmes	7,354	7,343	11	0.1%
Junior college to bachelor's degree transfer programmes	2,641	–	2,641	0.0%
Junior college diploma programmes	266	247	19	7.7%
Vocational education programmes	527	528	-1	-0.2%
School subtotal	10,788	8,118	2,670	32.9%
Jiankang College				
Junior college diploma programmes	6,805	3,699	3,106	84.0%
School subtotal	6,805	3,699	3,106	84.0%
Jingzhou College				
Bachelor's degree programmes	7,476	6,998	478	6.8%
Junior college to bachelor's degree transfer programmes	2,076	1,671	405	24.2%
Junior college diploma programmes	7,202	5,049	2,153	42.6%
School subtotal	16,754	13,718	3,036	22.1%
Total number of students	103,301	103,277	24	0.02%

Notes:

- (1) As our school year typically ends in late June or early July, we present student enrolment statistics as of 30 June for the 2022/2023 and 2023/2024 school years.
- (2) Including (i) students enrolled in junior college diploma programmes and (ii) students enrolled in the last three years of combined vocational education and junior college diploma programmes.
- (3) Including (i) students enrolled in vocational education programmes and (ii) students enrolled in the first two years of combined vocational education and junior college diploma programmes.

Management Discussion and Analysis

For the 2023/2024 school year, the number of students enrolled slightly increased by 0.02% from 103,277 in the prior school year to 103,301. The increase was primarily due to the increase in enrolment at Anyang University Yuanyang Campus, Jingzhou College and Jiankang College. We also achieved expected results through increasing our efforts and expanding our footprint, thereby driving solid momentum for future sustainable development.

The Group believes the educational philosophies of its schools and its well-developed curricula as well as its high graduate employment rates enable the Group to attract high-quality students who are seeking a pathway to satisfactory employment. In addition, our quality faculty team also played an important role in the success of the schools in the past, and will continue to do so in the future.

Tianping College

As disclosed above, we also participate in the operation of Tianping College, which is currently located in Suzhou, Jiangsu Province. Since the successful tender by the Group for the acquisition of Tianping College and the entering into of the relevant agreements in the second half of 2019, the Group has been actively working on the conversion of Tianping College into a standalone private ordinary college, which includes, among others (i) the relocation of the school to a new school site in Nanjing, Jiangsu Province (with a planned land area of approximately 900 acres and a planned construction area of approximately 530,000 square meters) and building infrastructure and constructing on the site; and (ii) applying for a change of school sponsor.

As at the Latest Practicable Date, the City Education Department was in process of reporting on its social stability risk assessment of the relocation of Tianping College from Suzhou to Nanjing to the Provincial Education Department. Once such assessment is approved by the Provincial Education Department, the Provincial Education Department will report to the Ministry of Education. Once approved by the Ministry of Education, it will issue the approval document to the Company for the operation of the new campus in Nanjing.

It is expected that the establishment of the new campus and the campus relocation work will be completed by August 2025 (with the 2025 student intake to move into the Nanjing campus for the 2025/26 school year commencing in September 2025), after which the Company will apply for a change of school sponsor with the Ministry of Education. The change of school sponsor will involve, among others, submitting the relevant materials to the regulatory authorities, an audit on the assets, liabilities and equity of Tianping College, and an evaluation of the Nanjing campus by an expert group assigned by the Ministry of Education. If the evaluation results are satisfactory, the Ministry of Education will approve the change of school sponsor of Tianping College and issue the relevant change of school sponsor certificate. Once the change of school sponsor is complete, the Company will apply for the conversion of Tianping College into a standalone private ordinary college with the Ministry of Education. The Company currently targets to complete the entire conversion process by September 2026. Once the conversion is complete, Tianping College will become a consolidated affiliated entity of the Group.

Student Recruitment

Our new student enrolment has historically been driven primarily by word-of-mouth referrals. We believe we have a good reputation in providing high quality education services in the PRC among our students and their parents. In addition, after over 19 years of operations, we have built a highly engaged and vibrant community of alumni, who we believe would assist us to continuously attract outstanding students. Other than referrals from alumni network, we also deploy a range of marketing and recruiting methods to attract students and increase enrolment at our colleges, such as information sessions, advertisements and brochures.

Our recruitment efforts, coupled with the quality and reputation of our education programmes, have helped us achieve high admission yields in our colleges that offer bachelor's degree programmes. For example, for the 2023/2024 school year, the overall yield of our five colleges that offer bachelor's degree programmes (being Shangqiu University, Shangqiu University Kaifeng Campus, Anyang University, Anyang University Yuanyang Campus and Jingzhou College), as defined by the number of students who enrolled in a bachelor's degree programme divided by the number of students who were admitted in that programme, was 94.41%.

Management Discussion and Analysis

Our Teachers

We believe that our team of experienced and dedicated teachers are crucial to our success. As an operator of private schools, we can provide better incentives to qualified teachers who fit our hiring criteria. Teachers are the key factors to maintaining high-quality educational programmes and services as well as maintaining our brand and reputation. Our aim is to continue hiring teachers with a strong command of their respective subject areas who are open to innovative teaching methods and a caring heart towards students' well-being.

Entering into the Development of Artificial Intelligence Platforms Collaboration Agreement

On 2 February 2024, the School Sponsor and the sole sponsor of each of Shangqiu University (including Shangqiu University Kaifeng Campus) and Anyang University, entered into a collaboration agreement with Beijing Gravity Link Technology Co., Ltd* (北京引力互聯科技有限公司) ("**Gravity Link**"), a consultancy services provider which is an independent third party to the Company, pursuant to which Gravity Link agreed to provide certain consultancy services in connection with the design and construction of artificial intelligence education platforms for the School Sponsor. For further details, please refer to the announcement of the Company dated 7 February 2024.

Inclusion in the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect

The Company has been included in the list of eligible stock under each of the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect programs with effect from 4 March 2024. For further details, please refer to the announcement of the Company dated 6 March 2024.

Strategic Cooperation Agreement with ICBC

On 2 April 2024, the School Sponsor entered into a strategic cooperation agreement with Industrial and Commercial Bank of China Limited Shangqiu Branch* (中國工商銀行股份有限公司商丘分行) ("**ICBC**"), pursuant to which it is intended that ICBC shall be one of the main cooperative banks for the Group's financial and business needs and ICBC shall provide various financial services to the School Sponsor, the schools operated by the Group and Tianping College. For further details, please refer to the announcement of the Company dated 2 April 2024.

FUTURE DEVELOPMENT AND PROSPECTS

In order to continuously increase our total student enrolment, we plan to acquire additional land use rights and construct new education and living facilities, which, if materialized, we intend to fund from cash generated from its operation and external borrowings. We consider that the increase in capacity of school campus under the expansion plan is essential to accommodate our growth strategy of increasing student enrolment going forward. As each of our colleges generally requires its students to live in dormitories on school campus, a college's student enrolment is largely limited by the capacity of its student dormitories. Taking into account the gender specificity of our student dormitories and the gender mix of our students, there is currently limited capacity to accommodate significant growth in student enrolment. We expect to increase the capacity of our colleges progressively to strike a reasonable balance between student enrolment and utilisation of the school campuses. We believe the estimated increase in capacity is appropriate and will enable our colleges to grow sustainably.

We consider that, given our track record of delivering quality private higher education and industry reputation, the education authorities in the PRC will be receptive to our application for increasing admission quota provided that we are able to demonstrate that we have sufficient school capacity, and adequate facilities available and quality education programmes to offer, which are fundamental to our expansion plans going forward.

Management Discussion and Analysis

FINANCIAL REVIEW

Overview

During the Reporting Period, we recorded a revenue of RMB1,631.5 million and a gross profit of RMB955.5 million. The gross profit margin was 58.6% for the year ended 31 August 2024 as compared with 59.4% for the corresponding period in 2023.

The net profit of the Group amounted to RMB778.2 million and RMB684.4 million for the years ended 31 August 2024 and 31 August 2023, respectively. The net profit margin of the Group amounted to 47.7% and 45.7% for the years ended 31 August 2024 and 31 August 2023, respectively.

The adjusted net profit of the Group for the Reporting Period was RMB789.9 million, representing an increase of RMB116.7 million or 17.3% from the corresponding period in 2023. The adjusted net profit margin of the Group was 48.4% and 44.9% for the years ended 31 August 2024 and 31 August 2023, respectively. The increase in adjusted net profit was mainly due to the increase in average tuition fee.

Revenue

Our revenue increased by 8.9% from RMB1,498.0 million for the year ended 31 August 2023 to RMB1,631.5 million for the Reporting Period, primarily due to the increase in average tuition fee.

Revenue from Shangqiu University decreased by 4.3% from RMB401.4 million for the year ended 31 August 2023 to RMB384.3 million for the Reporting Period. The decrease was primarily due to the decrease in number of student enrolment.

Revenue from Shangqiu University Kaifeng Campus decreased by 7.7% from RMB270.8 million for the year ended 31 August 2023 to RMB249.9 million for the Reporting Period. The decrease was primarily due to the decrease in number of student enrolment.

Revenue from Anyang University increased by 5.5% from RMB407.5 million for the year ended 31 August 2023 to RMB430.1 million for the Reporting Period. The increase was primarily due to the increase in average tuition fee.

Revenue from Anyang University Yuanyang Campus increased by 34.3% from RMB131.9 million for the year ended 31 August 2023 to RMB177.2 million for the Reporting Period. The increase was primarily due to the increase in number of student enrolment.

Revenue from Jiankang College increased by 84.9% from RMB52.3 million for the year ended 31 August 2023 to RMB96.7 million for the Reporting Period. The increase was primarily due to the increase in number of student enrolment.

Revenue from Jingzhou College increased by 25.2% from RMB234.2 million for the year ended 31 August 2023 to RMB293.2 million for the Reporting Period. The increase was primarily due to the expansion of student size.

Overall, revenue from tuition fees and boarding fees increased by 9.4% and 4.6%, respectively, from the year ended 31 August 2023 to the Reporting Period.

Management Discussion and Analysis

Cost of Revenue

Our cost of revenue increased by 11.2% from RMB607.9 million for the year ended 31 August 2023 to RMB676.0 million for the Reporting Period. As a percentage of revenue, our cost of revenue increased from 40.6% for the year ended 31 August 2023 to 41.4% for the Reporting Period. The increase in cost of revenue was primarily due to higher depreciation costs.

Gross Profit and Gross Margin

Our gross profit increased by 7.4% from RMB890.1 million for the year ended 31 August 2023 to RMB955.5 million for the Reporting Period, and our gross profit margin decreased from 59.4% for the year ended 31 August 2023 to 58.6% for the Reporting Period.

Other Income

Our other income increased by 53.2% from RMB84.1 million for the year ended 31 August 2023 to RMB128.8 million for the Reporting Period. The increase was primarily due to the increase in service income.

Other Gains and Losses

We recorded other gains of RMB18.1 million for the year ended 31 August 2023, while we recorded other losses of RMB7.8 million for the Reporting Period. The decrease compared to last year was due to net foreign exchange loss.

Selling Expenses

Our selling expenses decreased by 23.1% from RMB5.1 million for the year ended 31 August 2023 to RMB3.9 million for the Reporting Period. The decrease was primarily due to the decrease of advertising expense in student recruitment promotion.

Administrative Expenses

Our administrative expenses increased by 8.9% from RMB174.4 million for the year ended 31 August 2023 to RMB190.0 million for the Reporting Period. The increase was primarily due to the increase in employees' remuneration.

Finance Costs

Our finance costs decreased by 23.1% from RMB124.5 million for the year ended 31 August 2023 to RMB95.7 million for the Reporting Period. The decrease was primarily due to the decrease in borrowing interest rates.

Taxation

We recorded income tax expenses of RMB3.8 million for the year ended 31 August 2023 as compared to income tax expenses of RMB8.7 million for the Reporting Period, due to the increase of taxable income.

Management Discussion and Analysis

Profit for the Year

As a result of the foregoing, our profit for the year increased by 13.7% from RMB684.4 million for the year ended 31 August 2023 to RMB778.2 million for the Reporting Period.

Non-IFRS Measure – Adjusted Net Profit

Our adjusted net profit increased by 17.3% from RMB673.2 million for the year ended 31 August 2023 to RMB789.9 million for the Reporting Period. Adjusted net profit (as a non-IFRS measure) was calculated as profit for the year excluding (i) share-based compensation, and (ii) foreign exchange loss/(gain). The following table reconciles profit for the year to adjusted net profit for both years:

	For the year ended 31 August	
	2024	2023
	(RMB in thousands)	
Profit for the year	778,171	684,393
Add:		
Share-based compensation	3,391	5,576
Foreign exchange loss/(gain)	8,321	(16,742)
Adjusted net profit	789,883	673,227

Liquidity and Source of Funding and Borrowing

During the Reporting Period, the Company had funded the Group's cash requirements principally from cash generated from its operation and external borrowings. The Company had cash and cash equivalents of RMB789.7 million and RMB790.9 million as at 31 August 2023 and 2024, respectively. The Company generally deposits the Group's surplus cash in interest-bearing bank accounts and current accounts.

As of 31 August 2024, the Group's principal usage of cash was for funding of required working capital, capital expenditures and other recurring expenses to support the expansion of the Group's operations. Going forward, the Group's liquidity requirements will be satisfied by using funds from a combination of internally generated cash, external borrowings and other funds raised from the capital markets from time to time. Any significant decrease in number of student enrolment, or our tuition fees and boarding fees, or a significant decrease in the availability of bank loans or other financing may adversely impact the Group's liquidity.

Gearing Ratio

As at 31 August 2024, the gearing ratio of the Group, calculated as total borrowings divided by total equity as of the end of the year, was approximately 57.9%, representing a decrease of 8.3 percentage points as compared with 66.2% as at 31 August 2023. The decrease was due to the increase in total equity.

Management Discussion and Analysis

Significant Investments

Save as disclosed in this annual report, the Group did not make or hold any significant investments (including any investment in an investee company with a value of 5% or more of the Company's total assets as at 31 August 2024) during the Reporting Period.

Material Acquisitions and Disposals

Save as disclosed in this annual report, the Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities or associated companies during the Reporting Period.

Pledge of Assets

1. On 19 January 2024, Anyang University* (安陽學院), as credit recipient, and Zhongyuan Bank Co. Ltd., Anyang Branch* (中原銀行股份有限公司安陽分行), as creditor ("**Zhongyuan Anyang**"), entered into a line of credit agreement (the "**Anyang Line of Credit Agreement**"), pursuant to which Zhongyuan Anyang agreed to make available a credit line with a principal amount of up to RMB330.0 million to Anyang University. Among other security provided, Anyang University entered into a rights pledge agreement with Zhongyuan Anyang, pursuant to which Anyang University agreed to pledge its rights in favour of Zhongyuan Anyang for its liabilities under the Anyang Line of Credit Agreement.
2. On 19 January 2024, Shangqiu University* (商丘學院), as credit recipient, and Zhongyuan Bank Co. Ltd., Shangqiu Branch* (中原銀行股份有限公司商丘分行), as creditor ("**Zhongyuan Shangqiu**"), entered into a line of credit agreement (the "**Shangqiu Line of Credit Agreement**"), pursuant to which Zhongyuan Shangqiu agreed to make available a credit line with a principal amount of up to RMB240.0 million to Shangqiu University. Among other security provided, Shangqiu University entered into an accounts receivable pledge agreement with Zhongyuan Shangqiu, pursuant to which Shangqiu University agreed to pledge its accounts receivables in favour of Zhongyuan Shangqiu for its liabilities under the Shangqiu Line of Credit Agreement.
3. On 21 May 2024, the School Sponsor (as borrower) and Zhongyuan Shangqiu (as lender) entered into an RMB working capital loan agreement (the "**Working Capital Loan Agreement**"), pursuant to which Zhongyuan Shangqiu agreed to make available a term loan facility of up to RMB90.0 million to the School Sponsor. Among other security provided, each of Shangqiu University, Anyang University and Jiankang College entered into an accounts receivable pledge agreement in favour of Zhongyuan Shangqiu for the School Sponsor's liabilities under the Working Capital Loan Agreement.

Further details of the above are set out in the announcements of the Company dated 19 January 2024 and 21 May 2024, respectively.

Management Discussion and Analysis

Loan Agreements

As disclosed in the announcement of the Company dated 5 July 2024, the School Sponsor and Tianping College entered into loan agreements on 1 September 2021, 2022 and 2023, pursuant to which the Company made loans of up to RMB450.0 million, RMB520.0 million and RMB400.0 million, respectively, to Tianping College. The purpose of the loans was for the construction of new campus (which includes the acquisition of the relevant land use rights and construction of campus facilities and setting up teaching facilities and equipment) and operation of Tianping College (which includes setting up teaching facilities and equipment) and the interest rate of the loan is 4.75% per annum. The loans are unsecured and shall be payable after the completion of the conversion of Tianping College into a standalone private ordinary college (details of which are set out in the paragraph headed “Tianping College” above). The Group financed the loans with the Company’s general working capital.

In particular, on 3 April 2023, on an aggregate basis, an amount of RMB150.0 million advanced pursuant to Tianping College under the loan agreement dated 1 September 2022 resulted in the outstanding amount of the advances from the Company to Tianping College exceeding 8% of the assets ratio (as defined under Rule 14.07(1) of the Listing Rules). As at 31 August 2024, a certain amount of the loans has been repaid and RMB722.7 million of the loans remain outstanding.

The Company expects that it will continue to make advances to Tianping College in its normal and usual course of operation which it considers fair and reasonable and in the interests of the Company and Shareholders as a whole in light of its ongoing process of conversion into a standalone private ordinary college (details of which are set out in the paragraph headed “Tianping College” above) to facilitate the completion of such conversion process.

Save as disclosed above, as at 31 August 2024, the Company did not have any other disclosure obligations under Rules 13.13, 13.14, 13.15 or Chapter 14 of the Listing Rules.

Contingent Liabilities

Save as disclosed in this annual report, the Group had no material contingent liabilities as at 31 August 2024.

Foreign Exchange Exposure

During the year ended 31 August 2024, the Group mainly operated in the PRC and the majority of the transactions were settled in RMB, the functional currency of the Group. The Group has certain exposure to foreign currency risk as part of its business transactions, assets and liabilities are denominated in United States dollars and Hong Kong dollars. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Future Plans for Material Investments and Capital Assets

Save as disclosed in this annual report, the Company has no other future plans for material investments and capital assets.

Management Discussion and Analysis

Employee and Remuneration Policy

As at 31 August 2023 and 2024, we had 4,750 and 5,180 employees, respectively.

The number of employees employed by the Group varies from time to time depending on business needs. Employees' remuneration is determined in accordance with prevailing industry practice and employees' educational backgrounds, experiences and performance. The remuneration policy and package of the Group's employees are reviewed periodically. As required by the PRC laws and regulations, the Company participates in various employee social security insurance plans for its employees that are administered by local governments, including, among others, housing provident funds, pensions, medical insurance, social insurance and unemployment insurance. According to the relevant laws and regulations in the PRC, the amount we are required to contribute for each of our employees under such plans should be calculated based on the employee's actual salary level of the previous year, and be subject to a minimum and maximum level as from time to time prescribed by local authorities.

Compensation of key executives of the Group is reviewed by the Remuneration Committee based on the Group's performance and the executives' respective contributions to the Group.

The Company has also adopted a pre-IPO share option scheme and a share award scheme.

The total remuneration cost incurred by the Group for the Reporting Period was RMB356.2 million (for the year ended 31 August 2023: RMB330.8 million).

EVENTS AFTER THE REPORTING PERIOD

In November 2024, Anyang University and Shangqiu University entered into sino-foreign school operation agreements with Elite Education Institute in Australia and Anyang University entered into a sino-foreign school operation cooperation agreement with Massey University in New Zealand to establish in-depth strategic cooperation relationships with such institutions to promote their mutual aim of diversification and internationalization of education. For further details, please refer to the announcement of the Company dated 11 November 2024.

Save as disclosed in this annual report, there were no other significant events that might affect the Group since the end of the Reporting Period and up to the Latest Practicable Date.

Directors and Senior Management

The Board consists of three executive Directors, one non-executive Director and three independent non-executive Directors.

EXECUTIVE DIRECTORS

Mr. Hou Junyu (侯俊宇), aged 33, was appointed as an executive Director on 15 November 2017 and was the chairman of the Nomination Committee from 12 February 2018 until 27 November 2023, after which he remained as a member of the Nomination Committee. Mr. Hou was the chief executive officer of the Company from 12 February 2018 until he relinquished his role on 25 September 2020. Mr. Hou has served as the vice chairman of the Board and chief executive officer of the School Sponsor since February 2014 and leads the day-to-day operation of the Group as well as spearheads the Group's key decisions. Since August 2012, Mr. Hou has been the associate dean of Shangqiu University, where he is responsible for managing human resources, finance and student affairs. From February 2013, he has also served as the associate dean of Anyang University, where he is responsible for student admissions and enrolment, human resources and the academy's financial affairs.

Mr. Hou attended secondary school education in the PRC and studied undergraduate course in business management and economics at the University of Sussex from October 2008 to June 2012. Mr. Hou returned to the PRC in 2012 with a view to taking up the management of the Company's operations and has since devoted his full efforts to the development and operations of the Group, and therefore did not complete the undergraduate course in the University of Sussex. Mr. Hou is the son of Ms. Jiang and Chairman Hou.

Ms. Jiang Shuqin (蒋淑琴), aged 58, was appointed as an executive Director and a member of the Remuneration Committee on 12 February 2018. Ms. Jiang has served as an executive director of the School Sponsor since the establishment of the Group and has been the financial controller of each of the PRC operating schools since their establishment. Ms. Jiang is primarily responsible for the strategic development, daily management and overseeing financial operations of the Group. Ms. Jiang has over 15 years of experience in the education industry and financial management. Ms. Jiang attended senior secondary education in the PRC. She is the spouse of Chairman Hou, mother of Mr. Hou and sister-in-law of Mr. Yang Xinzhong.

Ms. Zhang Jie (张洁), aged 55, was the vice chief executive officer of the Company from 30 April 2019 until her appointment as an executive Director and chief executive officer of the Company on 25 September 2020. Ms. Zhang was the vice chairman of the School Sponsor from October 2018 to 30 April 2019. Ms. Zhang obtained a bachelor's degree from Wuhan University of Technology (formerly known as Wuhan Automotive Polytechnic University) and an EMBA degree from Xi'an Jiaotong University thereafter. In November 1993, she joined the Shengda College of Economics, Business & Management of Zhengzhou University (now known as Zhengzhou Shengda University of Economics, Business & Management), and served as the chief accounting officer from November 1994 to July 1998 and director of the accounting function from August 1998 to January 2004. In February 2004, she served as the director of the preparatory office of Chenggong College of Henan University of Economics and Law (now known as Zhengzhou Business University), responsible for overall preparation of the establishment of the college. In February 2007, she served as the vice president of Shengda College of Economics, Business & Management of Zhengzhou University (now known as Zhengzhou Shengda University of Economics, Business & Management), in charge of finance, enrolment, employment, modern education technology center, laboratory construction, equipment management office and related executive functions. In 2010, she was fully responsible for, and successfully completed, the separation and independent operation of the decoupling between Shengda College of Economics, Business & Management of Zhengzhou University and Zhengzhou University. In March 2016, she was responsible for, and successfully completed, the set-up and the fulfilment of the teaching conditions for the teaching evaluation of Zhengzhou Shengda University of Economics, Business & Management required by the Ministry of Education. She has been engaged in private HEI for 30 years and has considerable experience in private HEI management.

Directors and Senior Management

NON-EXECUTIVE DIRECTOR

Mr. Hou Chunlai (侯春來), aged 55, is the founder of the Group. Chairman Hou was appointed as a non-executive Director and the chairman of the Board on 12 February 2018. He is responsible for overseeing the corporate development and strategic planning of the Group. Chairman Hou has also been a standing director of China Association for Private Education since November 2011 and was a director of China Association for Private Education, Higher Education Committee from January 2010 to January 2015.

Chairman Hou is also actively engaged in civil affairs in the PRC. In particular, Chairman Hou was a delegate of the Twelfth Henan People's Congress (河南省第十二屆人民代表大會) during the period from December 2012 to December 2017. Chairman Hou was awarded 'Advanced Individual' of Henan Private Education (河南省民辦教育先進個人) by the Education Department of Henan Province (河南省教育廳) in October 2016.

Chairman Hou graduated from Nankai University (南開大學) in December 2006 with a master's degree in business administration and obtained the qualification as an associate professorship of Shangqiu University in November 2013. Chairman Hou is the spouse of Ms. Jiang and the father of Mr. Hou.

Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Jin Xiaobin (金曉斌), aged 70, was appointed as an independent non-executive Director, a member of the Audit Committee and a member of the Nomination Committee with effect from 31 August 2018, and has been the chairman of the Nomination Committee since 28 November 2023. Dr. Jin is primarily responsible for supervising and providing independent judgement to the Board.

Dr. Jin is currently the principal of Shanghai Economics Development Research Institute (上海時代經濟發展研究院院長) and has been adjunct advisor of Fudan University (復旦大學), course professor of University of Science and Technology of China (中國科學技術大學), adjunct advisor for master students of Shanghai University of Finance Economics (上海財經大學), adjunct professor of Tongji University (同濟大學), invited research fellow of Peking University (北京大學) and of the Chinese Academy of Social Sciences (中國社會科學院), and visiting scholar of the Wharton School of University of Pennsylvania and the Australian Securities Institute.

Dr. Jin has more than 21 years of operating and management experience in the securities industry. Dr. Jin joined Haitong Securities Co., Ltd. (海通證券股份有限公司) (“**Haitong**”), a company listed on the Stock Exchange (stock code: 6837) and the Shanghai Stock Exchange (stock code: 600837) in 1998 and had held several positions in Haitong and its subsidiaries from December 1998 to August 2015, including head of research institute of Haitong, general manager of brokerage business headquarters, assistant to the general manager of Haitong, general manager of M&A financing department, secretary to board of directors of Haitong, deputy director of the investment banking committee of Haitong, joint company secretary and the authorised representative of Haitong, vice president of Haitong, the chairman of Haitong Jihe Equity Investment Fund Management Co. Ltd. (海通吉禾股權投資基金管理公司) and the chairman of Haitong New Energy Equity Investment Fund Management Co. Ltd. (海通新能源股權投資基金管理公司). Dr. Jin was appointed as a director of A-Jex Investment Limited (愛建(香港)有限公司), a wholly-owned subsidiary of a company listed on the Shanghai Stock Exchange, Shanghai AJ Group Co., Ltd (上海愛建集團股份有限公司) (stock code: 600643), in April 2018.

Dr. Jin obtained a doctorate degree in economics from Fudan University in January 1997, a master’s degree in economics from Fudan University in July 1993 and professional certification in the major in political education from Shanghai Second Institute of Education (上海第二教育學院) in July 1988. Dr. Jin worked at and conducted postdoctoral researches in finance at the Shanghai University of Finance and Economics from December 1996 to July 1999. Dr. Jin has been a deputy researcher recognised by Shanghai University of Finance and Economics since June 1998 and has been an expert with special allowance from the State Council since June 2002. Dr. Jin worked in the People’s Liberation Army Navy (中國人民解放軍海軍) from December 1972 to April 1998. He acted as the deputy director of the analysts committee under the Securities Association of China from July 2000 to July 2002, from December 2002 to December 2004 and from July 2005 to July 2007. He also acted as a professional evaluation expert of securities companies in the Securities Association of China (中國證券業協會) from January 2011 to January 2012 and a member of the Advisory Committee of Information Disclosure of Companies Listed on Shanghai Stock Exchange from November 2013 to November 2015. He has acted as a member of the Culture and Media Industry Committee of China Corporate Listing Association (中國上市公司協會文化傳媒行業委員會) and is a fellow member of The Hong Kong Institute of Chartered Secretaries (now known as The Hong Kong Chartered Governance Institute).

Directors and Senior Management

Ms. Fok, Pui Ming Joanna (霍珮鳴), aged 45, was appointed as an independent non-executive Director, chairman of the Remuneration Committee, member of the Audit Committee and member of the Nomination Committee on 12 February 2018, taking effect on 31 August 2018. Ms. Fok is primarily responsible for supervising and providing independent judgement to the Board.

Ms. Fok has more than 15 years of experience in business development and recruitment planning. From October 2004 to October 2006, Ms. Fok was a manager of Servcorp Limited (世服宏圖商務服務(北京)有限公司), where she was responsible for the sales, marketing, recruitment and training. Ms. Fok worked at different offices of PageGroup (米高蒲志國際顧問公司), an international recruitment firm listed on the London Stock Exchange (LSE: PAGE), from 2007 to 2019. From April 2007 to October 2009, Ms. Fok served as a recruitment consultant of Michael Page International (Japan) K.K. (東京米高蒲志國際顧問公司), where she was responsible for the planning of the recruitment projects in relation to human resources and information technology. From December 2009 to September 2012, Ms. Fok served as a senior recruitment consultant of Michael Page (Shanghai) Recruitment Co., Limited (上海米高蒲志國際顧問公司), where she was responsible for the planning of the recruitment projects in relation to accounting and finance. From November 2012 to August 2014, Ms. Fok served as the associate director of Michael Page International (Hong Kong) Limited (香港米高蒲志國際顧問公司), where she was responsible for the planning of recruitment projects across sectors including business services, information technology, medical, electronics, manufacturing and retail. From June 2017 to 14 April 2019, Ms. Fok was the associate director of the human resources department of Michael Page International (Hong Kong) Limited (香港米高蒲志國際顧問公司), where she was responsible for the design and implementation of training programmes for the recruiting consultants. Ms. Fok was appointed as an associate director of the talent acquisition department of Colliers International Pacific Limited with effect from 29 April 2019.

Ms. Fok obtained a bachelor's degree of science from University of British Columbia in May 2001 and a master's degree of public management from Tsinghua University in July 2004.

Mr. Lau, Tsz Man (劉子文), aged 41, was appointed as an independent non-executive Director, the chairman of the Audit Committee and a member of the Remuneration Committee with effect from 31 August 2018. Mr. Lau is primarily responsible for supervising and providing independent judgement to the Board.

Mr. Lau has more than 13 years of experience in accounting and finance. Since August 2016, Mr. Lau has been a director of Wincy Education Holdings Limited (凱晴教育控股有限公司), and since April 2017, Mr. Lau has been the chief financial officer of Nobao Energy Holdings (China) Limited (挪寶能源控股(中國)有限公司).

From September 2006 to November 2014, Mr. Lau worked at Deloitte Touche Tohmatsu (Hong Kong branch and Shanghai branch), where he was responsible for auditing. From November 2014 to March 2016, Mr. Lau was the chief accounting officer and financial controller of Shunfeng International Clean Energy Limited, a company listed on the Stock Exchange (stock code: 1165), where he was responsible for finance and accounting.

Mr. Lau is a certified public accountant and is a member of the Hong Kong Institute of Certified Public Accountants and an associate of the Institute of Chartered Accountants in England and Wales. Mr. Lau obtained a bachelor's degree of business administration in marketing from City University of Hong Kong in July 2006.

Directors and Senior Management

SENIOR MANAGEMENT

Mr. Yang Xinzong (楊新忠), aged 55, was appointed as the general manager of the Company on 12 February 2018 and has been the vice chairman of the School Sponsor since September 2013. Mr. Yang is responsible for overseeing external relations and coordinating processes and operating across our organisation. Mr. Yang has over 14 years of experience in the education industry. Mr. Yang worked at Shangqiu University between September 2005 and September 2009, where he served as the vice principal.

From March 2010 to August 2013, Mr. Yang was the person-in-charge for the construction preparation of Shangqiu University Kaifeng Campus (商丘學院應用科技學院). From September 2013 to September 2014, Mr. Yang served as the secretary of the Communist Party Committee at the Shangqiu University Kaifeng Campus (商丘學院應用科技學院). Mr. Yang graduated from Henan Normal University (河南師範大學) in July 1993 with a bachelor's degree of arts, majoring in Chinese language and literature. Mr. Yang is the brother-in-law of Ms. Jiang.

Mr. Liu Wei (劉偉), aged 44, was appointed as the head of the planning and construction department of the Company in October 2022 and is responsible for the planning, construction and operation of the Company's infrastructure and network. He was appointed as the head of the business support services department of the Company on 12 February 2018. Mr. Liu has over 19 years of experience in administration and business support. Prior to joining of the Group, Mr. Liu worked in the Chengguan Town, Yucheng County municipal government. Between September 2005 and March 2006, Mr. Liu worked in the logistics department at Shangqiu University. From April 2006 to March 2013, Mr. Liu served as the head of the general affairs department at Shangqiu University. From April 2013 to February 2018, he served as the general manager of the business support services department of the School Sponsor and was responsible for overseeing the general business support services. Mr. Liu graduated from Henan University of Economics and Law (河南財經政法大學) by passing the self-study examination in June 2016 and obtained an undergraduate professional certification in financial management.

Mr. Wang Jie (王傑), aged 41, was appointed as the director of the logistics insurance department of the Company in October 2022, responsible for the insurance of logistics. Mr. Wang graduated from Henan Agriculture University in 2006 with a bachelor's degree of agriculture, majoring in forestry. Mr. Wang has over 16 years of experience in the education industry. From August 2006 to September 2007, Mr. Wang worked as an ideological and political instructor at Shangqiu University. Mr. Wang then served as the deputy office manager (in charge of work) of Shangqiu University between September 2007 and February 2008. From February 2008 to June 2015, Mr. Wang served as office manager of Shangqiu University. In addition to these positions, Mr. Wang served as the office manager of Chunlai Education Group from December 2012 to February 2018, and was the office manager of the Company from February 2018 to October 2022, where he was responsible for overseeing the daily operation of the general office.

Directors and Senior Management

Mr. Ma Shaoshuai (馬紹帥), aged 40, has been the director of the operation service department of the Company since October 2022. From June 2019 to October 2022, he was the director of the human resources department of the Company. From October 2018 to October 2019, he was the vice director of the logistics insurance and operation department of the School Sponsor. Mr. Ma obtained his bachelor's degree from Henan University and master's degree in Education from Henan Normal University (河南師範大學) and he was rated as an associate professor. Mr. Ma joined Shangqiu University in August 2011, and consecutively held positions including director of the logistics department in June 2014, person in charge of the overall administrative matters in March 2016 and vice president of Shangqiu University from 2017 to 2019, responsible for the management of, among others, logistics, assets, infrastructure construction and security of the school. He took part in Shangqiu University's preparation work for the assessment from the Ministry of Education on the teaching of bachelor degree courses and passed. In 2020, he played a role in the conversion of Hubei College into Jingzhou College.

Mr. Huo Zechun (豁澤春), aged 43, is a member of the Communist Party of China (CPC), a master of agriculture and an associate professor. In 2020, he was appointed as the director of education promotion office of the Company, responsible for the education and teaching, teaching supervision and quality monitoring and assessment of the company's schools. Mr. Huo has over 18 years of experience in education and teaching. From August 2006 to August 2009, he served as a professional teacher at Shangqiu University, and then from September 2009 to February 2014, he served successively as the deputy secretary of the general Party branch and the associate dean of teaching of the School of Landscape Architecture of Shangqiu University; from February 2014 to February 2015, he served as the director of education promotion office of the School Sponsor and concurrently as the director of education promotion office of Shangqiu University; from March 2015 to May 2017, he concurrently served as the Secretary of Committee for Discipline Inspection and chairman of the labor union of Shangqiu University; from May 2017 to December 2019, he concurrently served as Deputy Secretary of CPC and vice principal, responsible for teaching supervision, quality monitoring and promotion work of the Group and the party building and management of Discipline Inspection Committee, labor union and students of Shangqiu University. Mr. Huo was awarded the professional title of associate professor in 2018, and was awarded the honorary title of "Outstanding Education Management Talent" (優秀教育管理人才) by the Education Department of Henan Province (河南省教育廳), the honorary title of "Excellent Teacher" of Henan Private Education (河南省民辦教育優秀教師), and the honorary title of "Advanced Individual" of Henan Private Education (河南省民辦教育先進個人).

Directors and Senior Management

Ms. Zhang Huaiwen (張懷文), aged 37, with a doctorate degree in economics, was appointed as the director of the human resources department of the Company in October 2022 and was the director of the development planning department of the Company from September 2019 to September 2022. She has served as a teacher and the secretary of the Youth League Committee of Shangqiu University, a teacher, the director of the Student Affairs Office, the deputy secretary of the Party Committee and the vice president of Anyang University. She has extensive experience in the higher education industry and has participated in the conversion of Shangqiu University and the assessment on the teaching of bachelor degree courses, the conversion of Anyang University and the assessment on the teaching of bachelor degree courses, the establishment of Anyang University Yuanyang Campus as well as the conversion of Jingzhou University.

Mr. Sheng Yiming (盛一名), aged 34, was appointed as the chief financial officer of the Company on 25 September 2020. Mr. Sheng is primarily responsible for overseeing the daily operations of the finance department and internal compliance department of the Company. Mr. Sheng is also the chief accountant of Tianping College since September 2019. From September 2012 to June 2018, he served as an audit manager at Deloitte Touche Tohmatsu and gained extensive experience in annual audit and listing related matters. From June 2015 to February 2016, Mr. Sheng was a senior manager at Everbright Securities Company Limited, investment banking department. Mr. Sheng received his postgraduate degree in finance and business management from the Shanghai Advanced Institute of Finance and Shanghai Jiaotong University in 2018. Mr. Sheng is a certified public accountant and a qualified lawyer in the PRC.

Mr. Shi Wanqing (史萬慶), aged 38, has been the office director of the School Sponsor since October 2022. From June 2021 to October 2022, he served as the deputy director of the logistics insurance department of the School Sponsor. He obtained a bachelor's degree and a master's degree in engineering from Henan Normal University (河南師範大學) in July 2012 and July 2015, respectively, and was rated as an associate professor. He is currently studying for a doctorate degree in educational technology from Nanchang University. He was awarded Civilised Teacher of Henan Province, Outstanding Education Management Talent of Henan Education Department, Academic and Technical Leader of Henan Education Department, and Domestic Visiting Scholar in Higher Education Institutions of the Ministry of Education. In December 2022, he was elected as a member of the Sixth Shangqiu Municipal Committee of the Chinese People's Political Consultative Conference (CPPCC).

Mr. Shi stayed at the school since March 2008. From March 2008 to September 2016, he served as clerk, officer, section officer, deputy section chief, section chief, deputy director and director of the office of the president of Shangqiu University. From September 2016 to May 2020, he served as director of the office of the Shangqiu University, director of the personnel office, director of the foreign affairs office, and director of the organisation department of the Party Committee. From May 2020 to October 2022, he served as deputy secretary of the Party Committee and vice president of Shangqiu University, responsible for the management of, among others, the school's organisation, party building, personnel, foreign affairs, logistics, infrastructure, assets, catering and commerce, and has served as deputy secretary of the Party Committee of Shangqiu University since then.

Directors and Senior Management

Ms. Li Xin (李信), aged 38, is an intermediate accountant and a senior management accountant. She was appointed as the director of the audit department of the Company in February 2023, where she was responsible for the audit of external disclosure and internal audit of the Company. Ms. Li graduated from Zhengzhou University in 2009 with a bachelor's degree in management. She has relatively extensive experience in finance and auditing in the private higher education industry, and has successively been engaged in the teaching of accounting profession in Anyang Institute of Technology (North Campus) and Anyang University from August 2009 to September 2015, and served as the chief accountant in the finance department of Anyang University from October 2015 to September 2018, during which time she was responsible for coordination of auditing work and verification with attorney as a member of the Company's listing team, and subsequently served as the director of the audit office of the School Sponsor from October 2018 to January 2023, responsible for the audit of external disclosure.

COMPANY SECRETARY

Ms. Yu Anne (余安妮) was appointed as the company secretary of the Company on 30 August 2022. Ms. Yu is an assistant manager of SWCS Corporate Services Group (Hong Kong) Limited and has over 20 years experiences in corporate secretarial and corporate governance field. Ms. Yu is currently acting as the company secretary of several companies listed on the Main Board of the Stock Exchange. Ms. Yu holds a bachelor's degree from University of Huddersfield in the United Kingdom and a Master of Law degree from The University of Law in the United Kingdom. Ms. Yu is a Chartered Secretary, a Chartered Governance Professional and an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Ms. Yu also holds a Practitioner's Endorsement from The Hong Kong Chartered Governance Institute.

CHANGES TO DIRECTORS' INFORMATION

There is no change to the information of the Directors since the publication of the last annual report which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Report of Directors

The Board of the Company is pleased to present this Directors' report together with the consolidated financial statements of the Group for the Reporting Period.

DIRECTORS

The Directors who held office during the Reporting Period and up to the Latest Practicable Date are:

Executive Directors

Mr. Hou Junyu (侯俊宇)

Ms. Jiang Shuqin (蔣淑琴)

Ms. Zhang Jie (張潔) (*Chief Executive Officer*)

Non-executive Director

Mr. Hou Chunlai (侯春來) (*Chairman*)

Independent Non-executive Directors

Dr. Jin Xiaobin (金曉斌)

Ms. Fok, Pui Ming Joanna (霍珮鳴)

Mr. Lau, Tsz Man (劉子文)

Biographical details of the Directors and senior management of the Group are set out in the section headed "Directors and Senior Management" on pages 19 to 26 of this annual report.

PRINCIPAL ACTIVITIES

The Group's main operating activities include its wholly-owned sponsored schools, including Anyang University, Anyang University Yuanyang Campus, Shangqiu University, Shangqiu University Kaifeng Campus, Jiankang College and Jingzhou College (formerly known as Hubei College), which were established in the PRC and engaged in private higher education. The Group also participates in the operation of Tianping College, an independent college of Suzhou University of Science and Technology in Jiangsu Province.

An analysis of the principal activities of the Group during the Reporting Period is set out in Note 35 to the consolidated financial statements.

BUSINESS REVIEW

A fair review of the business of the Group as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including an analysis of the Group's financial performance, an indication of likely future developments in the Group's business and the Group's key relationships with its stakeholders who have a significant impact on the Group and on which the Group's success depends, is set out in the section headed "Management Discussion and Analysis" of this annual report. These discussions form part of this annual report. Events affecting the Company that have occurred since the end of the financial year is set out in the section headed "Events after the Reporting Period" in the section headed "Management Discussion and Analysis" in this annual report.

Report of Directors

FIVE YEAR FINANCIAL SUMMARY

A summary of the consolidated results and the assets and liabilities of the Group for the last five financial years, as extracted from the consolidated financial statements, is set out on page 5 of this annual report. This summary does not form part of the consolidated financial statements.

SHARE CAPITAL AND SHARES ISSUED

Details of movements in the share capital of the Company for the Reporting Period and details of the Shares issued during the Reporting Period are set out in Note 27 to the consolidated financial statements.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in Note 35 to the consolidated financial statements.

KEY RELATIONSHIP WITH STAKEHOLDERS

The Company is committed to maintaining a good relationship with teachers, students and other stakeholders that have a significant impact on the Company and on which the Company's success depends. Further details are set out in the "Environmental, Social and Governance Report" section of this annual report (the "**ESG Report**").

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to fulfilling social responsibility, promoting employee benefits and development, protecting the environment and giving back to community and achieving sustainable growth. An environmental policy has been adopted by the Group for implementation of environmentally friendly measures and practices in the operation of the Group's businesses. The Group adheres to the principle of recycling and reducing and implements green office practices, e.g. using recycled paper, setting up recycling bins, and double-sided printing and copying.

During the Reporting Period, the Group has complied with the 'comply or explain' provisions set out in the Environmental, Social and Governance ("**ESG**") Reporting Guide. The Company's environmental policies and performance, compliance with relevant laws and regulations, the Company's key relationships with its employees, customers and suppliers and others that have a significant impact on the Company and on which the Company's success depends are discussed in the ESG Report.

The Group will review the environmental policy from time to time and consider implementing further environmentally friendly measures and practices in the operation of the Group's businesses.

PRINCIPAL RISKS AND UNCERTAINTIES

Save as disclosed in the section headed "Risks relating to the Contractual Arrangements" in this annual report, the following list is a summary of certain principal risks and uncertainties facing the Group, some of which are beyond its control:

- our operations and business prospects;

Report of Directors

- our business and operating strategies and our ability to implement such strategies;
- our ability to develop and manage our operations and business;
- our ability to maintain or increase student enrolment in our colleges;
- our ability to maintain or increase tuition fees;
- our ability to maintain or increase utilisation of our facilities;
- our capital expenditure programmes and future capital requirements;
- our future general and administrative expenses;
- competition for, among other things, capital, technology and skilled personnel (including teaching staff);
- our ability to control costs;
- our ability to remit dividends; and
- changes to regulatory and operating conditions in the industry and geographical markets in which we operate.

However, the above is not an exhaustive list. Investors are advised to make their own judgment or consult their own investment advisors before making any investment in the Shares.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new Shares on a pro-rata basis to the existing Shareholders.

ANTI-CORRUPTION POLICY

The Group strictly adheres to the rules and regulations relating to anti-corruption and fraudulent behaviors set out by the relevant authorities. At the same time, the Group maintains a high standard of business integrity throughout its operations. We require our employees to follow our employee manual and code of business conduct and ethics, negligence and corruption. We also carry out regular on-the-job compliance training for our senior management and employees to maintain a healthy corporate culture and enhance their compliance perception and responsibility.

The anti-corruption policy is reviewed and updated by the Audit Committee from time to time in order to align with the applicable laws and regulations in relation thereto.

WHISTLEBLOWING POLICY

The Group has established a whistleblowing policy for, its employees and those who deal with the Company (e.g. customers and suppliers) to raise concerns, in confidence and anonymity, about possible improprieties in any matter related to the Company. Our staff can anonymously report any suspected corrupt incidents to the Company.

Report of Directors

No incident of fraud or misconduct that have material effect on the Group's financial statements or overall operations during the Reporting period has been discovered or identified.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company and the Group during the Reporting Period are set out in Note 16 to the consolidated financial statements.

The book value of the properties held by the Group for owner occupation at 31 August 2024 as included in the consolidated financial statements in this annual report was approximately RMB3,161.9 million.

DONATIONS

During the Reporting Period, the Group made charitable donations of approximately RMB139,000 (2023: nil).

DEBENTURES ISSUED

The Group did not issue any debenture during the Reporting Period and up to the Latest Practicable Date.

EQUITY-LINKED AGREEMENTS

Save for the Pre-IPO Share Option Scheme and the Share Award Scheme, no equity-linked agreements were entered into by the Group, or existed, during the Reporting Period.

DIVIDENDS

The Board has recommended the payment of a final dividend of RMB0.0924 per share (equivalent to HK\$0.1 per share) (the "**Proposed Final Dividend**") for the Reporting Period (2023: RMB0.053 (equivalent to HK\$0.058 per share)), subject to the approval of the Shareholders at the Company's forthcoming annual general meeting. The final dividend will be declared in Renminbi and paid in Hong Kong dollars. The exchange rate adopted for conversion was the average middle exchange rate published by the People's Bank of China of the five business days prior to the declaration of the final dividend (i.e. 22 November 2024 to 28 November 2024) (RMB1 to HK\$1.082). Such proposed dividend will be payable on or around Wednesday, 5 February 2025 to the Shareholders whose names appear on the register of members of the Company on Tuesday, 21 January 2025.

For the purpose of determining the entitlement to the Proposed Final Dividend, the register of members of the Company will be closed from Thursday, 16 January 2025 to Tuesday, 21 January 2025, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be entitled to the Proposed Final Dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Wednesday, 15 January 2025.

Report of Directors

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The 2025 AGM will be held on Friday, 10 January 2025.

For the purpose of determining the Shareholder's entitlement to attend and vote at the 2025 AGM, the register of members of the Company will be closed from Tuesday, 7 January 2025 to Friday, 10 January 2025, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the 2025 AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Monday, 6 January 2025.

PERMITTED INDEMNITY

Pursuant to the Articles of Association and subject to the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in or about the execution of their duty in their offices.

Such permitted indemnity provision has been in force for the Reporting Period. The Company has also taken out liability insurance to provide appropriate coverage for the Directors.

DISTRIBUTABLE RESERVES

Details of the movements in the reserves of the Company during the Reporting Period are set out in Note 34 to the consolidated financial statements. The distributable reserves of the Company as at 31 August 2024 were RMBnil.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at 31 August 2024 are set out in the section headed "Management Discussion and Analysis" in this annual report and in Note 26 to the consolidated financial statements.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

MAJOR CUSTOMERS AND SUPPLIERS

Our customers primarily are our students. Our five largest customers accounted for less than 30% of our revenue for each of the years ended 31 August 2023 and 2024. We did not have any single customer who accounted for more than 5% of our revenue for each of the years ended 31 August 2023 and 2024.

Report of Directors

Our suppliers primarily comprise suppliers of textbooks, uniforms and teaching equipment, and construction companies for building campus facilities. For the years ended 31 August 2023 and 2024, purchases from our five largest suppliers amounted to RMB299.2 million and RMB235.6 million, respectively, which represented 90.6% and 96.9% of our total purchases in the respective periods. During the same periods, purchases from our largest supplier amounted to RMB49.9 million and RMB138.1 million, respectively, which represented 15.1% and 56.8% of our total purchases in the respective periods. Our largest supplier during the Reporting Period is a construction company that we engaged to construct campus facilities.

None of our Directors, their respective associates, or any Shareholder who, to the knowledge of our Directors, owns more than 5% of our issued capital, has any interest in any of our five largest suppliers during the Reporting Period and up to the Latest Practicable Date.

CONTINUING DISCLOSURE OBLIGATIONS UNDER RULES 13.20, 13.21 AND 13.22 OF THE LISTING RULES

Save as disclosed in the section headed “Loan Agreements”, the Company did not have any continuing disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules in respect of the Reporting Period.

SHARE SCHEMES

The Company has two existing share schemes, namely the Pre-IPO Share Option Scheme and the Share Award Scheme. The Company has complied, and will continue to comply, with Chapter 17 (effective from 1 January 2023) to the extent required by the transitional arrangements for the existing share schemes.

No options or awards were granted pursuant to the Pre-IPO Share Option Scheme and the Share Award Scheme during the Reporting Period. Accordingly, the number of Shares that may be issued in respect of all options and awards granted during the Reporting Period to eligible participants pursuant to the Pre-IPO Share Option Scheme and the Share Award Scheme divided by the weighted average number of issued Shares (excluding treasury shares) for the Reporting Period is 0. Further details of each of the share schemes of the Company are set out below.

Pre-IPO Share Option Scheme

The Company adopted the Pre-IPO Share Option Scheme effective from 9 August 2018. No further options would be granted under the Pre-IPO Share Option Scheme subsequent to the Listing Date.

Purpose

The purpose of the Pre-IPO Share Option Scheme is to provide selected participants with the opportunity to acquire proprietary interests in the Company and to encourage selected participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole. The Pre-IPO Share Option Scheme provides the Company with a flexible means of retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to selected participants.

Report of Directors

Eligible Participants

Eligible participants include persons belonging to any of the following classes of participants, who the Board considers, in its sole discretion, have contributed or will contribute to the Group: (i) any directors and employees of any member of our Group (including nominees and/or trustees of any employee benefit trusts established for them); and (ii) any advisers, consultants, distributors, contractors, customers, suppliers, agents, business partners, joint venture business partners, service providers of any member of the Group.

Maximum Number of Shares Available for Grant and Issue

The overall limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Pre-IPO Share Option Scheme at any time shall not exceed 35,950,000 Shares, representing approximately 3% of the total number of issued Shares (excluding treasury shares) as at the Latest Practicable Date.

No further options would be granted under the Pre-IPO Share Option Scheme subsequent to the Listing Date. Accordingly, no options were available for grant under the Pre-IPO Share Option Scheme as at 1 September 2023 and 31 August 2024, respectively.

Given that no further options would be granted under the Pre-IPO Share Option Scheme, the outstanding number of options would be equivalent to the number of new Shares available for issue under the Pre-IPO Share Option Scheme. As at the Latest Practicable Date, there were outstanding share options of 32,550,000 Shares, representing approximately 2.71% of the issued share capital (excluding treasury shares) of the Company, granted to 20 participants under the Pre-IPO Share Option Scheme.

Maximum Entitlement of Participant

There is no specified maximum entitlement of each eligible participant.

Exercise Period

An option may be exercised in accordance with the terms of the Pre-IPO Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 20 years from the date of grant of the option subject to the provisions for early termination under the Pre-IPO Share Option Scheme.

Vesting Period

The vesting period of an option may be determined by the Board in accordance with the terms of the Pre-IPO Share Option Scheme.

Payment on Acceptance of Share Option

An amount of RMB1.00 is payable upon acceptance of the grant of an option.

Report of Directors

Determination of Exercise Price

The exercise price in relation to each option granted under the Pre-IPO Share Option Scheme is HK\$0.00001 per Share or such other price as may be determined by the Board.

Remaining Life

The Pre-IPO Share Option Scheme is valid and effective for a period of 20 years from 9 August 2018 until 9 August 2038. The remaining life of the Pre-IPO Share Option Scheme is approximately 14 years.

Outstanding Share Options

The table below shows details of the outstanding share options granted to all grantees under the Pre-IPO Share Option Scheme. For further details on the movement of the options during the Reporting Period, please see Note 27 to the consolidated financial statements.

Grantee	Position held with the Group	Date of grant	Exercise period	Vesting period	Exercise price	Outstanding as at 1 September 2023	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 31 August 2024
Director											
Chairman Hou	Non-executive Director and chairman of the Board	9 August 2018	20 years from the date of grant	3 to 10 years from the date of grant	HK\$0.00001	8,000,000	–	–	–	–	8,000,000
Ms. Jiang	Executive Director	9 August 2018	20 years from the date of grant	3 to 10 years from the date of grant	HK\$0.00001	8,000,000	–	–	–	–	8,000,000
Mr. Hou	Executive Director	9 August 2018	20 years from the date of grant	3 to 10 years from the date of grant	HK\$0.00001	6,000,000	–	–	–	–	6,000,000
Employee grantees in aggregate		9 August 2018	20 years from the date of grant	3 to 10 years from the date of grant	HK\$0.00001	11,550,000	–	–	–	1,000,000	10,550,000
TOTAL						33,550,000		–		1,000,000	32,550,000

Report of Directors

SHARE AWARD SCHEME

The Company adopted the Share Award Scheme by the resolutions in writing of the Shareholders on 24 August 2018.

Purpose

The purpose of the Share Award Scheme is to align the interests of eligible persons with those of the Group through ownership of Shares, dividend and other distributions paid on Shares and/or the increase in value of the Shares, and to encourage and retain eligible persons to make contributions to the long term growth and profits of the Group.

Eligible Participants

Eligible persons include any individual, being an employee, director, officer, consultant, adviser, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of the Group or any affiliate (including nominees and/or trustees of any employee benefit trust established for them) who the Board or its delegate(s) considers, in its sole discretion, to have contributed or will contribute to the Group is eligible to receive an award.

Maximum Number of Shares Available for Grant

The aggregate number of Shares underlying all grants made pursuant to the Share Award Scheme (excluding Shares which have been forfeited in accordance with the Share Award Scheme) will not exceed 84,000,000 Shares (representing 7% of the aggregate nominal amount of the issued capital of the Company as at the Listing Date) without further Shareholders' approval (the "**Share Award Scheme Limit**").

No awards have been granted since the adoption of the Share Award Scheme. Accordingly, as at 1 September 2023 and 31 August 2024, 84,000,000 Shares, representing 7% of the issued share capital (excluding treasury shares) of the Company, were available for grant under the Share Award Scheme, respectively.

Maximum Number of Shares Available for Issue

Under the Share Award Scheme Limit, new Shares of up to 84,000,000 Shares may be issued by the Company within ten years of the Listing Date.

No awards have been issued since the adoption of the Share Award Scheme. Accordingly, as at the Latest Practicable Date, 84,000,000 Shares, representing 7% of the issued share capital (excluding treasury shares) of the Company, were available for issue under the Share Award Scheme.

Maximum Entitlement of Participant

Save as otherwise restricted by the Share Award Scheme Limit or the Listing Rules, there shall be no limit on the total number of non-vested Shares that may be granted to a selected participant under the Share Award Scheme.

Report of Directors

Vesting Period

The Board or its delegate(s) may from time to time while the Share Award Scheme is in force and subject to all applicable laws, determine such vesting criteria and conditions or periods for the award to be vested.

If there is an event of change in control of the Company by way of a merger, a privatization of the Company by way of a scheme or by way of an offer, the Board or the committee of the Board or person(s) to which the Board has delegated its authority shall at their sole discretion determine whether the vesting dates of any awards will be accelerated to an earlier date.

Payment on Acceptance of Award

The Board or its delegate(s) may from time to time while the Share Award Scheme is in force and subject to all applicable laws, determine such terms and conditions of an award.

Remaining Life

The Share Award Scheme shall be valid and effective for a period of 10 years (after which no Awards will be granted), and thereafter for so long as there are any non-vested Shares granted prior to the expiration of the Share Award Scheme, in order to give effect to the vesting of such Shares or otherwise as may be required in accordance with the rules of the Share Award Scheme. The remaining life of the Share Award Scheme is approximately 4 years.

EMOLUMENT POLICY AND DIRECTORS' REMUNERATION

In compliance with the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, the Company has established the Remuneration Committee of the Company to formulate remuneration policies. The remuneration is determined and recommended based on each Director's and senior management personnel's qualification, position and seniority. As for the independent non-executive Directors, their remuneration is determined by the Board upon recommendation from the Remuneration Committee. The Directors and the senior management personnel are eligible participants of the Pre-IPO Share Option Scheme and the Share Award Scheme. Details of the remuneration of the Directors and the five highest paid individuals are set out in Note 13 to the consolidated financial statements.

None of the Directors waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the Directors or the five highest paid individuals as an inducement to join, or upon joining the Group, or as compensation for loss of office.

Report of Directors

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 August 2024, the interests and short positions of our Directors or chief executives of our Company in the shares, underlying shares and debentures of our Company or its associated corporation (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO (including the interests and short positions which the Director or chief executives of our Company is taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange, were as follows:

Interest in the Company

Name of Director	Capacity/Nature of Interest	Relevant Company	Number of Shares ⁽⁴⁾	Approximate Percentage of Shareholding in the Company ⁽¹⁾
Mr. Hou	Interest in a controlled corporation	Chunlai Investment ⁽²⁾	900,000,000(L)	75.00%
	Share options granted under the Pre-IPO Share Option Scheme	N/A	6,000,000(L)	0.50%
Chairman Hou	Share options granted under the Pre-IPO Share Option Scheme	N/A	8,000,000(L)	0.67%
	Interest of spouse ⁽³⁾	N/A	8,000,000(L)	0.67%
Ms. Jiang	Share options granted under the Pre-IPO Share Option Scheme	N/A	8,000,000(L)	0.67%
	Interest of spouse ⁽³⁾	N/A	8,000,000(L)	0.67%

Notes:

- (1) The calculation is based on the total number of 1,200,000,000 Shares in issue (excluding treasury shares) as at 31 August 2024. The Company has no treasury shares as at 31 August 2024.
- (2) Chunlai Investment is wholly-owned by Mr. Hou. Thus, Mr. Hou is deemed to be interested in the Shares in which Chunlai Investment is interested by virtue of the SFO.
- (3) As Chairman Hou and Ms. Jiang are spouses, each of them is deemed to be interested in the interest held by them by virtue of the SFO.
- (4) The Letter "L" denotes the person's long position (as defined under Part XV of the SFO) in the Shares.

Report of Directors

Interest in Associated Corporations

Name of Director	Capacity/Nature of Interest	Name of associated corporation	Amount of issued share capital/registered capital/sponsor capital in the associated corporation	Percentage of holding in the associated corporation
Mr. Hou	Beneficial owner	Chunlai Investment	US\$1	100.00%
	Beneficial owner	The PRC Holdco	RMB30,000,000	100.00%
	Beneficial owner ⁽¹⁾	The School Sponsor	RMB113,740,000	100.00%
Chairman Hou	Beneficial owner ⁽¹⁾ and interest of spouse ⁽²⁾	The School Sponsor	RMB33,780,000	29.70%
Ms. Jiang	Beneficial owner ⁽¹⁾ and interest of spouse ⁽²⁾	The School Sponsor	RMB33,780,000	29.70%

Notes:

- (1) The sponsor interest of the School Sponsor is held as to 69.3% by Mr. Hou (RMB78,820,000), as to 19.8% by Chairman Hou (RMB22,520,000), as to 9.9% by Ms. Jiang (RMB11,260,000) and as to 1% by the PRC Holdco (RMB1,140,000). Mr. Hou, Chairman Hou and Ms. Jiang agreed that Mr. Hou would effectively own the sponsor interests of the School Sponsor held by Chairman Hou and Ms. Jiang.
- (2) As Chairman Hou and Ms. Jiang are spouses, each of them is deemed to be interested in the interest held by them by virtue of the SFO.

Save as disclosed above, as at 31 August 2024, so far as is known to the Directors or the chief executives of the Company, none of the Directors nor the chief executives of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO (including the interests and short positions which the Director is taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

Report of Directors

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 August 2024, so far as the Directors are aware, the following persons (other than our Directors or chief executives of our Company) or entities had interests or short positions in the Shares or underlying Shares of the Company which would be required to be disclosed to the Company 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:

Name of Substantial Shareholder	Capacity/Nature of Interest	Number of Shares ⁽³⁾	Approximate Percentage of Shareholding ⁽¹⁾
Chunlai Investment ⁽²⁾	Beneficial owner	900,000,000(L)	75.00%
Xiang Rong International Limited	Beneficial owner	66,037,000(L)	5.50%

Notes:

- (1) The percentages are calculated on the basis of 1,200,000,000 Shares in issue (excluding treasury shares) as at 31 August 2024. The Company has no treasury shares as at 31 August 2024.
- (2) Chunlai Investment is wholly-owned by Mr. Hou. Thus, Mr. Hou is deemed to be interested in the same number of shares in which Chunlai Investment is interested by virtue of the SFO.
- (3) The Letter "L" denotes the person's long position (as defined under Part XV of the SFO) in the Shares.

Save as disclosed above, the Directors are not aware of any other person (other than the Directors or chief executives of the Company) or entities who had an interest or short position in the shares, underlying Shares or debentures of the Company as at 31 August 2024 as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

DIRECTORS' SERVICE CONTRACTS

Each of the executive and non-executive Directors has entered into a service contract with our Company for a period of three years from the date of his/her appointment as an executive Director or a non-executive Director (as the case may be), which shall be automatically renewed for successive periods of three years (subject always to re-election as and when required under the Articles of Association), until terminated in accordance with the terms and conditions of the service contract or by either party giving to the other not less than three months' prior notice in writing.

Each of our independent non-executive Directors has entered into an appointment letter with our Company for a period of three years, which shall be automatically renewed for successive periods of three years (subject always to re-election as and when required under the Articles of Association), until terminated in accordance with the terms and conditions of the service contract or by either party giving to the other not less than three months' prior notice in writing.

None of the Directors proposed for re-election at the annual general meeting has a service contract with members of the Group that is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

Report of Directors

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, none of the Directors nor any entity connected with the Directors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party subsisting during or at the end of the Reporting Period.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this annual report, at no time during the Reporting Period was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

DIRECTORS' RETIREMENT BENEFITS

During the Reporting Period, no retirement benefits were paid to or receivable by the Directors in respect of their services as Directors of the Company and its subsidiaries or other services in connection with the management of the affairs of the Company or its subsidiary undertaking (2023: nil).

DIRECTORS' TERMINATION BENEFITS

During the Reporting Period, no payments or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the Directors, nor are any payable (2023: nil).

CONSIDERATION PROVIDED TO THIRD PARTIES FOR MAKING AVAILABLE DIRECTORS' SERVICES

During the Reporting Period, no consideration was provided to or receivable by third parties for making available Directors' services (2023: nil).

INFORMATION ABOUT LOANS, QUASI-LOANS AND OTHER DEALINGS IN FAVOR OF DIRECTORS, CONTROLLED BODIES CORPORATE BY AND CONNECTED ENTITIES WITH SUCH DIRECTORS

During the Reporting Period, there were no loans, quasi-loans and other dealings in favour of the Directors, controlled bodies corporate by and connected entities with such Directors (2023: nil).

Report of Directors

CONTROLLING SHAREHOLDERS' AND DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Reporting Period, neither the Controlling Shareholders nor any of the Directors had any interest in a business, apart from the business of the Group, which competes or is likely to compete, directly or indirectly, with the Group's business, which would require disclosure under Rule 8.10 of the Listing Rules.

The independent non-executive Directors confirmed that they have reviewed the information provided by the Controlling Shareholders and were satisfied that there were no conflict of interests between the Group and the Controlling Shareholders throughout the Reporting Period.

CONTRACTS WITH CONTROLLING SHAREHOLDERS

No contract of significance has been entered into among the Company or any of its subsidiaries and the Controlling Shareholders during the Reporting Period.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the Reporting Period.

CONNECTED TRANSACTIONS

Non-Exempt Continuing Connected Transactions

We have entered into a number of continuing agreements and arrangements with our connected persons in our ordinary and usual course of business, which constitute continuing connected transactions under the Listing Rules. We set out below details of the continuing connected transactions for our Group.

Report of Directors

Contractual Arrangements

Reasons for the Contractual Arrangements

We currently conduct our private education business through our consolidated affiliated entities in the PRC because PRC laws and regulations, or the implementation of those laws and regulations by the relevant government authorities, generally prohibit or restrict foreign ownership in the private education industry in the PRC. Currently, PRC laws and regulations restrict the operation of higher education institutions to Sino-foreign cooperative joint venture ownership, in addition to imposing a qualification requirement on the foreign owners. Further, government approvals in respect of Sino-foreign cooperative joint venture ownership in the private education sector have, with very limited exceptions, been withheld in practice. The Contractual Arrangements, through which we are able to exercise control over and derive the economic benefits from our consolidated affiliated entities, have been narrowly tailored to achieve our business purpose and minimise the potential conflict with relevant PRC laws and regulations.

In order to comply with the PRC laws and regulations as set out above while availing ourselves to international capital markets and maintaining effective control over all of our operations, our wholly-owned subsidiary, WFOE, entered into various agreements that together constitute the Contractual Arrangements with, among others, our consolidated affiliated entities, under which substantially all economic benefits arising from the businesses of our consolidated affiliated entities are transferred to WFOE to the extent permitted under the PRC laws and regulations by means of service fees payable by our consolidated affiliated entities to WFOE.

Our Directors (including the independent non-executive Directors) are of the view that the Contractual Arrangements and the transactions contemplated therein are fundamental to our Group's legal structure and business, that such transactions have been entered into: (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms; and (iii) in accordance with the respective agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Risks relating to the Contractual Arrangements

The Company believes the following risks are associated with the Contractual Arrangements. Further details of these risks are set out on pages 43 to 50 of the Prospectus.

- The PRC government may find that the agreements that establish the structure for operating our business in China do not comply with applicable PRC laws and regulations, which may subject us to severe penalties and our business may be materially and adversely affected.
- Uncertainties exist with respect to the interpretation and implementation of the newly enacted PRC Foreign Investment Law and how it may affect the viability of our current corporate structure, corporate governance and business operations.
- The Contractual Arrangements may not be as effective in providing control over our consolidated affiliated entities as direct ownership.
- The beneficial owners of our consolidated affiliated entities may have conflicts of interest with us, which may materially and adversely affect our business and financial condition.

Report of Directors

- Our exercise of the option to acquire the equity interests or sponsor interests (as the case may be) of our consolidated affiliated entities may be subject to certain limitations and we may incur substantial costs.
- Any failure by our consolidated affiliated entities or their respective shareholders or sponsors to perform their obligations under our Contractual Arrangements would potentially lead to the incurrence of additional costs and the expending of substantial resources on our part to enforce such arrangements, temporary or permanent loss of control over our primary operations or loss of access to our primary sources of revenue.
- The Contractual Arrangements may be subject to the scrutiny of the PRC tax authorities and additional tax may be imposed, which may materially and adversely affect our results of operations and value of your investment.
- Certain terms of the Contractual Arrangements may not be enforceable under PRC laws.
- The School Sponsor is a private non-enterprise entity (民辦非企業單位), the sponsor interest of which is not capable of being pledged in favour of WFOE under PRC laws. Our Contractual Arrangements implement alternative arrangements that may not achieve the level of protection equivalent to typical contractual arrangements where the school sponsor is an enterprise, the equity interest of which is subject to equity pledge arrangements.
- We rely on dividend and other payments from the WFOE to pay dividends and other cash distributions to our Shareholders and any limitation on the ability of the WFOE to pay dividends to us would materially and adversely limit our ability to pay dividends to our Shareholders.
- If any of our consolidated affiliated entities becomes subject to winding up or liquidation proceedings, we may lose the ability to enjoy certain important assets, which could negatively impact our business and materially and adversely affect our ability to generate revenue.

Contractual Arrangements in Place

The Contractual Arrangements that were in place as at 31 August 2024 are as follows:

- (a) acceptance letter dated 1 June 2021 executed by Jingzhou College, the signing of which is a requirement of the exclusive management consultancy and business cooperation agreement in (h) and pursuant to which Jingzhou College was added as a subsidiary entity of the PRC Holdco;
- (b) acceptance letter dated 9 June 2020 executed by Jiankang College, the signing of which is a requirement of the exclusive management consultancy and business cooperation agreement in (h) and pursuant to which Jiankang College was added as a subsidiary entity of the PRC Holdco;
- (c) acceptance letter dated 7 November 2018 executed by Hubei Chunlai Education, the signing of which is a requirement of the exclusive management consultancy and business cooperation agreement in (h) and pursuant to which Hubei Chunlai Education was added as a subsidiary entity of the PRC Holdco;
- (d) an irrevocable power of attorney dated 22 February 2018 executed by Mr. Hou, Chairman Hou and Ms. Jiang in favour of the PRC Holdco, pursuant to which the PRC Holdco (or its designated person(s)) was appointed as attorney-in-fact to exercise all the rights of Mr. Hou, Chairman Hou and Ms. Jiang in relation to the School Sponsor at the discretion of the PRC Holdco (or its designated person(s));

Report of Directors

- (e) an irrevocable power of attorney dated 22 February 2018 executed by the PRC Holdco in favour of WFOE, pursuant to which WFOE (or its designated person(s)) was appointed as attorney-in-fact to exercise all the rights of the PRC Holdco in relation to the School Sponsor, Anyang University and Shangqiu University (including Shangqiu University Kaifeng Campus) at the discretion of WFOE (or its designated person(s));
- (f) an irrevocable power of attorney dated 22 February 2018 executed by Mr. Hou in favour of WFOE, pursuant to which WFOE (or its designated person(s)) was appointed as attorney-in-fact to exercise all the rights of Mr. Hou in relation to the PRC Holdco at the discretion of WFOE (or its designated person(s));
- (g) an irrevocable power of attorney dated 22 February 2018 executed by the School Sponsor in favour of WFOE, pursuant to which WFOE (or its designated person(s)) was appointed as attorney-in-fact to exercise all the rights of the School Sponsor in relation to Anyang University and Shangqiu University (including Shangqiu University Kaifeng Campus) at the discretion of WFOE (or its designated person(s));
- (h) an exclusive management consultancy and business cooperation agreement dated 22 February 2018 entered into by and between (i) WFOE, (ii) the PRC Holdco, (iii) the subsidiary entities of the PRC Holdco as described in the exclusive management consultancy and business cooperation agreement, including the School Sponsor, Anyang University and Shangqiu University (including Shangqiu University Kaifeng Campus), the list of which is to be updated from time to time pursuant to the exclusive management consultancy and business cooperation agreement to include entities that the PRC Holdco invests in and controls (including via contractual arrangements), including but not limited to companies, schools and related entities which the PRC Holdco and the School Sponsor directly or indirectly hold more than 50% investment interests thereof ((ii) and (iii) collectively, the “**Consolidated Affiliated Entities**”), and (iv) Mr. Hou, pursuant to which WFOE agreed to provide to the Consolidated Affiliated Entities exclusive corporate management consultancy, educational management consultancy, intellectual property licensing as well as technical and business support, and in return, the Consolidated Affiliated Entities shall pay service fees to WFOE;
- (i) an exclusive call option agreement dated 22 February 2018 entered into by and between WFOE, Mr. Hou, Chairman Hou, Mr. Jiang, the PRC Holdco and the School Sponsor, pursuant to which WFOE (or its designated third party) was unconditionally and irrevocably granted an exclusive option to purchase all or part of the equity interests or sponsor interests (as the case may be) in any of the PRC Holdco, the School Sponsor, Anyang University and Shangqiu University (including Shangqiu University Kaifeng Campus);
- (j) an equity pledge agreement dated 22 February 2018 entered into by and between WFOE, Mr. Hou and the PRC Holdco, pursuant to which Mr. Hou unconditionally and irrevocably pledged all of his equity interests in the PRC Holdco to WFOE;
- (k) a receivables pledge agreement dated 22 February 2018 entered into by and between WFOE, Shangqiu University (including Shangqiu University Kaifeng Campus) (“**Shangqiu University**”), Anyang University (together with Shangqiu University, the “**Schools**”) and the School Sponsor, pursuant to which the School Sponsor and the Schools agreed to, among other things, grant first priority pledge to WFOE over, (i) the Schools’ existing and future receivables from tuition fees and boarding fees, (ii) the Schools’ existing and future creditor’s rights arising from leasing the Schools’ properties, (iii) the Schools’ existing and future creditor’s rights arising from its services and (iv) the relevant proceeds received by the School Sponsor from third parties due to sale, transfer, assignment or any other forms of disposal of the sponsor interests in the schools held by it.

Report of Directors

During the Reporting Period, there was no material change in the Contractual Arrangements. There was also no termination of the Contractual Arrangements, nor was there any failure to terminate when the restrictions that led to the adoption of the Contractual Arrangements are removed.

The extent to which the Contractual Arrangements relate to requirements other than the foreign ownership restriction

All of the Contractual Arrangements are subject to the restrictions as set out on pages 183 to 190 of the Prospectus.

Mitigation actions taken by the Company

The Company's management works closely with Mr. Hou and its external legal counsels and advisors to monitor the regulatory environment and developments in PRC laws and regulations to mitigate the risks associated with the Contractual Arrangements.

Revenue and Assets subject to the Contractual Arrangements

The revenue, profit before tax and total assets subject to the Contractual Arrangements are set out as follows:

	Year ended 31 August 2024 RMB'000	Year ended 31 August 2023 RMB'000
Revenue	1,631,496	1,497,962
Profit before tax	819,390	698,550
	As at 31 August 2024 RMB'000	As at 31 August 2023 RMB'000
Total assets	6,221,226	6,132,635

For the Reporting Period, the revenue and profit before tax subject to the Contractual Arrangements amounted to approximately 100% (2023: 100%) and 100% (2023: 100%) of the revenue and profit before tax of the Group.

As at 31 August 2024, the total assets subject to the Contractual Arrangements amounted to approximately 86% (2023: 95%) of the total assets of the Group.

Connected Person

Mr. Hou is an executive Director and our Controlling Shareholder, and therefore is a connected person of our Company under Rule 14A.07(1) of the Listing Rules.

Report of Directors

Waiver from the Stock Exchange

The Stock Exchange has granted the Company a waiver from strict compliance with (i) the announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions under the Contractual Arrangements pursuant to Rule 14A.105 of the Listing Rules; and (ii) the requirement of setting an annual cap for the transactions under the Contractual Arrangements under Rule 14A.53 of the Listing Rules.

Annual Review and Confirmation from Independent Non-executive Directors

The Company's independent non-executive Directors have reviewed the Contractual Arrangements and confirmed that (i) the transactions carried out during the Reporting Period were entered into in accordance with the relevant provisions of the Contractual Arrangements and that the profit generated by the consolidated affiliated entities was substantially retained by the WFOE, (ii) no dividends or other distributions were made by the consolidated affiliated entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group during the Reporting Period, (iii) no new contracts were entered into, renewed or reproduced between the Group and the consolidated affiliated entities during the Reporting Period, and (iv) the Contractual Arrangements were entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better, and are fair and reasonable and in the interests of the Shareholders as a whole.

Annual Review and Confirmations from the Company's Independent Auditor

ZHONGHUI ANDA CPA Limited ("Zhonghui Anda"), the Company's auditor, was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. Zhonghui Anda has issued their unqualified letter to the Board containing their findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with the Listing Rules and confirming the matters as stated in Rule 14A.56 of the Listing Rules.

Zhonghui Anda has confirmed in a letter to the Board that, with respect to the aforesaid continuing connected transactions entered into or existing during the Reporting Period:

- (a) nothing has come to their attention that causes the Auditor to believe that the disclosed continuing connected transactions have not been approved by the Board;
- (b) nothing has come to their attention that causes the Auditor to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements under the Contractual Arrangements governing such transactions; and
- (c) with respect to the aggregate amount of the continuing connected transactions, nothing has come to their attention that causes the Auditor to believe that the disclosed continuing connected transactions have exceeded the annual cap, if any, as set by the Company.

Save as disclosed above, during the Reporting Period, no related party transactions disclosed in Note 32 to the consolidated financial statements constituted a connected transaction or continuing connected transaction which should be disclosed pursuant to the Listing Rules. The Company has complied with the requirements in Chapter 14A of the Listing Rules with respect to the connected transactions and continuing connected transactions entered into by the Group or which existed during the Reporting Period.

Report of Directors

QUALIFICATION REQUIREMENT

On 15 March 2019, the National People's Congress promulgated the Foreign Investment Law (中華人民共和國外商投資法) ("**FIL**"), which came into effect on 1 January 2020. On 26 December 2019, the State Council promulgated the Implementation Regulations on the Foreign Investment Law (中華人民共和國外商投資法實施條例) (the "**Implementation Regulations**"), which came into effect on 1 January 2020. The FIL and the Implementation Regulations replaced the trio of existing laws regulating foreign investment in China, namely, the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-invested Enterprise Law, together with their implementation rules and ancillary regulations. The FIL and the Implementation Regulations embody an expected PRC regulatory trend to rationalize its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic investments.

Though the FIL does not explicitly classify contractual arrangements as a form of foreign investment, it contains a catch-all provision under the definition of "foreign investment", which includes investments made by foreign investors in China through means stipulated in laws or administrative regulations or other methods prescribed by the State Council without elaboration on the meaning of "other methods". The Implementation Regulations is also silent on whether foreign investment includes contractual arrangements. Therefore, the FIL and the Implementation Regulations still leave leeway for future laws, administrative regulations or provisions promulgated by the State Council to provide for contractual arrangements as a form of foreign investment. Given that the FIL and the Implementation Regulations are relatively new, uncertainties still exist in relation to their interpretation and implementation. The Company believes that any attempt to evaluate the potential impact that they will have on the Contractual Arrangements and the business of our Group would be premature. The Board will continuously monitor any future laws, administrative regulations or provisions promulgated by the State Council in relation to the contractual arrangements and seek guidance from our PRC Legal Adviser to ensure compliance with all relevant rules and regulations in the PRC at all times.

Updates in Relation to the Qualification Requirement

The foreign investor in a Sino-foreign joint venture school for PRC students at higher education institutions must be a foreign educational institution with relevant qualification and high quality of education (the "**Qualification Requirement**"). The foreign portion of the total investment in a sino-foreign joint venture private school should be below 50% (the "**Foreign Ownership Restriction**") and domestic party of the sino-foreign joint venture shall play a dominant role (the "**Foreign Control Restriction**").

On the basis that (a) the principals and other chief executive officers of our PRC Operating Schools, Tianping College are PRC nationals; and (b) the representatives or the directors of our PRC Operating Schools and Tianping College are appointed by PRC entities, our PRC Legal Adviser is of the view that our PRC Operating Schools and Tianping College are in full compliance with the Foreign Control Restriction as stipulated above.

Our PRC Legal Adviser has advised that there are currently no applicable PRC laws and regulations providing clear guidance or interpretation as to what specific criteria must be met by a foreign investor (such as length of experience and form and extent of ownership in the foreign jurisdiction) in order to demonstrate to the relevant education authority that it meets the Qualification Requirement.

Report of Directors

Efforts and Actions Undertaken to Comply with the Qualification Requirement

The Group is implementing a business plan with a view to expanding our education operations overseas. The Group believes that such business plan represents our commitment and a meaningful endeavour to demonstrate compliance with the Qualification Requirement.

The Group is also in the process of communicating or negotiating with certain experienced and reputational overseas education service providers in various forms of potential cooperation, including but not limited to expanding our school network abroad. Our subsidiary in Hong Kong, China Chunlai Education (Hong Kong) Limited (中國春來教育(香港)有限公司), will serve as the main control hub of our overseas business and will be responsible for, among other things:

1. negotiating and executing contracts for international business cooperation, such as contracts for cooperation with foreign education institutions in organising international classes or courses;
2. investing in or acquiring overseas education businesses as and when appropriate;
3. holding our overseas intellectual property rights and licensing them to our international partners; and
4. recruiting and employing overseas education business professionals and advisers outside of PRC.

REGULATORY UPDATE

On 7 November 2016, the 2016 Decision, namely the Decision on Amending the Law for Promoting Private Education of the PRC 《關於修改民辦教育促進法的決定》 was approved by the Standing Committee of the National People's Congress, which became effective on 1 September 2017. The 2016 Decision has made certain amendments to the Law for Promoting Private Education. According to the 2016 Decision, school sponsors of private schools can choose to establish schools as non-profit or for-profit entities, with the exception of schools providing compulsory education, which can only be established as non-profit entities.

Under the 2016 Decision, a private school electing to re-register as a for-profit school must carry out financial settlement procedures, clarify property ownership, pay relevant taxes and fees, and re-apply for registration. The specific registration requirements for existing private schools shall be formulated by the provincial governments. Pursuant to the Henan Implementation Opinions, Private HEIs in Henan Province shall complete the re-registration procedures by the end of year 2022. Despite the issuance of the Henan Implementation Opinions, the Hubei Implementation Opinions, Implementation Opinions of Jiangsu Government on Encouraging Social Groups to Engage in Education and Promoting the Healthy Development of Private Education (江蘇省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) and Implementation Rules for Classification and Registration of Private Schools in Jiangsu Province (江蘇省民辦學校分類登記實施細則), the specific requirements, policies and procedures for re-registration as for-profit or non-profit private schools remain unclear in Henan, Hubei and Jiangsu Provinces. As such, we are unable to quantify the impact that the 2016 Decision may have on our business operations.

As of 31 August 2024, there was no update in relation to the Group's re-registration as a for-profit or non-profit private school.

Report of Directors

The Regulations on the Implementation of the Law for Promoting Private Education (《民辦教育促進法實施條例》) (the “**Private Education Regulation**”) was initially issued by the State Council on 5 March 2004 as the primary implementing regulation of the Law for Promoting Private Education of the PRC (《中華人民共和國民辦教育促進法》). After the revision of the Law for Promoting Private Education of the PRC (《中華人民共和國民辦教育促進法》) in 2016, the State Council started to revise the Private Education Regulation. On 14 May 2021, the State Council promulgated the 2021 Revised Private Education Regulations, which have become effective since 1 September 2021. The 2021 Revised Private Education Regulations provide that

- (i) a non-profit private school shall use the accounts filed with the competent authorities for transactions of fees collection and other activities, and a for profit private school shall deposit all of the school’s income into a designated account of its own;
- (ii) private schools providing compulsory education may not transact with connected parties, while transactions between other private schools and their connected parties should follow the principles of transparency, fairness and justice, be reasonably priced and be duly approved internally;
- (iii) a for-profit private school providing education for academic credentials shall have such amount of registered capital commensurate with its type, level and operating scale;
- (iv) school sponsors or actual controllers who operate and/or control multiple private schools shall have sufficient resources and capacities and take the management and supervisory responsibilities for those private schools they operate; and
- (v) the school sponsor of an “existing private school” may, in accordance with its lawful rights and interests, reach agreements with its succeeding school sponsor on the proceeds from the change of school sponsor; the change of controlling shareholder(s) or actual controller(s) shall be filed with relevant government authorities and issue public announcement.

UPDATE ON NON-COMPLIANCE MATTERS

Buildings

As of 31 August 2024, we owned buildings with a total ground floor area of approximately 0.86 million square metres. We have not obtained building ownership certificates for a substantial portion of our buildings primarily because they were not constructed in full compliance with applicable rules and regulations in the PRC. We commenced construction of these buildings on land when the relevant land use right certificates were still under application, as our management believed that it was a practice acceptable to the relevant local authorities and in compliance with local policies.

We are proactively liaising with the relevant government authorities with a view to complying with the relevant requirements as soon as practicable. As of 31 August 2024, we were in the process of applying for the relevant construction land use planning permits (建設用地規劃許可) and construction planning permits (建設工程規劃許可) for our non-compliant buildings.

We consider that the non-compliance issues concerning our buildings will not have any material adverse effect on our operations as a whole.

The Company undertakes that it will rectify all non-compliances in a timely manner and will update the progress of the rectification of the non-compliance incidents in the Company’s subsequent interim and annual reports.

Report of Directors

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board and management are aware, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Reporting Period, save as disclosed in this annual report, there was no material breach of, or non-compliance, with applicable laws and regulations by the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities (including sale of treasury shares) listed on the Stock Exchange during the Reporting Period. The Company did not hold any treasury shares as at 31 August 2024.

MATERIAL LITIGATION

The Group was not involved in any material litigation or arbitration during the Reporting Period. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group during the Reporting Period.

USE OF PROCEEDS FROM GLOBAL OFFERING

The Shares were listed on the Stock Exchange on 13 September 2018 (the "Global Offering"). The net proceeds from the Global Offering amounted to RMB489.8 million (equivalent to approximately HK\$552.6 million). The utilisation breakdown of the net proceeds from the Global Offering during the Reporting Period was in accordance with the intentions previously disclosed by the Company and details are set out below.

	Net proceeds from the Global Offering <i>RMB million</i>	Unutilised amount as at 1 September 2023 <i>RMB million</i>	Amount utilised during the Reporting Period <i>RMB million</i>	Unutilised amount as at 31 August 2024 <i>RMB million</i>
Acquisition of land use rights and building education and living facilities of our current colleges	244.9	18.0	18.0	0.0
Acquisition of or cooperation with other universities in China	146.9	0.0	0.0	0.0
Repayment of loans	49.0	0.0	0.0	0.0
Working capital and general corporate purposes	49.0	0.0	0.0	0.0
Total	489.8	18.0	18.0	0.0

All the net proceeds from the Global Offering have been fully utilised as at 31 August 2024.

Report of Directors

TREASURY POLICY

The Group has adopted a prudent treasury management policy to (i) ensure that the Group's funds are properly and efficiently collected and deployed such that there is no material shortfall in cash which may interrupt the Group's daily business operations; and (ii) maintain adequate liquidity to cover the Group's operation cash flows, and administrative expenses. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities, and other commitments can meet its funding requirements all the time.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the Latest Practicable Date, the Company had maintained the prescribed percentage of public float under the Listing Rules.

AUDITOR

The Company had appointed ZHONGHUI ANDA CPA Limited as the auditor of the Group. The consolidated financial statements of the Group for the Reporting Period have been audited by ZHONGHUI ANDA CPA Limited, who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company. There have been no change in the auditor of the Group in any of the preceding three years.

By the order of the Board

Mr. Hou Chunlai

Chairman

Hong Kong

29 November 2024

Corporate Governance Report

The Board is pleased to present the corporate governance report for the Company for the Reporting Period.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of Shareholders and to enhance corporate value and accountability.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted and complied with the applicable code provisions of the Corporate Governance Code as set out in Part 2 of Appendix C1 to the Listing Rules during the Reporting Period.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the Corporate Governance Code, and maintain a high standard of corporate governance practices of the Company.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as the code of conduct regarding the Directors' dealings in the securities of the Company.

Having made specific enquiry of all the Directors, all the Directors confirmed that they have strictly complied with the required standards set out in the Model Code during the Reporting Period and up to the Latest Practicable Date.

BOARD OF DIRECTORS

The Board currently comprises seven members, consisting of three executive Directors, one non-executive Director and three independent non-executive Directors.

During the Reporting Period and up to the Latest Practicable Date, the composition of the Board comprised the following Directors:

Executive Directors

Mr. Hou Junyu (侯俊宇)

Ms. Jiang Shuqin (蔣淑琴)

Ms. Zhang Jie (張潔) (*Chief Executive Officer*)

Non-executive Director

Mr. Hou Chunlai (侯春來) (*Chairman*)

Independent non-executive Directors

Dr. Jin Xiaobin (金曉斌)

Ms. Fok, Pui Ming Joanna (霍珮鳴)

Mr. Lau, Tsz Man (劉子文)

Corporate Governance Report

The biographical details of the Directors are set out in the section headed “Directors and Senior Management” on pages 19 to 26 of this annual report.

Ms. Jiang is the spouse of Chairman Hou and mother of Mr. Hou. Mr. Hou is the son of Chairman Hou and Ms. Jiang. Save as disclosed, none of the members of the Board is related to one another.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The position of Chairman is held by Chairman Hou and the position of Chief Executive Officer was held by Mr. Hou since the Listing Date until 25 September 2020. Ms. Zhang Jie was appointed as the Chief Executive Officer in place of Mr. Hou immediately after the conclusion of the annual general meeting of the Company held on 25 September 2020. The Chairman provides leadership and is responsible for the effective functioning and leadership of the Board. The Chief Executive Officer focuses on the Company's business development and the daily management and operations generally. The respective responsibilities are clearly defined and set out in writing.

BOARD MEETINGS

Code provision C.5.1 of the Corporate Governance Code stipulates that board meetings should be held at least four times a year at approximately quarterly intervals with active participation of the majority of the Directors, either in person or through electronic means of communications.

During the Reporting Period, 4 Board meetings were held. The Company expects to continue to convene at least four regular meetings in each financial year at approximately quarterly intervals in accordance with code provision C.5.1 of the Corporate Governance Code.

Notice of not less than 14 days is given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting. For other Board and Board committee meetings, reasonable notice is given. The agenda and accompanying Board papers are despatched to the Directors or Board committee members at least three days before the meeting to ensure that they have sufficient time to review the papers and are adequately prepared for the meetings.

Minutes of the Board meetings and Board committee meetings are recorded in sufficient detail about the matters considered by the Board and the Board committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and Board committee meeting are sent to the Directors for comments within a reasonable time after the date on which the meeting is held. Minutes of meetings are kept by the company secretary of the Company with copies circulated to all Directors for information and record. Minutes of the Board meetings are open for inspection by the Directors.

During the Reporting Period, the Company convened one general meeting.

Corporate Governance Report

A summary of the attendance record of the Directors at Board meetings, committee meetings and general meetings during the Reporting Period and up to the Latest Practicable Date is set out in the following table below:

Name of Director	Number of meeting(s) attended/number of meeting(s) held during the Reporting Period				
	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	General Meeting
Executive Directors					
Mr. Hou Junyu	4/4	-/-	-/-	2/2	1/1
Ms. Jiang Shuqin	4/4	-/-	2/2	-/-	1/1
Ms. Zhang Jie	4/4	-/-	-/-	-/-	1/1
Non-executive Director					
Mr. Hou Chunlai	4/4	-/-	-/-	-/-	1/1
Independent Non-executive Directors					
Dr. Jin Xiaobin	2/4	2/2	-/-	2/2	1/1
Ms. Fok, Pui Ming Joanna	2/4	2/2	2/2	2/2	1/1
Mr. Lau, Tsz Man	2/4	2/2	2/2	-/-	1/1

Apart from regular Board meetings, the Chairman of the Board also held meetings with the independent non-executive Directors without the presence of other Directors during the Reporting Period.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Board has at all times during the Reporting Period complied with the requirements under Rules 3.10(1), 3.10(2) and 3.10(A) to have at least three independent non-executive Directors representing one-third of the Board, with one of them having appropriate professional qualifications or accounting or related financial management expertise.

The Board has received from each of the independent non-executive Directors a written annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and considers each of them to be independent.

The Company has established mechanisms to ensure that independent views and input are available to the Board, whereby independent non-executive Directors can express their opinions in an open and candid manner, and in a confidential manner, should circumstances require. The independent non-executive Directors provide constructive suggestions to the Board based on objective judgment through formal and informal channels to improve the efficiency and decision-making of the Board. The Board has reviewed the implementation and effectiveness of such mechanisms during the Reporting Period and on an annual basis.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive and non-executive Directors has entered into a service contract with the Company. The initial term of his/her service contract shall commence from the date of his/her appointment as an executive Director or a non-executive Director (as the case may be) and continue for a period of three years after or until the third annual general meeting of the Company, whichever is earlier, and shall be automatically renewed for successive periods of three years (subject always to re-election as and when required under the Articles of Association), until terminated in accordance with the terms and conditions of the service

Corporate Governance Report

contract or by either party giving to the other not less than three months' prior notice in writing. Each of the independent non-executive Directors has entered into an appointment letter with our Company for a period of three years from the date of his/her appointment letter, which shall be automatically renewed for successive periods of three years (subject always to re-election as and when required under the Articles of Association), until terminated in accordance with the terms and conditions of the service contract or by either party giving to the other not less than three months' prior notice in writing.

In accordance with Article 108(a) of the Articles of Association, at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. Accordingly, Ms. Jiang, Chairman Hou and Mr. Lau Tsz Man will retire by rotation at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election.

RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS OF THE BOARD AND MANAGEMENT

The Board is the primary decision making body of the Company and is responsible for overseeing the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. The Board makes decisions objectively in the interests of the Company.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The Group's senior management is responsible for the day-to-day management of the Group's business and is responsible for overseeing the general operation, business development, finance, marketing, and operations.

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. Each of these committees are established with defined written terms of reference. The terms of reference of the Board committees are available on the websites of the Company and the Stock Exchange, respectively.

Audit Committee

The Company has established an Audit Committee in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process, risk management and internal control system of the Group, review and monitor external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, review and approve connected transactions and to advise the Board.

The Audit Committee comprises three independent non-executive Directors, namely Mr. Lau, Tsz Man, Dr. Jin Xiaobin and Ms. Fok, Pui Ming Joanna. Mr. Lau, Tsz Man is the chairman of the Audit Committee and is appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules.

Corporate Governance Report

During the Reporting Period, the Audit Committee met 2 times to review, among others, the annual results for the year ended 31 August 2023 and the interim results for the six months ended 28 February 2024 in accordance with code provision D.3.3(e)(i) of the Corporate Governance Code and the terms of reference of the Audit Committee.

The Audit Committee has reviewed the financial reporting system, compliance procedures, internal control (including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function, the effectiveness of the Company's internal audit function, and risk management and internal control systems and processes), the independence, objectivity and effectiveness, scope of work and re-appointment of the external auditor of the Company, continuing connected transactions, anti-corruption and whistleblowing policy of the Company for the Reporting Period.

Remuneration Committee

The Company has established the Remuneration Committee in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the Remuneration Committee are to review and make recommendations to the Board regarding the terms of remuneration packages, bonuses and other compensation payable to the executive Directors and other senior management, including benefits in kind, pension rights and compensation payments (e.g. compensation payable for loss or termination of their office or appointment), the remuneration of non-executive Director, and to review and/or approve matters relating to the share schemes under Chapter 17 of the Listing Rules.

The Remuneration Committee comprises one executive Director, namely Ms. Jiang, and two independent non-executive Directors, namely Ms. Fok, Pui Ming Joanna and Mr. Lau, Tsz Man. Ms. Fok, Pui Ming Joanna is the chairlady of the Remuneration Committee.

During the Reporting Period, the Remuneration Committee met 2 times with all members of the committee attended (i) to review the terms of Directors' service contracts and the annual Director's fee; (ii) to assess the performance and review the remuneration policy and package of the executive Directors and senior management of the Group, and to review the remuneration of the non-executive Director, and to make recommendations to the Board in relation to the above. No material matters relating to the Pre-IPO Share Option Scheme and Share Award Scheme were reviewed and/or approved by the Remuneration Committee during the Reporting Period as no grants were made under either share scheme.

Details of the remuneration payable to each Director and senior management of the Company for the Reporting Period are set out in Note 13 to the consolidated financial statements.

The remuneration of the members of senior management by band for the Reporting Period is set out below:

Remuneration bands (RMB)	Number of persons
1,000,001 to 1,500,000	1

Corporate Governance Report

Nomination Committee

The Company has established the Nomination Committee in compliance with Rule 3.27A of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the Nomination Committee are to review the structure, size and composition (including the skills, knowledge and experience) and diversity of the Board at least annually and make recommendations to the Board on the appointment of Directors and management of Board succession.

The Nomination Committee comprises two independent non-executive Directors, namely Dr. Jin Xiaobin and Ms. Fok, Pui Ming Joanna, and one executive-Director, namely Mr. Hou. Dr. Jin Xiaobin is the chairman of the Nomination Committee.

During the Reporting Period, the Nomination Committee met 2 times with all members of the committee attended to review the nomination policy of the Company and the structure, size and composition (including the skills, knowledge and experience) and diversity of the Board, to assess the independence of the independent non-executive Directors and to consider the Board succession of the Company and the qualifications of the Directors standing for re-election at the annual general meeting of the Company held in 2024.

Director Nomination Policy

The Company has adopted a director nomination policy (the “**Nomination Policy**”) in accordance to the Corporate Governance Code, which sets out the procedure for the selection, appointment and re-appointment of Directors containing the selection criteria and the Board succession planning considerations.

The Nomination Policy aims to:

1. set out the criteria and process in the nomination and appointment of Directors;
2. ensure that the Board maintains a balance of skills, experience and diversity of perspectives appropriate to the Company; and
3. ensure the continuity of the Board and appropriate leadership at the Board level.

Nomination Procedures

- (i) The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new Director and the biographical information (or relevant details) of the candidate, evaluate such candidate with reference to the criteria as set out below to determine whether such candidate is qualified for directorship.
- (ii) If the process yields one or more desirable candidates, the Nomination Committee and/or the Board should rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).
- (iii) The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable.

Corporate Governance Report

- (iv) For any person that is nominated by a Shareholder for election as a Director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate with reference to the criteria as set out below to determine whether such candidate is qualified for directorship.

Where appropriate, the Nomination Committee and/or the Board should make recommendation to Shareholders in respect of the proposed election of Director at the general meeting.

Corporate Culture

Our educational philosophy revolves around the principles of moral character development and individual growth. We are dedicated to scientific progress, embracing innovation and reform, while upholding to the rule of law in education.

Our aim is to achieve substantial, innovative, and distinctive development, with a continuous focus on improving the quality of talent cultivation and our ability to serve society.

Grounded in our educational vision, we seek to empower individuals, improve family well-being and contribute to the betterment of society. Through our unwavering dedication, we aim to make a positive impact and drive social progress through education.

The Board closely monitors the implementation of corporate governance practices, risk management and internal control systems, and annually reviews the implementation, performance and reporting of the measures relating to Environmental, Social and Governance to ensure that our corporate governance is consistent with the corporate culture.

Board Diversity Policy

The Company has adopted a board diversity policy which sets out the approach to achieve diversity of the Board. The Company embraces the benefits of having a diverse board to enhance the quality of its performance. The Board reviews the implementation and effectiveness of the Company's board diversity policy on an annual basis.

The Company recognizes and embraces the benefits of having a diverse board and views diversity at the board level as an important element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board's composition, board diversity will be considered from a number of aspects, including but not limited to gender, age, educational background, ethnicity, professional (including regional and industry) experience, skills, knowledge and length of service (the **"Diversity Perspectives"**).

The Nomination Committee will meet at least annually to discuss and agree on measurable objectives for implementing diversity on the Board. The Board may adopt and/or amend from time to time (as applicable) such Diversity Perspectives and/or measurable objectives that are appropriate to the Company's business and Board succession planning, as applicable.

Corporate Governance Report

The Nomination Committee has the discretion to nominate any person as it considers appropriate and in assessing the suitability of a proposed candidate, the criteria set out below will be used as reference.

- Reputation and integrity;
- Experience in the directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas;
- Commitment in performing the duties as a director and a member of the Board committees (if applicable); and
- Board diversity, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge, relationship with other Board members and length of service, and the potential contributions that can be brought to the Board.

Gender Diversity

The Company values gender diversity across all levels of the Group. The following table sets out the gender ratio in the workforce of the Group, including the Board and senior management as at the Latest Practicable Date:

	Female	Male
Board	3 (42.9%)	4 (57.1%)
Senior Management	2 (22.2%)	7 (77.8%)
Other Employees	2,950 (57.0%)	2,221 (43.0%)
Overall Workforce	2,952 (57.0%)	2,228 (43.0%)

The Board currently has three female Directors and as such considers that it has achieved gender diversity in respect of the Board. We will continue to strive to enhance female representation and achieve an appropriate balance of gender diversity across our workforce with reference to Shareholders' expectations and recommended best practices. We will also ensure that there is gender diversity when recruiting staff at mid to senior level and we are committed to provide career development opportunities for female staff so that we will have a pipeline of female senior management and potential successors to our Board in the near future.

The Company offers all-rounded trainings to female employees whom we consider to have the suitable experience, skills and knowledge of our operation and business, including but not limited to, business operation, management, accounting and finance, legal and compliance and research and development.

Corporate Governance Report

CORPORATE GOVERNANCE FUNCTION

The Board is responsible for performing the functions set out in code provision A.2.1 of the Corporate Governance Code.

The Board would review the Company's corporate governance policies and practices, training and continuous professional development of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, and the Company's compliance with the Corporate Governance Code and disclosure in its Corporate Governance Report.

The Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The company secretary of the Company may from time to time and as the circumstances require provide updated written training materials relating to the roles, functions and duties of a director of a company listed on the Stock Exchange.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the Reporting Period.

The Directors were not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

The Directors keep abreast of the responsibilities as a Director and of the conduct, business activities and development of the Company.

Every newly appointed director will receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

All Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills as set out in code provision C.1.4 of the Corporate Governance Code. Internally facilitated briefings for the Directors would be arranged and reading material on relevant topics would be provided to the Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

Corporate Governance Report

All Directors have provided to the Company a record of the training they received during the Reporting Period. The key methods of attaining continuous professional development by each of the Directors are summarized during the Reporting Period as follows:

Name of Director	Attending courses/ seminars/conferences	Reading books/journals/ articles
Executive Directors		
Mr. Hou Junyu	✓	✓
Ms. Jiang Shuyin	✓	✓
Ms. Zhang Jie	✓	✓
Non-executive Director		
Mr. Hou Chunlai	✓	✓
Independent Non-executive Directors		
Dr. Jin Xiaobin	✓	✓
Ms. Fok, Pui Ming Joanna	✓	✓
Mr. Lau, Tsz Man	✓	✓

DIVIDEND POLICY

In accordance with code provision F.1.1 of the Corporate Governance Code, the Company adopted a dividend policy which aims to set out the principles and guidelines that the Company intends to apply in relation to the declaration and payment of dividends to the Shareholders.

The Board shall have regard to the following factors of the Group when considering the declaration and payment of dividends:

- past financial results;
- past and forecasted cash flows;
- business conditions and strategies;
- future operations and earnings;
- capital requirements and expenditure plans;
- interests of shareholders;
- any restrictions on payment of dividends (including contractual restrictions, i.e. from financing-related agreements); and
- any other factors that the Board may consider relevant.

Corporate Governance Report

AUDITOR'S RESPONSIBILITY AND REMUNERATION

The Company appointed Zhonghui Anda as the external auditor for the Reporting Period. A statement by Zhonghui Anda about their reporting responsibilities for the financial statements is included in the Independent Auditor's Report on pages 133 to 192 of this annual report.

Details of the fees paid/payable in respect of the audit and non-audit services provided by Zhonghui Anda during the Reporting Period are set out below:

Services rendered for the Company	Fees paid and payable RMB '000
Audit services:	
Audit services	1,827
Non-audit services:	
Interim review services	583
Total	2,410

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges that it is responsible for the Company's risk management and internal control systems and reviewing their effectiveness. The risk management and internal control measures are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has delegated its responsibilities (with relevant authorities) of risk management and internal control to the Audit Committee, who oversees management in the design, implementation and monitoring of the risk management and internal control systems, and management has provided a confirmation to the Audit Committee (and the Board) on the effectiveness of these systems for the Reporting Period. The Board had conducted a review of the effectiveness of the internal control system of the Company in respect of the Reporting Period and considered the system effective and adequate. The Board conducts a review of the effectiveness of the risk management and internal control system of the Company on an annual basis.

The Group has established an internal control department and maintained an internal audit function for the Reporting Period. Each of its schools has designated the relevant personnel who will be responsible for identifying and monitoring the Group's risks and internal control issues and reports directly to the Board of any findings and follow-up actions. Each of the Group's schools is required to adhere strictly to the Group's internal control procedures and report to the internal control team of any risks or internal control measures.

The Company has also established an investment committee as part of its internal control measure to exercise authority delegated from the Board to handle any issues or affairs related to the investment aspects of the Company. The investment committee provides additional oversight over, and professional support to, the investment matters of the Group, and then reports back to the full Board on a regular basis. The investment committee also reviews the investment performance from time to time and advises the Board on how the Company's funds (including surplus funds, funds not designated for specific purpose, or funds designated for specific purpose but application of which is not immediately required) are to be used to

Corporate Governance Report

enhance the Company's investment returns, preserve the value of the Company's funds and/or achieve capital appreciation. The investment committee currently comprises Mr. Hou (an executive Director), Mr. Lau Tsz Man (an independent non-executive Director and chairman of the Audit Committee) and Dr. Jin Xiaobin (an independent non-executive Director). As of the Latest Practicable Date, the investment committee was also identifying suitable candidates with extensive experience in investment and finance to support the intended functions of the investment committee.

The Group has adopted an information disclosure policy which has set out comprehensive guidelines in respect of handling and dissemination of inside information. The Board is responsible for monitoring and implementing the procedural requirements in the information disclosure policy. Release of inside information shall be overseen by the Board. Unless authorised by the Board, the staff members of the Group shall not disseminate inside information relating to the Group to any external parties and shall not respond to media or market speculation which may materially affect the trading price or volume of the Shares on the market.

COMPANY SECRETARY

Ms. Yu Anne ("**Ms. Yu**") was appointed as the company secretary of the Company with effect on 30 August 2022. Ms. Yu is an assistant manager of SWCS Corporate Services Group (Hong Kong) Limited and is responsible for advising the Board on corporate governance matters and ensuring that Board policy and procedures, and applicable laws, rules and regulations are followed.

Mr. Hou, an executive Director, is the primary point of contact of the Company for Ms. Yu.

For the Reporting Period, Ms. Yu had undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

The biographical details of Ms. Yu is set out in "Directors and Senior Management" section on page 26 of this annual report.

SHAREHOLDERS' RIGHTS

Convening of Extraordinary General Meetings ("EGM") by Shareholders

Pursuant to article 64 of the Articles of Association, the Board may, whenever it thinks fit, convene an EGM. EGMs shall also be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the company secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company. The requisitionist(s) may add resolutions to the agenda of a general meeting requisitioned under this article.

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Putting Forward Proposals at General Meetings

There are no provisions allowing Shareholders to propose new resolutions at the general meetings under the Companies Act of Cayman Islands (as revised and amended from time to time). Shareholders who wish to put forward proposals at general meetings may achieve so by means of convening an EGM following the procedures set out in the paragraph above.

Putting Forward Enquiries to the Board and Contact Details

Shareholders may send written enquiries to the Company for the attention of the Board at the Company's head office and principal place of business in China.

Contact Details

Address : No. 66, Beihai East Road
Shangqiu City
Henan Province
PRC

Email : IR@chunlaiedu.com

SHAREHOLDERS' COMMUNICATION POLICY

The Company has set up an effective communication channel with investors. It carries out investor relationship maintenance work under the principles of openness and fairness and with a proactive attitude while conforming to the rules.

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with shareholders and in particular, through corporate communications, its website, Shareholder enquiries, annual general meetings and other general meetings. At the forthcoming annual general meeting, Directors (or their delegates as appropriate) will be available to meet Shareholders and answer their enquiries.

As part of its regular review, the Board has reviewed its policies in regard to the shareholders' communication for the Reporting Period and is of the view that they are effective and adequately implemented on basis that such policies facilitate Shareholders and potential investors to access and obtain information about the Group and its business performance and strategies and to communicate with Directors and other members of the Group.

CHANGES IN CONSTITUTIONAL DOCUMENTS

There was no change in the Company's constitutional documents during the Reporting Period. The latest version of the Company's Articles of Association is available on the Company's website (<https://www.chunlaiedu.com>) and the Stock Exchange's website (<https://www.hkexnews.hk>), respectively.

Environmental, Social and Governance Report

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Environmental, Social and Governance Report

1. ABOUT THIS REPORT

China Chunlai Education Group Co., Ltd. (“Chunlai Education”) and its subsidiaries (“Group”, “our Group”, “the Group”, “we”, “us” or “our”) are pleased to present our seventh Environmental, Social and Governance Report (“ESG Report” or “this Report”), which describes our strategies, policies, objective setting and initiatives in the environmental, social and governance (“ESG”) field to fully disclose our ESG principles and practices, demonstrating the blueprint of the Company’s sustainable development.

Reporting Standard

This Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “Guide”) set out in Appendix C2 to the Listing Rules issued by the Stock Exchange. The contents covered herein are in compliance with mandatory disclosure requirements, including governance structure, four reporting principles (materiality, quantitative, balance and consistency) and reporting boundary, and “comply or explain” provisions required in the Guide.

We recommend that this Report be read in conjunction with the section headed “Corporate Governance Report” of the Annual Report to get a full picture of the Group’s ESG performance and overall governance.

Reporting principles:

Materiality	In accordance with the requirements of the principle of materiality of the Stock Exchange, this Report has identified and disclosed the process of significant environmental, social and governance factors and the criteria for their selection, the process of identifying material issues and the matrix of material issues, as well as the description of significant stakeholders and the process and results of stakeholder engagement.
Quantitative	The statistical criteria, methods, assumptions and/or calculation tools used in this Report for reporting emissions/energy consumption (where applicable), and the sources of conversion factors are defined in this Report.
Balance	This Report presents the Group’s performance for the Reporting Period in an unbiased manner, avoiding selections, omissions or formats of presentation that might improperly influence reader’s decisions or judgments.
Consistency	The statistical methods used to disclose data in this Report are consistent with those used in the report of the previous year. If there is any change, it will be clearly stated in the Report.

Reporting Scope

This Report elaborates the sustainable development achievements related to core businesses and the performance of corporate social responsibility for the period from 1 September 2023 to 31 August 2024 (the “Year” or “Reporting Period”). Unless otherwise specified, this Report covers the businesses directly controlled by Chunlai Education, and the data collection of the KPIs under the Environmental Subject Area covering Shangqiu University, Anyang University, Anyang University Yuanyang Campus, Shangqiu University Kaifeng Campus, Jingzhou College and Hubei Jiankang Vocational College.

Environmental, Social and Governance Report

Reporting Language

This report is published in both Traditional Chinese and English. If there is any discrepancy, the Traditional Chinese version shall prevail.

Approval of this Report

This Report was approved by the Board on 29 November 2024 after being confirmed by the management.

Feedback on this Report

We highly value your feedback on this Report. Should you have any questions or suggestions, please do not hesitate to contact us through the following channels:

Address: No. 66, Beihai East Road, Shangqiu City, Henan Province

E-mail: IR@chunlaiedu.com

Source of Data and Reliability Statement

All data and cases disclosed in this Report are derived from the Group's internal documents, statistics reports and relevant public information. The Group warrants that this Report is true, accurate and complete, and it contains no false statements, misleading information or material omissions, for which the Group accepts responsibility.

2. ABOUT CHUNLAI EDUCATION

Established in 2004, the Group includes Shangqiu University, Anyang University, Shangqiu University Applied Science and Technology College (Shangqiu University Kaifeng Campus), Anyang University Yuanyang Campus, Jingzhou College, Tianping College of Suzhou University of Science and Technology (a cooperating school), and Hubei Jiankang Vocational College. In September 2018, the Group was listed on the Main Board of the Hong Kong Stock Exchange. Under the education philosophy of "putting students into first place, focusing on moral education, prioritising capacity enhancement and taking quality as foundation, carrying on good existing practices while implementing innovative practices, serving the society and striving for excellence", Chunlai Education have fully implemented the development strategy of "relying on teaching quality, excellent talents, characteristics and rule of law for survival, development, rejuvenation and governance of our colleges and universities". Based on the above, we have been attracting outstanding teachers to pursue the essence of education as we are committed to developing Chunlai Education into a well-known private education brand at home and abroad.

Environmental, Social and Governance Report

2.1 Overview of the Group

For more than two decades since its establishment, the Group is full of enthusiasm about the educational undertaking, and with the support of the Party and the national policies as well as the caring of Party committees and governments at all levels, our strength and level of running schools have been continuously upgraded, and the characteristics and achievements of running schools have been further manifested. The Group and its colleges and universities have repeatedly won various accolades such as Education Group with Influential Brand, China's Most Influential Private School, China's Top 30 Private Education Providers, Advanced Institution Among Private Education Providers, Advanced Collective in Higher Education Teaching, Civilised School, Independent College with the Most Valuable Brand in China and the Most Beautiful University Campus.

Chunlai Education has been adhering to its education philosophy of "taking the fostering of virtue through education as the fundamental task, and relying on scientific development, reform, innovation, and law-based governance of education to bring out the full potential of higher education with innovation and characteristics so that we could cultivate in higher-quality professionals, thus improving our capability to serve the society", and has established six pillars, namely "law-based governance of education, integrity-oriented education, respect for talents, care for students, service for the society and pursuit of excellence" with our education vision of "equipping students with knowledge so that they improve their families and serve the society". We have been keeping "aiming for educational development, undertaking the responsibility of serving society". While devoting itself to education, Chunlai Education actively participates in social welfare undertakings. Over the years, Chunlai Education voluntarily assumes social responsibilities, unswervingly aids disadvantaged groups, and cares for society and people's livelihood. The Group is marching towards a more brilliant tomorrow of private education undertaking with high morale and firm steps.

Environmental, Social and Governance Report

2.2 Awards and Honours

The Group is full of enthusiasm about the educational undertaking, and with the support of the Party and the national policies as well as the caring of Party committees and governments at all levels, the Group's school-running capability, school-running level, school-running features and school-running effectiveness are widely recognized and accepted by all walks of life. We won the following honours during the Year:

Chunlai Education Awards and Honours	Hosting/Issuing Agency
Best Small and Mid-Cap Company Award	Zhitong Caijing
Annual Growth Value Award	Gelonghui
Capital Markets Communication Innovation Team Award	Futu
"Golden Lion" Outstanding Social Responsibility Case of the Year	www.CFBOND.com
Shangqiu University Awards and Honours	Hosting/Issuing Agency
2023 Advanced Group for Private Education Work in the Province	Henan Private Education Research Association
Units with Excellent Performance in Conscription	Henan Provincial Conscription Leading Group
Outstanding Organisation in the 8th SME Innovation and Entrepreneurship Competition Shangqiu Branch Event of the Maker in China 2023	Shangqiu Industry and Information Technology Bureau
Excellent Organisation Award of the Second "Reading and Beauty" Clothing and Garment Creative Design Competition	National Textile and Garment Information Research Association
Brand Influence Model College in Central Plain	Dahe.cn of Henan Daily News Agency
Best Organisation Award of Business Startups and Innovation Star Selection Event	Shangqiu Innovation and Entrepreneurship Federation

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Shangqiu University Kaifeng Campus Awards and Honours

Hosting/Issuing Agency

Outstanding Organisation Award of the First Legal Literacy Competition for College Students of Henan Province	Henan Legal Daily, Dingduan News
Silver Prize of the Henan Province Finals of the First National College Student Career Planning Competition	Office of Henan Provincial Department of Education
First, Second and Third Prizes of the Provincial Competition for Individuals of Henan of the 15th Lanqiao Cup National Software and Information Technology Talent Competition	Organising Committee of Lanqiao Cup National Software and Information Technology Talent Competition
The Second and Third Prizes of Henan Provincial Competition of China College Students Computer Design Competition 2024 (the 17th)	Organising Committee of Henan Provincial Competition of China College Students Computer Design Competition, Computer Education Research Association of Higher Education Institutions of Henan Province
Special Prize and Second Prize of the Fifth National Microteaching Competition for Teaching Students	Ministry of Education, Basic Education Curriculum Research Centre of Shaanxi Normal University, Western Normal University Teacher Education Innovation and Development Alliance
Provincial First, Second and Third Prizes of the Henan Provincial Qualification Competition of the 26th China Robotics and Artificial Intelligence Competition	Henan Regional Organising Committee of China Robotics and Artificial Intelligence Competition, Organising Committee of China Robotics and Artificial Intelligence Competition (Alternate Seal)
2024 First Municipal Technology Innovation Platform Institution of Kaifeng City	Kaifeng Science and Technology Bureau
2023 Outstanding Unit for Safe Construction Work in Urban and Rural Integration Demonstration Zone	Kaifeng Urban and Rural Integration Demonstration Zone Safe Construction Work Leading Group
The Second and Third Prizes of the National Finals of the 26th China Robotics and Artificial Intelligence Competition	Organising Committee of China Robotics and Artificial Intelligence Competition

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Anyang University

Awards and Honours

Hosting/Issuing Agency

2023 Colleges of Best Service for High-quality Employment of Jiuyeqiao	Jiuyeqiao
Outstanding Organisation Award for Volunteering at the 19th World Comic Conference	Organising Committee of the 19th World Comic Conference, United Front Work Department of CPC Anyang Municipal Committee, Anyang Municipal Committee of Communist Youth League
2023 Advanced Group for Private Education Work of Henan Province	Henan Private Education Research Association

Jingzhou College

Awards and Honours

Hosting/Issuing Agency

The Third Prize of the Original Micro-video Competition on Password and Confidentiality Publicity and Education in Colleges and Universities	State Secrets Protection Bureau of Hubei Province
2023 Provincial First-class Undergraduate Programme	Hubei Provincial Department of Education
Three First Prizes and Five Third Prizes in the 10th National BIM Graduation Design Competition for Colleges and Universities	Construction Market and Bidding Research Sub-committee of China Civil Engineering Society, Glodon Company Limited
The First Prize of the 11th "Xuechuang Cup" National Entrepreneurship Comprehensive Simulation Competition for College Students	Organising Committee of "Xuechuang Cup" National Entrepreneurship Comprehensive Simulation Competition for College Students
One Third Prize of the National Finals of the 15th Lanqiao Cup National Software and Information Technology Talent Competition	Organising Committee of Lanqiao Cup Competition, Talent Exchange Centre of the Ministry of Industry and Information Technology

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3. SUSTAINABILITY GOVERNANCE

3.1 Statement of the Board

ESG has always been an important philosophy of Chunlai Education and a key factor in the Group's success. The Board firmly believes that an excellent ESG governance is essential to the long-term growth and success of the Group. As such, the Board has overall responsibility for the Group's ESG matters, and is responsible for determining the Group's overall ESG strategy and understanding relevant risks. We have established a robust sustainable development governance framework to assess the Group's ESG performance.

The Board has approved the establishment of an ESG Committee, which has been given responsibility for overseeing and driving ESG efforts. The committee is responsible for discussing and identifying the Group's ESG risks and opportunities, as well as regularly updating and summarising the updates of ESG-related policies and systems, and tracking the performance of the implementation of ESG practices. The Board considers and confirms the results of materiality assessment, incorporates key issues into the Group's strategic planning, and ensures that it fully understands and responds to the concerns and needs of various stakeholders, so as to formulate the Group's ESG management policies, strategies, priorities and objectives.

The Board is also responsible for overseeing the management and performance of materiality issues and clarifying the focus and priorities of the Group's sustainable development. The Group has set environment-related targets, and the Board will continuously monitor ESG performance and conduct regular evaluations based on those targets in order to oversee and improve sustainable development efforts. The Board is committed to deeply integrating ESG concepts into the Group's operations and management, and endeavours to create a sustainable education system for the growth and development of talents.

3.2 Sustainability Governance Structure

Chunlai Education is committed to sustainable development and continuous improvement of the ESG management structure. The Group has established a complete ESG governance structure covering all levels of the Group, including the decision-making level, organisational level and executive level.

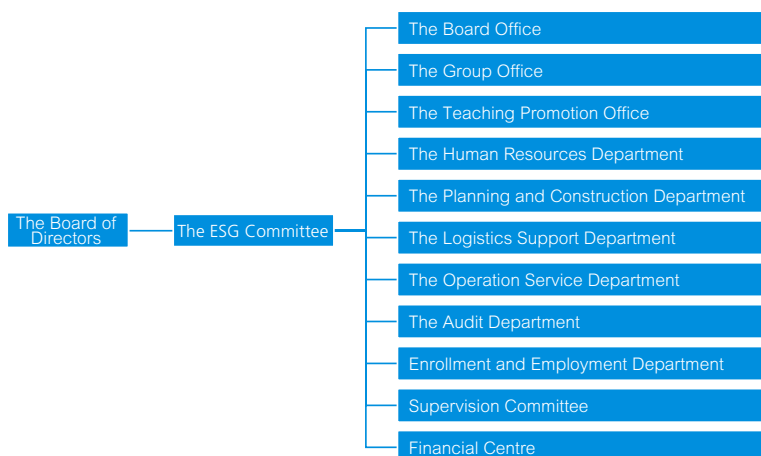
Chunlai Education attaches importance to the material issues related to the Group, and actively promotes and supervises the implementation of ESG-related policies and measures in all relevant departments to ensure ESG strategies, objectives and work can be integrated into the daily operations and business practices of the Group. Currently, the Group has established a management system under which the Board makes decisions and oversees ESG management policies, strategies, objectives and overall work. The ESG Committee is responsible for formulating specific ESG management policies, strategies, objectives and implementation plans. The Committee is led by the Chief Executive Officer and consists of key persons in charge of the Board Office and various departments of the Group, as shown in the chart below.

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ESG Governance Structure Primary Duties

Decision-making level: The Board of Directors	- to delegate authority to the ESG Committee - to resolve and approve the Group's ESG management approach, strategy, objectives and annual work, including the assessment, priorities and management of significant ESG issues, risks and opportunities - to regularly review and monitor ESG performance and progress towards goals
Organisational level: The ESG Committee	- to report regularly to the Board - to identify, assess, review and manage significant ESG issues, risks and opportunities - to formulate ESG management approach, strategy, annual work and objectives for approval by the Board, and drive the implementation of such efforts - to coordinate and promote the implementation of various ESG policies in departments, monitor the ESG-related work of each functional department
Executive level: Relevant departments of the Group	- to organise and execute ESG-related works in accordance with the Group's ESG management approach, strategy and annual work - to collect and report internal ESG policies, systems and ESG-related performance indicators - to comply with all ESG-related policies and systems - to report regularly to the ESG Committee

ESG Governance Structure



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3.3 Corporate Sustainability Policies

The Group guides corporate behaviour by formulating a series of sustainable development policies and norms, ensures that the principles of sustainable development are embedded into all business practices, responds to materiality issues and provides a clear guiding direction for corporate strategic decision-making. The following are the materiality issues that correspond to the specific contents of our corporate sustainable development policy:

Sustainable development policy	Corresponding materiality issues
Policies on monitoring and guaranteeing teaching quality in colleges and universities Implementation plans on a long-term mechanism for the development of teachers' morality in colleges and universities Teaching evaluation program and complaint and feedback management measures Policies to promote employment of students in colleges and universities	Teaching quality control Student employment rate Teacher qualifications and professional conduct Student satisfaction Handling of teaching opinions Enrichment of educational resources Market competitiveness
Health and safety management rules Emergency plans and safety management measures in colleges and universities	Student health and safety Responding to climate change Occupational health and safety
Internal integrity management practices and policies	Anti-corruption Compliance operations
Plan for building a green campus in colleges and universities	Waste management Pollution reduction and emission reduction Material/resource use Energy consumption and efficiency Water consumption and benefits Greenhouse gas emissions
Staff management policies and staff handbook	Employment system with equal opportunities Employment rights and benefits Staff training and development
Procurement and supplier management policies	Responsible procurement
Information security protection policies	Information privacy protection
Intellectual property management measures	Protection of intellectual property rights

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3.4 Communication with Stakeholders

Chunlai Education is committed to working with all parties to drive sustainability efforts. Amidst our ESG implementation efforts, we have established an efficient communication mechanism to maintain close contact with all the stakeholders. During the Reporting Period, the Group interacted with stakeholders through various channels to enhance stakeholders' understanding of our strategies and measures. We duly listened to their expectations and needs, and actively responded to their concerns on ESG-related issues, collected and collated feedback from all parties, and took corresponding measures to promote mutual progress and growth with the stakeholders.

Key Stakeholders and Communication and Response Channels

Stakeholders	Main concerns	Main methods for communication and response
Investors/shareholders	- Information transparency - Business growth - Investment return - Sound operation - Information transparency - Corporate governance	- Result announcements - Senior management meetings - Meetings of investors - Annual general meeting and other general meetings - Interim report and annual report - Corporate communications, such as letters/circulars to shareholders and meeting notices
Teachers/other employees	- Sense of belonging of employees - Salary and benefits of employees - Health and safety of employees - Channels for employees to express their opinions - Education service quality - Employee training and development - Qualification and professional conduct of teachers - Employment system with equal opportunities	- Employee opinion surveys - Channels for employees to express their opinions (forms, suggestion boxes, etc.) - Work performance assessments - Meetings and interviews - Training courses - Business briefing - Volunteer activities - Panels - Publications (such as employees communications) - Employee communication meetings - Employee intranet - Conference/workshops/seminars
Students/parents	- Health and safety of students - Teaching quality control - Student employment rate - Qualifications and professional ethics of teachers - Student satisfactions	- Feedback in the class - Satisfaction survey - Regular visits - Online platforms

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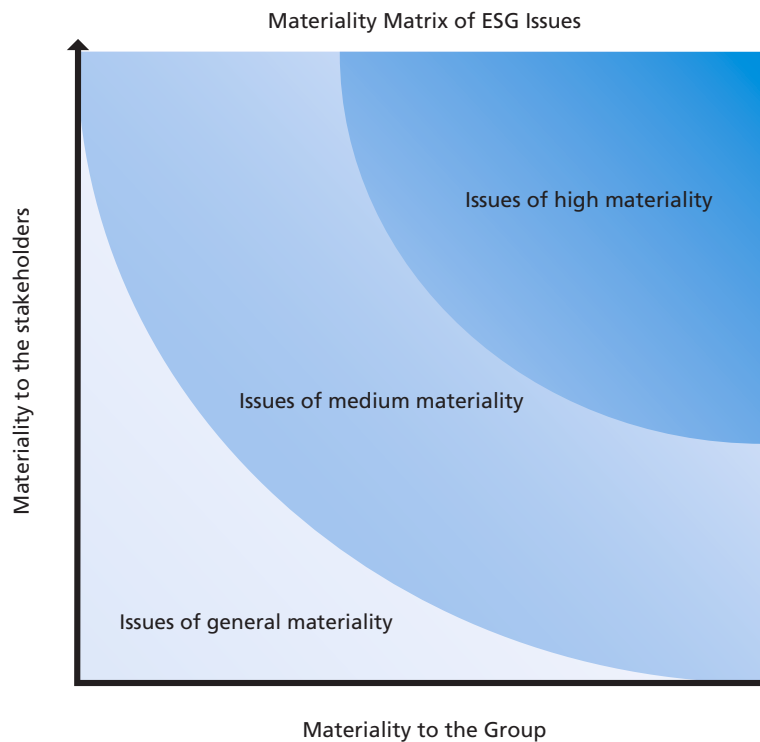
Stakeholders	Main concerns	Main methods for communication and response
Graduated students	- The development of the school - The platform that the school can provide	- Graduated student reunions - Graduated students activities organised by the school - Alumni achievements showcase event
Government/regulatory authorities	- Compliant operation - Teaching quality control - Enrich education resources	- Consultation - Seminars - Rating of the schools - Visiting the schools - Meetings - Compliance report
Suppliers	- Fair and unbiased procurement - Business growth - Investment return	- Supplier management procedures - Supplier/contractor evaluation system - On-site visits
Business partners	- Corporate governance - Investment return - Business growth	- Strategic partnership projects - Meetings
Community/ Non-governmental organisations	- Community investment and participation - Participation in social benefit activities	- Meetings - Donations - Volunteer activities
Public	- Information transparency - Education quality assurance - Sound operation	- Media information - School website - Activities organised by the school
Media	- Enterprise performance - Corporate image - Education quality assurance - Compliance operation - Enrich education resources	- Press release - Result announcements

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3.5 Materiality Assessment

During the Reporting Period, we conducted a materiality assessment based on the Guide of the Stock Exchange, material issues of the Sustainability Accounting Standards Board (SASB) and MSCI for the education sector, as well as the ESG concerns of other companies in the sector. As there has not been a significant change in the Group's business, operating environment and the interactions between our stakeholders and us, we have continued to adopt the results of the materiality assessment of the previous year, which has been approved by the Board.

We summarised 25 ESG material issues, in which 11 issues of high materiality, 13 issues of medium materiality and 1 issue of general materiality were ranked by order of importance. The results of the materiality assessment are presented in the materiality matrix below.



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Based on the results of the materiality matrix, we have identified the direction of material ESG issues for this Year, including “Excellent Education Services”, “Robust Compliance Management”, “Promoting Staff Growth”, “Advocating for Environmental Protection” and “Positively Giving Back to the Community”. This Report will focus on these five areas to reflect the performance and highlights of our ESG efforts.

Issues of high materiality	Corresponding chapter
1. Health and safety of students	Excellent Education Services
2. Teaching quality control	Excellent Education Services
3. Student employment rate	Excellent Education Services
4. Qualifications and professional ethics of teachers	Excellent Education Services
5. Responsible procurement	Robust Compliance Management
6. Information privacy protection	Robust Compliance Management
7. Compliance operations	Robust Compliance Management
8. Anti-corruption	Robust Compliance Management
9. Employment system with equal opportunities	Promoting Staff Growth
10. Employment rights and benefits protection	Promoting Staff Growth
11. Responding to climate change	Advocating for Environmental Protection
Issues of medium materiality	Corresponding chapter
12. Student satisfaction	Excellent Education Services
13. Handling opinions on teaching	Excellent Education Services
14. Enrich education resources	Excellent Education Services
15. Market competitiveness	Excellent Education Services
16. Intellectual property protection	Robust Compliance Management
17. Employees’ training and development	Promoting Staff Growth
18. Occupational health and safety	Promoting Staff Growth
19. Waste management	Advocating for Environmental Protection
20. Pollution reduction and emissions reduction	Advocating for Environmental Protection
21. Usage of materials/resources	Advocating for Environmental Protection
22. Energy consumption and efficiency	Advocating for Environmental Protection
23. Water consumption and efficiency	Advocating for Environmental Protection
24. Greenhouse gas emissions	Advocating for Environmental Protection
Issues of general materiality	Corresponding chapter
25. Community investment and participation	Positively Giving Back to the Community

Environmental, Social and Governance Report

4. EXCELLENT EDUCATION SERVICES

Superior professional ethics and excellent teaching quality of the teachers are the foundation on which we are based. Therefore, we attach great importance to the development of professional ethics and teaching quality of our colleges, and put the physical and mental health and safety of all teachers and students at our top priority. Consistently adhering to the educational philosophy of “putting students into first place, focusing on moral education, prioritising capacity enhancement, taking quality as foundation, carrying on good existing practices while implementing innovative practices, serving the society and striving for excellence”, Chunlai Education implements the development strategy of “Relying on teaching quality, excellent talents, characteristics and rule of law for survival, development, rejuvenation and governance of our colleges and universities” in an all-round way. Based on the above, we have been attracting outstanding teachers to pursue the essence of education as we are committed to developing Chunlai Education into a renowned private education brand at home and abroad.

We attach great importance to the improvement of the education and teaching quality, with special emphasis on the development of students’ hands-on and practical abilities, and the development of their sound habits and personality. The superior professional ethics of the teaching team, the overall teaching quality of our schools, and the growth and learning of our students are always at the core of our educational endeavours, and an important direction for our continuous efforts to improve and develop.

4.1 Health and Safety Guarantee

In order to create a safe and healthy working and learning environment for all faculty and students, and to help them address their concerns in daily life, we have been in strict compliance with various regulations in relation to health and safety, such as the Food Safety Law of the People’s Republic of China 《中華人民共和國食品安全法》, the Law of the People’s Republic of China on the Prevention and Treatment of Infectious Diseases 《中華人民共和國傳染病防治法》, the Fire Protection Law of the People’s Republic of China 《中華人民共和國消防法》, the Guidelines for the Prevention and Control of Infectious Diseases in Colleges and Universities 《普通高等學校傳染病預防控制指南》, and the School Health Work Regulations 《學校衛生工作條例》. We have actively strengthened the safety managements in relation to campus food and fire protection, placed the mental and physical health of teachers and students at the core of our development, and have formulated a comprehensive emergency response plan to ensure that the safety and health of the campus is fully protected in the event of an emergency.

During the Reporting Period, the Group did not receive any complaints or litigations regarding violation of laws relating to health and safety, nor had it experienced any work-related fatality cases over the past three years. During the Year, the number of lost days due to work injury was zero.

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Food safety on campus

To ensure the food safety on campus, we have developed and strictly implemented the Food Safety Management System 《食品安全管理制度》, the Food Safety Rapid Detection Management System 《食品安全快速檢測管理制度》, the Food Safety Self-inspection and Reporting System 《食品安全自檢自查與報告制度》 and the Principal Accountability System on Food Safety 《食品安全校長責任制》. We arranged food safety inspections on a regular basis and promptly provided feedback, based on which we required rectification within a time limit and then conduct a follow-up inspection to ensure that the problems are thoroughly resolved. In addition, we also organised food safety related trainings to improve food safety awareness and knowledge of employees, and standardise food handling operations, thus providing more excellent and safe food service for teachers and students.

We are determined to guard the bottom line of food safety, continuously optimise and improve the food safety management of canteens in our colleges and universities to ensure that all teachers and students are provided with meals that meet the highest standards of hygiene and safety, so that while enjoying the delicious food, they can also feel the importance we place on healthy eating and environmental protection. The Third Canteen of Shangqiu University obtained the HACCP (Hazard Analysis Critical Control Point) system certification and the ISO22000 food safety management system certification. The HACCP system represents the critical control points of hazard analysis, which is an internationally recognized preventative food safety assurance system. ISO22000 system, a global standard for food safety management, defines the overall management process and is widely used to assess the principles of food management.

In addition, in order to ensure students' dietary health and safety, each school regularly carries out comprehensive safety inspections of the canteen. Through meticulous inspections, the schools aim to prevent food safety incidents and safeguard students' dietary safety on campus, thus providing a healthy environment for students to grow up. Such measures not only help safeguard the basic rights and interests of students, but are also an important part of schools' efforts to fulfil their social responsibility and build a harmonious campus culture.

Case: Always ensure food safety through strict regulation – Shangqiu University strengthens food safety control in canteens

On 14 May 2024, in order to improve the food safety on campus, the Dietary Service Centre of Shangqiu University engaged Henan Huace Testing Technology Co., Ltd. (河南華測檢測技術有限公司), a third-party agency, to conduct a food safety risk assessment of the canteen. The assessment covered daily management, documentation, workflow and critical control points, etc. It reviewed the qualification, information disclosure, staff health management, raw material acceptance, processing norms, meal supply safety, sample retention management and equipment cleaning and maintenance in the canteen.



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Fire safety on campus

In order to further improve and strengthen the fire safety management and to ensure the safety on the campus more effectively, we strictly implement the strategy of “prevention as priorities with a combination of prevention and fighting”, and we are committed to creating a harmonious and safe campus environment so as to provide a more comfortable learning space for students.

Many electric and gas equipment are used in the canteen of the university, which makes fire prevention a key part of safety work in the canteen. Based on this, we need to strengthen the daily supervision and inspection, always concentrate on precaution, identify, and rectify various potential safety issues promptly to prevent safety accidents. Meanwhile, we must enhance the fire safety knowledge and trainings of employees, continuously heighten their fire safety awareness, and improve their ability to deal with emergencies to ensure the safe and stable operation of the canteen.

Case: Logistics and Security Department of Anyang University organised a spring fire evacuation drill open class for all faculty and students

In March 2024, departments across the university participated in a spring fire evacuation drill open class. Through watching videos depicting fire scenarios, staff and students deepened their understanding of the dangers of fires and fire safety. They learned basic knowledge on extinguishing initial fires and evacuating, as well as mastered methods for self-rescue during evacuation. This event laid a solid foundation for the university’s fire safety efforts.



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Protection of mental health

We place a high emphasis on mental health education. Through a variety of activities and promotional methods, we are fully committed to enhancing the mental well-being of both staff and students. Our aim is to foster a positive attitude towards mental health among all faculty and students, encouraging a stable and rational mindset. This enables them to excel in various aspects of their professional, academic, and personal lives.

Case: Yuanyang Campus of Anyang University signs cooperation agreement with Henan Mental Health Service Station for Colleges and Universities

In May 2024, the Yuanyang Campus of Anyang University, in collaboration with the Second Affiliated Hospital of Xinxiang Medical University, established the Henan Mental Health Service Station for Colleges and Universities. Going forward, this partnership will focus on enhancing cooperation in areas such as the dissemination of mental health knowledge, teacher training, streamlined referral processes, and community psychological services to promote in-depth development of mental health initiatives. The station will provide an open and inclusive support platform for staff and students, assisting them in expressing emotions, sharing concerns, and seeking solutions under professional guidance, thereby offering robust support for the comprehensive growth of students.

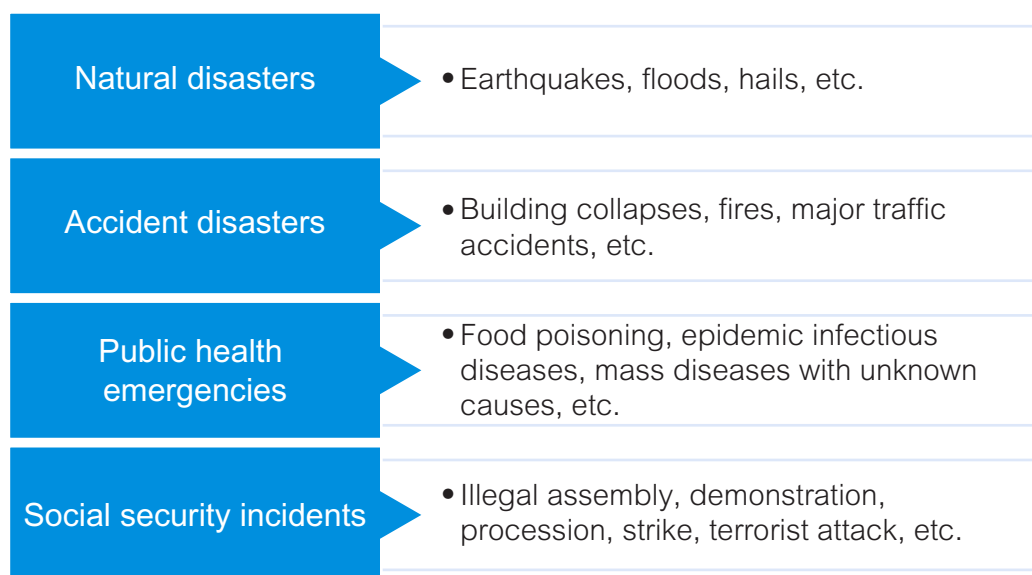


Environmental, Social and Governance Report

Emergency plan

We actively take preventive measures and effectively respond to emergencies, regulate the behaviour of emergency response to public emergencies in our colleges and universities, and enhance the ability to respond to emergencies, aiming to minimise the impact of such incidents on teaching, research activities and daily life of our colleges and universities, to reduce physical and mental injuries as well as property losses to teachers, students and staff, to safeguard the safety and stability of the campus and to promote the harmonious development of our colleges and universities.

Our public safety emergencies are categorised as follows:



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Maintaining the health of teachers and students

Given the unique nature of the education industry and the demands of the working environment, the majority of the Group's employees are engaged in teaching and administrative duties, and therefore they are exposed to relatively limited occupational risks. However, for the small number of employees engaged in maintenance and outdoor work, while there are some risks of occupational hazards, the level of those risks remains low overall. In order to deal with these potential risks, we have formulated a Safety Management System 《安全管理制度》, which clearly defines safety responsibilities and closely protects the health of employees at work to ensure their safety and security. Once hidden dangers that may affect occupational health and safety are identified, we will take immediate action to correct and deal with them and prevent all possible occupational hazards. We arrange regular health checks for our employees to ensure that they are in good health and that they are provided with comprehensive safety and security. At the same time, we also attach great importance to the physical health of our students as an integral part of the education and training process.

Case: Shangqiu University conducts health examination for the graduating class of 2024

In May 2024, aiming to enhance the level of physical fitness monitoring and allow graduates to understand their health status, Shangqiu University organised health examination for the graduating class of 2024. The examination included basic items such as height, weight, blood pressure, and vision, along with specialised tests like chest X-rays and complete blood counts. Following the examination, the university established health records for the graduates, continuously monitor their health conditions, and reinforce health education to improve their health awareness and self-protection capabilities.



Environmental, Social and Governance Report

4.2 Quality Teaching

Chunlai Education recognises that teaching is the core mission of a college or university and that the quality of teaching is the key to the development of a college or university. In order to ensure this, Chunlai Education has formulated a series of detailed teaching management systems, such as Teaching Quality Monitoring and Guarantee System of Shangqiu University 《商丘學院教學質量監控與保障體系》, Classroom Teaching Quality Standards and Evaluation Measures of Shangqiu University Applied Science and Technology College 《商丘學院應用科技學院課堂教學質量標準與評價辦法》, Comprehensive Teaching Evaluation Rules for Teachers of Anyang University 《安陽學院教師教學綜合評價工作細則》 and Undergraduate Major Evaluation Programme of Jingzhou College 《荊州學院本科專業評估方案》. The introduction of these systems aims to improve the quality of education in our colleges and universities, create a good learning environment, and provide the necessary institutional support for self-management and sustainable development of our colleges and universities.

We have also established a comprehensive teaching quality monitoring and assurance system to strictly control the quality of classroom teaching through measures such as adjusting the course structure, carrying out teaching quality assessment, as well as having leaders of colleges and universities attending classes. We set high standards in all aspects of campus construction, teaching staff, laboratory resources, and school-enterprise co-operation, and strive to meet the expectations of all parties and truly put students first.

Commitment to teaching quality

Teaching quality is a crucial measure of a school's educational level and the foundation upon which its development rests. To ensure this key metric, the Group has established a scientific, standardised, and efficient organisational operation mechanism centred on teaching quality control. This has led to the formation of a comprehensive teaching quality monitoring and guarantee system. We conduct thorough supervision, control, coordination, and evaluation of the critical factors impacting teaching quality. Moreover, we have developed a smooth information feedback network and strong support measures, thus fostering and maintaining an excellent environment for nurturing talents to achieve the best possible teaching outcomes.

We have formulated the Teaching Quality Monitoring and Guarantee System 《教學質量監控與保障體系》 and its implementation plans in accordance with the Guiding Opinions of the Ministry of Education on Strengthening the Development of Classroom Teaching in Universities and Improving Teaching Quality (Jiao Dang [2017] No. 51) 《教育部關於加強高校課堂教學建設提高教學質量的指導意見》(教黨[2017]51 號)) and the Opinions of the Ministry of Education on Deepening the Reform of Undergraduate Education and Teaching and Comprehensively Improving the Quality of Talent Cultivation (Jiao Gao [2019] No. 6) 《教育部關於深化本科教育教學改革全面提高人才培養質量的意見》(教高[2019]6 號)). Through the above policies and plans, the Group conducts thorough inspection, monitoring and evaluation on teaching process, studying process and teaching management as well as education quality. We have established a complete teaching quality monitoring and guarantee system, which consists of a teaching decision-making and command system, a teaching quality standard system, a teaching operation management system, a condition guarantee system, and a teaching quality monitoring and feedback system. Moreover, we have also formulated the Quality Standards for Major Links of Undergraduate Teaching 《本科教學關鍵環節質量標準》 to standardise lesson preparation, classroom teaching, assignment and exercise, tutoring and question answering, curriculum assessment, curriculum design, experimental teaching, probation, graduation practice, graduation thesis (design), the second classroom and other major teaching links to ensure clear quality standards and execution requirements are in place for each link.

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Case: Hubei Jiankang Vocational College has initiated comprehensive curriculum development	
This Year, Hubei Jiankang Vocational College has embarked on a comprehensive curriculum development initiative. Curriculum development is a crucial aspect of the college’s teaching efforts, serving as the foundation for professional programme construction. It is an important measure for standardising teaching management and a key link in enhancing teaching quality. The content of the curriculum development is as follows:	
Reforms	Measures
Teaching force development	Selecting suitable curriculum leaders Establishing a well-structured curriculum team Enhancing teacher training
Curriculum content reform	Developing and revising curriculum standards Preparing standard curriculum plans Selecting and independently developing teaching materials that suit the needs of the curriculum
Teaching methods and aids reform	Producing standard courseware Selecting and producing teaching aids appropriate to the teaching content Selecting and developing innovative teaching methods suitable for students’ actual situation
Assessment criteria and methods reform	Developing reasonable assessment criteria Selecting scientific assessment methods Creating and improving the examination question bank

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Establishing smooth communication between families and our colleges and universities

Chunlai Education is committed to safeguarding the legitimate rights and interests of students, ensuring the smooth flow of teaching information feedback channels, monitoring the operation of teaching in real time, and collecting and responding to students' opinions and suggestions on teaching work in a timely manner. We have built a platform for teachers and students to interact and communicate with each other, which fully stimulates the enthusiasm and initiative of teachers and students, thus promoting the formation of a good teaching culture.

Based on the existing teaching conditions, the Teaching Promotion Office has established various information collection channels, including real-time feedback of full-time supervisors from class attendance and evaluation, information collected from teacher-student symposiums, feedback from inspection on major teaching links, feedback from class evaluation of students, satisfaction survey feedback, dedicated QQ email for teaching information, feedback from mid-term and final online evaluation of students on teaching, information collected from network platform (including QQ groups and WeChat groups), etc.

With the emphasis on online communication and engagement channels, Chunlai Education, in order to achieve effective communication, always ensures the authenticity and effectiveness of information dissemination, and resolutely puts an end to the dissemination of exaggerated and false information to establish a healthy and trustworthy online communication environment.

To strengthen the connections between families, students and the school, we have developed the Complaint Responding System and Implementation Measures for Parents and Students (《家長及學生投訴處理制度及實施辦法》). This system aims to further improve working styles, ensure smooth complaint channels, and effectively respond to and resolve key issues and challenges raised by parents and students. By increasing the intensity of issue investigation, our colleges and universities actively promote improvements in their work, ensuring that the opinions of parents and students are responded to and implemented in a timely manner.

During the Reporting Period, the Group did not receive any complaint case. The rate of positive feedback regarding teaching has improved compared to that of last year. The specific data are as follows:

Names	Unit	2023	2024
Shangqiu University	%	96.23	97.11
Anyang University	%	98.22	98.33
Shangqiu University Kaifeng Campus	%	97.11	97.81
Hubei Jiankang Vocational College	%	98.14	98.97
Jingzhou College	%	100.00	100.00
Anyang University Yuanyang Campus	%	96.63	96.76
Average rate of positive feedback regarding teaching	%	97.72	98.16

Environmental, Social and Governance Report

Education resources support

Chunlai Education focuses on creating an excellent campus environment and is committed to providing substantial support for the all-round development of students. We are committed to leveraging our educational strengths to promote the growth of our students in a holistic manner. We insist on the close integration of classroom learning and practical teaching, and constantly promote our cooperation with enterprises and local governments, and we are committed to strengthening the construction of on-campus laboratories and off-campus internship bases so as to realise the organic combination and interaction among the teaching in the first class, the on-campus practical and club activities in the second class, and the off-campus practical activities in the third class. Through this comprehensive education model, we aim to provide students with a diversified learning platform to develop their professional skills and practical abilities.

We place extreme importance on closely integrating industrial practice with education, believing that it is as a key pathway to nurturing practical and compound talents. We actively promote collaborations across various industries by such means as industry-university cooperative training programs and the establishment of internship and training bases. These initiatives allow students to learn and train in real-world work environments, thereby enhancing their vocational skills and practical capabilities. We believe that deepening the integration of industry and education can better meet the social and market demand for high-quality talents laying a solid foundation for students' employment and career development.

Case Study: Shangqiu University promotes the University-Industry Collaborative Education Program of the Ministry of Education

Shangqiu University is actively advancing the University-Industry Collaborative Education Program of the Ministry of Education, aiming to deepen the integration of industry and education and promote the organic connection among the education chain, talent chain, industry chain, and innovation chain. Projects initiated by the university under the program this year include reforms in information-based teaching for art design, the construction of big data course practice platforms, curriculum reform for "Probability Theory and Mathematical Statistics", joint construction of practice bases by the university and enterprises, embedded systems course faculty training, innovative models for practical teaching of faculty, exploration of intelligent art design talent cultivation paths, smart manufacturing trainings for faculty, capability enhancement for "dual-qualified" teachers under the background of converged media, track and field teaching data analysis, multimedia teaching applications, AI-oriented computer course system construction, and improvement of practical teaching abilities of foreign language teachers.

At our comprehensive institutions, we deeply understand the specific needs of different disciplines in terms of practical teaching and learning, and have therefore invested considerable resources and efforts in the development of a diverse range of practical training facilities tailored to each of these disciplines. Designed with full consideration of the needs of teaching content and depth of research, these venues are equipped with state-of-the-art equipments and simulation environments to ensure that students are able to gain practical experience on campus that matches a real-world work environment. These practical training venues include not only the training of basic operational skills, but also the development of innovative thinking and problem solving skills to meet the challenges of the future workplace.

Environmental, Social and Governance Report

At our professional institutes, we strive to deeply explore and establish laboratories and practical training facilities that are closely linked to industries to meet the needs of our students for practical skills in their respective areas of specialisation. Our goal is to ensure that students graduate with not only solid theoretical knowledge, but also a high level of competence in practical exercises, making them competitive in their chosen career paths.

Case: Training Room of Hubei Jiankang Vocational College

The college cultivates innovative high-quality technical talents, with its goal of building a high-level vocational major group of nursing plus health intelligence and becoming a higher vocational college with distinctive health features. It offers 21 majors including nursing, midwifery, pharmacy, health management, hygiene inspection and quarantine technology, intelligent health elderly care services and management, health big data management and service, among others. A variety of training rooms have been established, including those for physical training, sports training, traditional Chinese medicine health preservation, skills competition, clinical nursing, health management, blood testing, biochemistry, immunology, exercise therapy, traditional rehabilitation, emergency nursing, sterile operation, medical aesthetics, etc..

4.3 Enhancing Quality and Professional Ethics of Teachers

According to the principles of the Opinions on Comprehensively Deepening the Reform of the Development of Teachers in the New Era 《關於全面深化新時代教師隊伍建設改革的意見》 issued by the Central Committee of the CPC and the State Council, the Opinions on Accelerating the Development of High level Undergraduate Education and Comprehensively Improving the Ability to Develop Talents 《關於加速建設高水平本科教育全面提升人才培養能力的意見》, Certain Opinions on Strengthening Academic Moral Development 《關於加強學術道德建設的若干意見》, the Guiding Opinions on Handling the Irregular Behaviors of Teachers in Colleges and Universities 《關於高校教師師德失範行為處理的指導意見》, the Ten Guidelines for Professional Behaviors of Teachers of Colleges and Universities in the New Era 《新時代高校教師職業行為十項準則》 and the Opinions on Establishing and Improving a Long term Mechanism for the Development of Teachers' Morality in Colleges and Universities 《關於建立健全高校師德建設長效機制的意見》 issued by the Ministry of Education and other documents, the Group has established the Detailed Rules for the Implementation of a Long term Mechanism for the Development of Teachers' Morality in Shangqiu University 《商丘學院師德師風建設長效機制實施細則》, the Implementation Rules for the Long-term Mechanism of Building the Ethics and Work Style of Teachers in Anyang University 《安陽學院師德師風建設長效機制實施細則》, the Compilation of Rules and Regulations of the Teacher Development Centre 《教師發展中心規章制度匯編》 in Shangqiu University, the Scheme for the Development of Teachers' Morality of Shangqiu University Kaifeng Campus 《商丘學院應用科技學院師德師風建設方案》 and the Implementation Plan for the Development of Teachers' Ideology, Politics and Ethics in Hubei Jiankang Vocational College (Draft for Comments) 《湖北健康職業學院教師思想政治和師德師風建設實施方案(徵求意見稿)》 and required our teachers to follow relevant regulations rigorously.

Environmental, Social and Governance Report

Chunlai Education is resolutely committed to maintaining a positive educational atmosphere, focusing on establishing exemplary academic and teaching conduct. For the development of teachers, we have established and refined a system of teachers' ethics assessment, reinforcing ethical supervision to promote teachers' moral cultivation and effectively prevent unethical behaviour. In line with the principles of the Professional Ethic Standards for College Teachers (《高校教師職業道德規範》), the Opinions on Establishing and Improving a Long term Mechanism for the Development of Teachers' Morality in Colleges and Universities issued by the Ministry of Education (《教育部關於建立健全高校師德建設長效機制的意見》), the Ten Guidelines for Professional Behaviors of Teachers of Colleges and Universities in the New Era (《新時代高校教師職業行為十項準則》) and other documents, and considering actual circumstances of our colleges and universities, we have formed a working group for teachers' ethics assessment and established the Assessment Method for Teachers' Ethics (《教師師德考核辦法》).

The Group conducts comprehensive evaluations of faculty regarding their ideological qualities, dedication, teaching or management services, and role modelling. This aims to encourage them to adhere to educational principles and implement quality education. Chunlai Education organises a teachers' ethics assessment every semester, which is carried out by the working group for teachers' ethics assessment of each of our colleges and universities, ultimately resulting in a comprehensive review conclusion and evaluation grade. Fully embracing the core mission of "character building and talent fostering", we earnestly strengthen and improve the development of the ethics and teaching styles of teachers, continuously enhancing teachers' sense of responsibility, mission, and honour. We actively promote strict adherence to professional ethics among teachers by establishing and improving long-term mechanisms of building the ethics and work style of teachers. This guides teachers to become outstanding educators equipped with ideals and beliefs, moral integrity, profound knowledge, and a loving heart, thereby building a high-quality faculty team and advanced teaching philosophy at Chunlai Education.

4.4 Excellent Employment Counselling

Chunlai Education has always been dedicated to cultivating high-calibre application-oriented talents. We focus on needs of our student while closely monitoring market trends to continuously improve employment rate of graduates. Supporting the employment of graduates is one of key responsibilities of a college or university, and we strictly adhere to Administration of Students of General Institutions of Higher Education (《普通高等學校學生管理規定》), the Interim Provisions on Graduation and Employment of Colleges and Universities (《普通高等學校畢業就業工作暫行規定》) promulgated by the Ministry of Education, and the relevant requirements set by the Henan Provincial Department of Education.

Schools under the Group have established a variety of policies, system documents, and implementation plans related to employment work, such as the Graduates Employment Management Measures of Shangqiu University (《商丘學院畢業生就業工作管理辦法》) and the Implementation Plan of Jingzhou College's Special Action to Visit Enterprises to Expand Jobs and Promote Employment in 2024 (《荊州學院2024年訪企拓崗促就業專項行動實施方案》), to guide the job-seeking and entrepreneurial activities of recent graduates. Schools under the Group strive to assist graduates in achieving more adequate and higher-quality employment through methods like posting job information on employment websites, organising offline recruitment fairs, and conducting follow-ups and surveys on the graduates' employment information on the information websites.

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We are committed to implementing comprehensive employment training programmes aimed at enhancing graduates’ competitiveness in the job market and smoothing their transition into professional careers. In this process, we actively expand our network of collaborations by building close ties with numerous enterprises and government agencies to jointly explore diverse cooperation models. This includes providing valuable internship opportunities for graduates and securing support measures such as talent entrepreneurship funds to jointly promote employment rate improvements and the prosperity of the entrepreneurial ecosystem through resource sharing and complementary advantages, creating a win-win outcome.

Case: “Hongzhi Assistance Plan” employment skills training course for 2025 Graduates

To promote more adequate and higher-quality employment for its graduates, Jingzhou College actively participated in the “Hongzhi Assistance Plan” employment skills training course for 2025 Graduates. Through the training of students’ job-seeking abilities in job search preparation preparation, resources and communication skills, graduates will have the advantage to stand out in the fierce job market, and recruitment fairs are provided to allow students to increase their practical experience.

Modules	Topics
Job search preparation	Job search analysis and strengths identification Explore job search directions and decisions
Job search resources	Employment information collection and management
Written communication skills	Resume writing
Direct communication skills	Job search image building and job search etiquette Individual interviewing and presentation improvement Group interviewing and leadership enhancement
Job search process management	Job search plan development and process management Job search mindset management and action facilitation
Practical session	HR face-to-face; field visit to enterprises; Job fairs under Hongzhi Assistance Plan

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Case: Human Resources and Social Security Bureau of Tongshan County collaborates with Hubei Jiankang Vocational College to share talent resources

To thoroughly implement the innovation-driven development strategy, deepen government-university collaboration, innovate cooperative mechanisms, broaden areas of cooperation, and improve support mechanisms, the Human Resources and Social Security Bureau of Tongshan County has partnered with Hubei Jiankang Vocational College. Adhering to the principles of “complementary advantages, shared resources, deepened cooperation, and mutual development”, both parties are engaging in in-depth, comprehensive, multi-faceted, and substantive cooperation. They have established a regular communication and consultation mechanism to enhance support for collaborative projects. The key areas of cooperation include:

Oncampus recruitment	The Human Resources and Social Security Bureau of Tongshan County holds online and offline on-campus recruitment fairs or lectures in Hubei Jiankang Vocational College, encourages outstanding graduates to seek employment and start businesses in Tongshan County, actively introduces talents, and increases support for talent start-up funds, public services and platforms.
Practical training	By establishing internship training bases for college students, the Human Resources and Social Security Bureau of Tongshan County provides internship training and employment apprenticeship positions for students of the college, and gives policy support for internship training and employment apprenticeship.
Social practice	The college establishes a social practice base for students in the Human Resources and Social Security Bureau of Tongshan County, selects and sends its outstanding students to carry out social practice activities in the county, promotes the co-operation between the college and the county in the fields of talents, scientific research and teaching, sets up a good platform for the selection and introduction of outstanding high-level talents in the county, and assists the effective promotion of the work of recruiting talents and attracting talent to the county through the effect of talent clustering.

In the academic year of 2023/2024, the employment rate of graduates of Shangqiu University reached 80.60%; the employment rate of graduates of Anyang University amounted to 78.84%; the employment rate of graduates of Shangqiu University Kaifeng Campus was 75.55%; the employment rate of graduates of Hubei Jiankang Vocational College was 81.20% and the employment rate of graduates of Jingzhou College recorded 83.90%.

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5. ROBUST COMPLIANCE MANAGEMENT

The Group is fully aware that compliance operation and risk management are fundamental to enterprise operation. The Group always strictly complies with relevant laws and regulations and industrial requirements (e.g. the Listing Rules and other relevant laws and regulations issued by Hong Kong Securities and Futures Commission and Hong Kong Stock Exchange) for the sake of complying with national and industrial regulatory requirements. The group have formulated the Constitutions of the Risk Assessment Committee 《風險評估委員會章程》, the Internal Audit Regulations 《內部審計工作規定》 and the Constitutions of the Audit Committee 《審計委員會章程》, aiming to improve campus risk prevention and control by establishing a sound risk management system.

5.1 Comprehensive Risk Management

The Group is committed to continuously enhancing internal control and risk management, which further improves the effectiveness of our risk management system. We have integrated risk management theories into our risk management system and carried out effective management in seven stages, including risk analysis, risk assessment, risk control, risk communication, risk comments, risk examination and risk review and re-determination. The Board reviews the effectiveness of the Group’s risk management and internal control systems annually.

Risk Management System



The Group pays close attention to campus security risks, teaching quality risks, health risks and other emergencies closely related to students and teaching. We have established a number of contingency plans to deal with potential risks, e.g. Plan for Fire Prevention and Emergency Evacuation 《滅火和應急疏散預案》, Contingency Plan for Flood Prevention 《防汛工作應急預案》 and Contingency Plan for Public Health Emergencies 《突發公共衛生事件應急預案》, aiming at deal with fire, medical emergencies, campus emergencies, infectious diseases, floods and other accidents in a rapid and efficient manner. At the same time, we have developed a sound rapid response mechanism on emergencies to ensure the close connection of identification, reporting, commanding, handling and other processes, so as to achieve rapid action, right response and decisive handling.

We identify the significant physical risks of climate change to our operations, including the potential threats to school facilities, as well as the health and safety of teachers and students posed by natural disasters events such as typhoons, rainstorms and floods. This Year, we have further optimised our emergency plans at each of our campuses, such as the Contingency Plan for Flood Prevention of Anyang University 《安陽學院防汛工作應急預案》, the Contingency Plan for Flood Prevention and Emergency Rescue of Anyang University 《安陽學院防汛搶險應急預案》 and the Contingency Plan for Major Natural Disasters of Jingzhou College 《荊州學院重大自然災害突發事件應急預案》, in order to enhance the Group’s capability in flood control, typhoon prevention and resistance to natural disaster risks. Through these improvements, we ensure that we are able to respond to emergencies of natural disasters in a more timely and efficient manner to protect the safety and health of our teachers and students.

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5.2 Combating Corruption and Promoting Integrity

The Group has been combating corruption and promoting integrity. All of our staff have strictly complied with the Code of Integrity and Self-discipline of the Communist Party of China (《中國共產黨廉政自律準則》), the “Ten Don’ts” on the Integrity and Self-discipline of Leading Cadres as Members of the Communist Party of China in Colleges and Universities (《高校黨員領導幹部廉潔自律“十不准”》), the Regulation of the Communist Party of China on Disciplinary Actions (《中國共產黨紀律處分條例》) and other relevant provisions on combating corruption and promoting integrity. We have also thoroughly implemented the spirit of the eight-point decision of the Central Committee, incorporated the establishment of Party conduct and integrity into the work plan for the Year, and required all units to sign the Letter of Responsibility for the Establishment of Party Conduct and Integrity (《黨風廉政建設責任書》) in order to enhance the sense of responsibility, and to promote the work of combating corruption and promoting integrity to achieve more significant results.

During the Reporting Period, the Group continuously advanced the establishment of Party conduct and integrity through the implementation of Key Points for Party Building and Full and Strict Governance over the Party of Anyang University in 2024 (《安陽學院2024年黨的建設和全面從嚴治黨工作要點》). We implemented the revised Regulation of the Communist Party of China on Disciplinary Actions (《中國共產黨紀律處分條例》) and conducted high-standard educational programmes on Party discipline to enhance the disciplinary awareness and anti-corruption capabilities of our Party members and officials, which ensures strict adherence to rules and regulations. The Group has established systems for establishing Party conduct and integrity and specified the scope, contents and requirements of responsibilities in the establishment of Party conduct and integrity.

Members of the Board and officers of colleges and universities of the Group have been actively fulfilling their responsibilities in anti-corruption and integrity promotion. During the Reporting Period, we provided a series of anti-corruption trainings to Directors and employees of the Group, including the Lecture on Party Discipline Learning and Education 2024 and Training Session for Party Cadres of Shangqiu University Kaifeng Campus (《商丘學院應用科技學院 2024 年黨紀學習教育專題講座暨黨員幹部培訓會》), the Theme and Practical Activity on Party Discipline Learning and Education 2024 of Anyang University (《安陽學院 2024 年黨紀學習教育主題實踐活動》), and the Working Meeting on Overall Strict Governance of the Party in 2024 (《2024 年全面從嚴治黨工作會議》). These initiatives have effectively raised the anti-corruption awareness of all employees. Looking ahead, we will continue to provide more trainings targeted at anti-corruption for our Directors and employees to further strengthen the education and practice of integrity and self-discipline.

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Case: Shangqiu University held the opening ceremony of Party discipline learning and education reading class

In order to guide all party members and cadres to study discipline in depth, enhance the awareness of discipline, and ensure the high-quality development of education and teaching in the school, Shangqiu University held the opening ceremony of the Party Discipline Learning and Education Reading Class on 29 April 2024 in the first conference room. All leaders of the university, members of the Party Committee and members of the Discipline Inspection Committee attended the meeting. The secretaries and deputy secretaries of all general Party branches and directly-affiliated Party branches, as well as the secretaries of grassroots Party branches and members of the Discipline Inspection Committee also participated in the event. The opening ceremony was presided over by Shi Wanqing, a member of the Board of the Group and deputy secretary of the Party Committee of the university.



At the meeting, the secretary of the Discipline Inspection Commission took lead in study of the Disciplinary Regulations of the Communist Party of China 《中国共产党纪律处分条例》 (part). Subsequently, the participants focused on watching a special warning education film. The two-day reading class involved individual self-study and centralised discussion.



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The directly affiliated branch committee of the Group issued such documents as the Notice of Chunlai Education Group on the Strict and Honest Discipline during the Spring Festival Holiday in 2024 《春來教育集團關於 2024 年春節假期嚴肅廉潔紀律的通知》, the Notice of Chunlai Education Group on Integrity during the Tomb Sweeping Day Holiday in 2024 《春來教育集團關於 2024 年清明廉潔過節的通知》 and the Notice of the Chunlai Education Group on the Strict Implementation of the Integrity Requirements during the “Teachers’ Day”, the “Mid-Autumn Festival” and the “National Day” 《春來教育集團關於“教師節”、“中秋節”、“國慶節”節日期間嚴肅廉潔紀律的通知》. We clearly put an end to all “holiday corruption” conducts, e.g. the use of public funds to purchase cigarettes, alcohol, sweets, tea and other gifts; acceptance of gifts, cash, shopping cards, etc., in violation of regulations; engaging in recreational activities using public funds or arranging banquets unrelated to official duties; attending banquets that violate work discipline. We strive to build a clean culture, convey the new arrangement of clean government establishment, create a clean holiday atmosphere, and prevent holiday corruption.

The school discipline inspection committee accepts the whistle-blowing, accusations and complaints against Party organizations and members at all levels in our schools through letters, visits, telephone calls, networks and other channels and handles and solves the issues raised based on relevant procedures of discipline inspection.

During the Reporting Period, neither the Group nor its employees were involved in any litigation or legal cases related to corruption, nor did it violate the relevant laws and regulations that have a significant impact on operations of the Group.

5.3 Information Security and Privacy Protection

The Group remains committed to providing an advanced, reliable and safe computer network environment for all teachers, students and employees. The Group strictly abides by information security related laws and regulations, e.g. the Regulations of the People’s Republic of China on Protecting the Safety of Computer Information Systems 《中華人民共和國計算機信息系統安全保護條例》, the Administrative Measures for the Security Protection of Computer Information Networks Linked to the Internet 《計算機信息網絡國際聯網安全保護管理辦法》 and the Standards of Electronic Records Filing and Management 《電子文件歸檔與管理規範》. The Group constantly optimises the student privacy protection mechanism and focuses on enhancing the protection of students’ and parents’ privacy and personal information security, with a view to better safeguarding the trust and security of teachers and students.

In order to ensure the safe operation of the campus network, the Group has formulated the Regulations on the Management of the Security and Secrecy of Campus Network 《校園網安全保密管理規定》, which aims to strengthen the network security and information confidentiality, and to safeguard the information security of all students and teachers of our colleges and universities. The Group has established a Network Centre, which is fully responsible for the network security and confidentiality affairs of the college. All departments, divisions and offices have designated network and information security administrators to be responsible for network security and information secrecy of their departments and regularly carry out education on information secrecy and network security for network users. The network security and secrecy administrators of the Network Centre and all departments have the right to conduct regular and irregular inspections and monitoring on network security and information secrecy of their corresponding departments and are responsible for reporting relevant conditions to department leaders. This series of measures will further enhance the security protection capability of the campus network and provide solid protection for the teaching and management of the college.

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We have formulated the Information Security Management System (《信息安全管理制度》) and specified overall security strategies on information systems, covering physical and environmental safety, personnel information safety, operating system safety as well as computer and network operation management. We have set up a Leading Group for Network Security and Informationisation (網絡安全與信息化領導小組) to further strengthen our information management, improve the management service and our support and protection. The group is responsible for network management, maintenance and development to ensure the security of data information. Data and software must be managed by a designated person. It is not allowed to copy, download or lend data and software without permission. It is strictly forbidden for anyone to use media (e.g. floppy disks, CDs and USB flash disks) without authorisation. At the same time, we have established an external information security expert advisory group to keep in touch with external information system, and to keep up with industrial trends, monitoring standards and evaluation methods. We have standardised information system licence management to maintain the security of our information system, and guarantee the information security of users using the information system, thus ensuring the normal and stable operation of the information system.

During the Reporting Period, the Group recorded no violation of relevant laws and regulations on privacy matters relating to services provided.

5.4 Supply Chain Management

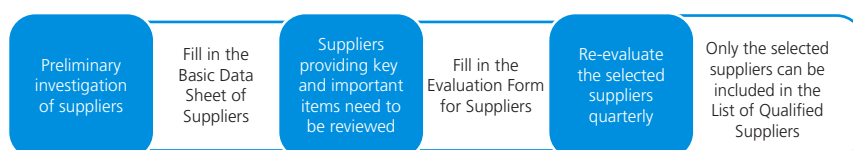
The Group attaches great importance to supply chain management. We strictly review the qualification documents, performance data, samples and other documents and articles submitted by suppliers in accordance with the Supplier Management System (《供應商管理制度》), the Bidding Process Management (《招標流程管理》) and the Supplier Rating Standards (《供應商評級標準》). In terms of the evaluation system, we have adopted more comprehensive criteria, taking into account factors such as suppliers' qualifications, service quality, price, compliance, etc., to enhance the management level of supplier development, supervision and evaluation. We have ensured the efficient operation of our supply chain by establishing a more open and transparent supplier management system with a more robust monitoring system. We manage and evaluate all suppliers who have provided all products and services to the Group for a long time, covering the purchasing of external goods, supplier qualification evaluation, credit rating evaluation and other aspects, in accordance with the Supplier Management System and the Evaluation Standard for Qualified Suppliers (《合格供應商評價標準》).

The Group strictly controls the purchasing process and suppliers according to the Purchasing Management System (《採購管理制度》) to ensure that the purchased products and services meet the specified requirements. We will divide the purchased items into three levels according to their impact on the demand: Critical, Important and General. Different control levels will be implemented. The Group carries out unified management of purchasing, clearly regulates the work ethics of purchasing related personnel and strictly selects qualified suppliers. Meanwhile, we attach importance to procurement integrity and strengthen regulation on all processes of procurement through the Letter of Integrity Responsibility of the Procurement Department (《採購部廉潔責任書》) to ensure rules for the management of purchased materials and procurement processes, build a procurement team with integrity, provide suppliers with a fair and impartial competition environment and guarantee the legitimate rights and interests of suppliers.

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In accordance with the Supplier Management System, we have clearly stipulated that all suppliers must comply with the requirements of relevant national regulations on production and business premises, comply with industry norms, and possess appropriate production capacity and corporate qualifications. In addition, environmental awareness, production technology level, financial status, credit standing and management level are also included as evaluation criteria to ensure that the products and services procured meet the prescribed requirements. Only suppliers meeting all the stipulated requirements will be included in the “List of Qualified Suppliers”.

The supplier management and supervision procedures are as follows:



We comprehensively evaluate our suppliers in terms of quality, qualification, price of materials and sample qualification through the Evaluation Form for Suppliers 《供應商評審表》. We also consider the environmental and social risk factors of suppliers, take environmental protection principles into consideration, and focus on whether the production of suppliers has environmental impacts to jointly improve the performance of sustainable development. In the process of selecting suppliers, we will give priority to enterprises with emerging energy or renewable energy and suppliers that meet the national sustainable development strategy, aiming to implement green supply chain management. The focuses in our supplier evaluation are as follows:



If the suppliers meet the specified requirements, they will be listed in the “List of Qualified Suppliers”. We will regularly check and review the performance of the existing suppliers, conduct monthly assessment and re-evaluate the qualified suppliers quarterly to ensure orderly purchasing.

During the Reporting Period, the Group had 3,560 major suppliers, and the regional distribution is as follows: 2,941 suppliers were in Henan, China, and 619 suppliers were in Hubei, China. The purchasing categories were mainly sports equipment and stationery, animals and plants, clothing and fabrics, building materials and furniture, books and services.

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5.5 Protecting Intellectual Property

The Group recognises the importance of intellectual property rights and is committed to protecting its intellectual property rights, academic achievements, patents and other intellectual property. We strictly abide by the Law of the People's Republic of China on the Protection of Intellectual Property Rights 《中華人民共和國知識產權法》, the Patent law of the People's Republic of China 《中華人民共和國專利法》, the Copyright Law of the People's Republic of China 《中華人民共和國著作權法》, the Copyright Ordinance 《版權條例》 of Hong Kong, the Genuine Software Management Guide 《正版軟件管理工作指南》 and other relevant laws and regulations. Meanwhile, Chunlai Education always respects the intellectual property rights of any third party. The Group expressly states that any employee shall not infringe or violate the patents, trademarks, copyrights or intellectual property rights of any third party.

The Group has formulated the Administrative Measures for Intellectual Property Protection 《知識產權保護管理辦法》, which aims to protect the legitimate rights and interests of the educational institutions, our faculty and students, boost the enthusiasm of our faculty and students for scientific research, innovation and invention, and promote the scientific progress and innovation of research of our colleges and universities. We have set up an Intellectual Property Management Committee to be responsible for the management and protection of our intellectual property rights. The Committee Office is responsible for the management of our science and technology project initiation, achievement registration, appraisal and award submission, and it also undertakes the management of our science and technology project target documents, and the management of our patent procuration, application, authorisation and annual fees. Faculties, teachers and students of our colleges and universities shall not damage our image, reputation or other legitimate rights and interests when using our logos, trademarks and other educational and service marks. For any infringement upon other people's intellectual property rights, the infringer shall bear corresponding civil liability, administrative liability and even criminal liability.

According to the Measures for the Implementation of Chunlai Education Group's Rewards for Scientific Research Achievements of Subordinate Educational Institutions 《春來教育集團關於下屬各學校科研成果獎勵的實施辦法》, if the scientific research achievements of our faculty and students are awarded, their academic papers or monographs (including planned textbooks) are published, their patents are authorized, their scientific research projects are initiated and completed or their literary and artistic creation achievements are displayed or published, the Group will offer corresponding rewards. These measures aim to motivate staff and students, promote the improvement of our scientific research level, and enhance our core competitiveness and influence in the fields of teaching and scientific research.

As of 31 August 2024, we had 372 registered patents, among which, 351 patents are newly added.

Environmental, Social and Governance Report

6. SUPPORTING STAFF GROWTH

6.1 Improving Employment Management

To further highlight our educational mission, the Group selects highly qualified professionals based on the academic disciplines, team planning, and educational needs of each college. We consistently adhere to the standard of reasonable and lawful recruitment, and strictly abides by the relevant laws and regulations such as the Labour Law of the People's Republic of China 《中華人民共和國勞動法》, the Labour Contract Law of the People's Republic of China 《中華人民共和國勞動合同法》, the Implementation Regulations of the Labour Contract Law of the People's Republic of China 《中華人民共和國勞動合同法實施條例》, the Law on the Protection of Minors 《未成年人保護法》, as well as the Regulations on Prohibition of Child Labour 《禁止使用童工規定》 and the Regulation on Sanitary Work of Schools 《學校衛生工作條例》. In order to foster a transparent and open working environment that promotes diverse integration among faculty and students, the Group ensures that recruitment and promotion procedures are equitable and unbiased for all employees, unaffected by factors such as age, gender, health, marital status, or family circumstances. These processes will be supervised under an effective management framework, with stringent background checks conducted to rigorously prevent the employment of child labour. Additionally, we strictly prohibit any form of forced labour or servitude, ensuring that all employees work voluntarily. Throughout the recruitment process, we uphold the principles of openness, fairness, equality, competition, and merit selection.

Through the implementation of the Standardised Administrative Measures on Recruitment 《招聘管理辦法》 and Handbook for Teachers and Staff 《教職工手冊》, the Group ensures the standard, open, transparent and reliable recruitment process. We carry out recruitment by adhering to the principle of "fairness and impartiality, merit-based admission, professional and morality". To enhance efficiency of recruitment, we have set up a recruitment leading team with a school leader in charge of personnel affairs as the team leader. Before the formal recruitment process, we conduct strict qualification review on the identity and education background information of the applicants. We set up written examinations and trial lectures in the first test process to evaluate the professional competence and basic teaching capability of the applicants. Only those who successfully pass the initial screening proceed to the second round of interviews. Final hiring decisions are made based on the applicant's overall performance in the written test, interview, and other relevant criteria. Should any false behaviour of applicants be detected, we will terminate the employment contract in accordance with the provisions of the Labour Contract Law.

The Group standardises management of the working hours of faculty and staff in accordance with the Attendance Management of Dedicated Teachers and Staff 《專任教職工考勤管理規定》 and the Interim Provisions on Overtime Work and Leave for Teachers and Staff on Duty 《教職工值班加班調休暫行規定》 to ensure that all work is carried out efficiently. We also enforce a position responsibility system, encouraging employees to complete their tasks to a high standard within the stipulated working hours. Additionally, we regularly review relevant employment practices to strictly prevent the use of child labour and forced labour, ensuring that the legal rights and interests of every faculty member are fully protected. This approach fosters a fair and safe working environment. Should any instances of child labour or forced labour be discovered, we will immediately halt such activities and establish a dedicated investigation team to conduct a comprehensive inquiry without delay.

Environmental, Social and Governance Report

During the Reporting Period, the Group did not violate any relevant laws and regulations that are relevant to and have a significant impact on the Group relating to employment and the prevention of child and forced labour.

Overview of the Group's employees during the Reporting Period is set out below:

Overview of Employees	Unit	2024
Total number of employees	person	5,180
Total number of employees (by gender)		
Female employees	person	2,952
Male employees	person	2,228
Total number of employees (by employee category)		
Short-term contracts/part-time employees	person	692
Full-time junior employees	person	921
Full-time middle management	person	571
Full-time senior management	person	648
Other employees	person	2,348
Total number of employees (by age group)		
Employees under the age of 30	person	1,900
Employees aged 30-50	person	2,187
Employees over the age of 50	person	1,093
Total number of employees (by geographical region)		
Employees in Central China region	person	5,180

Environmental, Social and Governance Report

Case: Chunlai breaks new ground in personnel area through its problem-oriented precise measures

To effectively evaluate the performance of the human resources departments of colleges and universities within the Group, promote learning and exchange among colleges and universities, and further enhance the standardisation of human resources practices, the Group's Human Resources Department organised the Joint Personnel Evaluation for the Second Semester for 2023-2024 Academic Year from 23 June to 27 June 2024.



Joint Evaluation Site of Shangqiu University

The joint evaluation was conducted in strict accordance with the Standards and Scoring Criteria for Joint Personnel Evaluation of Colleges and Universities of Chunlai Group 《春來教育集團下屬高校人事聯評考核標準及評分細則》, focusing on key areas such as rules and regulations construction, talent acquisition, faculty development and training, performance appraisal, and work style construction. Evaluations involved detailed reporting and quantitative assessments in these areas. To ensure the effectiveness of the joint evaluation results, the Human Resources Department of the Group carried out a comprehensive summary of the evaluation process. They reviewed all assessment data and outcomes to analyse both the strengths and areas for improvement in personnel management across each college and university. This thorough analysis ensures strict adherence to standards and the implementation of all required measures, driving further improvements in personnel management practices.

Environmental, Social and Governance Report

Teaching Staff Promotion System

The Group pays attention to the flow and allocation of talents within the Group, attaches importance to the growth needs and intentions of teaching staff and guarantees their right to choose. We launched policies such as the Staff Promotion Method 《員工晉升辦法》, Measures for the Management of Reserve Cadres 《後備幹部管理辦法》 and the Measures for the Quantitative Points of Qualifications for Professional and Technical Positions in Teaching Series 《教學系列專業技術職務任職資格量化積分辦法》 and provided on-campus competition for teaching staff. In the process of promotion, we follow the standard of “virtue first, and equal emphasis on ability and integrity”, and ensure the openness, fairness and impartiality of the promotion process. We determine which employees can be promoted based on their personal work performance, achievements and other relevant factors, combined with results of their written examination, interviews and qualification review.

Case: Human Resources Department of the Group organises the open selection of reserve cadres for deputy leaders of our universities and colleges

To further broaden channels for selecting and employing personnel, and to cultivate a cadre of leaders with excellent qualities, a reasonable structure, the ability to shoulder heavy responsibilities, and significant potential for development, the Group’s Human Resources Department organised an open selection process for reserve cadres for deputy leaders of our universities and colleges from 8 July and 9 July 2024. On 8 July 2024, a written examination was conducted as part of this selection process. The exam covered a wide range of topics including major strategic thoughts and policies of the Party and the country, higher education principles, higher education regulations, legal knowledge, current political affairs, and official document handling, aiming at comprehensively assessing the candidates’ professional competence and knowledge background.



Written exam site



Interview site

This open selection process has significantly energised the enthusiasm among cadres, fostering a proactive and innovative spirit. It has established a clear cadre selection orientation that “merit and capability determine position, and those who perform well and demonstrate ability have opportunities for advancement”. The Group’s Human Resources Department will continue to uphold the principles of valuing achievements, integrity, grassroots experience, and innovation in its personnel practices. We aim to attract outstanding talent widely, continuously optimise talent allocation, and enhance the development of a robust talent pipeline. This ensures we provide a solid foundation of human resources to support the Group’s development and success.

Environmental, Social and Governance Report

Teaching Staff Resignation Management

The resignation of teaching staff would be significant loss in human capital for us. As a result, we formulated the Administrative Measures for the Resignation of Teachers and Staff 《教職工離職管理辦法》 to retain outstanding talents. When a teaching staff tenders his/her resignation intention, the Human Resources Department will initiatively arrange an interview to understand the reasons for his/her resignation, and propose corresponding resolutions to retain such employee in combination with specific conditions, helping them solve problems in work, study and life. For employees who already decide to resign, we will develop countermeasures in a timely manner to ensure that other teaching staff smoothly take over their work, ensuring that students' programmes and other teaching affairs are carried out normally.

6.2 Care and Support for Employees

Benefits of Employees

Chunlai Education recognises importance of each teaching staff to the Group. We will endeavour to ease the worries of the employees in order to ensure the high teaching quality. We provide each employee with benefits such as "five insurances and the housing fund", namely medical insurance, maternity insurance, work injury insurance, unemployment insurance, pension insurance and housing provident fund, which is contributed based on specific percentage of salaries in strict accordance with relevant national regulations, providing full life assurance for employees.

In addition to the above benefits, we have also formulated the Administration Measures for the Distribution of Housing Subsidies 《住房補貼發放管理辦法》 in accordance with the Housing Management Regulations 《住房管理規定》 and the Notice on the Implementation of Off-campus Housing Subsidies for Teachers and Staff 《關於啟動實施教職工校外住房補貼的通知》. This policy aims to provide housing subsidies for on-the-job teachers and staff who are not local residents and do not have their own houses. The measure aims to show the care of the Group and the school to the life of employees, ease the housing difficulty of employees, enable them to devote themselves to scientific research and teaching and improve their sense of belonging, thereby achieving the purpose of attracting and retaining outstanding talents.

For holiday arrangements, in addition to national statutory holidays, the Group provides teaching staff with hours, maternity or paternity leave, sick leave, marriage leave, funeral leave and winter holidays. At the same time, we provide breastfeeding female employees with extra breastfeeding leave considering their special needs.

Diversified Activities for Teaching Staff

In order to further enrich the on-campus cultural life of teaching staff and strengthen the exchange and cooperation among departments, the Group carried out diversified activities. These initiatives aim to promote team collaboration, strengthen cohesion, and provide a platform for staff to showcase their talents and learn from one another. By hosting various cultural, sports, and arts events, we strive to create a harmonious and vibrant campus atmosphere. Participation in these activities not only allows staff to relax and rejuvenate but also fosters mutual understanding and trust among colleagues. This contributes positively to the overall development of the school.

Environmental, Social and Governance Report

Case: Faculty birthday parties and faculty games in colleges and universities of Chunlai Education



Faculty birthday party of Shangqiu University



Faculty game of Shangqiu University



Faculty birthday party of Shangqiu University Kaifeng Campus



Faculty game of Shangqiu University Kaifeng Campus

6.3 Valuing Talent Cultivation

In order to promote the distinguished development of the teacher team and improve the teaching achievements, we launched an innovative growth plan for young teachers in accordance with the requirements under the Teacher Law of the People's Republic of China 《中華人民共和國教師法》 and the Regulation on Training Work for Teachers of Higher Education Institutions 《高等學院教師培訓工作規程》 and encouraged senior teachers to fully display their leading and guiding roles. We emphasize continuing education and systematic on-the-job training to build a stronger education team.

The Group has established a training system at different levels with specific targets, focuses on personal development of teachers and the fostering of integrity. We ensure the training content is offered strictly to improve our teachers' business capability and foster their ideological and ethical standards, so as to guarantee they have correct values, and enhance teaching innovation and the matching of teachers and positions. Additionally, we strengthen support for the professional plans of teachers to ensure the training results are aligned with the targets of the school. We provide teachers with consultancy and guidance on career development to ensure the provision of outstanding talent cultivation across the Group.

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Pre-job training for new teachers:

Types of Training	Training Content
Comprehensive quality training	- History and current conditions of the school - Higher education theories and career development
Teaching skills improvement	- Teaching skills and application of information technology - Ideological and political theory and practice on courses
Providing teaching instruction	Each college formulates the Plan on Providing Teaching Instructions to New Teachers based on its actual conditions and files with the Teacher Development Centre. The requirements on providing teaching instructions are as follows: We will provide an adviser teacher with good ethics, extensive teaching experience and professional title of associate professor or above to each of the teachers participating in trainings and offer guidance on education thoughts and concepts as well as teaching methods and skills to improve their teaching practise capabilities.
Study and training on online courses (independent study)	- Higher education theory and career development module (How to grow into an outstanding college teacher and other courses) - Teaching skills and application of information technology (Required teaching skills for college teachers and case study and other courses) - Ideological and political theory and practice on courses ("Course Theory", "Teaching Theory" and other courses) - Smart Education of China · Higher Education (to complete training courses for teachers and obtain the training certificate with 10 credits)

Environmental, Social and Governance Report

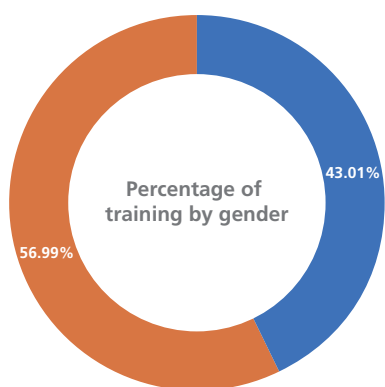
Trainings for teaching staff by position and type in 2024

Type	Certain Themes
Ideological and political trainings	Sharing of Learning and Implementing Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and the Deeds of Zhou Xuetian, an Old Hero of the War to Resist US Aggression and Aid Korea, Special Seminar on Learning and Implementing Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and Ideological Work
Cadre training	Party members and cadres visited the education base to learn and carry forward the spirit of Jiao Yulu
Education and teaching trainings	Summer workshop training, lecture on "How to Strike a Balance Between Research and Teaching", academic salon on "Intelligent Construction Technology and Talent Cultivation in the Context of New Engineering", academic salon on "Exploration of Practical Education Mode in the Context of New Liberal Arts", academic salon on the "Development of Ideological and Political Courses and Ideological and Political Building Related to Courses", lecture on "Enhancement of Teaching Capability of Teachers", lecture on "Enhancement of Scientific Research Capacity to Improve the Quality of Talent Cultivation in Schools"
External training for teaching staff	2023 "Digital Intelligence in the Central Plains" Teaching Ability Enhancement Training for Instructors of Electronic Design Competition for College Students in Henan Province, Training Workshop for Teachers of Teacher Education Courses in Higher Education Institutions, Training Course for Famous Teachers, Training Course for Young Backbone Teachers, Conference on Employment and Education in Chinese Colleges and Universities, The 11th High-level Forum of Quality Education in Universities, Training Course on Employment Guidance for Counsellors of Colleges and Universities of Henan Province (Phase II), "Digital Transformation of Education and Empowerment by New Technology" Training Programme
On-campus business training	Lecture on "Official Document Writing Training", Lecture on "Records Management Training", Training Session on Distribution of Employment Materials for the Graduates of 2024, Lecture on Innovation and Entrepreneurship

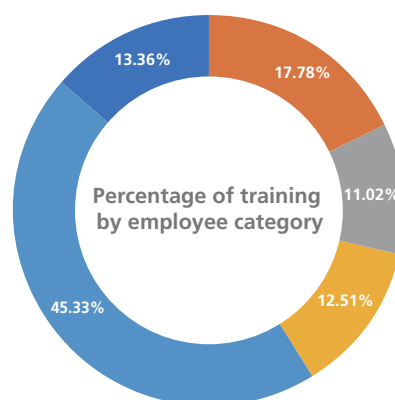
Environmental, Social and Governance Report

Training contents for backbone teachers:

General teaching ability training	• Educational philosophy • Basic teaching norms • Teaching theory and technology • Modern education technology • Professional ethics
Special training for the development of new educational theory and technology at home and abroad	• We engage experts or famous teachers to attend the class or watch the video of the class, and make suggestions and consultation on teaching improvement • Build a platform for teachers to exchange teaching research and reforms through opening of teacher salons and new teacher workshops
Dual-qualified teachers development plan	• Engineering laboratory technicians shall be required to enter relevant enterprise for further studying and training for at least 3 months within five years • Encourage on-the-job study for master's and doctorate degrees; establish a regular training system for laboratory technicians, and each laboratory technician shall be required to participate in a further studying and training within five years



■ Male employees ■ Female employees



■ Short-term contract/part-time employees
 ■ Full-time junior employees
 ■ Full-time middle management
 ■ Full-time senior management
 ■ Other employees (if any)

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Average training hours (by gender)	Unit	2024
Female employees	hour	17.09
Male employees	hour	11.22
Average training hours (by employee type)	Unit	2024
Short-term contract/part-time employees	hour	0.09
Full-time junior employees	hour	26.87
Full-time middle management	hour	16.10
Full-time senior management	hour	11.88
Other employees	hour	14.38

7. ADVOCATING FOR ENVIRONMENTAL PROTECTION

Chunlai Education understands the importance of environmental protection. We strictly abide by the Environmental Protection Law of the People's Republic of China 《中華人民共和國環境保護法》 and other relevant laws and regulations, continuously control emissions and resource use in the process, and actively take measures to reduce emissions, improve the efficiency of resource utilisation, and practice green operations.

To ensure that our environmental protection measures are in line with the legal requirements, we not only followed the relevant regulations, but also took the initiative to formulate a series of management systems, such as the Regulations on Saving Electricity in Canteens 《餐廳節約用電管理制度》, the College Programme on Prevention of Food Wastage 《餐飲浪費行為的工作方案》, and the Regulations on Disposal of Food Waste 《餐廚廢棄物處置管理制度》, in order to minimise the burden on the environment, realise the efficient utilisation of resources, and create a greener, low-carbon campus environment for our teachers, students and the society at large.

In our daily operations, we endeavour to minimise the negative impact on the environment and do our part to protect the environment through measures such as power usage management, water resource management, supplies consumption control, waste disposal and greenhouse gas emissions management. During the Reporting Period, we strictly complied with relevant environmental regulations and did not experience any major environmental violations, demonstrating our firm commitment to green development.

Environmental, Social and Governance Report

7.1 Climate Change Mitigation

In accordance with the Guidance on Climate Disclosures prepared by the Stock Exchange, the Group identified, analysed and evaluated climate change risks and their potential consequences and financial impacts and implemented corresponding measures as shown in the following table:

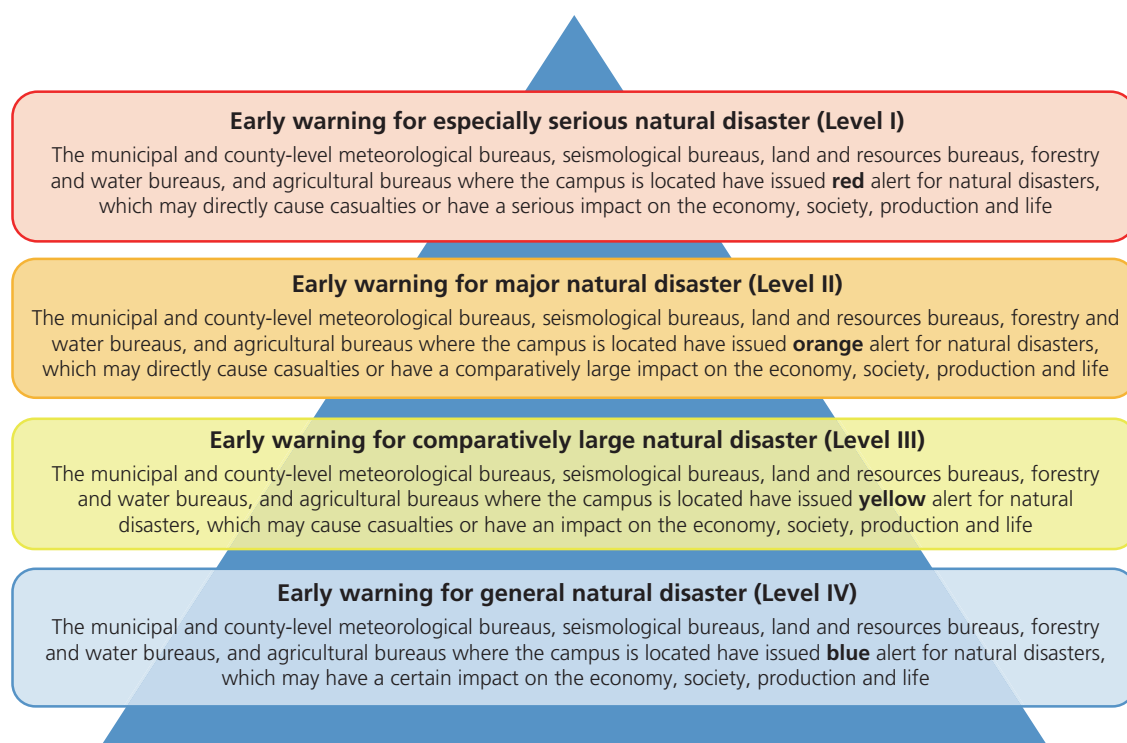
Type of climate risks	Potential risk	Potential financial impacts	Current response measures for risk mitigation
Physical climate risks	Acute risks (such as disasters caused by urban flooding and other extreme weather) Chronic risks (such as persistent high temperature, lack of fresh water resources, etc.)	• Damage of infrastructure and facilities and depreciation of fixed assets • Extreme weather increases risks on the health and safety of teachers and students, and results in decreases in operation capability and revenue • Persistent high temperature weather increases electricity consumption, thereby affecting operating costs • Decrease in the availability of fresh water resources results in higher costs	• Develop response measures to disasters • Provide disaster response trainings and escape drills to employees • Explore the possible use of renewable energy (large campuses may consider the use of solar energy, wind and other clean energy to replace fossil energy) • Reduce the risk on possible higher energy price in the future through the use of low-cost emission reduction measures • Actively participate in environmental protection and public benefit activities (such as planting trees) to mitigate global warming

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Type of climate risks	Potential risk	Potential financial impacts	Current response measures for risk mitigation
Transformation risks	Policy and regulation risks	• Possible punishment for irregularities • Restrictions on investment amount subject to stricter ESG standards	• Understand the latest laws and regulations on climate change and integrate them into management strategies
	Market risks	• Failure to make effective feedbacks to stakeholders may affect investors' decision-making, thereby affecting investment • Exploration of new teaching models may increase operating costs • Reduction in the number of students may result in decrease in revenue	• Reduce its own carbon footprint and actively respond to climate change • Maintain teaching quality and textbook R&D to satisfy market demand
	Reputational risks	• Corporate reputation has indirect effects on the admission yield of schools and results in decrease in operating revenue	• Disclose the Company's efforts in ESG in the ESG report • Provide more relevant trainings on green campus to teachers and students

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In order to ensure that the Group can rapidly and effectively respond to natural disasters, we formulated the Emergency Plan for Public Emergencies of Natural Disasters 《自然災害公共事件應急預案》. The plan specifies the responsibilities and tasks of all departments. We proposed emergency rescue measures after disasters with an aim to enhance our response and resilience to natural disasters. We have divided the natural disasters into four levels based on the intensity and the degree of damage that may or have been caused and ensured explicit and practical response strategies under each circumstance as shown in the following figure:



We bear the responsibility of protecting the lives and property of our teachers and students, and therefore we have an Emergency Response Plan for Major Natural Disasters 《重大自然災害突發事件應急預案》. This plan enables us to respond effectively to natural disasters, reduce losses, and comply with Chinese policies and regulations and relevant laws. We will continue to monitor policy and regulation updates and encourage our suppliers to comply with relevant laws.

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7.2 Optimising the Use of Resources

Energy saving

The Group is committed to building a green and energy-saving campus environment. We have taken the following measures to optimise energy use and reduce energy consumption. We comply with the Energy Conservation Law of the People's Republic of China 《中華人民共和國節約能源法》 and other relevant regulations, and incorporate environmental protection requirements into our daily operations. We implement the Water and Electricity Saving Management Regulations 《節水節電管理規定》, including the adoption of energy-saving equipment, optimisation of electricity consumption processes, etc., and strive to maintain a flat or gradual decrease in electricity consumption intensity while ensuring the level of operation. We continue to optimise the gas consumption process to enhance energy efficiency, for example, reducing the consumption of natural gas for cooking in restaurants and the consumption of petrol and diesel in transportation. We have set up the Energy Conservation and Emission Reduction Leading Group to fully co-ordinate our energy management work and ensure that all energy conservation measures are put in place. Our goal is to maintain or gradually reduce electricity intensity in the future, while operating at a similar level.

During the Reporting Period, the power consumption intensity of the Group's six colleges and universities in the course of their operations decreased as compared with the previous year, and we will endeavour to implement different measures to move towards low-carbon operations.

Electricity consumption	Unit	2024
Total electricity consumption	MWh	26,055.87
Total electricity consumption intensity	MWh/m ²	0.006
Total electricity consumption intensity	MWh/person ¹	0.24

¹ Calculated based on the number of employees and students as at 31 August 2024.

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The main energy saving measures we have implemented to reduce energy consumption are as follows:

Power saving system

- At time of seasonal changes, check the difference between the supply and return temperatures of air-conditioning water, and appropriately increase the supply temperature of chilled water to reduce the energy consumption of the refrigeration equipment when the raw conditioning load is small.
- Rationalise the capacity and number of units of transformers depending upon the size and performance of the electrical load, and control the operating load so that it is 70-90% of the rated capacity.
- Optimally adjust the number of cooling system equipment running according to the actual weather conditions to improve the safety of the operation of the cold air-conditioning system, and at the same time, put reasonable number of cooling water system equipment into operation based on the actual weather and the heat load of the restaurant to achieve the purpose of energy saving.
- The air conditioner in the dining area should be turned on 5 minutes before the meal, and the air conditioner should not be turned on too early. The temperature range of the air conditioner should be as follows: the air conditioner should not be turned on if the temperature is lower than 28°C in summer and higher than 10°C in winter, and the cooling temperature should not be lower than 26°C in summer and the heating temperature should not be higher than 20°C in winter.
- Reduce the power consumption of electronic office equipment and energy consumption of standby equipment. Reasonably switch on and use computers, printers, photocopiers, scanners and other power-using equipment, and switch off the power at the end of work to prevent such equipment from going into standby mode.

Lighting system

- Use energy-saving lighting fixtures: replace incandescent lamps with fluorescent lamps; replace high-pressure mercury lamps with high-pressure sodium lamps or metal halide lamps; replace ordinary inductive rectifiers with electronic rectifiers.
- Ensure that lights are not left on indefinitely or during daylight hours. Offices should maximise the use of natural light on sunny days. In larger office spaces, minimise the number of lights turned on when there are few people present, and always turn off lights when leaving the area. For stairwells, corridors, and other public spaces, maintain appropriate illumination levels while reducing the number of lights switched on, or implement zoned control systems to activate lighting only as needed.
- Regularly check the lighting facilities in the canteen to prevent electrical leakage and unnecessary power consumption. For stairwells, corridors, and other public spaces, maintain appropriate illumination levels while appropriately reduce the number of lights switched on, or implement zoned control systems to activate lighting only as needed.

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Water management

Water is an important resource in our operations, and we are committed to promoting water efficiency and conservation in our operations, as well as fully implementing water resource management. We comply with the Water Pollution Prevention and Control Law of the People's Republic of China 《中華人民共和國水污染防治法》 and other relevant laws and regulations, as well as the relevant environmental laws and regulations of the place where we operate, such as the Regulations on Water Pollution Prevention and Control of Henan Province 《河南省水污染防治條例》 to ensure that we meet our water resource management standards. We carry out comprehensive control in water source management, water use process optimisation and wastewater discharge control, and actively adopt water conservation measures, such as the use of water-saving equipment and optimisation of water use processes. We set up water conservation programmes and strictly implement them in our daily operations, striving to maintain or gradually reduce our water consumption intensity while ensuring the level of our operations.

The domestic wastewater generated by the Group is discharged through the municipal sewage network to urban wastewater treatment plants for centralised treatment, ensuring compliance with discharge standards. Through these systematic water resource management measures, we aim to continuously optimise water management in the future, further improving water usage efficiency and promoting the development of a green campus. The Group does not face any issues regarding access to suitable water sources in our operations.

We are committed to implementing a series of initiatives to improve water resources management and achieve water conservation.

- Repair and utilise rainwater collection systems. Collect and use rainwater for irrigation of green spaces to reduce the use of tap water.
- Install water meters for departments with high water consumption so that they use water within a set quota, and charged on the basis of tonnage used.
- Water for students in dormitory buildings is delivered in accordance with the rules of the college, and individuals are responsible for overspending.
- Use a container of water to rinse the mop, and minimise the use of direct tap water for rinsing.

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In order to achieve efficient use of water resources and to ensure the safety of drinking water for students and teachers at all campuses, we have put in place a series of management measures for each campus. Firstly, we have strengthened the daily maintenance and management of water fixtures on campus to ensure that they are in good working order and utilise water efficiently. At the same time, the Group has also formulated a series of regulations and plans, such as the Management Regulations on Water and Electricity Conservation (《節水節電管理規定》), the Appraisal System for Water-saving (《節約用水考核制度》) and the Construction Plan for Water-saving Facilities (《節水設施建設方案》), to ensure that water consumption and conservation work is carried out in an orderly manner. Our water consumption data for the Reporting Period is set out below:

Water consumption	Unit	2024
Total water consumption	tonnes	787,530.91
Total water consumption intensity	tonnes/m ²	0.18
Total water consumption intensity	tonnes/person ¹	7.26

During the Reporting Period, the water consumption intensity of the Group in the course of operations decreased compared to the previous year. We will implement diversified measures to reduce water consumption in the future.

7.3 Waste Management and Resource Conservation

The Group has adopted comprehensive measures in waste management. We strictly implement the Solid Waste Pollution Prevention Law of the People's Republic of China (《中華人民共和國固體廢物污染環境防治法》) and the Measures for the Management of Municipal Solid Waste (《城市生活垃圾管理辦法》) to carry out the disposal of waste.

Hazardous and non-hazardous wastes generated by us are properly collected, segregated and further treated by qualified third party waste collectors appointed by us. For example, we have set up a Food Waste Disposal Ledger (《餐廚廢棄物處置台賬》) to record and monitor the types, quantities, destinations and uses of kitchen waste. We have organised various activities and adopted a series of measures to curb food and beverage waste.

- Strengthen the management of low-value consumable items. Consumable items of the canteen are uniformly kept by the warehouse keeper, and other personnel are not allowed to collect them without the consent of the canteen manager. The consumable items should be stipulated in terms of the time of use, the person who uses them and the number of items used, and individuals should bear the relevant costs if they fail to carry out the stipulations in accordance with the regulations and exceed the budget.
- Food safety campaigns are conducted through the campus food safety bulletin board to advocate for food waste reduction.
- A series of campus cultural activities have been organised to actively create a good campus atmosphere of thrift and frugality, raise students' awareness of food safety, reduce catering waste and promote positive and healthy eating concepts.

¹ Calculated based on the number of employees and students as at 31 August 2024.

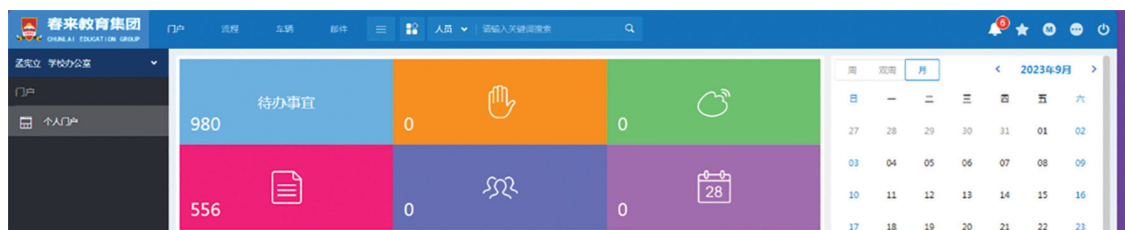
Environmental, Social and Governance Report

- Put effective sterilisation equipment in place, provide recyclable tableware and advocate for teachers, students and staff to eat in the dining halls; reduce catering waste and promote positive and healthy eating concepts.
- Increase the number of communal chopsticks supplied in canteen, and promote the use of biodegradable disposable tableware to reduce the use of white plastic products.

In order to ensure that the canteen wastewater is effectively treated, we have cooperated with a professional wastewater treatment company to carry out professional sewage pumping and treatment of wastewater generated by the canteen, and installed fully automatic oil-water separator equipment for catering wastewater at the canteen wastewater discharge outlet.

During the Reporting Period, we have actively implemented a number of measures to reduce waste generation, and will maintain or gradually reduce waste generation in the future with a similar level of operation. Non-hazardous waste is mainly domestic waste generated from school life. The total non-hazardous waste generated is 10,554 tonnes and the intensity of non-hazardous waste generated is 0.10 tonnes. The intensity of non-hazardous waste generated in the course of the Group's operations is similar compared to the previous year, and in the future we will implement diversified measures in an effort to reduce the amount of waste generated.

To boost efficiency and streamline processes, the Group has implemented a paperless office policy and introduced an OA (Office Automation) system. All approval processes, including financial reimbursements, asset management, and personnel-related matters, are now conducted online and via mobile devices, significantly reducing the use of paper documents. Furthermore, both the Group and its affiliated universities uniformly utilise the OA coordinated office platform for daily tasks such as leave applications and meeting room bookings. This not only enhances work efficiency but also effectively conserves resources, promoting a more environmentally friendly and efficient office model.



OA Coordinated Office Platform

Environmental, Social and Governance Report

7.4 Emissions Management

Greenhouse Gas Emission Management

We have implemented greenhouse gas emissions inventory work across six colleges under the Group: Shangqiu University, Anyang University, Shangqiu College Kaifeng Campus, Anyang University Yuanyang Campus, Jingzhou College, and Hubei Jiankang Vocational College. Our GHG emissions inventory adheres to the Greenhouse Gas Protocol-A Corporate Accounting and Reporting Standard (《溫室氣體盤查議定書－企業會計及報告標準》), which is established by the World Business Council for Sustainable Development and the World Resources Institute, as well as the ISO 14064-1 standard issued by the International Organization for Standardization. This ensures the accuracy of our greenhouse gas emissions data.

During the Reporting Period, we maintained the greenhouse gas emissions targets set in 2022. Assuming comparable operational conditions, we are committed to maintaining or reducing our overall carbon emissions.

Greenhouse gas emission performance	Unit	2024
Greenhouse gas emissions		
Direct greenhouse gas emissions (Scope 1)	tonnes of carbon dioxide equivalent	49,806.89
Greenhouse gas emission removals from newly planted trees (Scope 1)	tonnes of carbon dioxide equivalent	748.37
Indirect greenhouse gas emissions (Scope 2)	tonnes of carbon dioxide equivalent	14,859.66
Total greenhouse gas emissions (Scope 1 & 2)	tonnes of carbon dioxide equivalent	63,918.18
Greenhouse gas emission intensity		
Per square metre (Scope 1 & 2)	tonnes of carbon dioxide equivalent/m ²	0.015

Scope 1: Direct greenhouse gas emissions from sources owned and controlled by the Group.

Scope 2: Indirect greenhouse gas emissions from electricity generation, heating and cooling, or steam purchased by the Group.

Our greenhouse gas emission comes from the fuel consumption of the Group's fixed equipment and vehicles, the use of refrigerants (Scope 1) and the consumption of purchased electricity (Scope 2). During the Reporting Period, the total greenhouse gas emission (Scope 1 & 2) was 63,918.18 tonnes of carbon dioxide equivalent, which decreased as compared with last year. In future, we will continue to monitor the greenhouse gas emission, and adopt effective low-carbon measures to reduce greenhouse gas emissions.

Environmental, Social and Governance Report

Exhaust Emission

The Group is committed to improving air quality and reducing air pollution, and we strictly comply with the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》) and other laws and regulations. Our main sources of emissions are mobile fuel combustion in school-owned vehicles, cooking fumes emitted from school canteens and consumption of garden machinery, including petrol and diesel which produce air emissions such as sulphur oxides (SO_x), nitrogen oxides (NO_x) and particulate matter (PM). To effectively control the emission of oily fumes, we have installed oily fume filters for all restaurant exhaust facilities to control oily fume emission from canteen kitchens. We have implemented various initiatives to reduce energy consumption and carried out regular cleaning of the flue cleaners to ensure that the emission levels meet national industry standards.

Type of emission	Unit	2024
Nitrogen oxides (NO _x)	kg	613.75
Sulphur oxides (SO _x)	kg	1.12
Particulate Matter (PM)	kg	46.68

7.5 Promoting Environmental Protection

We are dedicated to cultivating students' sense of environmental responsibility by promoting campus environmental education centred on green culture. This initiative aims to enhance students' environmental literacy and understanding of sustainable living. We integrate green principles into daily education to foster environmental awareness and sustainable behaviour habits among students.

Environmental, Social and Governance Report

Faculty and students of Jingzhou College of the Group joined forces with the General Affairs Department to carry out a voluntary tree planting activity on campus. Working together, they planted trees and contributed to greener surroundings. This initiative not only beautified the campus environment but also enhanced environmental awareness among both faculty and students, demonstrating a strong commitment to environmental responsibility.



Environmental, Social and Governance Report

Shangqiu College of the Group organised an energy-saving promotion campaign to educate students about environmental measures. The campaign encouraged students to make smart choices when selecting eco-friendly products and to develop good living habits. It also promoted the concept of low-carbon living, and advocated for green travel, energy conservation, and emission reduction as key environmental practices to foster sustainable development.



Environmental, Social and Governance Report

8. ACTIVELY GIVING BACK TO THE COMMUNITY

Chunlai Education remembers the care and support received from all quarters and remains steadfast in fulfilling our corporate social obligations. We leverage our resources and advantages to actively participate in various charitable projects. This year, the Group has focused on improving and enhancing volunteer services, with each of our colleges forming multiple volunteer teams that engage in diverse public welfare activities. These efforts allow us to widely give back to society, embodying our commitment to social responsibility and spirit of dedication.

In 2024, the Group had 1,798 employee volunteers and 12,969 student volunteers. The number of employees and students participating in activities reached 366 and 17,242 instances, respectively. Employee volunteer teams contributed a total of 14,348 service hours, while student volunteer teams contributed 22,599 service hours. Our total donation amounted to RMB139,000.

Case: Volunteer Service, Running Together – 2024 Jingzhou Marathon

On 1 April 2024, Jingzhou College supported the 2024 Jingzhou Marathon by providing trained volunteers to ensure the smooth operation of the event services. The volunteers exemplified the spirit of “dedication, friendship, mutual assistance, and progress”. They were stationed at various supply points along the latter half of the race course, ensuring that participants could replenish their energy in a timely manner.



Environmental, Social and Governance Report

Case: "Month of Lei Feng" Volunteer Service Series – Caring for the elderly

In March 2024, Anyang University organised a diverse range of volunteer service activities as part of the "Month of Lei Feng" Volunteer Service Series, putting the Lei Feng spirit for the new era into practice through concrete actions. Among these activities, several colleges arranged for faculty and students to visit nursing homes to conduct volunteer services.



Case: "Youth Effort and Dedication – A Hopeful Home" – Summer School Loving Care Programme Providing students with a Colorful Summer Holiday

During the summer of 2024, under the joint initiative of Jingzhou College and the Jingzhou High-Tech Zone, the Mi Shi Qiao Community in the Jingzhou High-Tech Zone launched a "Summer School" loving care programme. This initiative aimed to help parents address the challenge of childcare during the holidays and provided homework counselling by fully considering the age characteristics and interests of the students. The programme offered a diverse range of courses including red culture studies, safety education, traditional culture, legal awareness, singing, drawing, sports, and more to enrich the holiday life of children in the community. These guided and helped young people spend a safe, happy and meaningful holiday.



Environmental, Social and Governance Report

APPENDIX I: SUMMARY OF SUSTAINABLE DEVELOPMENT DATA

Environmental Area ²	Unit	2023	2024
Air pollutant			
Nitrogen oxides (NO _x)	kg	472.80	613.75
Sulphur oxides (SO _x)	kg	0.92	1.12
Particulate matters (PM)	kg	36.05	46.68
Amount of greenhouse gas emissions³			
Direct greenhouse gas emissions (Scope 1)	tCO ₂ e	96,791.08	49,806.89
Greenhouse gas emissions removals from newly planted trees (Scope 1)	tCO ₂ e	715.99	748.37
Indirect greenhouse gas emissions (Scope 2)	tCO ₂ e	28,382.72	14,859.66
Total amount of greenhouse gas emissions (Scope 1 & 2)	tCO ₂ e	124,457.81	63,918.18
Intensity of greenhouse gas emissions			
Per square meter of floor area (Scope 1 & 2)	tCO ₂ e/m ²	0.033	0.015
Electricity consumption			
Total electricity consumption	MWh	49,768.06	26,055.87
Total electricity consumption intensity (per square meter)	MWh/m ²	0.013	0.006
Total electricity consumption intensity (per person) ¹	MWh/person	0.46	0.24
Fixed equipment fuel consumption			
Natural gas consumption	m ³	678,220.65	614,916.12
Liquefied natural gas consumption	m ³	75,500.00	38,051.00
Gasoline consumption	tonne	11.88	5.83
Diesel consumption	tonne	16.37	1.50
Liquefied petroleum gas consumption	tonne	66.13	50.60
Motor vehicle fuel consumption			
Gasoline consumption	litres	44,024.52	56,251.59
Diesel consumption	litres	9,494.16	15,374.75
Water consumption			
Total water consumption	tonne	991,986.00	787,530.91
Total water consumption intensity (per square meter)	tonne/m ²	0.27	0.18
Total water consumption intensity (per person) ¹	tonne/person	9.18	7.26

² The collection covers six schools under the Group: Shangqiu University, Anyang University, Shangqiu University Kaifeng Campus, Anyang University Yuanyang Campus, Jingzhou University and Hubei Jiankang Vocational College.

³ We refer to "How to Prepare an Environmental, Social and Governance Report—Appendix II: Environmental Key Performance Indicators Reporting Guide" of the Stock Exchange to calculate the Group's air pollutant emissions and greenhouse gas emissions.

Environmental, Social and Governance Report

Environmental Area ²	Unit	2023	2024
Hazardous waste			
Batteries	kg	26.21	16.81
Used ink cartridges and used toner cartridges	kg	925.80	382.50
Non-hazardous waste			
Total non-hazardous waste production	tonne	10,690.00	10,554.00
Non-hazardous waste production intensity	tonne/person	0.10	0.10
Paper consumption			
Total paper consumption ⁴	kg	260,900.64	667,649.06
Paper consumption per capita	kg/employee	54.93	130.35
Social Area ⁵	Unit	2023	2024
Total number of employees	person	4,750	5,180
Total number of employees (by gender)			
Female employees	person	2,766	2,952
Male employees	person	1,984	2,228
Total number of employees (by employee category)			
Short-term contract/part-time employees	person	805	692
Full-time junior employees	person	1,827	921
Full-time middle management	person	537	571
Full-time senior management	person	414	648
Other employees ⁶	person	1,167	2,348
Total number of employees (by age group)			
Under the age of 30	person	1,726	1,900
Aged 30-50	person	2,032	2,187
Over the age of 50	person	992	1,093
Total number of employees (by geographical region)			
Employees from Central China region ⁷	person	4,750	5,180
Turnover rate⁸			
Total employee turnover rate	%	8.65	10.04

⁴ The increase in total paper consumption is due to the more standardised requirements for graduation materials and new student materials in the year, resulting in greater paper consumption

⁵ Social area collection covers the whole Group

⁶ Other employees refer to employees without titles

⁷ Employees classified by region during the reporting period are categorised based on their work location

⁸ Calculation method = number of employees lost ÷ number of employees at the end of the year × 100%

Environmental, Social and Governance Report

Social Area ⁵	Unit	2023	2024
Employee turnover rate⁹ (by gender)			
Female employees	%	9.58	11.65
Male employees	%	7.36	7.90
Employee turnover rate⁹ (by age group)			
Under the age of 30	%	16.86	15.37
Aged 30-50	%	4.28	8.37
Over the age of 50	%	3.33	4.12
Employee turnover rate⁹ (by geographical region)			
Employees from Central China region	%	8.65	10.04
Trained employees percentage¹⁰ (by gender)			
Female employees	%	61.09	56.99
Male employees	%	38.91	43.01
Trained employees percentage¹⁰ (by employees category)			
Short-term contract/part-time employees	%	1.03	13.36
Full-time junior employees	%	69.83	17.78
Full-time middle management	%	13.06	11.02
Full-time senior management	%	5.88	12.51
Other employees	%	10.20	45.33
Average training hours¹⁰ (by gender)			
Female employees	hour	24.50	17.09
Male employees	hour	24.64	11.22
Average training hours¹⁰ (by employee category)			
Short-term contract/part-time employees	hour	6.00	0.09
Full-time junior employees	hour	27.00	26.87
Full-time middle management	hour	23.17	16.10
Full-time senior management	hour	23.82	11.88
Other employees	hour	11.88	14.38
Occupational health and safety – work related fatalities of direct employees			
Number of work-related fatalities in each of the past three years (including the Reporting Year)	person	0	0
Rate of work-related fatalities in each of the past three years (including the Reporting Year)	%	0	0
Lost days due to work injury	day	0	0

⁹ Calculation method = number of employees lost in the category ÷ number of employees at the end of the year in the category × 100%

¹⁰ Calculation method = number of employees trained in this category/total number of employees trained in this category

Environmental, Social and Governance Report

APPENDIX II: INDEX TO THE ESG REPORTING GUIDE OF THE STOCK EXCHANGE

Indicators			Related Sections
A. Environmental Area			
A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	7. Advocating for Environmental Protection
	A1.1	The types of emissions and respective emissions data.	7.4 Emission Management Appendix I: Summary of Sustainable Development Data
	A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	7.4 Emission Management Appendix I: Summary of Sustainable Development Data
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	7.3 Waste Management and Resources Protection Appendix I: Summary of Sustainable Development Data
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	7.3 Waste Management and Resources Protection Appendix I: Summary of Sustainable Development Data
	A1.5	Description of emissions target(s) set and steps taken to achieve them.	7. Advocating for Environmental Protection
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	7.3 Waste Management and Resources Protection

Environmental, Social and Governance Report

Indicators			Related Sections
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	7.2 Optimising the Use of Resources
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	7.2 Optimising the Use of Resources Appendix I: Summary of Sustainable Development Data
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	7.2 Optimising the Use of Resources Appendix I: Summary of Sustainable Development Data
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	7.2 Optimising the Use of Resources
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	7.2 Optimising the Use of Resources
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable to the Group's business
A3: Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	7. Advocating for Environmental Protection
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	7. Advocating for Environmental Protection
A4: Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	7.1 Mitigating Climate Change
	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	7.1 Mitigating Climate Change

Environmental, Social and Governance Report

Indicators			Related Sections
B. Social Area			
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare.	6.1 Improving Employment Management 6.2 Care and Support for Employees
	B1.1	Total workforce by gender, employment type (for example, full – or part – time), age group and geographical region.	6.1 Improving Employment Management Appendix I: Summary of Sustainable Development Data
	B1.2	Employee turnover rate by gender, age group and geographical region.	Appendix I: Summary of Sustainable Development Data
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	4.1 Health and Safety Guarantee
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	4.1 Health and Safety Guarantee Appendix I: Summary of Sustainable Development Data
	B2.2	Lost days due to work injury.	Appendix I: Summary of Sustainable Development Data
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	4.1 Health and Safety Guarantee

Environmental, Social and Governance Report

Indicators			Related Sections
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	6.3 Valuing Talent Cultivation Appendix I: Summary of Sustainable Development Data
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management and middle management).	6.3 Valuing Talent Cultivation Appendix I: Summary of Sustainable Development Data
	B3.2	The average training hours completed per employee by gender and employee category.	6.3 Valuing Talent Cultivation Appendix I: Summary of Sustainable Development Data
B4: Labour Standards	B4	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	6.1 Improving Employment Management
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	6.1 Improving Employment Management
	B4.2	Description of steps taken to eliminate such practices when discovered.	6.1 Improving Employment Management
B5: Supplier Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	5.4 Supplier Chain Management
	B5.1	Number of suppliers by geographical region.	5.4 Supplier Chain Management
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	5.4 Supplier Chain Management
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	5.4 Supplier Chain Management
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	5.4 Supplier Chain Management

Environmental, Social and Governance Report

Indicators			Related Sections
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	4.1 Health and Safety Guarantee 4.2 Quality Teaching 5.3 Information Security and Privacy Protection
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable to the Group's business
	B6.2	Number of products and service-related complaints received and how they are dealt with.	4.1 Health and Safety Guarantee 4.2 Quality Teaching
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	5.5 Protecting Intellectual Property
	B6.4	Description of quality assurance process and recall procedures.	4.2 Quality Teaching Product recycling program is not applicable to the Group's business
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	5.3 Information Security and Privacy Protection

Environmental, Social and Governance Report

Indicators			Related Sections
B7: Anti – corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	5.2 Combating Corruption and Promoting Integrity
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	5.2 Combating Corruption and Promoting Integrity
	B7.2	Description of preventive measures and whistle – blowing procedures, how they are implemented and monitored.	5.2 Combating Corruption and Promoting Integrity
	B7.3	Description of anti-corruption training provided to directors and employees.	5.2 Combating Corruption and Promoting Integrity
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	8. Actively Giving Back to the Community
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	8. Actively Giving Back to the Community
	B8.2	Resources (e.g. money or time) contributed to the focus areas.	8. Actively Giving Back to the Community

Independent Auditor's Report



**TO THE SHAREHOLDERS OF
CHINA CHUNLAI EDUCATION GROUP CO., LTD.**

中國春來教育集團有限公司

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of China Chunlai Education Group Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 138 to 192, which comprise the consolidated statement of financial position as at 31 August 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 August 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditor's Report

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Recognition of revenue from tuition fees

Refer to note 7 to the consolidated financial statements

Tuition fees from students, in accordance with the programme enrolled, are generally collected in advance at the beginning of the school year. Tuition fees received from students but not earned are initially recorded as contract liabilities, and subsequently recognised as revenue proportionately over the relevant period of the applicable programme. Given revenue from tuition fees is one of the key performance indicators of the Group, we identified it as a key audit matter.

Our audit procedures included, among others:

- Understanding the key controls over the recognition of tuition fees;
- Reconciling the number of students to the relevant official records registered with the education authorities;
- Checking the information about the receipts of tuition fees and student enrollments, on a sample basis, to supporting documents of payments, authorised fee levels, and official student records registered with the education authorities; and
- Performing analytical procedures to test the amount of tuition fees recognised during the year.

We consider that the Group's recognition of revenue from tuition fees is supported by the available evidence.

Independent Auditor's Report

Property, plant and equipment and right-of-use assets

Refer to notes 16 and 18 to the consolidated financial statements

The Group tested the amount of property, plant and equipment and right-of-use assets for impairment. This impairment test is significant to our audit because the balance of property, plant and equipment of approximately RMB3,161,911,000 and right-of-use assets of approximately RMB760,590,000 as at 31 August 2024 are material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on assumptions and estimates.

Our audit procedures included, among others:

- Assessing the identification of the related cash generating units;
- Comparing the actual cash flows with the cash flow projections;
- Assessing the reasonableness of the key assumptions (including revenue growth, profit margins, terminal growth rates and discount rates);
- Obtaining and checking to evidence to support the Group's impairment assessment;
- Assessing the competence, independence and integrity of the external valuer engaged by the Group;
- Obtaining the external valuation report and meeting with the external valuer to discuss and challenge the valuation process, methodologies used and market evidence to support significant judgements and assumptions applied in the valuation model;
- Checking arithmetical accuracy of the valuation model; and
- Checking key assumptions and input data in the valuation model to supporting evidence.

We consider that the Group's impairment test for property, plant and equipment and right-of-use assets are supported by the available evidence.

Independent Auditor's Report

Prepayment for cooperation agreements and advance to Tianping College

Refer to notes 19 and 21 to the consolidated financial statements

The Group tested the amounts of prepayment for cooperation agreement and advance to Tianping College for impairment. The impairment test is significant to our audit because the balance of prepayment for cooperation agreement and advance to Tianping College of approximately RMB800,111,000 and RMB722,700,000 respectively as at 31 August 2024 is material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on assumptions and estimates.

Our audit procedures included, among others:

- Evaluating the Group's impairment assessment;
- Assessing ageing of the debts;
- Assessing creditworthiness of the debtors and payee of the prepayment for cooperation agreements;
- Assessing the Group's relationship and transaction history with the debtors;
- Checking subsequent settlements from the debtors;
- Assessing the disclosure of the Group's exposure to credit risk in the consolidated financial statements; and
- Assessing the status of the acquisitions of the colleges.

We consider that the Group's impairment test for prepayment for cooperation agreement and advance to Tianping College is supported by the available evidence.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the HKICPA's website at:

<https://www.hkicpa.org.hk/en/Standards-setting/Standards/Our-views/auditre>

This description forms part of our auditor's report.

ZHONGHUI ANDA CPA Limited

Certified Public Accountants

Li Shun Fai

Audit Engagement Director

Practising Certificate Number P05498

Hong Kong, 29 November 2024

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For The Year Ended 31 August 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue	7	1,631,496	1,497,962
Cost of revenue		(675,993)	(607,907)
Gross profit		955,503	890,055
Other income	8	128,788	84,066
Other gains and losses, net	9	(7,752)	18,086
Selling expenses		(3,929)	(5,109)
Administrative expenses		(189,977)	(174,378)
Profit from operations		882,633	812,720
Finance costs	10	(95,720)	(124,545)
Profit before tax		786,913	688,175
Income tax expenses	11	(8,742)	(3,782)
Total comprehensive income for the year	12	778,171	684,393
Earnings per share	14		
Basic (RMB cents per share)		65	57
Diluted (RMB cents per share)		63	56

Consolidated Statement of Financial Position

As At 31 August 2024

	Notes	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment	16	3,161,911	2,987,663
Intangible asset	17	188,000	188,000
Right-of-use assets	18	760,590	636,517
Prepayment for cooperation agreements	19	800,111	800,111
Other non-current assets	20	337,776	384,797
		5,248,388	4,997,088
Current assets			
Trade and other receivables	21	1,214,535	670,988
Amount due from a shareholder	22	7	7
Cash and cash equivalents	23	790,900	789,720
		2,005,442	1,460,715
Current liabilities			
Accruals and other payables	24	395,688	305,747
Deferred revenue		1,541	1,999
Contract liabilities	25	693,444	678,914
Borrowings	26	1,728,005	1,439,460
Current tax liabilities		30,772	22,030
		2,849,450	2,448,150
Net current liabilities		(844,008)	(987,435)
Total assets less current liabilities		4,404,380	4,009,653
Non-current liabilities			
Deferred revenue		292	1,832
Borrowings	26	520,185	732,162
		520,477	733,994
NET ASSETS		3,883,903	3,275,659

Consolidated Statement of Financial Position

As At 31 August 2024

	Notes	2024 RMB'000	2023 RMB'000
Capital and reserves			
Share capital	27	10	10
Reserves		3,883,893	3,275,649
TOTAL EQUITY		3,883,903	3,275,659

The consolidated financial statements on pages 138 to 192 were approved and authorised for issue by the Board of Directors on 29 November 2024 and are signed on its behalf by:

Mr. Hou Junyu
Director

Ms. Zhang Jie
Director

Consolidated Statement of Changes in Equity

For The Year Ended 31 August 2024

	Share capital <i>RMB'000</i>	Share premium account <i>RMB'000</i>	Statutory reserve <i>RMB'000</i> <i>(note i)</i>	Capital reserve <i>RMB'000</i>	Share- based payment reserve <i>RMB'000</i>	Retained earnings <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 September 2022	10	516,431	544,108	142,600	38,898	1,373,643	2,615,690
Total comprehensive income for the year	–	–	–	–	–	684,393	684,393
Dividends paid	–	–	–	–	–	(30,000)	(30,000)
Recognition of equity-settled share-based payments	–	–	–	–	5,576	–	5,576
Transfer to statutory reserve	–	–	182,508	–	–	(182,508)	–
At 31 August 2023	10	516,431	726,616	142,600	44,474	1,845,528	3,275,659
At 1 September 2023	10	516,431	726,616	142,600	44,474	1,845,528	3,275,659
Total comprehensive income for the year	–	–	–	–	–	778,171	778,171
Dividends paid/payable	–	–	–	–	–	(172,825)	(172,825)
Recognition of equity-settled share-based payments	–	–	–	–	3,391	–	3,391
Transfer to statutory reserve	–	–	203,063	–	–	(203,063)	–
Forfeit of share options	–	–	–	–	(1,327)	834	(493)
At 31 August 2024	10	516,431	929,679	142,600	46,538	2,248,645	3,883,903

Note:

- (i) Pursuant to the relevant laws and regulations in the People's Republic of China (the "PRC"), the Company's subsidiaries in the PRC shall make appropriations from after-tax profit to non-distributable reserve funds as determined by the boards of directors of the relevant PRC subsidiaries. These reserves include (i) general reserve fund of the limited liability companies and (ii) the development fund of schools.

For PRC subsidiaries with limited liability, they are required to make annual appropriations to general reserve of 10% of after-tax profits as determined under the PRC laws and regulations at each year end until the balance reaches 50% of the relevant PRC entity's registered capital.

According to the relevant PRC laws and regulations, for a private school that does not require reasonable return, it is required to appropriate to development fund of not less than 25% of the net income of the relevant school as determined in accordance with generally accepted accounting principles in the PRC. The development fund is prepared for the construction or maintenance of the school or procurement or upgrading of educational equipment.

Consolidated Statement of Cash Flows

For The Year Ended 31 August 2024

	Note	2024 RMB'000	2023 RMB'000
Cash flows from operating activities			
Profit before tax		786,913	688,175
Adjustments for:			
Depreciation of property, plant and equipment		247,467	211,288
Depreciation of right-of-use assets		15,917	13,421
Equity-settled share-based payments		3,391	5,576
Finance costs		95,720	124,545
Gain on disposals of property, plant and equipment		(76)	(1,344)
Gain on forfeit of share options		(493)	–
Interest income		(8,491)	(9,672)
Interest income from Tianping College		(27,500)	(18,688)
Net foreign exchange loss/(gain)		8,321	(16,742)
Operating profit before working capital changes		1,121,169	996,559
Change in accruals and other payables		19,109	2,238
Change in contract liabilities		14,530	145,796
Change in deferred revenue		(1,998)	(2,791)
Change in trade and other receivables		(118,596)	(67,574)
Net cash generated from operating activities		1,034,214	1,074,228
Cash flows from investing activities			
Advance to Tianping College		(349,700)	(501,000)
Payment for deposits of/purchase of property, plant and equipment		(323,305)	(421,926)
Payment for land use rights		(139,990)	(127,015)
Increase in restricted deposits		(115,000)	–
Advance to a third party		(35,000)	(63,000)
Repayment from Tianping College		2,800	443,100
Repayment from a third party		–	85,140
Refund of deposits for land use right		–	32,000
Withdrawal of pledged deposits		–	15,050
Interest income received		2,667	3,119
Proceeds from disposal of property, plant and equipment		4,002	2,846
Net cash used in investing activities		(953,526)	(531,686)

Consolidated Statement of Cash Flows

For The Year Ended 31 August 2024

	Note	2024 RMB'000	2023 RMB'000
Cash flows from financing activities			
Repayment of borrowings		(1,171,278)	(1,256,487)
Interest paid		(100,325)	(75,412)
Dividends paid		(170,751)	(30,000)
Proceeds from borrowings		1,247,846	978,150
Net cash used in financing activities		(194,508)	(383,749)
Net (decrease)/increase in cash and cash equivalents		(113,820)	158,793
Cash and cash equivalents at beginning of year		789,720	630,927
Cash and cash equivalents at end of year		675,900	789,720
Analysis of cash and cash equivalents			
Bank and cash balances – General accounts	23	675,900	789,720

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2024

1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability under the Companies Act of the Cayman Islands (2023 Revision, as consolidated and revised) on 15 November 2017. The address of registered office of the Company is 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands. The address of principal place of business of the Company is 40/F, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong. Its ultimate holding company is Chunlai Investment Co., Limited ("Chunlai Investment"), which was incorporated in the British Virgin Islands ("BVI"), and its ultimate controlling shareholder is Mr. Hou Junyu ("Mr. Hou"). The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 13 September 2018.

The Company is an investment holding company. The principal activities of its subsidiaries are mainly engaged in the operation of private higher education institutions. The Company, and its subsidiaries and its consolidated affiliated entities are collectively referred to as the "Group".

The consolidated financial statements are presented in Renminbi ("RMB"), which is the same as the functional currency of the Company and its subsidiaries.

2. GOING CONCERN BASIS

As at 31 August 2024, the Group had net current liabilities of approximately RMB844,008,000. Included therein, the Group recorded the contract liabilities of approximately RMB693,444,000.

In view of the net current liabilities position, the directors of the Company (the "Directors") have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern.

Having considered the cash inflow from operations, the Directors are satisfied that the Group is able to meet in full its financial obligations as they fall due for the foreseeable future.

To mitigate any liquidity issues that might be faced by the Group, the Group has obtained adequate banking facilities from reputable financial institutions to meet its obligations as and when they fall due. Accordingly, the Directors are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2024

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”) that are relevant to its operations and effective for its accounting year beginning on 1 September 2023. IFRSs comprise International Financial Reporting Standards (“IFRS”); International Accounting Standards (“IAS”) and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new and revised IFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised IFRSs but is not yet in a position to state whether these new and revised IFRSs would have a material impact on its results of operations and financial position.

4. MATERIAL ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention. The consolidated financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

The preparation of the consolidated financial statements in conformity with IFRSs requires the use of certain key assumptions and estimates. It also requires the directors of the Company to exercise their judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these consolidated financial statements, are disclosed in note 5.

The material accounting policies applied in the preparation of the consolidated financial statements are set out below.

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2024

4. MATERIAL ACCOUNTING POLICIES (Continued)

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 August. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2024

4. MATERIAL ACCOUNTING POLICIES (Continued)

Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The cost of acquisition is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the cost of acquisition over the Company's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Company.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the cost of acquisition to calculate the goodwill.

If the changes in the value of the previously held equity interest in the subsidiary were recognised in other comprehensive income (for example, equity investments at fair value through other comprehensive income), the amount that was recognised in other comprehensive income is recognised on the same basis as would be required if the previously held equity interest were disposed of.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the group entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in RMB, which is the Company's functional currency and the Group's presentation currency.

(b) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2024

4. MATERIAL ACCOUNTING POLICIES (Continued)

Foreign currency translation (Continued)

(c) Translation on consolidation

The results and financial position of all the group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- (i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (ii) Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- (iii) All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Property, plant and equipment

Land and buildings comprise mainly schools and offices. Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Buildings	4.75%
Furniture and fixtures	9.5% – 19%
Motor vehicles	19% – 32%
Electronic equipment	9.5% – 19%

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2024

4. MATERIAL ACCOUNTING POLICIES (Continued)

Property, plant and equipment (Continued)

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

Construction in progress represents buildings under construction and plant and machinery pending installation, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

Leases

The Group as lessee

Leases are recognised as right-of-use assets and corresponding lease liabilities when the leased assets are available for use by the Group. Right-of-use assets are stated at cost less accumulated depreciation and impairment losses. Depreciation of right-of-use assets is calculated at rates to write off their cost over the shorter of the asset's useful life and the lease term on a straight-line basis. The principal annual rate is as follows:

Land use rights	50 years
-----------------	----------

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liabilities, lease payments prepaid, initial direct costs and the restoration costs. Lease liabilities include the net present value of the lease payments discounted using the interest rate implicit in the lease if that rate can be determined, or otherwise the Group's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability.

Payments associated with short-term leases and leases of low-value assets are recognised as expenses in profit or loss on a straight-line basis over the lease terms. Short-term leases are leases with an initial lease term of 12 months or less. Low-value assets are assets of value below US\$5,000 (approximately equivalent to RMB35,000).

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2024

4. MATERIAL ACCOUNTING POLICIES (Continued)

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets of the Group are classified under the following categories:

- Financial assets at amortised cost

Financial assets (including trade, loan and other receivables) are classified under this category if they satisfy both of the following conditions:

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2024

4. MATERIAL ACCOUNTING POLICIES (Continued)

Loss allowances for expected credit losses

The Group recognises loss allowances for expected credit losses on financial assets at amortised cost. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the Group measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument (“lifetime expected credit losses”) for trade receivables or if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade receivables) has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group’s cash management are also included as a component of cash and cash equivalents.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under IFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2024

4. MATERIAL ACCOUNTING POLICIES (Continued)

Financial liabilities and equity instruments (Continued)

Other payables

Other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is satisfied over time, revenue is recognised by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the product or service.

Other income

Interest income is recognised on a time-proportion basis using the effective interest method.

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2024

4. MATERIAL ACCOUNTING POLICIES (Continued)

Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

The Group also participates in a defined contribution retirement scheme organised by the government in the PRC. The Group is required to contribute a specific percentage of the payroll of its employees to the retirement scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the retirement scheme. No forfeited contributions may be used by the employers to reduce the existing level of contributions.

(c) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

Share-based payments

The Group issues equity-settled share-based payments to certain directors and employees. Equity-settled share-based payments are measured at the fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2024

4. MATERIAL ACCOUNTING POLICIES (Continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2024

4. MATERIAL ACCOUNTING POLICIES (Continued)

Taxation (Continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2024

4. MATERIAL ACCOUNTING POLICIES (Continued)

Related parties

A related party is a person or entity that is related to the Group.

- (A) A person or a close member of that person's family is related to the Group if that person:
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Company or of a parent of the Company.
- (B) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (A).
 - (vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to a parent of the Company.

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2024

4. MATERIAL ACCOUNTING POLICIES (Continued)

Segment reporting

Operating segments and the amounts of each segment item reported in the financial statements are identified from the financial information provided regularly to the Group's most senior executive management for the purpose of allocating resources and assessing the performance of the Group's various lines of business.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of productions processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Impairment of assets

Intangible assets that have an indefinite useful life or not yet available for use are reviewed annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable.

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and other intangible assets except investments and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of cash-generating units ("CGU") to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or CGU in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2024

4. MATERIAL ACCOUNTING POLICIES (Continued)

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes when material.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATION

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements.

(a) *Going concern basis*

These consolidated financial statements have been prepared on a going concern basis, the validity of which is explained in note 2 to consolidated financial statements.

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2024

5. CRITICAL JUDGEMENTS AND KEY ESTIMATION (Continued)

Critical judgements in applying accounting policies (Continued)

(b) Contractual arrangements

The Group conducts a substantial portion of the business through Henan Shangqiu Chunlai Education Corporation ("Henan Chunlai") and its wholly sponsored schools, including Anyang University and Anyang University Yuanyang Campus ("Yuanyang Campus"), Shangqiu University and Shangqiu University Applied Science and Technology College ("Kaifeng Campus"), Hubei Jiankang Vocational College and Jingzhou College, collectively referred as the "Consolidated Affiliated Entities", in the PRC due to regulatory restrictions on foreign ownership in the Group's schools in the PRC. The Group does not have any equity interest in the Consolidated Affiliated Entities and Henan Chunlai Education Technology Co., Ltd. ("Chunlai Technology"). The management of the Group assessed whether or not the Group has control over the Consolidated Affiliated Entities and Chunlai Technology based on whether the Group has the power over the Consolidated Affiliated Entities and Chunlai Technology, rights to variable returns from its involvement with the Consolidated Affiliated Entities and Chunlai Technology and the ability to affect those returns through its power over the Consolidated Affiliated Entities and Chunlai Technology. After assessment, the management of the Group concluded that the Group has control over the Consolidated Affiliated Entities and Chunlai Technology as a result of the contractual arrangements and other measures and accordingly, the Group has consolidated the financial information of Consolidated Affiliated Entities and Chunlai Technology in its consolidated financial statements throughout the year.

Nevertheless, the contractual arrangements and other measures may not be as effective as direct legal ownership in providing the Group with direct control over the Consolidated Affiliated Entities and Chunlai Technology and uncertainties presented by the PRC legal system could impede the Group's beneficiary rights of the results, assets and liabilities of the Consolidated Affiliated Entities and Chunlai Technology. The management of the Group, based on the advice of its legal counsel, considers that the contractual arrangements among Henan Chunlai Education Information Consultancy Co., Ltd. ("Chunlai Information"), the Consolidated Affiliated Entities and Chunlai Technology and their sponsor holders or equity holders are in compliance with the relevant PRC laws and regulations and are legally enforceable.

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2024

5. CRITICAL JUDGEMENTS AND KEY ESTIMATION (Continued)

Critical judgements in applying accounting policies (Continued)

(c) *Income taxes*

Management judgement is required in interpreting the relevant tax rules and regulation so as to determine whether the Group is subject to EIT as disclosed in note 11. New information may become available that causes the Group to change its judgement regarding the adequacy of the tax liabilities. Such changes to tax liabilities will impact tax expense in the period that such determination is made.

According to the Implementation Rules for EIT Law, qualified incomes received by non-profit making organisation which engaged in the provision of formal education services are exempted from EIT. According to the relevant provisions of Implementation Rules of the New Law for Promoting Private Education effective from 1 September 2017, private schools for which the school sponsors do not require reasonable returns/schools are elected as to be not-for-profit schools are eligible to enjoy the same preferential tax treatment as public schools. As a result, private schools, which are providing academic qualification education, are eligible to enjoy income tax exemption treatment if the school sponsors of such schools do not require reasonable returns/schools are elected to be not-for-profit schools. However, the detailed Implementation Rules of the New Law for Promoting Private Education have not yet been announced, the relevant guidelines from the provincial government where the schools of the Group are located required the private higher institutions to complete their registration before 2022. Given that Anyang University (including Yuanyang Campus), Shangqiu University (including Kaifeng Campus), Hubei Jiankang Vocational College and Jingzhou College have not yet elected to be for-profit or not-for-profit schools, according to the relevant in-charge tax bureau, the schools could follow previous EIT exemption treatment for the tuition related income.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2024

5. CRITICAL JUDGEMENTS AND KEY ESTIMATION (Continued)

Key sources of estimation uncertainty (Continued)

(a) Property, plant and equipment and depreciation

The Group determines the estimated useful lives, residual values and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(b) Impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is determined with reference to the present value of estimated future cash flows. Where the future cash flows are less than expected or there are unfavourable events and change in facts and circumstance which result in revision of future estimate cash flows, a material impairment loss may arise.

(c) Impairment loss for prepayment for cooperation agreements and trade and other receivables

The Group makes impairment loss based on assessments of the recoverability of its prepayment for cooperation agreements and trade and other receivables, including the current creditworthiness, financial condition and past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of impairment loss requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the prepayment for cooperation agreements and trade and other receivables and impairment loss in the year in which such estimate has been changed. If the financial conditions of the debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2024

6. FINANCIAL AND CAPITAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, interest rate risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has certain exposure to foreign currency risk as part of its business transactions, assets and liabilities are denominated in United States dollars and Hong Kong Dollars which are currencies other than the functional currency of the Group. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Sensitivity analysis

The following table details the group entities sensitivity to a 5% increase and decrease in RMB against the relevant foreign currencies. 5% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currencies denominated monetary items and adjusts their translation at the reporting date on a 5% change in foreign currency rates. A positive/negative number below indicates an increase/decrease in profit where RMB weakens/strengthen 5% against the relevant foreign currencies.

	2024 RMB'000	2023 RMB'000
HK\$	736	759
USD	14,453	15,312

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2024

6. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

(b) Interest rate risk

The Group's certain bank deposits and borrowings bear interests at fixed interest rates and therefore are subject to fair value interest rate risks.

The Group's exposure to interest-rate risk arises from its bank deposits and borrowings. These deposits and borrowings bear interests at variable rates varied with the then prevailing market condition.

At 31 August 2024, if interest rates at that date had been 100 basis points lower with all other variables held constant, consolidated profit after tax for the year would have been RMB1,745,000 (2023: RMB867,000) higher, arising mainly as a result of lower interest expense on borrowings. If interest rates had been 100 basis points higher, with all other variables held constant, consolidated profit after tax for the year would have been RMB4,977,000 (2023: RMB7,178,000) lower, arising mainly as a result of higher interest expense on borrowings.

(c) Credit risk

The carrying amount of the trade and other receivables, deposits and bank balances included in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

The Group has no significant concentrations of credit risk.

It has policies in place to ensure that sales are made to customers with an appropriate credit history.

The credit risk on bank balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2024

6. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

(c) Credit risk (Continued)

The Group considers whether there has been a significant increase in credit risk of financial assets on an ongoing basis throughout each reporting period by comparing the risk of a default occurring as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following information is used:

- internal credit rating;
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;
- actual or expected significant changes in the operating results of the borrower;
- significant changes in the value of the collateral or in the quality of guarantees or credit enhancements; and
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrower.

A significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments within 180 days of when they fall due.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group normally categorises a receivable for write off when a debtor fails to make contractual payments greater than 360 days past due. Where receivables have been written off, the Group, if practicable and economical, continues to engage in enforcement activity to attempt to recover the receivable due.

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2024

6. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

(c) Credit risk (Continued)

The Group uses two categories for non-trade receivables which reflect their credit risk and how the loss provision is determined for each of the categories. In calculating the expected credit loss rates, the Group considers historical loss rates for each category and adjusts for forward looking data.

Category	Definition	Loss provision
Performing	Low risk of default and strong capacity to pay	12 month expected losses
Non-performing	Significant increase in credit risk	Lifetime expected losses

All of these receivables are considered to have low risk and under the “Performing” category because they have a low risk of default and have strong ability to meet their obligations.

(d) Liquidity risk

The Group’s policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis of the Group’s financial liabilities is as follows:

	On demand or less than 1 year RMB’000	1 – 2 years RMB’000	2 – 5 years RMB’000	Total undiscounted cash flows RMB’000	Carrying amount RMB’000
As at 31 August 2024					
Accruals and other payables	375,573	–	–	375,573	375,573
Borrowings	1,737,782	488,344	67,392	2,293,518	2,248,190
	2,113,355	488,344	67,392	2,669,091	2,623,763
	On demand or less than 1 year RMB’000	1 – 2 years RMB’000	2 – 5 years RMB’000	Total undiscounted cash flows RMB’000	Carrying amount RMB’000
As at 31 August 2023					
Accruals and other payables	290,037	–	–	290,037	290,037
Borrowings	1,455,176	576,530	232,681	2,264,387	2,171,622
	1,745,213	576,530	232,681	2,554,424	2,461,659

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2024

6. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

(e) Categories of financial instruments at 31 August

	2024 RMB'000	2023 RMB'000
Financial assets		
Financial assets at amortised cost (including cash and cash equivalents)	2,337,837	1,810,265
Financial liabilities		
Financial liabilities at amortised cost	2,623,763	2,461,659

(f) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

(g) Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which includes borrowings and amounts due to related parties, and equity attributable to owners of the Company, which includes share capital and reserves.

The Group's management reviews the capital structure regularly. The Group considers the cost of capital and the risks associated with each class of capital, and will balance its overall capital structure through the payment of dividends, issuance of new shares as well as raising of borrowings, if necessary.

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2024

7. REVENUE AND SEGMENT INFORMATION

The Group is mainly engaged in the operation of private higher education institutions in the People's Republic of China ("PRC"). Revenue represents tuition and boarding fees from education institutions less sales related tax.

Information reported to the Group's chief operating decision maker ("CODM"), Mr. Hou, for the purpose of resource allocation and assessment of segment performance is on a school by school basis. Each individual school constitutes an operating segment. The services provided and type of customers are similar in each operating segment, and each operating segment are subject to similar regulatory environment. Accordingly, their segment information is aggregated as a single reportable segment which is the same as the consolidated statement of profit or loss and other comprehensive income. The accounting policies of the reportable segment are the same as the Group's accounting policies described in note 4.

	2024 RMB'000	2023 RMB'000
Tuition fees	1,486,406	1,359,278
Boarding fees	145,090	138,684
Total revenue	1,631,496	1,497,962

All revenue is recognised over time. The Group primarily operates in the PRC. All of the Group's revenue was generated in the PRC and all of the Group's non-current assets are located in the PRC.

No single customer contributes 10% or more of total revenue of the Group during the year ended 31 August 2024 (2023: nil).

Revenue is recognised over the relevant period of schooling semesters, i.e. over the period of time when the students simultaneously receive and consume the benefits provided by the Group.

Tuition and boarding fees are generally received in advance prior to the beginning of each school year, and are initially recorded as contract liabilities. The fees are recognised proportionately over the relevant period of the applicable programme. The portion of the fees received from students but not earned is recorded as contract liabilities under current liabilities as such amounts represent revenue that the Group expects to earn within one year.

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2024

8. OTHER INCOME

	2024 RMB'000	2023 RMB'000
Government grants (<i>note i</i>)	3,254	102
Interest income	8,491	9,672
Service income	60,920	21,462
Consultancy income from Tianping College (<i>note ii</i>)	14,151	14,151
Interest income from Tianping College (<i>note iii</i>)	27,500	18,688
Ancillary services income (<i>note iv</i>)	7,305	13,230
Others	7,167	6,761
	128,788	84,066

Notes:

- (i) Government grants mainly represent unconditional subsidies from government for recognition of the relevant academic performance of the schools of the Group.
- (ii) It represents the provision of technical and management consultancy services to Tianping College.
- (iii) It represents the interest income of 4.75% per annum from the advance to Tianping College by the Group.
- (iv) It mainly represents the teaching material fee income recognised the net of the refund of teaching material fee to students, and discounted amount paid to ancillary services providers as well as the original teaching material fee.

9. OTHER GAINS AND LOSSES, NET

	2024 RMB'000	2023 RMB'000
Gain on disposals of property, plant and equipment	76	1,344
Gain on forfeit of share options (<i>note i</i>)	493	—
Net foreign exchange (loss)/gain	(8,321)	16,742
	(7,752)	18,086

Note:

- (i) It represents the gain on forfeiture of unvested share options held by various staffs upon their resignation during the year ended 31 August 2024.

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2024

10. FINANCE COSTS

	2024 RMB'000	2023 RMB'000
Interest expenses in relation to:		
– Bank borrowings	51,993	74,788
– Borrowings from non-banking institutions	47,408	57,320
	99,401	132,108
Less: capitalised in construction in progress	(3,681)	(7,563)
	95,720	124,545

Borrowing costs on funds borrowed generally are capitalised at a rate of 5.4% per annum in 2024 (2023: 6.2%).

11. INCOME TAX EXPENSES

	2024 RMB'000	2023 RMB'000
Current tax – PRC Enterprise Income Tax	8,742	3,782

Reconciliation between income tax expenses and accounting profit at applicable tax rate

	2024 RMB'000	2023 RMB'000
Profit before tax	786,913	688,175
Tax calculated at applicable tax rate of 25% (2023: 25%)	196,728	172,044
Tax effect of tax losses not recognised	1,828	9,963
Tax effect of expenses not deductible/income not taxable for tax purpose	6,692	1,472
Tax effect of utilisation of tax losses previously not recognised	(910)	–
Tax effect of profit from non-profit making organisation exempted for tax purpose	(195,596)	(179,697)
Income tax expenses	8,742	3,782

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2024

11. INCOME TAX EXPENSES (Continued)

The Company was incorporated in the Cayman Islands while Chunlai BVI was incorporated in the BVI, both jurisdictions are tax exempted.

No provision for Hong Kong profits tax was provided as the Group did not have assessable profits arising in Hong Kong during the year ended 31 August 2024 (2023: nil).

EIT is provided on taxable profits of entities established in the PRC. Pursuant to the Enterprise Income Tax Law of the PRC (the "EIT Law"), the EIT rate was 25% during the year ended 31 August 2024 (2023: 25%).

Shangqiu University, Anyang University, Kaifeng Campus, Yuanyang Campus, Hubei Jiankang Vocational College, and Jingzhou College enjoyed tax exemption for tuition related income during the year ended 31 August 2024 (2023: nil).

At the end of the reporting period the Group has unused tax losses of RMB228,086,000 (2023: RMB224,414,000) available for offset against future profits. No deferred tax asset has been recognised (2023: RMB nil) due to the unpredictability of future profit streams. Detail of unrecognised tax loss are as follow:

	2024 RMB'000	2023 RMB'000
Tax loss unrecognised and expired in 2025	56,776	60,311
Tax loss unrecognised and expired in 2026	75,315	75,315
Tax loss unrecognised and expired in 2027	51,404	51,509
Tax loss unrecognised and expired in 2028	37,279	37,279
Tax loss unrecognised and expired in 2029	7,312	–
Total tax loss unrecognised	228,086	224,414

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is RMB3,876,988,000 (2023: RMB3,269,863,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2024

12. TOTAL COMPREHENSIVE INCOME FOR THE YEAR

This is stated at after charging the following:

	2024 RMB'000	2023 RMB'000
Auditor's remuneration	1,827	1,775
Depreciation of property, plant and equipment	247,467	211,288
Depreciation of right-of-use assets	15,917	13,421
Staff costs (including directors' remuneration):		
– Salaries, bonuses and allowances	308,772	287,163
– Retirement benefit scheme contributions	48,309	39,484
– Equity-settled share-based payments	3,391	5,576
	360,472	332,223

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2024

13. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS AND BENEFITS

	2024 RMB'000	2023 RMB'000
Fee, salaries and allowances	7,979	5,689
Bonus	–	–
Retirement benefit scheme contributions	103	27
Equity-settled share-based payments	2,280	3,627
	10,362	9,343

Details of the emoluments paid or payable by the entities comprising the Group to the directors and chief executives of the Company (including emoluments for services as employees/directors of the group entities prior to becoming the directors of the Company) for the year are as follows:

(a) The emoluments of each director are as follows:

	2024					
	Fees RMB'000	Salaries and allowances RMB'000	Bonus RMB'000	Retirement benefit scheme contributions RMB'000	Equity- settled share-based payments RMB'000	Total RMB'000
Non-executive director						
Mr. Hou Chunlai (<i>Chairman</i>)	–	3,481	–	–	829	4,310
Executive directors						
Mr. Hou	–	1,018	–	37	622	1,677
Ms. Jiang Shuqin	–	822	–	–	829	1,651
Ms. Zhang Jie	–	1,459	–	66	–	1,525
Independent non-executive directors						
Dr. Jin Xiaobin	369	–	–	–	–	369
Ms. Fok Pui Ming Joanna	369	–	–	–	–	369
Mr. Lau Tsz Man	461	–	–	–	–	461
Total	1,199	6,780	–	103	2,280	10,362

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2024

13. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS AND BENEFITS (Continued)

(a) The emoluments of each director are as follows: (Continued)

	2023					
	Fees	Salaries and allowances	Bonus	Retirement benefit scheme contributions	Equity-settled share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Chairman and non-executive director						
Mr. Hou Chunlai (<i>Chairman</i>)	–	1,192	–	–	1,319	2,511
Executive directors						
Mr. Hou	–	1,034	–	27	989	2,050
Ms. Jiang Shuqin	–	832	–	–	1,319	2,151
Ms. Zhang Jie	–	1,465	–	–	–	1,465
Independent non-executive directors						
Dr. Jin Xiaobin	359	–	–	–	–	359
Ms. Fok Pui Ming Joanna	359	–	–	–	–	359
Mr. Lau Tsz Man	448	–	–	–	–	448
Total	1,166	4,523	–	27	3,627	9,343

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2024

13. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS AND BENEFITS (Continued)**(b) Five highest paid individuals**

The five highest paid individuals in the Group during the year included four (2023: four) directors whose emoluments are set out in note (a) above. The emoluments of the remaining one (2023: one) individuals are set out below:

	2024 RMB'000	2023 RMB'000
Salaries and other benefits	660	660
Bonus	—	—
Retirement benefit scheme contributions	153	146
Equity-settled share-based payments	207	330
	1,020	1,136

The emoluments fell within the following bands:

	2024	2023
HK\$1,000,000 – HK\$1,500,000	1	1

During the year ended 31 August 2024, no emoluments were paid by the Group to the directors of the Company or five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2023: nil). Neither the chief executive nor any of the directors of the Company waived any emoluments during the year ended 31 August 2024 (2023: nil).

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2024

14. EARNINGS PER SHARE

	2024	2023
Earnings:		
Earnings for the purpose of calculating basic and diluted earnings per share (Profit attributable to owners of the Company) (in RMB'000)	778,171	684,393
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	1,200,000,000	1,200,000,000
Effect of dilutive potential ordinary shares:		
Pre-IPO share options	31,884,765	30,474,230
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	1,231,884,765	1,230,474,230

The computation of diluted earnings per share assumes the exercise of the Company's share options granted under the Pre-IPO Option Scheme as defined in note 28 as the potential ordinary shares are dilutive for the year ended 31 August 2024 and 2023.

15. DIVIDENDS

	2024 RMB'000	2023 RMB'000
Interim dividend approved and paid/payable – RMB0.0907 (approximate to HK\$0.1) per ordinary share (note i)	108,840	–
Proposed final dividend of RMB0.0924 (approximate to HK\$0.1) (2023: RMB0.053 (approximate to HK\$0.058)) per ordinary share	110,880	63,985
Final dividend for the year ended 31 August 2023/2022 approved and paid/payable – RMB0.053 (approximate to HK\$0.058) (2022: RMB0.1) per ordinary share (note ii and iii)	63,985	30,000

Notes:

- (i) The interim dividend of RMB0.0907 per share (equivalent to approximately HK\$0.1 per share) totaling RMB108,840,000 (equivalent to approximately HK\$120,000,000) was declared and which approximately RMB107,527,000 (equivalent to approximately HK\$118,556,000) was paid during the year ended 31 August 2024, with approximately RMB1,313,000 (equivalent to approximately HK\$1,444,000) remained payable as at 31 August 2024.
- (ii) The final dividend in respect of the year ended 31 August 2022 of RMB0.1 per share (equivalent to approximately HK\$0.1095 per share) was approved at the annual general meeting on 6 February 2023. On 20 December 2022, Chunlai Investment Co., Limited, a company wholly-owned by Mr. Hou, a director and controlling shareholder of the Company, consented to and irrevocably waived all rights to receive such dividend of RMB90,000,000 in respect of the shares it holds.
- (iii) The final dividend in respect of the year ended 31 August 2023 of RMB0.053 per share (equivalent to approximately HK\$0.058 per share) totaling RMB63,985,000 (equivalent to approximately HK\$69,600,000) was approved at the annual general meeting on 19 January 2024, which approximately RMB63,224,000 (equivalent to approximately HK\$68,763,000) was paid during the year ended 31 August 2024, with approximately RMB761,000 (equivalent to approximately HK\$837,000) remained payable as at 31 August 2024.

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2024

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Electronic equipment RMB'000	Construction in progress RMB'000	Total RMB'000
Cost						
At 1 September 2022	2,732,774	230,180	19,132	522,448	201,607	3,706,141
Additions	10,454	21,851	2,313	30,289	337,625	402,532
Disposals	–	(681)	(294)	(2,133)	–	(3,108)
Transfer from construction in progress	167,806	–	–	–	(167,806)	–
At 31 August 2023 and 1 September 2023	2,911,034	251,350	21,151	550,604	371,426	4,105,565
Additions	24,708	34,456	4,287	115,386	246,804	425,641
Disposals	(2,400)	(799)	(615)	(1,669)	–	(5,483)
Transfer from construction in progress	427,327	–	–	–	(427,327)	–
At 31 August 2024	3,360,669	285,007	24,823	664,321	190,903	4,525,723
Accumulated depreciation						
At 1 September 2022	545,663	124,962	12,997	224,598	–	908,220
Charge for the year	136,511	31,005	1,281	42,491	–	211,288
Disposals	–	(195)	(263)	(1,148)	–	(1,606)
At 31 August 2023 and 1 September 2023	682,174	155,772	14,015	265,941	–	1,117,902
Charge for the year	157,402	32,633	1,411	56,021	–	247,467
Disposals	(188)	(612)	(569)	(188)	–	(1,557)
At 31 August 2024	839,388	187,793	14,857	321,774	–	1,363,812
Carrying amount						
At 31 August 2024	2,521,281	97,214	9,966	342,547	190,903	3,161,911
At 31 August 2023	2,228,860	95,578	7,136	284,663	371,426	2,987,663

As of 31 August 2024, the Group was in the process of obtaining the property certificates for certain buildings with an aggregate carrying value of RMB1,398,507,000 (2023: RMB1,033,758,000) which are located in the PRC.

At 31 August 2024, the carrying amount of property, plant and equipment pledged as security for the Group's other loans amounted to RMB407,890,000 (2023: RMB441,666,000).

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2024

17. INTANGIBLE ASSET

School operation
right
RMB'000

Cost:

As at 1 September 2022, 31 August 2023, 1 September 2023 and 31 August 2024	188,000
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As at 31 August 2024 and 2023, intangible asset represent a school operation right of Jingzhou College. The school operation right is stated at cost and not amortised while its useful life is assessed to be indefinite.

The recoverable amount of the intangible asset of RMB188,000,000 has been determined on the basis of value in use using discounted cash flow method (level 3 fair value measurements). The discount rate used was 12% (2023: 15%). The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the directors for the next five years with the residual period using the growth rate of 3% (2023: 3%). This rate does not exceed the average long-term growth rate for the relevant markets.

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2024

18. LEASES AND RIGHT-OF-USE ASSETS

	2024 RMB'000	2023 RMB'000
At 31 August:		
Right-of-use assets		
– Land use rights	760,590	636,517
Depreciation charge of right-of-use assets		
– Land use rights	15,917	13,421
Expenses related to short-term leases	5,103	3,880
Additions to right-of-use assets	139,990	127,015

The Group leases various land use rights.

The land use rights are depreciated on a straight-line basis over a period of 50 years, which is based on the lease terms or estimated by the management with reference to the normal terms in the PRC.

As of 31 August 2024, the Group was in the process of obtaining the land certificates for the land use rights with an aggregate carrying value of approximately RMB48,735,000 (2023: RMB49,105,000) which are located in the PRC.

19. PREPAYMENT FOR COOPERATION AGREEMENTS

	2024 RMB'000	2023 RMB'000
Prepayment for cooperation agreements – Tianping College	800,111	800,111

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2024

19. PREPAYMENT FOR COOPERATION AGREEMENTS (Continued)

Tianping College of Suzhou University of Science and Technology ("Tianping College") is an independent college and originally sponsored by Suzhou University of Science and Technology and the Suzhou University of Science and Technology Education Development Foundation (the "Foundation") in Jiangsu Province. In August 2019, the Group entered into an agreement which authorised the Group the right to transfer the sponsorship of Tianping College from Suzhou University of Science and Technology and the Foundation at a consideration of approximately RMB800,111,000 that has been fully paid during the year ended 31 August 2022. Up to the date of this report, the transfer of sponsorship has not yet been completed as the transfer is still in progress. Upon the completion of transfer, the payment for the agreement of approximately RMB800,111,000 (2023: approximately RMB800,111,000) will be treated as the consideration of the acquisition of Tianping College.

20. OTHER NON-CURRENT ASSETS

	2024 RMB'000	2023 RMB'000
Prepayments/deposits paid for acquisition of property, plant and equipment	2,732	31,705
Pledged deposit (<i>note i</i>)	285,044	303,092
Deposit paid (<i>note ii</i>)	50,000	50,000
	337,776	384,797

Notes:

- (i) Pledged deposits of RMB1,440,000 (2023: RMB12,940,000) are secured for borrowings of RMB207,163,000 (2023: RMB384,367,000).

Offshore foreign deposit of USD40,000,000 (equivalent to RMB283,604,000 (2023: RMB290,152,000)) is treated as a security to borrow an equivalent onshore loan denominated in RMB in the PRC from a third party.

During the year ended 31 August 2023, the repayment date of the onshore loan was extended from July 2023 to July 2026.

- (ii) Deposit paid of RMB50,000,000 represents the refundable security deposit paid to Suzhou University of Science and Technology.

To guarantee that the Group will safeguard the school facilities and reputation of Suzhou University of Science and Technology and that the Group will operate the Tianping College properly, the Group paid RMB50,000,000 as security deposit and provided a guarantee of RMB150,000,000 (the "Guarantee") to Suzhou University of Science and Technology. The Guarantee is provided by a financial institution, Mr. Hou and the Company.

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2024

21. TRADE AND OTHER RECEIVABLES

	2024 RMB'000	2023 RMB'000
Tuition and boarding fee receivables (note i)	116,944	80,275
Service income receivables	133,684	69,109
Consultancy income receivables from Tianping College	40,000	25,000
Interest receivables from Tianping College	58,045	30,545
Advance to a third party (note ii)	97,860	62,860
Advance to Tianping College (note iii)	722,700	375,800
Other receivables	19,402	17,930
Interest receivables	11,751	5,927
Prepaid expenses	2,649	3,542
Pledged deposit (note iv)	11,500	–
	1,214,535	670,988

Notes:

- (i) The students are required to pay tuition and boarding fees in advance for the upcoming school years, which normally commences in August or September. The outstanding receivables mainly represent amounts related to the registered students who have applied for the delayed payment of tuition fees and boarding fees. These delay payments were primarily due to the application of students' loan, which generally take a few months to be settled from governmental institutions. There is no fixed credit term for payments. The Group's tuition receivables were due to a large number of individual students, there is no significant concentration of credit risk and no impairment is considered necessary based on the historical settlement pattern from students. The Group does not hold any collateral or other credit enhancement over its tuition receivables balance.

An ageing analysis of tuition and boarding fee receivables as at the end of the reporting period, based on the transaction date, is as follows:

	2024 RMB'000	2023 RMB'000
0-180 days	68,468	58,907
181-365 days	31,598	13,443
Over 1 year	16,878	7,925
	116,944	80,275

The Group applies the simplified approach under IFRS 9 to provide for expected credit losses using the lifetime expected loss provision for all tuition and boarding fee receivables. To measure the expected credit losses, tuition and boarding fee receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

	0-180 days	181-365 days	Over 1 year	Total
At 31 August 2024				
Weighted average expected loss rate	0%	0%	0%	0%
Receivable amount (RMB'000)	68,468	31,598	16,878	116,944
Loss allowance (RMB'000)	–	–	–	–
At 31 August 2023				
Weighted average expected loss rate	0%	0%	0%	0%
Receivable amount (RMB'000)	58,907	13,443	7,925	80,275
Loss allowance (RMB'000)	–	–	–	–

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2024

21. TRADE AND OTHER RECEIVABLES (Continued)

- (ii) As at 31 August 2024, the advance with principal amount of RMB29,860,000 (2023: RMB29,860,000) is unsecured, interest bearing at 6% per annum (2023: 6% per annum) and repayable in February 2025 (2023: repayable in March 2024).

As at 31 August 2024, the advance with principal amount of RMB63,000,000 (2023: RMB33,000,000) is unsecured, interest bearing at 6% per annum (2023: 6% per annum) and repayable in February 2025 (2023: repayable in September 2023 and extended to August 2024).

As at 31 August 2024, the advance with principal amount of RMB5,000,000 is unsecured, interest bearing at 4.75% per annum and repayable in August 2025.

- (iii) As at 31 August 2024, the advance to Tianping College with principal amount of RMB722,700,000 (2023: RMB375,800,000) was unsecured, interest bearing at 4.75% per annum (2023: 4.75% per annum) and repayable in August 2025 (2023: repayable in August 2024).
- (iv) As at 31 August 2024, Pledged deposits of RMB11,500,000 are secured for borrowings of RMB41,978,000.

22. AMOUNT DUE FROM A SHAREHOLDER

The amount due from a shareholder of the Company is non-trade in nature, unsecured, non-interest bearing and repayable on demand.

23. CASH AND CASH EQUIVALENTS

	2024 RMB'000	2023 RMB'000
Bank and cash balances		
– General accounts	675,900	789,720
– Restricted deposits	115,000	–
	790,900	789,720

Bank balances and cash comprise cash and short-term deposits held by the Group with an original maturity of three months or less.

The Group's restricted bank deposits represented deposits for securing banking facilities granted to the Group as set out in notes 26 to the consolidated financial statements.

As at 31 August 2024, the cash and cash equivalents of the Group denominated in Renminbi ("RMB") amounted to RMB781,240,000 (2023: RMB769,062,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations.

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2024

24. ACCRUALS AND OTHER PAYABLES

	2024 RMB'000	2023 RMB'000
Interest payables	1,827	2,751
Accrued staff benefits and payroll	51,694	35,208
Payables for purchase of property, plant and equipment and construction	198,221	128,539
Receipt on behalf of ancillary services providers	60,381	59,959
Other payables, accruals and deposits received	61,376	63,580
Other taxes payables	20,115	15,710
Dividend payable	2,074	–
	395,688	305,747

25. CONTRACT LIABILITIES

	As at 31 August 2024 RMB'000	As at 31 August 2023 RMB'000	As at 1 September 2022 RMB'000
Contract liabilities – tuition and boarding fees	693,444	678,914	533,118

	2024 RMB'000	2023 RMB'000
Revenue recognised in the year that was included in contract liabilities at beginning of year	678,914	533,118

Transaction prices allocated to performance obligations unsatisfied at end of year and expected to be recognised as revenue in:

	2024 RMB'000	2023 RMB'000
2024	–	678,914
2025	693,444	–
	693,444	678,914

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2024

25. CONTRACT LIABILITIES (Continued)

Significant changes in contract liabilities during the year:

	2024 RMB'000	2023 RMB'000
Increase due to operations in the year	1,614,428	1,630,315
Transfer of contract liabilities to revenue	(1,599,898)	(1,484,519)

A contract liability represents the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

26. BORROWINGS

	2024 RMB'000	2023 RMB'000
Secured and guaranteed (note i)	1,544,964	1,290,178
Secured and unguaranteed (note ii)	310,136	303,244
Unsecured and guaranteed (note iii)	393,090	578,200
	2,248,190	2,171,622
The borrowings are repayable as follows:		
On demand or within one year	1,728,005	1,439,460
In the second year	465,332	543,912
In the third to fifth years, inclusive	54,853	188,250
Over five years	—	—
	2,248,190	2,171,622
Less: Amount due for settlement within 12 months (shown under current liabilities)	(1,728,005)	(1,439,460)
Amount due for settlement after 12 months	520,185	732,162
The exposure of borrowings		
– Fixed rate	1,955,744	2,101,622
– Variable rate	292,446	70,000
	2,248,190	2,171,622

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2024

26. BORROWINGS (Continued)

Notes:

- (i) Certain bank borrowings of RMB1,091,216,000 (2023: RMB605,950,000) were secured and/or guaranteed by the followings:
- (a) secured by the rights to receive the tuition fees of Anyang University, Shangqiu University, Kaifeng Campus and Hubei Jiankang Vocational College (collectively the "Schools"). The amount of the secured receivable as at 31 August 2024 and 31 August 2023 are RMB91,842,000 and RMB64,737,000 respectively;
 - (b) secured by equity share of Anyang University, Shangqiu University and Kaifeng Campus;
 - (c) guaranteed by Mr. Hou, Ms. Song Mengmeng ("Ms. Song") and Ms. Jiang Shuqin ("Ms. Jiang") jointly and severally;
 - (d) guaranteed by the Company and several subsidiaries of the Company; and
 - (e) secured by deposits of RMB12,940,000 (2023: RMB12,940,000).

Certain bank borrowings of RMB109,113,000 are secured by a pledged bank deposits amounted to RMB115,000,000.

Certain borrowing with carrying amount of RMB453,748,000 (2023: RMB684,228,000) is secured by the Group's plant and equipment of RMB407,890,000 (2023: RMB441,666,000) and guaranteed by Mr. Hou, Ms. Song and Ms. Jiang.

- (ii) A loan from a third party with carrying amount of RMB310,136,000 (2023: RMB303,244,000) is secured by a deposit of USD40,000,000 (equivalent to approximately RMB283,604,000 (2023: RMB290,152,000)) (note 20).
- (iii) Certain bank borrowings were unsecured and guaranteed by Mr. Hou, Ms. Song and Ms. Jiang jointly and severally and guaranteed by several subsidiaries of the Company.

All borrowings are denominated in RMB. The variable-rate borrowings carry interest with reference to the benchmark borrowing rate of the People's Bank of China.

The range of effective interest rates per annum (which are also equal to contracted interest rates) on the Group's borrowings is as follows:

	2024	2023
Effective interest rate:		
Fixed-rate	2.50% – 9.43%	2.50% – 9.43%
Variable-rate	3.45% – 5.35%	4.35% – 5.60%

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2024

27. SHARE CAPITAL

	Number of shares	Amount HK\$	Amount RMB	Amount RMB'000
Ordinary shares of HK\$0.00001 each				
Authorised:				
As at 1 September 2022, 31 August 2023, 1 September 2023 and 31 August 2024	50,000,000,000	500,000	424,570	425
Issued and fully paid:				
As at 1 September 2022, 31 August 2023, 1 September 2023 and 31 August 2024	1,200,000,000	12,000	9,867	10

28. SHARE-BASED PAYMENTS

Pursuant to written resolution passed on 9 August 2018, the Company adopted a share option scheme ("Pre-IPO Share Option Scheme"), details of which are set out in "Report of the Directors – Pre-IPO Share Option Scheme" to the annual report.

Details of specific categories of Pre-IPO Share Options as at 31 August 2024 are as follows:

Tranche	Date of grant	Number of shares	Vesting period	Exercise period	Exercise price HK\$
A	9 August 2018	9,585,000	9 August 2018 – 9 August 2021	10 August 2021 – 9 August 2038	0.00001
B	9 August 2018	6,600,000	9 August 2018 – 9 August 2023	10 August 2023 – 9 August 2038	0.00001
C	9 August 2018	6,510,000	9 August 2018 – 9 August 2025	10 August 2025 – 9 August 2038	0.00001
D	9 August 2018	9,855,000	9 August 2018 – 9 August 2028	10 August 2028 – 9 August 2038	0.00001

Details of specific categories of Pre-IPO Share Options as at 31 August 2023 are as follows:

Tranche	Date of grant	Number of shares	Vesting period	Exercise period	Exercise price HK\$
A	9 August 2018	9,885,000	9 August 2018 – 9 August 2021	10 August 2021 – 9 August 2038	0.00001
B	9 August 2018	6,800,000	9 August 2018 – 9 August 2023	10 August 2023 – 9 August 2038	0.00001
C	9 August 2018	6,710,000	9 August 2018 – 9 August 2025	10 August 2025 – 9 August 2038	0.00001
D	9 August 2018	10,155,000	9 August 2018 – 9 August 2028	10 August 2028 – 9 August 2038	0.00001

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2024

28. SHARE-BASED PAYMENTS (Continued)

The following table discloses movements of number of share options under the Company's Pre-IPO Share Option Scheme held by the directors of the Company and employees during the year:

	2024		2023	
	Number of share options	Weighted average exercise price HK\$	Number of share options	Weighted average exercise price HK\$
Outstanding at the beginning of the year	33,550,000	0.00001	33,550,000	0.00001
Forfeited during the year	(1,000,000)	0.00001	–	0.00001
Outstanding at the end of the year	32,550,000	0.00001	33,550,000	0.00001
Exercisable at the end of the year	16,185,000	0.00001	16,685,000	0.00001

The options outstanding at the end of the year have a weighted average remaining contractual life of 14 years (2023: 15 years) and the exercise prices were HK\$0.00001 (2023: HK\$0.00001). The share options were granted on 9 August 2018. The estimated fair value of each option on that date is RMB1.66.

The Group recognised share-based compensation expense of approximately RMB3,391,000 for the year ended 31 August 2024 (2023: RMB5,576,000).

29. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at 31 August 2024 and 2023.

30. COMMITMENTS

	2024 RMB'000	2023 RMB'000
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	42,231	90,713
Capital expenditure in respect of land use right	7,022	11,460
Capital expenditure in respect of capital contribution to Tianping College	30,000	30,000
	79,253	132,173

Notes to the Consolidated Financial Statements

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31. RETIREMENT BENEFIT SCHEME

During the year, the employees of the PRC subsidiaries are members of the state-management retirement benefit scheme operated by the PRC government. The Group is required to contribute a specified percentage of payroll costs as determined by respective local government authority to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contribution under the scheme.

The amounts of contributions made by the Group in respect of the retirement benefit scheme during the year are disclosed in note 12.

32. RELATED PARTY TRANSACTIONS

(a) In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following material transactions with its related parties during the year:

	2024 RMB'000	2023 RMB'000
Consultancy income from Tianping College (note i)	14,151	14,151
Interest income from Tianping College (note i)	27,500	18,688
The balances with related parties at the end of the reporting period are as follows:		
Consultancy income receivables from Tianping College (note i)	40,000	25,000
Interest receivables from Tianping College (note i)	58,045	30,545
Advance to Tianping College (note i)	722,700	375,800

Note:

- (i) Mr. Hou is the director and ultimate controlling shareholder of the Company and director of Tianping College.

(b) Compensation of key management personnel

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and all the highest paid employees, is disclosed in note 13.

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2024

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Changes in liabilities arising from financing activities

The following table shows the Group's changes in liabilities arising from financing activities during the year:

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Interest payables RMB'000	Borrowings RMB'000	Total liabilities from financing activities RMB'000
At 1 September 2022	3,375	2,392,639	2,396,014
Changes in cash flows	(75,412)	(278,337)	(353,749)
Non-cash changes			
– interest charged	74,788	57,320	132,108
At 31 August 2023 and 1 September 2023	2,751	2,171,622	2,174,373
Changes in cash flows	(100,325)	76,568	(23,757)
Non-cash changes			
– interest charged	99,401	–	99,401
At 31 August 2024	1,827	2,248,190	2,250,017

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2024

34. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

(a) Statement of financial position of the Company

	2024 RMB'000	2023 RMB'000
Non-current assets		
Investment in a subsidiary (<i>note</i>)	—	—
Property, plant and equipment	1,388	626
Other non-current assets	283,604	290,152
	284,992	290,778
Current assets		
Prepayments and other receivables	12,705	13,637
Amount due from a shareholder	7	7
Amount due from subsidiaries	32,412	108,545
Bank balances	10,124	11,491
	55,248	133,680
Current liabilities		
Amounts due to subsidiaries	12,656	12,656
Accrued expenses	4,342	2,083
Borrowings	109,113	—
	126,111	14,739
Net current (liabilities)/assets	(70,863)	118,941
NET ASSETS	214,129	409,719
Capital and reserves		
Share capital	10	10
Reserves	214,119	409,709
TOTAL EQUITY	214,129	409,719

Note: The investment in a subsidiary is USD1.

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2024

34. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

(b) Reserves of the Company

	Share premium RMB'000	Share-based payment reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 September 2022	516,431	38,898	(119,143)	436,186
Total comprehensive expenses for the year	–	–	(2,053)	(2,053)
Dividends paid	–	–	(30,000)	(30,000)
Recognition of equity-settled share-based payments	–	5,576	–	5,576
At 31 August 2023	516,431	44,474	(151,196)	409,709
At 1 September 2023	516,431	44,474	(151,196)	409,709
Total comprehensive expenses for the year	–	–	(25,663)	(25,663)
Dividends paid/payable	–	–	(172,825)	(172,825)
Recognition of equity-settled share-based payments	–	3,391	–	3,391
Forfeit of share options	–	(1,327)	834	(493)
At 31 August 2024	516,431	46,538	(348,850)	214,119

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2024

35. PARTICULARS OF THE SUBSIDIARIES OF THE COMPANY

Name of the subsidiary	Date and place of incorporation/ establishment and operation	Paid up capital	Equity interest attributable to the Company at 31 August		Principal activity
			2024	2023	
Directly owned:					
Chunlai BVI	28 November 2017 BVI BVI	US\$1	100%	100%	Investment holding
Indirectly owned:					
Chunlai Hong Kong	19 December 2017 Hong Kong Hong Kong	HK\$1	100%	100%	Investment holding
Henan Chunlai (note i)	11 April 2002 The PRC The PRC	RMB113,740,000	100%	100%	Investment holding
Chunlai Information (note ii)	19 January 2018 The PRC The PRC	USD1,000,000	100%	100%	Rendering of education services
Chunlai Technology (note i)	1 August 2017 The PRC The PRC	RMB30,000,000	100%	100%	Investment holding
Shangqiu University (note i)	21 June 2004 The PRC The PRC	RMB80,322,962	100%	100%	Rendering of education services
Anyang University (note i)	27 November 2008 The PRC The PRC	RMB80,000,000	100%	100%	Rendering of education services
Kaifeng Campus (note i)	16 May 2013 The PRC The PRC	RMB89,005,478	100%	100%	Rendering of education services
湖北春來教育科技有限公司 (note i)	11 July 2018 The PRC The PRC	RMB200,000,000	100%	100%	Investment holding

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2024

35. PARTICULARS OF THE SUBSIDIARIES OF THE COMPANY (Continued)

Name of the subsidiary	Date and place of incorporation/ establishment and operation	Paid up capital	Equity interest attributable to the Company at 31 August		Principal activity
			2024	2023	
上海春景投資管理有限責任公司 (note i)	31 July 2015 The PRC The PRC	RMB200,000,000	100%	100%	Investment holding
湖北健康職業學院 (note i)	8 April 2020 The PRC The PRC	RMB30,000,000	100%	100%	Rendering of education services
蘇州春來教育科技有限公司 (note i)	12 December 2020 The PRC The PRC	RMB50,000,000	100%	100%	Investment holding
Jingzhou College (note ii)	31 May 2021 The PRC The PRC	RMB115,650,000	100%	100%	Rendering of education services

Notes:

- (i) These entities are owned through Structured Contracts.
- (ii) The entity is a wholly foreign-owned enterprise incorporated in the PRC.

No debt securities has been issued by the above subsidiaries.

The Company's financial year end date is 31 August, which is consistent with the school year. The subsidiaries in the PRC adopt 31 December as their financial year end date, while the other non-PRC subsidiaries adopt 31 August as their financial year end date.

36. EVENTS AFTER THE REPORTING PERIOD

In November 2024, Anyang University and Shangqiu University entered into sino-foreign school operation agreements with Elite Education Institute in Australia and Anyang University entered into a sino-foreign school operation cooperation agreement with Massey University in New Zealand to establish in-depth strategic cooperation relationships with such institutions to promote their mutual aim of diversification and internationalization of education. For further details, please refer to the announcement of the Company dated 11 November 2024.

37. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 29 November 2024.

Definitions

"2025 AGM"	the annual general meeting of the Company to be held on Friday, 10 January 2025 (or any adjournment thereof)
"affiliate"	means a company that directly, indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the Company and includes any company which is (a) the holding company of the Company; or (b) a subsidiary of holding company of the Company; or (c) a subsidiary of the Company; or (d) a fellow subsidiary of the Company; or (e) the controlling shareholder of the Company; or (f) a company controlled by the controlling shareholder of the Company; or (g) a company controlled by the Company; or (h) an associated company of the holding company of the Company; or (i) an associated company of the Company; or (j) associated company of controlling shareholder of the Company
"Anyang University Yuanyang Campus"	Anyang University Yuanyang Campus (安陽學院原陽校區), a branch college (下屬學院) of Anyang University located in Yuanyang, Henan Province, the PRC that obtained approval from the Education Department of Henan Province (河南省教育廳) for its establishment on April 2021
"Anyang University"	Anyang University (安陽學院), a Private HEI (formerly an independent college known as College of Humanities and Management of Anyang Normal University) (安陽師範學院人文管理學院) that obtained approval from MOE for its establishment on 25 April 2003 (excluding the Wenming Avenue (文明大道) campus of the College of Humanities and Management of Anyang Normal University, which was managed by Anyang Normal University) and one of our PRC Operating Schools. Operating and financial data stated to be of Anyang University presented in this annual report do not include contributions by Anyang University Yuanyang Campus, unless otherwise specified
"Articles of Association"	the memorandum and articles of association of the Company, as amended from time to time
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Auditor"	ZHONGHUI ANDA CPA Limited
"Board" or "Board of Directors"	the board of directors of the Company
"BVI"	the British Virgin Islands
"Chairman Hou"	Mr. Hou Chunlai (侯春來), a PRC citizen, a non-executive Director and the Chairman of the Board, and the spouse of Ms. Jiang and father of Mr. Hou
"China" or "PRC"	the People's Republic of China and, except where the context requires otherwise and only for the purposes of this annual report, references to China or the PRC exclude Hong Kong, Macau and Taiwan; the term "Chinese" has a similar meaning

Definitions

"Chunlai Investment"	Chunlai Investment Co., Ltd (春來投資有限公司), a company incorporated in the BVI with limited liability on 13 July 2017 and one of the Controlling Shareholders
"Company", "the Company" or "our Company"	China Chunlai Education Group Co., Ltd (中國春來教育集團有限公司), an exempted company with limited liability incorporated in the Cayman Islands on 15 November 2017
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"consolidated affiliated entities" or "consolidated affiliated entity"	the entities we control through the Contractual Arrangements, being the PRC Holdco, the School Sponsor and the PRC Operating Schools
"Contractual Arrangements"	the series of contractual arrangements entered into by, among others, WFOE, Mr. Hou, Chairman Hou, Ms. Jiang and the Group's consolidated affiliated entities, details of which are described in the section headed "Contractual Arrangements" in the Prospectus
"Controlling Shareholders"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. Hou and Chunlai Investment
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"Director(s)"	the director(s) of the Company from time to time
"ESG Committee"	the environmental, social and governance committee of the Board
"Group", "our Group", "the Group", "we", "us" or "our"	the Company, its subsidiaries and the consolidated affiliated entities from time to time or, where the context so requires, in respect of the period prior to the Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of the Company at the relevant time
"Henan Implementation Opinions"	the Implementation Opinions of Henan Government on Encouraging the Operation of Education by Social Forces and Promoting the Healthy Development of Private Education 《河南省人民政府關於鼓勵社會力量興辦教育進一步促進民辦教育健康發展的實施意見》 promulgated by the Henan Municipal Government on 2 February 2018
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC

Definitions

"Hubei Chunlai Education"	Hubei Chunlai Education Technology Corporation (湖北春來教育科技有限公司), one of our consolidated affiliated entities and the sole school sponsor of Jiankang College and Jingzhou College
"Hubei College"	College of Engineering and Technology of Yangtze University (長江大學工程技術學院), an independent college of Yangtze University (長江大學) located in Hubei Province, the PRC that obtained approval from MOE for its establishment on 18 March 2004
"IFRS"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"Jiankang College"	Hubei Jiankang Vocational College (湖北健康職業學院), a private higher education vocational school (民辦高等職業學校) in the PRC and one of our PRC Operating Schools. The school sponsor of Jiankang College is Hubei Chunlai Education
"Jingzhou College"	known as Hubei College prior to the conversion of Hubei College into a private ordinary college (民辦普通高等學校) and change of school sponsor, details of which are set out in the announcement of the Company dated 29 October 2021, one of our PRC Operating Schools. The school sponsor of Jingzhou College is Hubei Chunlai Education
"Latest Practicable Date"	17 December 2024, being the latest practicable date to ascertain certain information set out in this annual report prior to its bulk printing
"Listing Date"	13 September 2018, the date the Shares were listed on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange on 13 September 2018
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
"Ministry of Education" or "MOE"	the Ministry of Education of the PRC (中華人民共和國教育部)
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules

Definitions

"Mr. Hou"	Mr. Hou Junyu (侯俊宇), a PRC citizen, an executive Director and our controlling shareholder, and son of Chairman Hou and Ms. Jiang
"Ms. Jiang"	Ms. Jiang Shuqin (蔣淑琴), a PRC citizen and an executive Director, and spouse of Chairman Hou and mother of Mr. Hou
"Nomination Committee"	the nomination committee of the Board
"PRC Holdco"	Henan Chunlai Education Technology Co., Ltd. (河南春來教育科技有限公司), a limited liability company established in the PRC on 1 August 2017 and one of our consolidated affiliated entities
"PRC Legal Adviser"	Tian Yuan Law Firm, our legal adviser as to PRC laws and regulations
"PRC Operating Schools"	Shangqiu University (including Shangqiu University Kaifeng Campus), Anyang University, Jiankang College and Jingzhou College, consolidated affiliated entities of the Company
"Pre-IPO Share Option Scheme"	the share option scheme effective from 9 August 2018, the principal terms of which are set out in the section headed "Statutory and General Information — D. Pre-IPO Share Option Scheme and Share Award Scheme — 1. Pre-IPO Share Option Scheme" in Appendix V to the Prospectus
"Prospectus"	the prospectus of the Company published on 31 August 2018
"Remuneration Committee"	remuneration committee of the Board
"Reporting Period"	the year ended 31 August 2024
"RMB"	Renminbi, the lawful currency of PRC
"School Sponsor"	Henan Shangqiu Chunlai Education Corporation (河南商丘春來教育集團), a private non-enterprise entity (民辦非企業單位) established in the PRC on 18 October 2004, a consolidated affiliated entity of the Company and the sole school sponsor of each of Shangqiu University (including Shangqiu University Kaifeng Campus) and Anyang University
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shangqiu University Kaifeng Campus"	Shangqiu University Applied Science and Technology College (商丘學院應用科技學院), a branch college (下屬學院) of Shangqiu University located in Kaifeng, Henan Province, the PRC that obtained approval from the Education Department of Henan Province (河南省教育廳) for its establishment on 16 May 2013

Definitions

“Shangqiu University”	Shangqiu University (商丘學院), a Private HEI (formerly an independent college known as Huayu College of Henan Agricultural University (河南農業大學華豫學院) that obtained approval from MOE for its establishment on 14 July 2005) and one of our PRC Operating Schools; operating and financial data stated to be of Shangqiu University presented in this document do not include contributions by Shangqiu University Kaifeng Campus, unless otherwise specified
“Share Award Scheme”	the share award scheme approved and adopted by the sole shareholder of the Company on 24 August 2018, the principal terms of which are set out in the section headed “Statutory and General Information – D. Pre-IPO Share Option Scheme and Share Award Scheme – 2. Share Award Scheme” in Appendix V to the Prospectus
“Share(s)”	ordinary share(s) in the Company of par value of HK\$0.00001 each
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto in section 15 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Tianping College”	Tianping College of Suzhou University of Science and Technology (蘇州科技大學天平學院), an independent college of Suzhou University of Science and Technology
“treasury shares”	has the meaning ascribed to it under the Listing Rules
“WFOE”	Henan Chunlai Education Information Consultancy Co., Ltd. (河南春來教育信息諮詢有限公司), a company established in the PRC with limited liability on 19 January 2018 and a wholly-owned subsidiary of our Company
“%”	percent

Glossary

"college"	a higher educational institution offering bachelor's degree programmes and junior college diploma programmes, which may be a branch college (下屬學院) and may not be a separate legal entity
"formal education"	education system that provides students with the opportunity to earn official certificates from the PRC government
"high school"	a school that provide education for students in grade 10 through grade 12
"higher education"	an optional final stage of formal learning that occurs after secondary education, which is often delivered at universities, academies, colleges and institutes of technologies
"independent college"	a bachelor-degree level higher education institution established by a public university that provides formal education in bachelor-degree level or above in association with individuals or social organisations other than governmental institutions using non-state funds
"private HEI" or "private higher education institution"	a PRC private higher education institution (民辦高等教育機構) not affiliated with any public universities that is operated by non-governmental entity(ies) or individual(s) where government funding is not a major source of capital and has open admission and enrolment to the public
"private school"	a school that is not run by local, provincial or national governments
"public school"	a school that is run by local, provincial or national governments
"school sponsor"	an individual or entity that funds or holds interests in an educational institution
"vocational education programme"	a three-year vocational education programme that generally enrolls middle school graduates or a one-year vocational education programme that generally enrolls high school graduates, and upon the completion of which a vocational high school diploma will be granted