



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

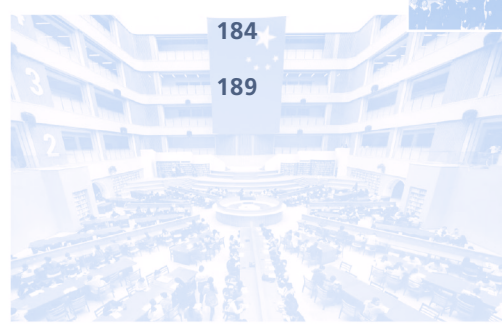
(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1969



2023 ANNUAL REPORT

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Company Profile

The Group is a leading provider of private higher education in China. Since the Group's inception in 2004, it has grown to operate four 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 97,685 for the 2021/2022 school year to 103,277 for the 2022/2023 school year. To capture growth opportunities, each of the Group's current 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 demand of economic development in China.

The Group's revenue increased from RMB1,309 million for the year ended 31 August 2022 to RMB1,498 million for the year ended 31 August 2023.

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*)
Mr. Hou Junyu (侯俊宇)
Ms. Fok, Pui Ming Joanna (霍珮鳴)

COMPANY SECRETARY

Ms. Yu Anne (余安妮)

AUTHORISED REPRESENTATIVES

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
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COMPLIANCE ADVISER

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

REGISTERED OFFICE

190 Elgin Avenue
George Town
Grand Cayman KY1-9008
Cayman Islands

Corporate Information

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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No. 248 Queen's Road East
Wanchai
Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN CHINA

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Shangqiu City
Henan Province
PRC

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Walkers Corporate Limited
190 Elgin Avenue
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Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor
Services Limited
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PRINCIPAL BANKERS

Zhongyuan Bank Co., Ltd.
Shangqiu Development District Sub-branch
Northeast Corner, Intersection of Yuyuan Road
and Beihai Road, Development District
Shangqiu City
Henan Province
PRC

China CITIC Bank Co., Ltd.
Anyang People's Avenue Sub-branch
Southeast Corner, Intersection of People's Avenue
and Yongming Road, Anyang City
Henan Province
PRC

COMPANY WEBSITE

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	2019 <i>RMB'000, except percentages</i>	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>
Revenue	559,380	702,493	1,041,999	1,309,197	1,497,962
Cost of revenue	(265,730)	(332,916)	(410,560)	(482,494)	(607,907)
Gross profit	293,650	369,577	631,439	826,703	890,055
Profit before taxation	169,310	148,205	609,951	555,451	688,175
Total comprehensive income for the year	164,734	141,332	606,925	552,260	684,393
Adjusted net profit ⁽¹⁾	159,463	173,186	396,109	537,630	673,227
Profitability Margins					
Gross profit margin	52.5%	52.6%	60.6%	63.1%	59.4%
Adjusted net profit margin ⁽¹⁾	28.5%	24.7%	38.0%	41.1%	44.9%
Assets and Liabilities					
Non-current assets	2,472,356	3,325,399	4,492,955	4,754,364	4,997,088
Current assets	980,728	428,119	561,245	1,116,073	1,460,715
Current liabilities	1,931,054	1,810,469	2,215,211	2,883,954	2,448,150
Net current (liabilities)	(950,326)	(1,382,350)	(1,653,966)	(1,767,881)	(987,435)
Total assets less current liabilities	1,522,030	1,943,049	2,838,989	2,986,483	4,009,653
Total equity	1,287,363	1,441,449	2,059,444	2,615,690	3,275,659
Non-current liabilities	234,667	501,600	779,545	370,793	733,994
Total equity and non-current liabilities	1,522,030	1,943,049	2,838,989	2,986,483	4,009,653
Selected Major Items					
Property, plant and equipment	1,390,998	1,928,004	2,780,754	2,797,921	2,987,663
Cash and cash equivalents	473,619	204,011	399,603	630,927	789,720
Borrowings	1,520,111	1,793,011	2,368,232	2,392,639	2,171,622
Deferred revenue	8,595	5,666	8,329	6,622	3,831
Contract liabilities	447,130	89,902	219,419	533,118	678,914
Liquidity					
Gearing ratio ⁽²⁾	118.1%	124.4%	115.0%	91.4%	66.2%

Notes:

(1) Adjusted net profit is calculated as profit for the year excluding (i) share-based compensation, and (ii) foreign exchange (gain)/loss. 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		Change (%)
	2023	2022	
	(RMB in thousands, except percentages)		
Revenue	1,497,962	1,309,197	14.4%
Gross profit	890,055	826,703	7.7%
Profit before taxation	688,175	555,451	23.9%
Profit for the year	684,393	552,260	23.9%
Non-IFRS Measure:			
Adjusted net profit ¹	673,227	537,630	25.2%

Note:

- (1) Adjusted net profit is calculated as profit for the year excluding (i) share-based compensation, and (ii) foreign exchange (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 RMB0.053 (equivalent to approximately HK\$0.058) per Share for the year ended 31 August 2023, subject to the approval of the Shareholders at the forthcoming annual general meeting.

NON-IFRS MEASURE

To supplement the Group's audited consolidated financial statements which are presented in accordance with 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 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 pre-school 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 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 2023, the Group had about 900 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, and have achieved good results.

Management Discussion and Analysis

Our Colleges

Shangqiu University

Shangqiu University is located in Shangqiu, Henan Province. 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 49 bachelor's degree programmes, 23 junior college to bachelor's degree transfer programmes, 39 junior college diploma programmes, 13 combined vocational education and junior college diploma programmes and 25 vocational education programmes. Shangqiu University has also been approved to offer double-degree bachelor's degree programmes in marketing, Chinese language and literature, economics, human resources management, and international economy and trade. For the 2022/2023 school year, Shangqiu University had a total enrolment of 29,358 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. It was established in 2013 as a branch college (下屬學院) of Shangqiu University. Shangqiu University Kaifeng Campus currently offers 28 bachelor's degree programmes, 21 junior college to bachelor's degree transfer programmes, 22 junior college diploma programmes, 6 combined vocational education and junior college diploma programmes and 12 vocational education programmes. For the 2022/2023 school year, Shangqiu University Kaifeng Campus had a total enrolment of 18,054 students.

Anyang University

Anyang University is located in Anyang, Henan Province. 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) (the "**College of Humanities and Management**"), which was co-founded by Anyang Normal University and Anyang Iron and Steel Group in 2003. Anyang University currently offers 44 bachelor's degree programmes, 17 junior college to bachelor's degree transfer programmes, 37 junior college diploma programmes, 23 combined vocational education and junior college diploma programmes and 14 vocational education programmes. For the 2022/2023 school year, Anyang University had a total enrolment of 30,330 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 programmes, 15 junior college diploma programmes and 20 combined vocational education and junior college diploma programmes. For the 2022/2023 school year, Anyang University Yuanyang Campus had a total enrolment of 8,118 students.

Management Discussion and Analysis

Jiankang College

Jiankang College is located in Xianning, Hubei Province. 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, early childhood development and health management, and rehabilitation engineering technology. For the 2022/2023 school year, Jiankang College had a total enrolment of 3,699 students.

Jingzhou College (formerly known as Hubei College)

Jingzhou College is located in Jingzhou, Hubei Province. Jingzhou College currently offers 35 bachelor's degree programmes, 14 junior college to bachelor's degree transfer programmes and 19 junior college diploma programmes. For the 2022/2023 school year, Jingzhou College had a total enrolment of 13,718 students.

Student Enrolment

The table below sets forth the enrolment statistics of our colleges for the 2021/2022 and 2022/2023 school years:

	Student enrolment ⁽¹⁾ for the school year		Change in number	Percentage change (approximately)
	2022/2023	2021/2022		
Shangqiu University				
Bachelor's degree programmes	9,698	9,999	(301)	(3.0%)
Junior college to bachelor's degree transfer programmes	3,011	2,399	612	25.5%
Junior college diploma programmes ⁽²⁾	10,632	12,663	(2,031)	(16.0%)
Vocational education programmes ⁽³⁾	6,017	5,050	967	19.1%
School subtotal	29,358	30,111	(753)	(2.5%)
Anyang University				
Bachelor's degree programmes	8,473	10,806	(2,333)	(21.6%)
Junior college to bachelor's degree transfer programmes	5,851	3,602	2,249	62.4%
Junior college diploma programmes ⁽²⁾	10,525	12,110	(1,585)	(13.1%)
Vocational education programmes ⁽³⁾⁽⁴⁾	5,481	7,333	(1,852)	(25.3%)
School subtotal	30,330	33,851	(3,521)	(10.4%)

Management Discussion and Analysis

	Student enrolment ⁽¹⁾ for the school year		Change in number	Percentage change (approximately)
	2022/2023	2021/2022		
Shangqiu University Kaifeng Campus				
Bachelor's degree programmes ⁽⁵⁾	8,173	7,928	245	3.1%
Junior college to bachelor's degree transfer programmes ⁽⁶⁾	4,163	2,491	1,672	67.1%
Junior college diploma programmes ⁽⁷⁾	4,938	5,423	(485)	(8.9%)
Vocational education programmes	780	270	510	188.9%
School subtotal	18,054	16,112	1,942	12.1%
Jiankang College				
Junior college diploma programmes ⁽⁸⁾	3,699	1,318	2,381	180.7%
School subtotal	3,699	1,318	2,381	180.7%
Jingzhou College				
Bachelor's degree programmes	6,998	6,610	388	5.9%
Junior college to bachelor's degree transfer programmes	1,671	1,280	391	30.5%
Junior college diploma programmes	5,049	4,344	705	16.2%
School subtotal	13,718	12,234	1,484	12.1%
Anyang University Yuanyang Campus				
Bachelor's degree programmes	7,343	3,734	3,609	96.7%
Junior college diploma programmes	247	–	247	–
Vocational education programmes ⁽⁹⁾	528	325	203	62.5%
School subtotal	8,118	4,059	4,059	100.0%
Total number of students	103,277	97,685	5,592	5.7%

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 2021/2022 and 2022/2023 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.
- (4) Anyang University started its vocational education programmes and combined vocational education and junior college diploma programmes in 2016.

Management Discussion and Analysis

- (5) Shangqiu University Kaifeng Campus started its bachelor's degree programmes in 2013.
- (6) Shangqiu University Kaifeng Campus started its junior college to bachelor's degree transfer programmes in 2017.
- (7) Shangqiu University Kaifeng Campus started its junior college diploma programmes in 2013.
- (8) Jiankang College started its junior college diploma programmes in 2020.
- (9) Anyang University Yuanyang Campus started its bachelor's degree programmes and vocational education programmes in 2021.

For the 2022/2023 school year, the number of students enrolled increased by 5.7% from 97,685 in the prior school year to 103,277. 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, the quality faculty team is also a major factor that has played in the past, and will continue to play in the future, an important role in the success of the schools.

Student Recruitment

Our new student enrolment has historically been driven primarily by word-of-mouth referrals. We believe we generally have a good reputation in providing high quality education services among our students and their parents. In addition, after over 18 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 employ 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 2022/2023 school year, the overall yield of our four colleges that offer bachelor's degree programmes (being Shangqiu University, Anyang University, Shangqiu University Kaifeng 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 96.8%.

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 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.

Management Discussion and Analysis

FUTURE DEVELOPMENT

In order to continuously increase our total enrolment, we plan to acquire additional land use rights and construct new education and living facilities. We consider that the increase in capacity under the expansion plan is essential to accommodate our growth strategy of increasing student enrolment going forward. Each of our colleges generally requires its students to live in dormitories on campus. Therefore, 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 for a 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. We believe the planned 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, appropriate facilities available and quality education programmes to offer, which are among the key objectives of our expansion plans.

FINANCIAL REVIEW

Overview

For the year ended 31 August 2023, we recorded a revenue of RMB1,498.0 million and a gross profit of RMB890.1 million. The gross profit margin was 59.4% for the year ended 31 August 2023 as compared with 63.1% for the corresponding period in 2022.

The adjusted net profit of the Group for the year ended 31 August 2023 was RMB673.2 million, representing an increase of RMB135.6 million or 25.2% from the corresponding period in 2022. The adjusted net profit margin of the Group was 44.9% and 41.1% for the years ended 31 August 2023 and 31 August 2022, respectively. The increase in adjusted net profit was mainly due to the increase in student enrolment.

The net profit of the Group amounted to RMB684.4 million and RMB552.3 million for the years ended 31 August 2023 and 31 August 2022, respectively. The net profit margin of the Group amounted to 45.7% and 42.2% for the years ended 31 August 2023 and 31 August 2022, respectively.

Revenue

Our revenue increased by 14.4% from RMB1,309.2 million for the year ended 31 August 2022 to RMB1,498.0 million for the year ended 31 August 2023, primarily due to the increase of the Group's student enrolment.

Revenue from Shangqiu University Kaifeng Campus increased by 14.3% from RMB236.9 million for the year ended 31 August 2022 to RMB270.8 million for the year ended 31 August 2023. The increase was primarily due to the increase in student enrolment.

Revenue from Shangqiu University increased by 4.7% from RMB383.3 million for the year ended 31 August 2022 to RMB401.4 million for the year ended 31 August 2023. The increase was primarily due to the increase in average tuition fee.

Management Discussion and Analysis

Revenue from Anyang University decreased by 1.1% from RMB412.2 million for the year ended 31 August 2022 to RMB407.5 million for the year ended 31 August 2023. The decrease was primarily due to the decrease in student enrolment.

Revenue from Anyang University Yuanyang Campus increased by 102.9% from RMB65.0 million for the year ended 31 August 2022 to RMB131.9 million for the year ended 31 August 2023. The increase was primarily due to the increase in student enrolment.

Revenue from Jiankang College increased by 176.7% from RMB18.9 million for the year ended 31 August 2022 to RMB52.3 million for the year ended 31 August 2023. The increase was primarily due to the increase in student enrolment.

Revenue from Jingzhou College increased by 21.4% from RMB192.9 million for the year ended 31 August 2022 to RMB234.2 million for the year ended 31 August 2023. The increase was primarily due to the increase in student enrolment.

Overall, revenue from tuition fees and boarding fees increased by 14.4% and 14.5%, respectively, from the year ended 31 August 2022 to the year ended 31 August 2023.

Cost of Revenue

Our cost of revenue increased by 26.0% from RMB482.5 million for the year ended 31 August 2022 to RMB607.9 million for the year ended 31 August 2023. The percentage of our cost of revenue increased from 36.9% for the year ended 31 August 2022 to 40.6% for the year ended 31 August 2023. The increase was primarily due to the increase in salaries.

Gross Profit and Gross Margin

As a result of the foregoing, our gross profit increased by 7.7% from RMB826.7 million for the year ended 31 August 2022 to RMB890.1 million for the year ended 31 August 2023, and our gross profit margin decreased from 63.1% for the year ended 31 August 2022 to 59.4% for the year ended 31 August 2023.

Other Income

Our other income increased by 62.8% from RMB51.6 million for the year ended 31 August 2022 to RMB84.1 million for the year ended 31 August 2023, primarily due to the increase in ancillary service income.

Other Gains and Losses

We recorded other gains of RMB16.4 million for the year ended 31 August 2022, while we recorded other gains of RMB18.1 million for the year ended 31 August 2023. The increase compared to last year is due to the decrease in loss on initial recognition of advance to a third party.

Selling Expenses

Our selling expenses increased by 10.9% from RMB4.6 million for the year ended 31 August 2022 to RMB5.1 million for the year ended 31 August 2023, primarily due to the increase in advertising, exhibition and marketing.

Management Discussion and Analysis

Administrative Expenses

Our administrative expenses decreased by 12.3% from RMB198.9 million for the year ended 31 August 2022 to RMB174.4 million for the year ended 31 August 2023, primarily due to the decrease in gas, electricity and water, and repair and maintenance.

Finance Costs

Our finance costs decreased by 8.3% from RMB135.8 million for the year ended 31 August 2022 to RMB124.5 million for the year ended 31 August 2023, primarily due to the decrease of average loan.

Taxation

We recorded income tax of RMB3.2 million for the year ended 31 August 2022 as compared to income tax of RMB3.8 million for the year ended 31 August 2023 due to an increase in service revenue and other income.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 23.9% from RMB552.3 million for the year ended 31 August 2022 to RMB684.4 million for the year ended 31 August 2023.

Non-IFRS Measure – Adjusted Net Profit

Our adjusted net profit increased by 25.2% from RMB537.6 million for the year ended 31 August 2022 to RMB673.2 million for the year ended 31 August 2023. Adjusted net profit (as a non-IFRS measure) was calculated as profit for the year excluding (i) share-based compensation, and (ii) foreign exchange (gain). The following table reconciles profit for the year to adjusted net profit for both years:

	For the year ended 31 August	
	2023	2022
	(RMB in thousands)	
Profit for the year	684,393	552,260
Add:		
Share-based compensation	5,576	3,986
Foreign exchange (gain)	(16,742)	(18,616)
Adjusted net profit	673,227	537,630

Liquidity and Source of Funding and Borrowing

During the year ended 31 August 2023, 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 RMB630.9 million and RMB789.7 million as at 31 August 2022 and 2023, respectively. The Company generally deposits the Group's excess cash in interest-bearing bank accounts and current accounts.

Management Discussion and Analysis

As of 31 August 2023, the Group's principal uses of cash had been for funding of required working capital, capital expenditures and other recurring expenses to support the expansion of the Group's operations. Going forward, the Company believes the Group's liquidity requirements will be satisfied by using funds from a combination of internally generated cash, external borrowings, proceeds from the Global Offering (as defined below) and other funds raised from the capital markets from time to time. Any significant decrease in 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 2023, the gearing ratio of the Group, calculated as total borrowings divided by total equity as of the end of the year, was approximately 66.2%, representing a decrease of 25.2% percentage point(s) as compared with 91.4% as at 31 August 2022. The decrease was due to the repayment of certain interest-bearing bank loans and the increase of equity.

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 2023) during the year ended 31 August 2023.

Material Acquisitions and Disposals

The Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities or associated companies during the year ended 31 August 2023.

Pledge of Assets

1. On 27 December 2022, the School Sponsor, a consolidated affiliated entity of the Company, (as borrower) entered into a loan agreement (the "**School Sponsor Loan Agreement**") with Zhongyuan Bank Co. Ltd., Shangqiu Branch* (中原銀行股份有限公司商丘分行) ("**Zhongyuan Bank**") (as lender), pursuant to which Zhongyuan Bank agreed to make available a term loan facility with a principal amount of up to RMB90,000,000 to the School Sponsor (the "**School Sponsor Loan**"). On the same day, each of the Company and the PRC Holdco entered into a guarantee agreement with Zhongyuan Bank (collectively, the "**Zhongyuan Guarantee Agreements**"). Pursuant to the Zhongyuan Guarantee Agreements, each of the Company and the PRC Holdco shall provide a guarantee in favour of Zhongyuan Bank for the School Sponsor's liabilities under the School Sponsor Loan Agreement (including but not limited to the principal amount of the School Sponsor Loan, interest, damages, compensation, and fees incurred by Zhongyuan Bank in connection with any enforcement actions). In respect of the School Sponsor Loan Agreement, each of Shangqiu University, Anyang University and Hubei Jiankang Vocational College entered into an account receivables pledge agreement with Zhongyuan Bank, pursuant to which the School Sponsor agreed to pledge its account receivables in favour of Zhongyuan Bank for the School Sponsor's liabilities under the School Sponsor Loan Agreement (including but not limited to the School Sponsor Loan, interest, damages, compensation, and fees incurred by Zhongyuan Bank in connection with any enforcement actions).

Further details of the School Sponsor Loan and the related security agreements are set out in the announcement of the Company dated 30 December 2022.

Management Discussion and Analysis

- On 7 March 2023, Jingzhou College, as credit recipient (the “**Credit Recipient**”), and China Everbright Bank Co. Ltd., Jingzhou Branch* (中國光大銀行股份有限公司荊州分行), as creditor (the “**Creditor**”), entered into a line of credit agreement (the “**Line of Credit Agreement**”), pursuant to which the Creditor agreed to make available a credit line with a principal amount of up to RMB40,000,000 (the “**Credit Line**”) to the Credit Recipient. On the same day, each of the Company, Hubei Chunlai, Henan Chunlai Education Information Consulting Co., Ltd.* (河南春來教育信息諮詢有限公司) (“**Henan Chunlai**”), the PRC Holdco, and the School Sponsor entered into a guarantee agreement with the Creditor (collectively, the “**Everbright Guarantee Agreements**”). Pursuant to the Everbright Guarantee Agreements, each of the Company, Hubei Chunlai, Henan Chunlai, the PRC Holdco and the School Sponsor shall provide a guarantee in favour of the Creditor for the Credit Recipient’s liabilities under the Line of Credit Agreement (including but not limited to the principal amount of the Credit Line, interest, damages, compensation, and fees incurred by the Creditor in connection with any enforcement actions).

Further details of the Line of Credit Agreement and the related security agreements are set out in the announcement of the Company dated 10 March 2023.

- On 11 March 2023, Shangqiu University* (商丘學院), as borrower (the “**Borrower**”), and Industrial and Commercial Bank of China, Shangqiu Xijianlu Branch* (中國工商銀行股份有限公司商丘新建路支行) (“**ICBC Shangqiu Branch**”), as lender, entered into a working capital loan agreement (the “**Working Capital Loan Agreement**”), pursuant to which ICBC Shangqiu Branch agreed to make available a term loan facility with a principal amount of up to RMB60,000,000 (the “**ICBC Loan**”) to the Borrower. On the same day, each of the Company, the PRC Holdco, the School Sponsor, Mr. Hou and Ms. Song Mengmeng (“**Ms. Song**”) entered into a guarantee agreement with ICBC Shangqiu Branch (collectively, the “**ICBC Guarantee Agreements**”). Pursuant to the ICBC Guarantee Agreements, each of the Company, the PRC Holdco, the School Sponsor, Mr. Hou and Ms. Song shall provide a guarantee in favour of ICBC Shangqiu Branch for the Borrower’s liabilities under the Working Capital Loan Agreement (including but not limited to the principal amount of the ICBC Loan, interest, damages, compensation, and fees incurred by ICBC Shangqiu Branch in connection with any enforcement actions). In respect of the Working Capital Loan Agreement, Shangqiu University entered into a pledge agreement (the “**ICBC Pledge Agreement**”) with ICBC Shangqiu Branch, pursuant to which the Borrower agreed to pledge its receivables from tuition fees in favour of ICBC Shangqiu Branch for the Borrower’s liabilities under the Working Capital Loan Agreement (including but not limited to the ICBC Loan, interest, damages, compensation, and fees incurred by ICBC Shangqiu Branch in connection with any enforcement actions).

Further details of the ICBC Loan and the related security agreements are set out in the announcement of the Company dated 17 March 2023.

Contingent Liabilities

The Group had no material contingent liabilities as at 31 August 2023.

Management Discussion and Analysis

Foreign Exchange Exposure

During the year ended 31 August 2023, the Group mainly operated in the PRC and the majority of the transactions were settled in RMB, the functional currency of the Group's PRC subsidiaries and consolidated affiliated entities. 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

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

Employee and Remuneration Policy

As at 31 August 2022 and 2023, we had 5,763 and 4,750 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 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 Company's 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 RMB330.8 million (for the year ended 31 August 2022: RMB272.9 million).

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this annual report, there were no other significant events that might affect the Group since the end of the year ended 31 August 2023 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 32, was appointed as an executive Director on 15 November 2017 and the chairman of the Nomination Committee on 12 February 2018, and was a member of the Nomination Committee since 30 November 2023. 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 spearheading 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 has therefore not completed the undergraduate course in the University of Sussex. Mr. Hou is the son of Ms. Jiang and Chairman Hou.

Ms. Jiang Shuqin (蔣淑琴), aged 57, 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 14 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 (張潔), aged 54, 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 Henan Shangqiu Chunlai Education Corporation 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 (武漢汽車工業大學)) 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 29 years and has considerable experience in private HEI management.

Directors and Senior Management

NON-EXECUTIVE DIRECTOR

Mr. Hou Chunlai (侯春來), aged 54, 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 also concerned with the following positions:

- standing director of China Association for Private Education (since November 2011); and
- director of China Association for Private Education, Higher Education Committee (January 2010 to January 2015).

Chairman Hou is also actively engaged in civil affairs in the PRC. In particular, Chairman Hou had been 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 69, was appointed as an independent non-executive Director, a member of the Audit Committee and a member of the Nomination Committee on 12 February 2018, taking effect on 31 August 2018, and was the chairman of the Nomination Committee since 30 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 20 years of operating and management experience in 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 doctor’s 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.

Directors and Senior Management

Ms. Fok, Pui Ming Joanna (霍珮鳴), aged 44, 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 14 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 has 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 40, was appointed as an independent non-executive Director, chairman of the Audit Committee and a member of the Remuneration Committee on 12 February 2018, taking effect on 31 August 2018. Mr. Lau is primarily responsible for supervising and providing independent judgement to the Board.

Mr. Lau has more than 12 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 54, 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 13 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 43, 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 18 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 undergraduate professional certification in financial management.

Mr. Wang Jie (王傑), aged 40, 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 15 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 between September 2007 and February 2008 as the deputy office manager (in charge of work) of Shangqiu University. 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 general office.

Directors and Senior Management

Mr. Ma Shaoshuai (馬紹帥), aged 39, 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 Henan Shangqiu Chunlai Education Corporation (河南商丘春來教育集團). 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 42, 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 17 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 Henan Shangqiu Chunlai Education Corporation 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 36, with a doctor's 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 33, 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 of Suzhou University of Science and Technology 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 Jiao Tong University in 2018. Mr. Sheng is a certified public accountant and a qualified lawyer in the PRC.

Mr. Shi Wanqing (史萬慶), aged 37, has been the office director of Henan Shangqiu Chunlai Education Corporation (河南商丘春來教育集團) since October 2022. From June 2021 to October 2022, he served as the deputy director of the logistics insurance department of Henan Shangqiu Chunlai Education Corporation (河南商丘春來教育集團). 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 37, 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 Henan Shangqiu Chunlai Education Corporation (河南商丘春來教育集團) 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 field. 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 and she is also an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

CHANGES TO DIRECTORS' INFORMATION

On 28 November 2023, Dr. Jin Xiaobin was appointed to replace Mr. Hou as the chairman of the Nomination Committee. Mr. Hou remains as a member of the Nomination Committee. Save as disclosed, there is no change to the information of the Directors 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 18 to 25 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.

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 year, 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 on pages 61 to 123 of this annual 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 AND WHISTLEBLOWING POLICIES

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 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

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 2023 as included in the consolidated financial statements in this annual report was approximately RMB2,987.7 million.

DONATIONS

During the Reporting Period, the Group made charitable donations of approximately RMBnil (2022: 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 RMB0.053 (equivalent to approximately HK\$0.058) per share for the year ended 31 August 2023, subject to the approval of the Shareholders at the Company's forthcoming annual general meeting. The final dividend will be declared in RMB 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. 21 November 2023 to 27 November 2023) (RMB1 to HK\$1.094). Such proposed dividend will be payable on or around Wednesday, 7 February 2024 to the Shareholders whose names appear on the register of members of the Company on Tuesday, 30 January 2024.

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.

Report of 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 2023 were RMBnil.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at 31 August 2023 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 2022 and 2023. We did not have any single customer who accounted for more than 5% of our revenue for each of the years ended 31 August 2022 and 2023.

Our suppliers primarily comprise suppliers of textbooks, uniforms and teaching equipment, and construction companies for building campus facilities. For the years ended 31 August 2022 and 2023, purchases from our five largest suppliers amounted to RMB145.1 million and RMB299.2 million, respectively, which represented 59% and 90.6% of our total purchases in the respective periods. During the same periods, purchases from our largest supplier amounted to RMB46.7 million and RMB49.9 million, respectively, which represented 19% and 15.1% 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.

SHARE SCHEMES

The Company has two existing share schemes, namely the Pre-IPO Share Option Scheme and the Share Award Scheme. Since 1 January 2023, the Company has been relying on the transitional arrangements provided for existing share schemes and will comply with Chapter 17 of the Listing Rules (effective from 1 January 2023) for the financial years commencing from 1 September 2023 accordingly.

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 for the Reporting Period is 0. Further details and relevant breakdowns of each of the share schemes of the Company are set out below.

Report of Directors

PRE-IPO SHARE OPTION SCHEME

The Company adopted the Pre-IPO Share Option Scheme effective from 9 August 2018. As at 31 August 2023, share options for 33,550,000 Shares were granted to 23 participants under the Pre-IPO Share Option Scheme. 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.

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 of the Company 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 2022 and 31 August 2023, 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, share options for 33,550,000 Shares, representing approximately 2.80% of the issued share capital of the Company, were granted to 23 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.

Report of Directors

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.

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 15 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 28 to the consolidated financial statements.

Grantee	Position held with the Group	Date of Grant	Exercise period	Vesting period	Exercise price	Outstanding	Granted	Exercised	Cancelled	Lapsed	Outstanding
						as at 1 September 2022	during the Reporting Period	during the Reporting Period	during the Reporting Period	during the Reporting Period	as at 31 August 2023
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 and chief executive officer	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	-	-	-	-	11,550,000
TOTAL						33,550,000	-	-	-	-	33,550,000

During the Reporting Period, no grant of options was made and none of the options granted referred to above was exercised, had been cancelled or had lapsed.

SHARE AWARD SCHEME

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

Report of Directors

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 2022 and 31 August 2023, 84,000,000 Shares, representing 7% of the issued share capital 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 granted 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 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 5 years.

Outstanding Share Awards

No awards have been granted since the adoption of the Share Award Scheme.

EMOLUMENT POLICY AND DIRECTORS' REMUNERATION

In compliance with the Corporate Governance Code as set out in Appendix 14 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 senior management personnel are eligible participants of 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 2023, 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%
	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 as at 31 August 2023.
- (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 husband and wife, 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%
	Beneficial owner	The PRC Holdco	RMB30,000,000	100%
	Beneficial owner ⁽¹⁾	The School Sponsor	RMB113,740,000	100%
Chairman Hou	Beneficial owner ⁽¹⁾ and interest of spouse ⁽²⁾	The School Sponsor	RMB33,780,000	29.7%
Ms. Jiang	Beneficial owner ⁽¹⁾ and interest of spouse ⁽²⁾	The School Sponsor	RMB33,780,000	29.7%

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 husband and wife, 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 2023, 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.

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

As at 31 August 2023, so far as the Directors are aware, the following persons (other than our Directors or chief executives of our Company) 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 Shareholder	Capacity/Nature of Interest	Number of Shares ⁽³⁾	Approximate Percentage of Shareholding ⁽¹⁾
Mr. Hou ⁽²⁾	Interest in a controlled corporation	900,000,000(L)	75%
	Share options granted under the Pre-IPO Share Option Scheme	6,000,000(L)	0.50%
Chunlai Investment	Beneficial owner	900,000,000(L)	75%
Xiang Rong International Limited	Beneficial owner	66,037,000(L)	5.50%

Report of Directors

Notes:

- (1) The percentages are calculated on the basis of 1,200,000,000 Shares in issue as at 31 August 2023.
- (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) who had an interest or short position in the shares, underlying Shares or debentures of the Company as at 31 August 2023 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, subject to renewal after the expiry of the then current term.

Each of our independent non-executive Directors has entered into an appointment letter with our Company for a period of three years, subject to renewal after the expiry of the then current term.

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.

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 (2022: nil).

Report of Directors

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 (2022: 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 (2022: 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 favor of the Directors, controlled bodies corporate by and connected entities with such Directors (2022: nil).

CONTROLLING SHAREHOLDERS' AND DIRECTORS' INTERESTS IN COMPETING BUSINESS

Save and except for the interests of the Controlling Shareholders in the Group, 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 conflicts 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 2023 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 2023 <i>RMB'000</i>	Year ended 31 August 2022 <i>RMB'000</i>
Revenue	1,497,962	1,309,197
Profit before tax	698,550	557,859
	As at 31 August 2023 <i>RMB'000</i>	As at 31 August 2022 <i>RMB'000</i>
Total assets	6,132,635	5,514,941

For the year ended 31 August 2023, the revenue and profit before tax subject to the Contractual Arrangements amounted to approximately 100% (2022: 100%) and 100% (2022: 100%) of the revenue and profit before tax of the Group.

As at 31 August 2023, the total assets subject to the Contractual Arrangements amounted to approximately 95% (2022: 94%) of the total assets of the Group.

Listing Rule Implications

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 have been entered into in accordance with the relevant provisions of the Contractual Arrangements and that the profit generated by the consolidated affiliated entities has been substantially retained by the WFOE, (ii) no dividends or other distributions have been 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 in the year ended 31 August 2023:

- (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 disclosure requirements prescribed in Chapter 14A of the Listing Rules with respect to the connected transactions and continuing connected transactions entered into by the Group 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, Chunlai (Hong Kong), 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 2023, 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 2023, we owned buildings with a total ground floor area of approximately 0.82 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 2023, 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 listed on the Stock Exchange during the Reporting Period.

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 approximately RMB489.8 million (equivalent to approximately HK\$552.6 million). The utilisation breakdown of the net proceeds from the Global Offering as of 31 August 2023 is set out below:

	Net proceeds from the Global Offering <i>RMB million</i>	Unutilised amount as at 1 September 2022 <i>RMB million</i>	Amount utilised during the year ended 31 August 2023 <i>RMB million</i>	Unutilised amount as at 31 August 2023 <i>RMB million</i>
Acquisition of land use rights and building education and living facilities of our current colleges	244.9	65.1	47.1	18.0
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	6.3	6.3	0.0
Total	489.8	71.4	53.4	18.0

Report of Directors

The remaining balance of the net proceeds (approximately RMB18 million) is held as short-term deposits. The Company expects to gradually apply the remaining unutilised net proceeds of RMB18 million for the acquisition of land use rights and building education and living facilities of our current colleges by September 2024.

Note:

The Group maintains its net proceeds from the Global Offering mostly in Hong Kong dollars or United States dollars and for the purpose of disclosure in financial results announcements and reports, the movements in the use of proceeds are expressed in RMB, being currency in which the majority of the Group's transactions were settled and the functional currency of the Group's PRC subsidiaries and consolidated affiliated entities, using the currency exchange rates between RMB and HK dollars or US dollars at the relevant time. It should be noted that the unutilised amount as at 31 August 2023 is based on the foreign currency exchange rates as at 31 August 2023, which is different to the foreign currency exchange rate applied in respect of the unutilised amount as at 1 September 2022. These changes in foreign currency exchange rates on different dates are treated as income and charged to gain on foreign currency exchange account, which will ultimately be charged to profit and loss account.

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.

By the order of the Board

Mr. Hou Chunlai

Chairman

Hong Kong
28 November 2023

Corporate Governance Report

The Board is pleased to present the corporate governance report for the Company for the year ended 31 August 2023.

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.

The Company has adopted and complied with the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 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 10 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 comprises 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 18 to 25 of this annual report.

Ms. Jiang Shuqin 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.

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

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 year ended 31 August 2023 and up to the Latest Practicable Date				
	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	4/4	2/2	-/-	2/2	1/1
Ms. Fok, Pui Ming Joanna	4/4	2/2	2/2	2/2	1/1
Mr. Lau, Tsz Man	4/4	2/2	2/2	-/-	1/1

Corporate Governance Report

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 year.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Board has at all times during the Reporting Period complied with the requirements under Rules 3.10(1) and (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. Each of our independent non-executive Directors has entered into an appointment letter with our Company for a period of three years, subject to renewal after the expiry of the then current term.

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 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, Mr. Hou, Dr. Jin Xiaobin and Ms. Fok, Pui Ming Joanna will retire by rotation at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election.

Corporate Governance Report

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.

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 14 of 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 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.

During the Reporting Period, the Audit Committee met 2 times to review, among others, the annual results for the year ended 31 August 2022 and the interim results for the six months ended 28 February 2023 in accordance to 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) for the Reporting Period.

Corporate Governance Report

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 14 of 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 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), 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 annual director's fee; and (ii) to assess the performance and review the remuneration policy and package of the executive Directors and senior management of the Group (including approving matters relating to the Company's share schemes), and to review the remuneration of the non-executive Directors, and to make recommendations to the Board in relation to the above.

Details of the remuneration payable to each Director of the Company for the year ended 31 August 2023 are set out in Note 13 to the consolidated financial statements.

The remuneration of the members of senior management by band for the year ended 31 August 2023 is set out below:

Remuneration bands (RMB)	Number of persons
Nil to 1,000,000	8
1,000,001 to 1,500,000	1

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 14 to the Listing Rules. The primary duties of the Nomination Committee are to make recommendations to the Board on the appointment of Directors and management of Board succession.

On 28 November 2023, the Board announced that Dr. Jin Xiaobin, an independent non-executive Director, has been appointed to replace Mr. Hou as the chairman of the Nomination Committee with effect from 28 November 2023. Mr. Hou remains as a member of the Nomination Committee.

Prior to 28 November 2023, the Nomination Committee comprised one executive Director, namely Mr. Hou Junyu, and two independent non-executive Directors, namely Dr. Jin Xiaobin and Ms. Fok, Pui Ming Joanna, with Mr. Hou Junyu as the chairman of the Nomination Committee. Such composition constituted a non-compliance with Rule 3.27A of the Listing Rules since 1 January 2022, as well as a deviation from code provision A.5.1 of the Corporate Governance Code prior to the implementation of Rule 3.27A of the Listing Rules which came into effect since 1 January 2022.

Following the above change, the Nomination Committee comprises two independent non-executive Directors, namely Dr. Jin Xiaobin (chairman) and Ms. Fok, Pui Ming Joanna (member), and one executive-Director, namely Mr. Hou (member) and is compliant with Rule 3.27A of the Listing Rules.

During the Reporting Period and up to the Latest Practicable Date, the Nomination Committee met 2 times with all members of the committee attended to review the structure, size and composition of the Board and the independence of the independent non-executive Directors and to consider the qualifications of the directors standing for re-election at the annual general meeting of the Company held in 2024.

Corporate Governance Report

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:

- set out the criteria and process in the nomination and appointment of Directors;
- ensure that the Board maintains a balance of skills, experience and diversity of perspectives appropriate to the Company; and
- 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.
- (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.

Corporate Governance Report

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 ("**Diversity Perspectives**").

The Nomination Committee will meet 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.

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 (42.86%)	4 (57.14%)
Senior Management	2 (22.22%)	7 (77.78%)
Other Employees	2,766 (58.23%)	1,984 (41.77%)
Overall Workforce	2,771 (58.14%)	1,995 (41.86%)

Corporate Governance Report

The Board currently has two 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 plans to offer 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 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 year ended 31 August 2023.

The Directors are 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

During the year ended 31 August 2023, the key methods of attaining continuous professional development by each of the Directors are summarized 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 year ended 31 August 2023. A statement by Zhonghui Anda about their reporting responsibilities for the financial statements is included in the Independent Auditor's Report on pages 124 to 183.

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 <i>RMB '000</i>
Audit services:	
Audit services	1,775
Non-audit services:	
Interim review services	577
Total	2,352

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 year ended 31 August 2023. The Board had conducted a review of the effectiveness of the internal control system of the Company in respect of the year ended 31 August 2023 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 maintain an internal audit function for the year ended 31 August 2023. 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.

Corporate Governance Report

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 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 year ended 31 August 2023, Ms. Yu has undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

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.

Corporate Governance Report

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) or the Articles of Association. However, 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 year ended 31 August 2023 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

The Company passed a special resolution on 6 February 2023 to adopt an amended and restated memorandum and articles of association incorporating amendments for the purposes of, among others (i) allowing general meetings to be held as an electronic meeting (also referred to as virtual general meeting) or a hybrid meeting; (ii) to bring the Articles of Association in line with amendments made to Appendix 3 to the Listing Rules and applicable laws and procedures of the Cayman Islands; and (iii) making certain minor housekeeping amendments to the Articles of Association for the purpose of clarifying existing practice and making consequential amendments in line with the amendments to the Articles of Association, which came into effect on the same date. Save as the above mentioned, there is no significant change in the Company's constitutional documents during the Reporting Period and up to the Latest Practicable Date. An up to date version of the Company's Articles of Association is also available on the Company's website (www.chunlaiedu.com) and the Stock Exchange's website (www.hkexnews.hk).



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 sixth Environmental, Social and Governance Report (“ESG Report” or “this Report”), which summarises our strategies, objectives and initiatives relating to environmental, social and governance (“ESG”) issues to disclose our ESG principles and practices, demonstrating the future and prospects 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 27 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. An index of the Guide prepared in accordance with the contents of this Report is inserted in the last chapter of this Report for readers’ easy reference. You should read this Report together with the section headed “Corporate Governance Report” in this annual report to have a comprehensive understanding of the Group’s ESG performance.

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 describes the sustainable development related to core businesses and the overall performance of performing corporate social responsibility from 1 September 2022 to 31 August 2023 (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 Health 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 28 November 2023 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 contains no false statements, misleading statements or material omissions and is responsible for the truthfulness, accuracy and completeness of the contents of this Report.

2. ABOUT CHUNLAI EDUCATION

Chunlai Education has been adhering to its education mission of "taking the fostering of integrity 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". Established in 2004, the Group includes Shangqiu University, Anyang University, Shangqiu University Kaifeng Campus, Jingzhou College, Hubei Health Vocational College and Tianping College of Suzhou University of Science and Technology (a cooperating school). We unswervingly implement the education policies of the Communist Party of China (CPC), consistently adhere to the direction socialist in running universities and colleges, faithfully practice the original intention of running education and strive to cultivate talents.

Environmental, Social and Governance Report

2.1 Overview of the Group

Chunlai Education Group is a leading provider of private regular higher education in China, and the focus of our curriculum is to cultivate students' practical skills that align with the needs of China's economic development. Over the years, the colleges and universities under the Group have produced tens of thousands of graduates and talents for socialist construction for the country and society.

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, which makes us harvest the joy of educating talents and further strengthens our confidence in fostering integrity and promoting rounded development of people.

Chunlai Education adheres to 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". While devoting itself to education, Chunlai Education actively participates in social welfare undertakings. Over the years, Chunlai Education voluntarily assumes social responsibilities, unswervingly aiding disadvantaged groups, caring for society and people's livelihood, and shouldering the social responsibility of "aiming for educational development, undertaking the responsibility of serving society".

2.2 Overview of our Colleges

Shangqiu University

Adhering to the school motto of "upholding morality, fortifying our dreams and behaving in conformity with truth" and guided by the school idea of "putting students into first place, focusing on moral education, prioritising capacity enhancement and taking quality as foundation", Shangqiu University implements the development strategy of "establishing the school with quality, developing the school with talents, prospering the school with unique characteristics, and managing the school according to law". Committed to maintaining its position as an application-oriented regular higher education institution offering degree programs, Shangqiu University has established the development goal of becoming a "high-level application-oriented private university with distinctive disciplines and possessing the title of a first-class university in the province and a renowned university in the nation". Shangqiu University has 49 bachelor's degree majors and 39 junior college diploma majors, shaping a pattern in which engineering, agriculture, management, art, literature, education, science, economics and other disciplines develop in a coordinated manner, with engineering as the mainstay. It adheres to the mode of cultivating practical talents, and focuses on cultivating students' capacities of innovation and practice. It has developed 236 practice and training bases inside and outside the campus to strengthen practical teaching, therefore, laying a solid foundation for improving the education and teaching quality.

Environmental, Social and Governance Report

In its long-standing commitment to education, Shangqiu University has ensured the quality of talent training through its meticulous scholarship, stable teaching order and sound educational environment. Extensive praise has been won from all walks of life, thanks to its strength and level of education. In recent years, Shangqiu University has won the titles of “China’s Most Influential Private University”, “Henan’s Civilised School”, “Safe Campus in Henan Province”, “Advanced Education Institution among Private Schools in Henan Province”, etc.

Anyang University

In adherence with the education philosophy of “fostering virtue through education, behaving in conformity with truth, establishing with unique features and strengthening through connotation” and the school motto of “daily renovation and abundance of virtue, striving for self-improvement”, Anyang University’s distinctive features achieve initial results, contributing to the growing influence of the university. Anyang University consists of 13 secondary colleges, 2 teaching departments, and offers 42 bachelor’s degree majors, covering eight disciplines including management, economics, engineering, literature, art, law, education and science, forming a pattern of majors in which normal and non-normal disciplines coexist and multiple disciplines develop in a coordinated manner.

With more than 30,000 on-campus students, Anyang University has established one provincial-level key discipline, two provincial-level first-class bachelor’s degree major construction sites, and 14 funded projects for constructing provincial-level comprehensive reform pilot majors, provincial-level private university brand majors and provincial-level disciplines and majors. Anyang University has successively won the honorary titles of “Excellent Private University in Henan Province”, “Advanced Education Institution in Henan Province”, “Advanced Research Institution Among Private Education Providers in Henan Province”, “Safe Campus in Henan Province”, “First Golden Candle Award for High-Quality Employment Demonstration University in Henan Province”, etc.

Anyang University Yuanyang Campus

Anyang University Yuanyang Campus takes comprehensive improvement of talent cultivating ability as its core. It attaches great importance to teaching reform, implementing “modularisation” of curriculum system, “systematisation” of practical teaching and “diversification” of learning evaluation based on the characteristics of applied talents to be cultivated, and establishing a “4 Platforms + 8 Modules” and “hierarchical and classified” curriculum construction system. In addition, it has thoroughly revised curriculum syllabus to make contents of curriculum, teaching methods and appraisal mode better align with the actual needs of cultivating applied talents. Currently, Anyang University Yuanyang Campus offers 7 provincial-level first-class bachelor’s degree courses, 8 provincial-level quality online courses, 3 provincial-level excellent teaching courses, and 4 provincial ideological and political education model courses. It strengthens intrinsic development, and creates distinctive features in educating students, thereby the quality of talent cultivating and social reputation have continuously enhanced.

Environmental, Social and Governance Report

Shangqiu University Kaifeng Campus

Adhering to the school motto of “upholding morality, fortifying our dreams and behaving in conformity with truth” and following the school idea of “putting students first place, focusing on moral education, prioritising capacity enhancement and taking quality as foundation”, Shangqiu University Kaifeng Campus implements the development strategy of “establishing the school with quality, developing the school with talents, prospering the school with unique characteristics, and managing the school according to law”. Shangqiu University Kaifeng Campus firmly adheres to its position as a local, applied, and non-profit private higher education institution offering degree programs, establishing the goal of cultivating applied talents with high moral character, solid professional knowledge, innovative ability, high comprehensive quality, and strong practical skills, and strives to build the university into a distinctive and high-level applied private higher education institution. Shangqiu University Kaifeng Campus offers 31 bachelor’s degree majors and 22 junior college diploma majors, shaping a pattern in which economics, education, literature, engineering, medicine, management, art and other disciplines develop in a coordinated manner, with engineering and management as the mainstay.

Hubei Health Vocational College

Hubei Health Vocational College is the first health vocational college in Hubei Province, established in the new era of implementing the “Healthy China” initiative. Persisting in the school motto of “diligent and eager to learn and striving for self-improvement”, Hubei Health Vocational College earnestly implements the “National Vocational Education Reform Implementation Plan” (《國家職業教育改革實施方案》). Guided by the “Double-High Construction” strategy, Hubei Health Vocational College cultivates innovative high-quality technical talents required by the times, with its goal of becoming a high-level vocational major group of nursing plus health intelligence with distinctive health features. The College has established Nursing Department, Health Department, Medical Technology Department, Basic Medicine Department, Public Education Department, Training Department, and Experimental Training Centre. Hubei Health Vocational College insists on employment-oriented, serves the market demand, and constantly optimizes the pattern of majors. The College adheres to the characteristic educational model of industry-education integration and work-integrated learning, fostering in-depth cooperation between the school, enterprises, and local government. It implements the educational models featuring “1+X” certificate system and “order-based training”. It has signed cooperation agreements in relation to off-campus internship and training bases with more than 60 institutions such as The First People’s Hospital of Xianning and Zhongnan Hospital of Wuhan University, and jointly established a teaching hospital with Union Jiangbei Hospital of Huazhong University of Science and Technology.

Jingzhou College

Closely following the state’s “Healthy China 2030” and “Undertakings for the Aged and Aging Industries” strategic development needs, Jingzhou College serves economic and social development and health undertakings in the locality. It has always adhered to the socialist direction when running the college, fully implements the education policies of the Communist Party of China (CPC) and follows the motto of “diligent and eager to learn, striving to self-improvement”. Taking “fostering virtue through education” as the fundamental task and “cultivating talents in health care, training skillful craftsmen in nursing” as its mission and in line with the standards of “talents of both moral and skillful stature and with ingenuity”, Jingzhou College aims to cultivate innovative and high-quality talents with techniques and skills that meet the needs of the times.

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Guided by the needs of economic and social development, Jingzhou College consistently perfects its pattern of majors, setting up 18 majors (directions). Focusing on the cultivation of high-quality talents for the massive health industry and sticking to the orientation of "flourishing nursing related majors based on health", Jingzhou College consistently deepens its educational reform, flexibly adjusts its courses based on corporate needs, and practises a new model of "tailor-made" education.

2.3 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. The following are the honours we won this year:

Chunlai Education Awards and Honours	Hosting/Issuing Agency
Henan's Top 100 Enterprises of Service Industry in 2022	Henan Province Enterprise Confederation, Henan Province Enterprise Directors Association
Shangqiu University Awards and Honours	Hosting/Issuing Agency
May 4th Red Flag Youth League Committee of Henan Province	Communist Youth League Henan Provincial Committee
Excellent Organization Award in the Series of Themed Activities of the 6th Henan "Zhiwang Cup" College Knowledge Discovery Contest	Henan Academic Library and Information Work Committee
Advanced Research Institute	Henan Private Education Association
Third Prize in the Singing Competition Themed by "following the Party wholeheartedly with the dream of youth" in the Celebration of the 102nd Anniversary of the Founding of the CPC by the Organizations Directly under the CPC Shangqiu Municipal Committee	Work Committee of Organizations Directly under the CPC Shangqiu Municipal Committee
Excellent Organization Award of the 3rd ZX Cup Henan College Information Literacy Challenges in Organizing Training and Participating in Competition	Henan Academic Library and Information Work Committee
Excellent Organization Award in the Fourth Session of Recitation Contest Themed by "Striving for a New Journey and Building a New Era" for Colleges and Universities in Henan	Henan Academic Library and Information Work Committee
Excellent Organization Award in the Green Plant Adoption Activities for National Adolescents themed by "Youth Action for a Beautiful China" in 2023	Kuaishou Charity

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Anyang University

Awards and Honours

Excellent Organization Award in the “Story of Magnificent Rivers and Mountains” themed educational practice activities
 Excellent Undergraduate College of 2022 in the Education Industry in Central Plains
 Advanced Unit of Publicity Among Colleges and Universities in Henan for 2022-2023

Hosting/Issuing Agency

Education Working Committee of the CPC Henan Provincial Committee and Henan Provincial Department of Education
 Yujiaowang.com.cn
 Henan Education Press Agency, Henan Education (higher education), Henan Education Publicity Website

Shangqiu University Kaifeng Campus

Awards and Honours

Advanced Unit of Conscripton in 2022
 Advanced Research Institute
 First Prize in the Third Session of National Campus Line Dance Competition in 2023
 Excellent Promotion Award in the Third Session of National Campus Line Dance Competition in 2023
 Top 10 Design Educational Institutions in the 26th Henan Star Design Art Competition

Hosting/Issuing Agency

CPC Kaifeng Urban Rural Integration Demonstration Zone Party Working Committee, Kaifeng Urban Rural Integration Demonstration Zone Management Committee and Kaifeng Longting District People’s Armed Forces Department
 Henan Private Education Association
 Gymnastics Management Center of General Administration of Sport of China
 Gymnastics Management Center of General Administration of Sport of China
 Henan Packaging Technology Association

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Jingzhou College

Awards and Honours

Hosting/Issuing Agency

First Place in the National Cheerleading Competition League (Wuhan Division) for 2022-2023	National Cheerleading Competition Organization Committee, Gymnastics Management Center of General Administration of Sport of China
Excellent Organization Award of the 12th "Challenge Cup · Bank of China" Undergraduate Entrepreneurship Plan Competition of Hubei Province	Provincial Youth League Committee, Provincial Department of Education, Provincial Resources and Social Security Bureau, Provincial Science and Technology Association, Provincial Students' Federation
Comprehensive Reform Demonstration School for the Integration of Ideological and Political Courses in Colleges and Universities, Primary and Secondary Schools in Hubei	Education Working Committee of the CPC Provincial Committee and Provincial Department of Education
Excellence Star of University Enrolment Publicity in 2022	hbee.edu.cn
Third Place Team Prize of the 16th "Higher Education Cup" National College Students Advanced Mapping Technology and Product Information Modelling Innovation Competition	Organizing Committee of the National Innovation Competition in Advanced Mapping Technology and Product Information Modeling for College Students
First prize of the 2022 "CHL Rob-Sanfeng Intelligent Cup" Hubei College Students' Mechanical Innovation Design Competition and the 10th National Undergraduate Mechanical Design Innovation Design (Hubei Division)	Hubei Competition Organization Committee of the Mechanical Innovative Design Competition for National College Students
First, second and third prizes of the 15th National College Students Advanced Mapping Technology and Product Information Modelling Innovation Competition (Hubei Division)	Former Engineering Graphics Teaching Steering Committee of Colleges and Universities of the Ministry of Education
Silver Prize of the 12th "Challenge Cup · Bank of China" Undergraduate Entrepreneurship Plan Competition of Hubei Province in 2022	Hubei Provincial Department of Education, Hubei Provincial Human Resources and Social Security Bureau, Hubei Provincial Science and Technology Association
Voluntary Blood Donation Promotion Award	Jingzhou Municipal People's Government Office
Second Prize in the 7th "Flying Dream Cup" Hubei University Students' Physics Experiment Innovation Design Competition	The Organization Committee of Hubei University Students' Physics Experiment Innovation Design Competition

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3. SUSTAINABILITY GOVERNANCE

3.1 Statement of the Board

ESG is a belief firmly upheld by Chunlai Education and is an integral part of the Group's success and the enhancement of stakeholders' value. The Board firmly believes that a good ESG governance is essential to the success and future development of the Group. 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, and has established an effective sustainable development governance structure to review the Group's ESG performance. In 2021, the Board approved the establishment of an ESG Committee and authorised it to supervise and promote the implementation of various ESG issues, discuss and determine the Group's ESG risks and opportunities. The ESG Committee regularly organises the updates of ESG-related policies and systems to track the performance of ESG practises. The Board reviews and confirms the results of the materiality assessment, takes the key issues as part of the Group's overall strategy formulation, to understand the concerns and requirements of various stakeholders, thus formulating the Group's ESG management policies, strategies, priorities and goals. Meanwhile, the Board supervises the management and performance of these issues, so as to determine the Group's sustainability focus and priorities. During the Year, the Group has set environmental-related targets. The Board will continue to review the ESG-related performance and conduct regular assessments based on the ESG-related targets, so as to monitor and improve sustainability efforts. The Board is committed to integrating ESG principles into our corporate operations and business management practises, creating sustainable education and facilitating the growth of talents.

3.2 Sustainability Governance Structure

Chunlai Education attaches great importance to sustainable development, and adheres to the concept of "contributing to the society and making the society better", continuously improves the ESG management system. The Group has established an ESG governance structure, which covers all levels of the Group, including the decision-making level, organisational level and executive level.

Chunlai Education focuses on important issues closely related to the Group, and actively promotes and monitors the implementation of ESG-related policies and work in all relevant departments, so that ESG strategies, objectives and work can be implemented during the daily business operations of the Group. Currently, the Group has formed a working system where the Board resolves and oversees the Group's ESG management approach, strategy, objectives and overall work, and the ESG Committee formulates ESG management approach, strategy, objectives and work. The ESG Committee is led by the Chief Executive Officer and consists of the Board Office and the leaders of 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

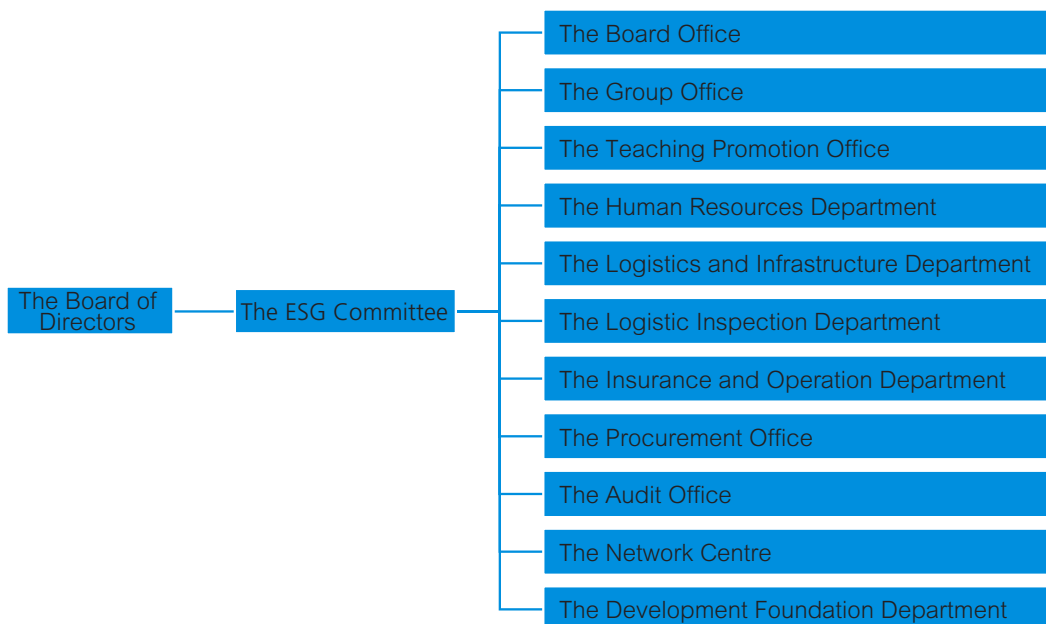
Organisational level: The ESG Committee

- 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
- 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 has adopted a series of policies related to sustainable development to regulate and manage corporate behavior, and to serve as the basis and guideline of practice. The Group's corporate sustainability-related policies are set out below:



3.4 Communication with Stakeholders

Chunlai Education is committed to working with all parties to drive sustainability efforts. Amidst our active ESG efforts, we have established an effective communication mechanism to communicate with all the stakeholders. During the Reporting Period, the Group communicated and contacted with stakeholders through appropriate channels to enhance stakeholders' understanding of the strategies and initiatives we promoted, 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 responsive measures in the hope of promoting mutual growth with the stakeholders.

Key Stakeholders and Communication and Response Channels

Stakeholders	Main concerns	Main methods for communication and response
Investors/shareholders	<ul style="list-style-type: none"> • Information transparency • Business growth • Investment return • Sound operation • Information transparency • Corporate governance 	<ul style="list-style-type: none"> • 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

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Stakeholders	Main concerns	Main methods for communication and response
Teachers/other employees	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Education service quality • Education resources • Qualification of teachers • Healthy and safe learning environment 	<ul style="list-style-type: none"> • Feedback in the class • Satisfaction survey • Regular visits • Online platforms
Graduated students	<ul style="list-style-type: none"> • The development of the school • The platform that the school can provide 	<ul style="list-style-type: none"> • Media information • School website • Graduated student reunions • Graduated students activities organised by the school
Government/regulatory authorities	<ul style="list-style-type: none"> • Compliant operation • Teaching quality control • Enrich education resources 	<ul style="list-style-type: none"> • Consultation • Seminars • Rating of the schools • Visiting the schools • Meetings • Compliance report
Suppliers	<ul style="list-style-type: none"> • Fair and unbiased procurement • Business growth • Investment return 	<ul style="list-style-type: none"> • Supplier management procedures • Supplier/contractor evaluation system • On-site visits

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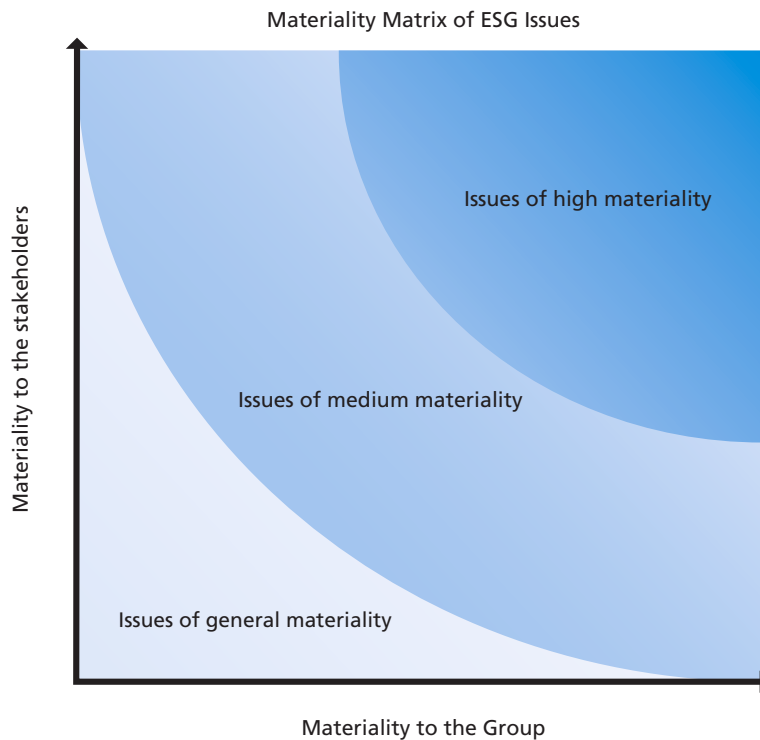
Stakeholders	Main concerns	Main methods for communication and response
Business partners	<ul style="list-style-type: none"> • Corporate governance • Investment return • Business growth 	<ul style="list-style-type: none"> • Strategic partnership projects • Meetings
Community/Non-governmental organisations	<ul style="list-style-type: none"> • Community investment and participation • Participation in social benefit activities 	<ul style="list-style-type: none"> • Meetings • Donations • Volunteer activities
Public	<ul style="list-style-type: none"> • Information transparency • Education service quality • Sound operation 	<ul style="list-style-type: none"> • Media information • School website • Activities organised by the school
Media	<ul style="list-style-type: none"> • Enterprise performance • Corporate image • Education quality assurance • Compliance operation 	<ul style="list-style-type: none"> • Press release • Result announcements

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3.5 Materiality Assessment

During the Reporting Period, we conducted the materiality assessment according to the following process: we updated and selected material issues closely related to the Group’s business this year with reference to the disclosure responsibilities covered by the Guide issued by the Stock Exchange, the important issues database of the Education Industry of the Sustainability Accounting Standards Board (SASB) and MSCI ESG and the ESG issues concerned by peer companies. During the year, since there were no significant change in the Group’s principal business and operating environment, or the mutual influence between stakeholders and the Group, the Group will continue to use the materiality assessment results of last year, which have been approved and accepted by the Board of Directors.

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 importance matrix, we have identified the direction of important ESG issues of this year, including “Excellent Education Services”, “Robust Compliance Management”, “Promoting Staff Growth”, “Building a Green Campus” and “Fulfilling Social Responsibility”. This Report will focus on these five areas to reflect the focus and contribution 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	Building a Green Campus
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	Building a Green Campus
20. Pollution reduction and emissions reduction	Building a Green Campus
21. Usage of materials/resources	Building a Green Campus
22. Energy consumption and efficiency	Building a Green Campus
23. Water consumption and efficiency	Building a Green Campus
24. Greenhouse gas emissions	Building a Green Campus
Issues of general materiality	Corresponding chapter
25. Community investment and participation	Fulfilling Social Responsibility

4. SUPERIOR EDUCATION SERVICE

Superior professional ethics and teaching quality of the teachers are the foundation for our established schools. Therefore, we have attached 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.

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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, and pay attention to the development of students’ hands-on and practical abilities, in particular, the development of their sound habits and personality. The superior professional ethics of the teaching team, the overall teaching quality of our schools, the growth and learning of students are the core of our education, and even the primary topic that we need to constantly improve and enhance.

4.1 Safe and Healthy Campus

To further enhance campus safety, create a sound and harmonious working and learning atmosphere for teachers and students, and help them address their concerns in daily life, we have been in strict compliance with relevant 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 also actively strengthened the oversight on campus food safety and fire protection, prioritized the psychological and physical health of teachers and students, and established proper processes for emergencies, aiming to guarantee a safe and healthy campus in all aspects.

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.

Food safety on campus

To strengthen 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 and provided feedback, based on which we required rectification within a time limit and then conduct a follow-up inspection. Meanwhile, we organized food safety related trainings to improve food safety awareness and knowledge of employees, and standardized food handling operations to provide better food service for teachers and students.

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During the Reporting Period, 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 used for the prevention of hazards, and is an internationally recognized food safety assurance system. ISO22000 system, an international standard for food safety management, defines the overall management process and comprehensively recognizes and assesses the principles of food management.

This has made the food safety in our canteen more systematic, more refined and more standardized, laying a solid foundation for building a safe campus. In the future, the schools will thoroughly implement HACCP standards, strictly maintain the bottom line of food safety, and continue to improve the food safety management of the canteens. The school canteens will bear in mind the catering philosophy of “nutrition, health, environment and safety” and ensure meals that meet hygiene and safety standards for teachers and students through specific management services.

Implementation of the ISO22000 food safety management system in our canteens demonstrates our attention to critical food safety and strong commitment to meeting the needs of our teachers and students in catering services and improving our services relentlessly.



The Third Canteen of Shangqiu University obtained the HACCP system certification and the ISO22000 food safety management system certification

Environmental, Social and Governance Report

Fire safety on campus

To enhance the fire safety management and to better ensure a safe campus, we have conscientiously implemented a strategy of “prevention as priorities with a combination of prevention and fighting” to build a harmonious and safe campus, create a more agreeable study environment. Furthermore, we need to improve the rapid response and emergency handling capabilities of school staff in dining halls, supermarkets, stores, etc.

Many electric and gas equipment are used in college dining halls, and that makes fire prevention an important part of the dining hall’s safety work. We need to strengthen the daily supervision and inspection, concentrate on precaution, identify, and rectify various potential safety issues timely to stamp out safety accidents. Meanwhile, we must enhance the fire safety knowledge and skills 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 dining halls.

Case: Fire safety knowledge training in Shangqiu University Kaifeng Campus

A fire safety knowledge training was held in Shangqiu University Kaifeng Campus on the afternoon of 17 April 2023. The training analyzed and elaborated the major fire accidents in recent years through illustrated descriptions and accident cases in news reports. The training, centered on real life situations, introduced in detail the usage of electricity and fire situations that are prone to causing fires, and analyzed the causes and hidden dangers of fires with real cases. This training focused on personal protection measures in the event of a fire, emphasizing that we should ensure unobstructed evacuation routes, proper management of fire hydrants, regular fire safety inspections, accurate identification of different types of fires, and appropriate prevention strategies. Furthermore, the staff demonstrated how to properly use the fire extinguishing equipment. The training underscored that in the event of a fire emergency, people concerned should remain calm and decisive, and should save themselves and rescue others in correct methods instead of acting recklessly.

Mental health education

We understand the importance of mental health education. Through a variety of activities and publicity, we are committed to improving the mental health of teachers and students, aiming to guide all staff and students to form a positive mental health cognition, develop a stable and rational mindset, thereby leading their career, academy and daily life with dedication.

Case: Anyang University held a series of mental health trainings

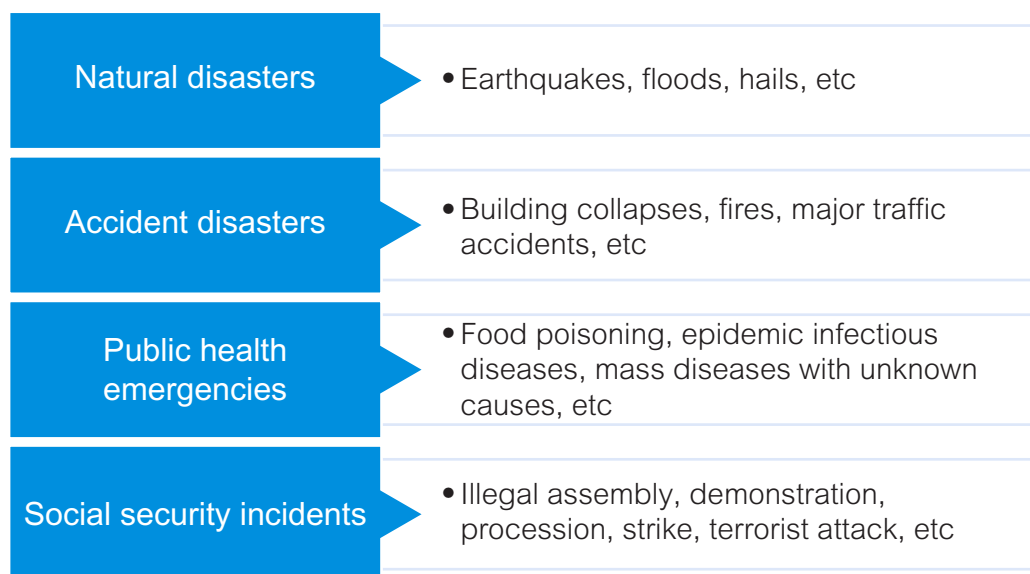
Since 2023, the official account of Anyang University Yuanyang Campus has begun to publish a series of popular science articles on mental health, and actively promoted the psychological counseling services provided by the school’s mental health and counseling center. The articles encourage students to learn to recognize emotions correctly, introduces the skills to manage emotions effectively and the methods to cultivate optimistic attitude, thereby enhancing students’ understanding of mental health and improving their abilities to relieve stress and regulate emotions.

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Responding to emergencies

We proactively took preventive measures and dealt with emergencies properly, standardized the responding processes for public emergencies in schools, and improve the ability to deal with emergencies so as to minimize the impact of such incidents on schools' teaching, scientific research activities and daily operation, reduce personal injuries and property losses to teachers, students and employees, ensure the safety and stability of the campus, promote the all-round development of the school and achieve coordinated and sustainable development.

Public safety emergencies are classified as below:



Case: Shangqiu University Kaifeng Campus carried out the 2023 anti-terrorism and anti-riot emergency drills

On 11 May 2023, the security office of Shangqiu University Kaifeng Campus carried out the 2023 anti-terrorism and anti-riot emergency drill. We invited police officers to provide anti-terrorism and anti-riot training, teach risk-aversion skills in emergencies, demonstrate in detail the operation methods, essentials and precautions of anti-riot shields and anti-riot forks and other tools, and conducted on-site simulation drills according to drill plan and set scenarios. This activity not only disseminated the important knowledge of anti-terrorism and anti-riot and emergency response procedures, but also enhanced the awareness of teachers and students to deal with terrorist attacks and the ability to respond in emergencies, which has laid a foundation for anti-terrorism and anti-riot work in campus.

Environmental, Social and Governance Report

Occupational health of employees

Considering the characteristics of the education industry and the working environment, the majority of the Group's employees are teaching staff engaging lecturing and administrative works, who are subject to lower risk of occupational hazards. A small number of maintenance technicians and outdoor workers may have certain but still relatively lower risk of occupational hazards. We have established the Safety Management System 《安全管理制度》 and implemented a safety responsibility system to rigorously guarantee the physical and mental health and safety of our employees at work. In case of any issues involved in potential occupational health and safety, we will take immediate steps to rectify and resolve such issues, thereby preventing any and all occupational hazard risks. We also organize regular physical examination for our employees to ensure their sound physical conditions and provide comprehensive safeguard.

Case: "Family Doctor Service" at Shangqiu University Kaifeng Campus

This service is designed to help staff over age 50 better understand their health conditions and provide professional advice to those in need. According to teachers' description of their physical conditions, the doctors taught the knowledge of related diseases and prevention methods through sufficient questions and answers. Faculty and staff can examine their chronic diseases and understand how to prevent and treat them more thoroughly through blood pressure, blood glucose measurements, electrocardiogram, and physician auscultation. Meanwhile, the school provides a variety of services, including establishing health records for each individual and maintaining complete records of their underlying health conditions, chronic diseases, daily medication and other information, tracking and serving key groups and regularly revisiting them through phone, consultation and other services, providing prevention and treatment suggestions and related precautions. This service has also run a health hotline to provide consultation at any time to guarantee its service.

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4.2 Teaching Quality Guarantee

Chunlai Education deeply recognizes that teaching is the priority of school and teaching quality is the lifeline of school. Chunlai Education has introduced a series of corresponding teaching management systems, such as the Teaching Quality Monitoring and Guarantee System of Shangqiu University 《商丘學院教學質量監控與保障體系》, the Quality Evaluation Standards and Methods for Major Links of Undergraduate Teaching of Shangqiu University 《商丘學院本科教學主要環節質量評價標準與評價辦法》, the Regulations on the Monitoring and Guarantee of Undergraduate Teaching Quality of Anyang University 《安陽學院本科教學質量監控與保障工作規定》, the Measures for Assessment of Classroom Teaching Quality of Jingzhou College (Trial) 《荊州學院教師課堂教學質量考核辦法(試行)》 and other relevant systems, to improve teaching quality, create a sound education environment and form a basic system guaranteeing the enhancement of self-discipline and self-development ability.

We have also established a teaching quality monitoring and guarantee system to ensure the classroom quality by ways of optimizing the curriculum, teaching quality evaluation, leaders' attendance and so on. We have set up all-round high-quality requirements in respect of campus construction, teachers' qualifications, needs of training rooms and university-business cooperation to meet the expectations of all parties and stick to the goal and belief of fostering virtue through education for the real benefit of students.

Teaching quality guarantee

Teaching quality is a significant indicator to measure the school running level and the foundation of our schools' development. Teaching quality monitoring and guarantee system is a standardized, scientific and effective organization operation system established based on the core of teaching quality control. Through monitoring, controlling, coordinating and evaluating major factors affecting the teaching quality, the Group has set up a smooth information feedback network and provide strong guarantee, to create and maintain a sound education environment and achieve the best teaching results.

Chunlai Education has formulated the Teaching Quality Monitoring and Guarantee System 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)). The Group conducts inspection, monitoring and evaluation on teaching process, studying process and teaching management process as well as education and teaching quality. The teaching quality monitoring and guarantee system developed by us 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. We have formulated the Quality Standards for Major Links of Undergraduate Teaching 《本科教學主要環節質量標準》 to standardize 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 educational and teaching links.

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Students' and their parents' evaluation

To protect students' legitimate rights and interests, Chunlai Education has built smooth channels for teaching feedback to keep teaching operation updates informed timely and listen to students' comments and suggestions on teaching. Chunlai Education has also established a platform for teacher-student information exchange to mobilize the enthusiasm and initiative of teaching and learning in pursuit of a fine discipline.

Anyang University has established the Measures on Working Management of Student Teaching Information Officers (Revised) 《學生教學信息員工作管理辦法(修訂)》 to elect student teaching information officers in the class. The Feedback Form for Student Teaching Information Officers of Anyang University 《安陽學院學生教學信息員意見反饋表》 is filled regularly and then submitted to a group of student teaching information officers, which will be compiled as a report by team leaders and deputy team leaders once a month to promptly and directly report any issues or important information to the teaching quality monitoring and evaluation center (Education Promotion Office). Shangqiu University Kaifeng Campus has implemented the Teaching Information Feedback and Handling System 《教學信息反饋與處理制度》 to form a teaching information collection and feedback process. The Teaching Promotion Office has set up various information collection channels based on the existing teaching situation and conditions, 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, information collected by a dedicated QQ email for teaching, feedback from mid-term and final online evaluation of students on teaching, network information (including QQ group information and WeChat group information), etc. With the emphasis on online communication and network engagement channels, Chunlai Education, in order to achieve effective communication, ensures the authenticity and effectiveness of information dissemination, avoids exaggeration and false information, and thus establishes a sound 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》 to further improve the work style and unblock the complaint channels, effectively rectify the critical and tricky issues reported by them, strengthen the investigation and punishment, and actively advance the school work.

During the reporting period, the Group received zero complaint, with an average teaching positive rate of 97.72%.

Schools under Chunlai Education	Annual Teaching Positive Rate
Shangqiu University	96.23%
Anyang University	98.22%
Anyang University Yuanyang Campus	96.63%
Shangqiu University Kaifeng Campus	97.11%
Jingzhou College	100.00%
Hubei Health Vocational College	98.14%

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Potential in education and teaching

To help students develop in an all-round way, Chunlai Education aims to give full play to advantages in education and teaching through laying emphasis on campus environment and practical assistance on students' growth. By adhering to the principle of integration of classroom theory and practical teaching, Chunlai Education vigorously enhances college-enterprise and college-region cooperation, continuously promotes the construction of on-campus laboratories and off-campus internship bases as well as actively boosts the coordination of the first class (teaching practice), the second class (on-campus internships and club activities) and the third class (off-campus practice activities).

The Off-Campus Practice Education Base for University Students in Henan Province (河南省大學生校外實踐教育基地) jointly declared by Shangqiu University Kaifeng Campus and Kaifeng Radio and TV Station (開封廣播電視台) has passed the acceptance inspection. The unveiling ceremony of the Off-Campus Practice Education Base for University Students in Henan Province was held at Kaifeng Radio and TV Station in May 2023 to provide strong support for enhancement of practical teaching and cultivation of high-quality applied talents.

Anyang University has undertaken 45 university-industry collaborative education projects of the Ministry of Education, such as the BIM 3D Map Recognition Training System (BIM三維識圖實訓系統), the Drone – Air Mule (無人機-空中驢子) and the Training of Ideological and Political Ability for Chinese Modern and Contemporary Literature Teachers in the Context of New Liberal Arts (新文科背景下中國現當代文學教師課程思政能力培訓) to cater to the development of local industries and enterprises by taking advantage of wisdom of talents.

With exchange and collaboration relationships with universities and colleges in the United States, Germany, South Korea, Malaysia, Kyrgyzstan and other countries, Jingzhou College has facilitated further studying abroad for students and encouraged students to participate in the "Challenge Cup" and other extracurricular academic and scientific works competitions for university students, as well as the "Internet+" and other university students' innovation and entrepreneurship competition, receiving 40 awards at ministerial and provincial-level or above by 172 students with the quality of graduates winning the recognition of employers.

At the same time, we have also established various training rooms according to the needs of different majors to meet the needs of teaching and profound research exploration, such as the Data Science and Big Data Lab, the New Energy Electrical Training Room and the Intelligent Logistics Integrated Training Room, etc., which fully satisfied the needs of students who could complete the practical learning required by various majors without having to leave the school.

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4.3 Following Educational Guidance

To establish fine school discipline, Chunlai Education is committed to educational guidance. For the development of teachers, a sound system of teachers' ethics assessment and evaluation to exert more efforts in supervision of teachers' ethics and promotion of the level of teachers' own ethics to avoid misconducts of teachers, Chunlai Education has set up a working group for teachers' ethics assessment and established the Assessment Method for Teachers' Ethics 《教師師德考核辦法》 in accordance with 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, after taking into account actual situations of schools. The Group assesses our teachers in terms of ideological quality, dedication to their jobs, teaching and educating or management services, and being a model for others, so as to urge them to follow the law of education and promote quality education. Chunlai Education conducts an assessment on teachers' ethics once a term, which is organized by the working group for teachers' ethics assessment of each unit, and makes comprehensive evaluation conclusions and rankings.

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, our 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 《商丘學院用科技學院師德師風建設方案》, the Scheme for the Development of Teachers' Morality of Shangqiu University Kaifeng Campus and the Implementation Plan for the Development of Teachers' Ideology, Politics and Ethics in Hubei Health 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. The Group has put into place the fundamental task of "character building and talent fostering" and improved the development of the ethics and teaching styles of teachers to reinforce the sense of responsibility, mission and honor. In addition, we have also earnestly performed professional code of ethics for teachers and built a sound long-term mechanism of building the ethics and work style of teachers to enable them to be a teacher of having ideal and faith, moral sentiment, solid knowledge, and a benevolent heart, thus creating a high-quality group of teachers and a teaching idea of Chunlai Education.

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4.4 Guiding Students' Career

Devoted to the fostering of advanced applied talents, Chunlai Education cares about the needs of students and the market to improve the employment of graduates. The employment of graduates is an important part of our work. We have complied with the 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 of Henan Provincial Department of Education.

Schools under the Group have developed various policies and system documents related to employment, such as the Implementation Opinions of Shangqiu University on Assuring the Employment of 2023 Graduates 《商丘學院關於做好2023屆畢業生就業工作的實施意見》, the Relevant System of Anyang University on Promoting the Employment of Graduates 《安陽學院促進畢業生就業相關制度》, and the Notice of Shangqiu University Kaifeng Campus on Further Assuring the Employment and Entrepreneurship of 2023 Graduates 《商丘學院應用科技學院關於進一步做好2023就業創業工作的通知》, to guide the employment and entrepreneurship work of new graduates. Schools under the Group spared no efforts to achieve an adequate and higher-quality employment for graduates through releasing employment information on information websites, holding offline recruitment fairs and conducting follow-ups and surveys on the graduates' employment information on the information websites.

In the academic year of 2022/2023, the employment rate of graduates of Shangqiu University reached 81.58%; the employment rate of graduates of Anyang University amounted to 80.28%; the employment rate of graduates of Shangqiu University Kaifeng Campus was 78.17%; the employment rate of graduates of Hubei Health Vocational College was 79.55% and the employment rate of graduates of Jingzhou University recorded 86.54%.

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5. MAINTAINING SOLID 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. We 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 risk management system.

5.1 Comprehensive Risk Management and Control

The Group focuses on internal control and risk management. We have integrated many risk management theories into our risk management system and carried out effective management in seven stages, namely risk analysis, risk assessment, risk control, risk communication, risk comments, risk examination and risk review and re-determination.

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. We have developed a rapid response mechanism on emergencies to ensure the close connection of identification, reporting, commanding, handling and other processes as well as rapid action, right response and decisive handling.

We identify the significant physical risks of climate change to our operations, such as the hazards caused by natural disaster events such as typhoons, rainstorms and floods. We have formulated contingency plans for all branch campuses to improve the Group’s overall ability to prevent floods and typhoons and resist natural disaster risks, so as to ensure that the Group can properly deal with emergencies of natural disasters in a timely and efficient manner. Some of the contingency plans that we have formulated are as follows: 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》.

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5.2 Combating Corruption and Promoting Integrity

The Group adheres to clean work styles. All of us have strictly implemented 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 overall work arrangement of 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》).

The Group strengthens the establishment of Party conduct and integrity according to the Implementation Plan of the CPC Discipline Inspection Commission of Anyang University on the Establishment of Party Conduct and Integrity (Revised) (《中共安陽學院紀律檢查委員會黨風廉政建設責任制實施辦法(修訂)》), specifies the responsibilities of leaders and cadres at all levels of our schools in the establishment of Party conduct and integrity, earnestly promotes the establishment of Party conduct and integrity and anti-corruption at our schools, and resolutely puts an end to corruption and bribery. The Group advocates all teaching staff to uphold principles and the truth and fight against unhealthy practices. Party members and cadres shall take the lead in combating corruption and promoting integrity, abide by disciplines and laws and adhere to the Party’s basic line. 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.

The Board of Directors of the Group and the cadres of our schools have performed their obligation of integrity and self-discipline of the Party. During the Reporting Period, we provided anti-corruption training to directors and employees according to the Plan for Monthly Publicity and Education of the Establishment of Party Conduct and Integrity of Jingzhou College in 2023 (《荊州學院2023年黨風廉政建設宣傳教育月活動方案》), the Discipline Inspection Working Meeting and Special Training Meeting for Discipline Inspection Cadres in 2023 (《2023年紀檢工作會議暨紀檢幹部專題培訓會》), the Working Meeting on Overall Strict Governance of the Party in 2023 (《2023年全面從嚴治黨工作會議》) and other relevant documents, taking their anti-corruption awareness to a higher level. We will provide more anti-corruption training to all board members and employees in the future.

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Case Study: Collective Anti-Corruption Training of the Group

Chunlai Education deeply advanced the “Year of Capacity and Style Improvement” of the Group. On 28 September and 8 October, the Party branch of the Group organized two study sessions of warning education on the establishment of Party conduct and integrity for all staff in Zhengzhou. Through watching and analyzing the typical cases in warning education films such as the “Achievements of Central Inspections” (《巡視利劍》), the “Changes in Life” (《蛻變的人生》) and the Freeman out of Control (《「失控」的自由人》), it carefully reviewed weaknesses in thought and styles by comparing with corruption cases in Party and government conduct in the education system in recent years. The Group wishes to enhance the disciplinary awareness of employees and adhere to integrity through case study and strive to create a clean and upright education ecosystem and an outstanding educational environment.

The directly affiliated branch committee of the Group issued the Notice of Chunlai Education Group on the Strict and Honest Discipline during the Spring Festival Holiday in 2023 (《春來教育集團關於2023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 2023 (《春來教育集團關於2023年清明廉潔過節的通知》) and the Notice of the Chunlai Education Group on the Implementation of the Spiritual Discipline Requirements of the Eight-Point Decision 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」節日期間落實中央八項規定精神紀律要求的通知》). We clearly put an end to all “holiday corruption” activities and malpractices, e.g. the use of public funds to purchase cigarettes, alcohol, sweets, tea and other gifts; it is strictly prohibited to accept gifts, cash, shopping cards, etc. in violation of regulations; it is strictly prohibited to take part in recreational activities using public funds or arrange banquets unrelated to official duties; it is strictly prohibited to attend 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 eliminate holiday corruption.

In accordance with the Constitution of the Communist Party of China (《中國共產黨章程》), the Regulations on Supervision within the Communist Party of China (《中國共產黨黨內監督條例》), the Regulations on the Work of Grassroots Organizations of the Communist Party of China in Ordinary Colleges and Universities (《中國共產黨普通高等學校基層組織工作條例》), the Regulations on the Supervision and Implementation of the Discipline Inspection Organs of the Communist Party of China (《中國共產黨紀律檢查機關監督執紀工作規則》) and relevant Party disciplines and regulations and in combination with the actual conditions of our schools, the Group formulated the Working System of the CPC Discipline Inspection Commission of Anyang University (《中共安陽學院紀律檢查委員會紀律檢查委員會工作制度》) and set up the school discipline inspection committee to assist the Party Committee in enhancing the establishment of Party conduct and integrity and organizing and coordinating anti-corruption work. 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, the Group was not involved in any litigation cases related to corruption, nor did it violate the relevant laws and regulations that have a significant impact on the Group relating to bribery, extortion, fraud and money laundering.

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5.3 Data Privacy Protection

The Group is 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 for Safety Protection 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 Measures for Security Protection Administration of the International Networking of Computer Information Networks 《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 improves the student privacy protection system to ensure the privacy and personal information security of students and their parents.

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》 to protect the safe operation of campus network. The Group has established a Network Centre, which is fully responsible for the network security and confidentiality 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.

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 personnel shall ensure the security of data information. Data and software must be kept by a designated person. It is not allowed to copy, download and 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 permission. At the same time, we have established an external information security expert advisory group to keep in touch with external security experts, and to keep up with industrial trends, monitoring standards and evaluation methods in order to standardise information system licence management, maintain the security of our information system, orderly guarantee the information security of users using the information system, and ensure 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.

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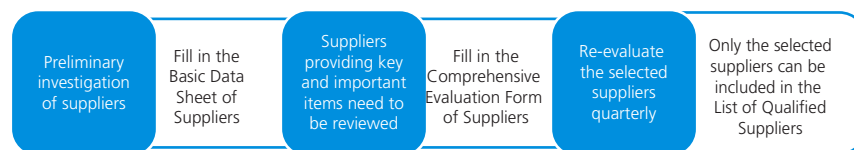
5.4 Supply Chain Strategies

The Group attaches great importance to supply chain management. We review the qualification documents, performance data, samples and other documents and articles provided 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》. With the qualification, service quality, prices and compliance of suppliers as the measurement standards, we carry out the development, supervision, evaluation and management of suppliers and establish the supplier management 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 and credit rating evaluation, 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.

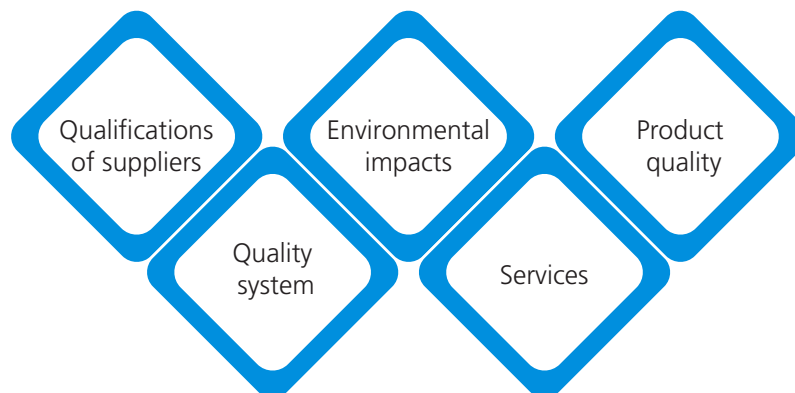
In accordance with the Supplier Management System, we stipulate that all suppliers must have the production and business premises required by relevant national laws and regulations, comply with industrial laws and regulations, have the corresponding production and enterprise business capabilities and qualifications, environmental protection, production technology level, financial status, credit status and management level to ensure that the purchased products and services meet the specified requirements.

The supplier management and supervision procedures are as follows:



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We evaluate our suppliers in terms of quality, qualification, price of materials and sample qualification through the Evaluation Form for Suppliers. We 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 3,055 major suppliers, and the regional distribution is as follows: 2,573 suppliers were in Henan, China, and 482 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 understands 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. Meanwhile, Chunlai Education respects the intellectual property rights of any third party. Employees shall not infringe or violate the patents, trademarks, copyrights or intellectual property rights of any third party.

The Group has implemented the Administrative Measures for Intellectual Property Protection 《知識產權保護管理辦法》 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, invention and creation, and promote the scientific progress and innovation of our scientific research. We have set up an Intellectual Property Management Committee to be responsible for the management and protection of our intellectual property rights. Our Intellectual Property Management Committee Office is responsible for the management of our science and technology project initiation, achievement registration, appraisal and award submission, the management of our science and technology project target documents, and the management of our patent procurement, application, authorization and annual fees. Our subordinate units, teachers and students shall not damage our image, reputation or other legitimate rights and interests when using our logos, trademarks and other educational and service marks. If the intellectual property rights of others are infringed upon, 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 (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, thus improving the scientific research in our schools and enhancing the core competitiveness and influence of our schools' teaching and research capabilities.

As of 31 August 2023, we had 216 registered patents, among which, 156 patents are newly added.

Environmental, Social and Governance Report

6. PROMOTING STAFF GROWTH

6.1 Improving Employment Management

Chunlai Education deepens its mission in education and recruits talents with the standards of both morality and ability according to the academic majors, team plans and the needs of education of each college. We adhere to the standard of reasonable and lawful recruitment, and strictly abides by 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》. The Group is devoted to creating a fair and transparent working atmosphere and strives to build a diversified and inclusive teaching staff team. We ensure that the recruitment and promotion procedures are fair and open to all employees, and are not affected by factors such as age, gender, physical health, marriage and family status, and are monitored in combination with effective management systems. We strictly review the background of employees and strictly prohibit the employment of child labour.

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 ensured the standard, open, transparent and reliable recruitment process. We carry out recruitment activities by adhering to the principle of "fairness and impartiality, merit-based admission, professional and morality". To better complete recruitment, we have set up a recruitment leading team with a school leader of the human resources department as the team leader. Before the formal recruitment, we conduct qualification review on the identity and education background information of the candidates. We set up written examinations and trial lectures in the first test process to evaluate the professional knowledge and basic teaching capability of the candidates. Only those having passed the first test can participate in re-examinations. Job opportunities will be given based on the candidate's written test, interview performance and other relevant conditions. If any fraud is found, we will terminate the labour contract pursuant to the Labour Contract Law.

The Group implements standard 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》. At the same time, the Group implements a post responsibility system to advocate the completion of corresponding work tasks during working hours. We also regularly review the relevant employment system to ensure that there is no forced labour.

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

Environmental, Social and Governance Report

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

Overview of Employees	Unit	2023
Total number of employees	person	4,750
Total number of employees (by gender)		
Female employees	person	2,766
Male employees	person	1,984
Total number of employees (by employee category)		
Short-term contract/part-time employees	person	805
Full-time junior employees	person	1,827
Full-time middle management	person	537
Full-time senior management	person	414
Other employees ¹	person	1,167
Total number of employees (by age group)		
Employees under the age of 30	person	1,726
Employees aged 30-50	person	2,032
Employees over the age of 50	person	992
Total number of employees (by geographical region)		
Employees from Central China region ²	person	4,750

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》 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 principle of "ability and integrity, virtue first" and ensure the openness, fairness and impartiality of the process. We make promotion based on personal work performance, result and other relevant factors, combined with written examination, interviews and qualification review.

¹ Other employees represent employees without professional titles.

² Employees by geographical region during the Reporting Period are classified by location of work.

Environmental, Social and Governance Report

Teaching Staff Resignation Management

The resignation of teaching staff would be our significant loss in human capital. As a result, we launched 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 proposes corresponding resolutions to retain such employee in combination with specific conditions, helping them solve problems in work, study and life. For employees decided to resign, we will plan response measures in a timely manner and ensure that other teaching staff smoothly take over their work, aiming to affect no impact on course and other matters related to teaching.

6.2 Sincere Care for Employees

Benefits of Employees

Chunlai Education deeply knows the value of each teaching staff to the Group. We will endeavour to ease the worries of the employees in order to ensure the high quality of teaching. 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 accordance with relevant national regulations, providing sufficient life assurance for employees.

In addition to the above benefits, we have also launched 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》, 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 worries 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. In addition, we provide breastfeeding female employees with extra breastfeeding leave.

Environmental, Social and Governance Report

Diversified Activities for Teaching Staff

In order to enrich the on-campus cultural life of teaching staff and strengthen the exchange and cooperation among departments, the Group carried out diversified activities.



Second Basketball Competition for Faculty Members at Anyang University (Yuan Yang Campus)

6.3 Valuing Talent Cultivation

In order to achieve the distinguished development of the teacher team and improve the teaching achievements, we launched a cutting-edge growth plan for young teachers in accordance with the standards 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 carries out trainings at different levels with specific targets, attaches importance to personal development of teachers and emphasizes the fostering of integrity. It guarantees the strict requirements of training contents on business capability improvement and ideological and moral shaping, follows the guidance of correct values, enhances teaching innovation and the matching of teachers and positions, facilitates the professional plans of teachers and ensures the consistency of trainings results and the targets of the school. In addition, we provide teachers with consultancy and guidance on career growth and ensure the provision of outstanding talent training across the Group.

Environmental, Social and Governance Report

Pre-job training for new teachers:

Types of Training	<ul style="list-style-type: none"> • Training Content
Comprehensive quality training	<ul style="list-style-type: none"> • History and current conditions of the school • Higher education theories and career development
Teaching skills improvement	<ul style="list-style-type: none"> • Teaching skills and application of information technology • Ideological and political theory and practice on courses
Providing teaching instruction	<ul style="list-style-type: none"> • 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 ethics, extensive teaching experience and professional title of associate professor or above to each of the teacher participating in trainings and offer guidance on education thoughts and concepts as well as teaching methods and skills to improve its teaching practise capabilities.
Study and training on online courses (independent study)	<ul style="list-style-type: none"> • 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

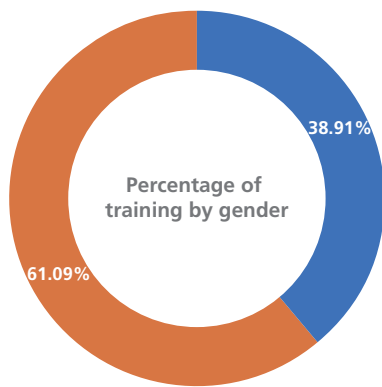
Trainings for teaching staff by position and type in 2023:

Type	Certain Themes
Ideological and political trainings	Special training session on the "Spirit of the 20th National Congress of the CPC", learning the spirit of Jiao Yulu and practicing the mission in the new era, trainings for corresponding teachers of demonstration ideological and political courses for undergraduates, relevant trainings on the implementation of key points in ideological and political courses, etc.
Education and teaching trainings	National faculty training class on big data and improvement of financial and accounting teaching capabilities in 2023, discussions on the application of key computer technology under the background of new engineering courses, lecture on "Go to One City for One Museum", special lectures on civil engineering and construction, lecture on "Graphic Design with Plank New Year Pictures of Zhuxian Town as an Example", understand the connotation of quality evaluation, improvement of teaching methods in classes, special communications on fitness courses, practice of projects on AI machine vision and intelligent system in colleges across China, etc.
Education reform trainings	Senior training class on summarization and application of education reform projects in colleges, construction and practice of first-class majors under the background of "Four New" with new engineering courses as examples, etc.
Business trainings	Trainings on archives management, "Improving Information Services on Intellectual Property Rights and Facilitating the Conversion of Scientific and Technological Innovation Achievements", trainings on software, training sessions on knowledge discovery and associated study with books as carriers under knowledge network, "Discussions on Secretarial Work in Teaching", "Work Training on Laboratory Technicians", trainings on photography and news writing, etc.

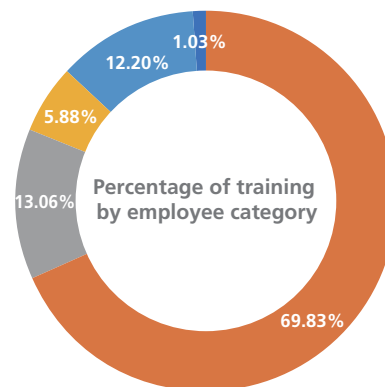
Environmental, Social and Governance Report

Training contents for backbone teachers:

General teaching ability training	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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

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Average training hours ³ (by gender)	Unit	2023
Female employees	hour	24.50
Male employees	hour	24.64
Average training hours ³ (by employee category)	Unit	2023
Short-term contract/part-time employees	hour	6.00
Full-time junior employees	hour	27.00
Full-time middle management	hour	23.17
Full-time senior management	hour	23.82
Other employees	hour	11.88

7. BUILDING A GREEN CAMPUS

As a higher education group devoted to sustainable development, Chunlai Education firmly believes that the sustainability of the environment is the cornerstone for our long-term development. We are committed to creating a low-carbon and environment-friendly green campus environment. We abide by the relevant environmental laws and regulations, such as the Environmental Protection Law of the People's Republic of China 《中華人民共和國環境保護法》, the Energy Conservation Law of the People's Republic of China 《中華人民共和國節約能源法》, 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 the Solid Waste Pollution Prevention Law of the People's Republic of China 《中華人民共和國固體廢物防治法》 and actively formulated various management measures, such as the Regulations on Saving Electricity in Canteens 《餐廳節約用電管理制度》, the College Programme on and 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》 to ensure the consistency between our endeavors and actions and legal standards. We aim to minimize environmental burdens, achieve high-efficient utilization of resources and create a greener campus for students and the society.

As a member of the education industry, we have limited direct impact on the environment and natural resources. Our environmental responsibilities are mainly reflected in daily electricity consumption, water resources management, school and office supplies consumption, waste disposal and the use of vehicles of the Group. We have strived to minimise the negative impact on the environment and natural resources during our business operations, so as to make contributions to environmental protection. During the Reporting Period, we strictly complied with all laws and regulations related to environmental protection and there were no major irregularities related to exhaust gas, greenhouse gas, water and soil pollution and waste management.

³ Calculation method: the total training hours of training employees of that category/the total number of training employees of that category

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7.1 Climate Change Management

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

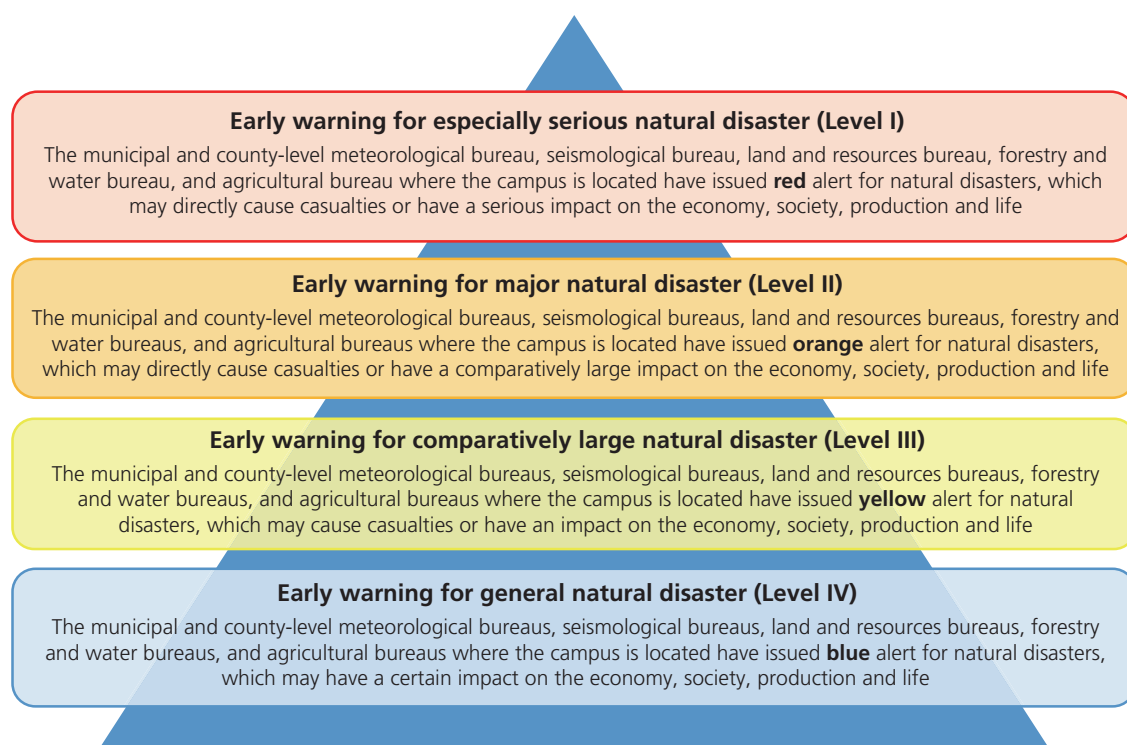
Type of climate risks	Potential risk	Potential financial impacts	Current response mitigation measures
Physical climate risks	Acute risks (such as disasters caused by urban flooding and other extreme weather)	<ul style="list-style-type: none"> • Damage of infrastructure and facilities and depreciation of fixed assets 	<ul style="list-style-type: none"> • Develop response measures to disasters
	Chronic risks (such as persistent high temperature, lack of fresh water resources, etc.)	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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 mitigation measures
Transformation risks	Policy and regulation risks	<ul style="list-style-type: none"> • Possible punishment for irregularities • Restrictions on investment amount subject to stricter ESG standards 	<ul style="list-style-type: none"> • Understand the latest laws and regulations on climate change and integrate them into management strategies
	Market risks	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Reduce its own carbon footprint and actively respond to climate change • Maintain teaching quality and textbook R&D to satisfy market demand
	Reputational risks	<ul style="list-style-type: none"> • Corporate reputation have indirect effects on the admission yield of schools and result in decrease in operating revenue 	<ul style="list-style-type: none"> • Disclose the Company's efforts in ESG in the ESG report • Provide more relevant trainings on green campus to teachers and students

Environmental, Social and Governance Report

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 (《自然災害類突發公共事件應急預案》) to specify 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:



In order to reduce potential risks of natural disasters on our businesses, we have established the Emergency Plan for Major Natural Disasters(《重大自然災害突發事件應急預案》). The plan enables us to carry out emergency responses to all kinds of natural disasters in an efficient and orderly manner. Thus, the Group can minimise the loss caused by natural disasters and ensure the life and property safety of teachers and students. We will closely focus on the evolving of China's policies and regulations and strictly abide by all relevant laws and regulations. Meanwhile, we actively encourage our partners and suppliers to focus on the latest updates in policies and regulations so as to manage and reduce such risks together.

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7.2 Reasonable Use of Resources

Energy Management

The Group is committed to optimising the use of energy, reducing greenhouse gas emissions and building an energy-saving and high-efficient campus environment. We strictly 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 strive to minimise the impact on the environment and natural resources in our daily business operations. Energy consumption of the Group mainly includes the use of electricity in daily business operations, the use of natural gas in canteens, and the use of gasoline and diesel in transportation. During the Reporting Period, the leading group for energy conservation and emission reduction of the Group strictly implemented the Management Regulations on Water and Electricity Conservation 《節水節電管理規定》 to actively improve energy efficiency. In future, the Group will maintain or gradually reduce the intensity of electricity consumption under similar operation level.

During the Reporting Period, our electricity consumption data was as follows:

Electricity consumption	Unit	2023
Total electricity consumption	MWh	49,768.06
Total electricity consumption intensity	MWh/square meter	0.013
Total electricity consumption intensity	MWh/person ⁴	0.46

During the Reporting Period, the operational electricity consumption intensity of the Group increased as compared with last year⁵. In future, we will implement diversified measures and strive to reduce such consumption.

⁴ Calculated based on the number of employees and students as at 31 August 2023.

⁵ Increase in electricity consumption intensity compared to the previous year was due to: 1. increase in on-campus time and offline activities after the lifting of control measures during the prevention of the COVID-19 pandemic; and 2. increase in construction.

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The main energy-saving measures we have taken to boost energy efficiency are as follows:

Power saving system

- Adjust the air-conditioning water system based on seasons and increase the temperature of water when the air-conditioning load is small to reduce the energy consumption.
- Transformers should be reasonably configured with reference to the electrical load, and the operating load shall be controlled at 70-90% of the rated capacity.
- The operation of the cooling system equipment is optimised based on weather and heat load to improve the safety and save energy.
- Air conditioners in dining areas shall be turned on 5 minutes before meals and the temperature shall be not lower than 26℃ in summer and not higher than 20℃ in winter.
- Reduce power consumption of electronic office equipment, reasonably use them and turn off the power after work to prevent standby energy consumption.

Lighting system

- Use energy-saving lighting.
- It is not allowed to turn on the lights all the time and during the daytime. Use natural lighting in the office. For larger office spaces, the lights should be reduced as much as possible, and the lights should be turned off when people leave. Reasonable use lights in public places and implement partition control.
- Check the lighting facilities in the canteen regularly to prevent electricity leakage and save electricity. Adjust lighting in public places based on needs to save energy.

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Water Resources Management

We implement the overall water conservation and protection plan from the source management, the process optimisation of water use to the strict control of wastewater discharge. We proactively adapt to and respond to the policy orientation of regulatory authorities in advance, strictly abide by 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 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 our higher standards and efficiency in water resources management. In order to achieve up-to-standard discharge of water resources, we have carefully formulated water-saving plans, implemented water-saving measures, and fulfilled our corporate social responsibility to protect the environment. During the Reporting Period, we actively implemented and will maintain or gradually reduce water consumption intensity in the future with similar operation level. The Group does not have any issue in sourcing water that is fit for purpose in its operations, and the domestic sewage is discharged through the municipal drainage and sewage network to the urban sewage treatment plant for disposal.

During the Reporting Period, our domestic water consumption data are as follows:

Water Consumption	Unit	2023
Total water consumption	tonnes	991,986.00
Total water consumption intensity	tonnes/square meter	0.27
Total water consumption intensity	tonnes/person	9.18

During the Reporting Period, the total operational water consumption of the Group increased as compared with last year⁶. We will implement diversified measures in the future and strive to reduce such consumption.

We strengthened the daily maintenance and management of water equipment to ensure the safety of drinking water of teachers and students at each campus and achieve efficient use of water resources. For such purposes, we have formulated various rules, systems 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 reduce the water consumption of campus, mitigate the environmental pressure caused by sewage discharge. It can cultivate students' awareness of conservation and environmental protection, and promote the sustainable use of water resources. Our major water saving measures include but are not limited to the following:

- Repair rainwater collection system to reduce greening water.
- Install water meters for departments with large water consumption and charge fees.
- For the water used by students in the dormitory, any excess expenses shall be borne by the user.
- Rinse the mop in a container with water.

⁶ Increase in water consumption intensity compared to the previous year was due to: 1. increase in on-campus time and offline activities after the lifting of control measures during the prevention of the COVID-19 pandemic; and 2. increase in construction.

Environmental, Social and Governance Report

7.3 Waste Management

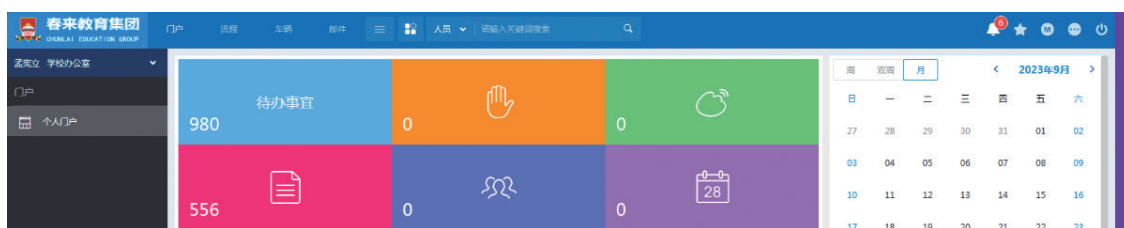
In order to create a low-carbon and environment-friendly campus environment, we adopted strict measures in terms of waste management. In accordance with the Solid Waste Pollution Prevention Law of the People's Republic of China 《中華人民共和國固體廢物污染環境防治法》 and the Measures for the Management of Municipal Solid Waste 《城市生活垃圾管理辦法》, we have formulated various efficient and coordinated internal management measures and earnestly implemented waste treatment and disposal.

All non-hazardous and hazardous wastes generated by our schools have been properly collected, classified and handed over to qualified third-party waste collectors selected by us for further treatment. To ensure transparent and standard waste management, we have established a Food Waste Disposal Ledger 《餐廚廢棄物處置台賬》 to record and supervise the type, quantity, direction and usage of food waste by designated personnel.

We organised various activities and implemented a series of measures to prevent food waste and guided teachers and students to develop a good habit of saving food and create an atmosphere of saving resources and protecting environment.

- Improve the management of consumables, which shall be centrally kept by the warehouse controller with specific use rules.
- Through the campus food safety bulletin board, we carried out food safety publicity activities and advocated reducing food waste.
- Advocate teachers and students to use recyclable tableware.
- Promote the use of degradable disposable tableware, and reduce the use of white plastic products.

The Group and its subordinate universities use the unified OA coordinated office platform to handle the application for the use of vehicles, seals and meeting rooms in routine work as well as leave application, purchase and distribution of documents, generally achieving paperless office.



OA Coordinated Office Platform

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We established partnership with professional sewage treatment enterprises to conduct professional extraction and disposal of canteen wastewater. We achieved the recycling and reuse of wastewater with advanced equipment. We installed a fully automatic oil-water separator for the catering industry at the canteen sewage discharge port. Through a number of new environmental protection technologies, the mixed grease in the oily wastewater can be automatically separated and centralised to the specialized oil gathering tank for subsequent treatment and recycling. It not only optimized the wastewater management process but also improved our commitments on environmental protection and sustainable development.

During the Reporting Period, we earnestly implemented material conservation plans and measures in respect of waste generation. In future, we will maintain or gradually reduce waste generation while operating at a similar level. Non-hazardous waste is mainly domestic waste generated in schools. During the Reporting Period, the total amount of non-hazardous waste produced was 10,690.00 tonnes⁷, and the intensity of non-hazardous waste produced was 0.10 tonnes/person. During the Reporting Period, hazardous waste is mainly batteries, waste ink cartridges and waste toner boxes, of which 26.21 kg of batteries and 925.80 kg of waste ink cartridges and waste toner boxes are produced⁸. In future, we will implement diversified measures and strive to reduce the generation of waste.

7.4 Emission Management

Greenhouse Gas Emission Management

The Group carried out greenhouse gas emission inspections in our six colleges, namely, Shangqiu University, Anyang University, Shangqiu University Applied Science and Technology College, Anyang University Yuanyang Campus, Jingzhou University and Hubei Health Vocational College, in compliance with 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》 developed by the World Business Council for Sustainable Development and the World Resources Institute and the ISO14064-1 set by the International Organisation for Standardisation. We provided colleges with accurate data on greenhouse gas emissions, which facilitated us to better achieve the target of sustainable development. We have maintained the emission-related targets formulated in 2022 during the Reporting Period, and will maintain or reduce greenhouse gas emissions in the future under similar operating levels.

⁷ Increase in total amount of non-hazardous waste produced compared to the previous year was due to: 1. increase in on-campus time and offline activities after the lifting of control measures during the prevention of the COVID-19 pandemic; and 2. increase in the number of students.

⁸ Increase in the amount of waste ink cartridges and waste toner cartridges compared with last year was due to: 1. After the epidemic lockdown was lifted, staff time in school increased and office workload increased; 2. The number of teachers and students increased.

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During the Reporting Period, the summary of greenhouse gas emissions is as follows:

Greenhouse gas emission performance	Unit	2023
Greenhouse gas emissions		
Direct greenhouse gas emissions (Scope 1)	tonnes of carbon dioxide equivalent	96,791.08
Greenhouse gas emission removals from newly planted trees (Scope 1)	tonnes of carbon dioxide equivalent	715.99
Indirect greenhouse gas emissions (Scope 2)	tonnes of carbon dioxide equivalent	28,382.72
Total greenhouse gas emissions (Scope 1 & 2)	tonnes of carbon dioxide equivalent	124,457.81
Greenhouse gas emission intensity Per square metre (Scope 1 & 2)	tonnes of carbon dioxide equivalent/square metre	0.033

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 124,457.81 tonnes of carbon dioxide equivalent, which increased as compared with last year⁹. In future, we will continue to monitor the greenhouse gas emission, and adopt effective low-carbon measures to mitigate climate change.

⁹ Increase in total greenhouse gas emission (Scope 1 & 2) was due to: 1. increases in on-campus time and offline activities after the lifting of control measures in respect of the COVID-19 pandemic; 2. increase in the number of students; and 3. increase in construction.

Environmental, Social and Governance Report

Air Emission Management

The Group is devoted to improving the standards on environmental protection, adheres to the principle of sustainable development and strictly abides by 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 relevant laws and regulations. In the course of daily operation, the sources of air emissions mainly come from mobile fuel combustion of self-owned vehicles of our schools, cooking fumes discharged from school canteens and garden machinery consumption.

For the combustion of gasoline and diesel in particular, it generates not only sulfur dioxide (SO₂) and nitrogen oxides (NO_x) but also particulate matter (PM) and other air pollutants. We know very well the impacts of such emissions on the atmospheric environment. As a result, we continuously seek approaches to reduce emissions and environmental burdens while carrying out daily operation to ensure the alignment with environmental protection and sustainable development. We will continue to strengthen management and improve efficiency and strive to achieve the greener and more environmental-friendly operation targets.

During the Reporting Period, the types and data of air emissions arising from our vehicles are as follows:

Type of emissions	Unit	2023
Nitrogen oxides (NO _x)	kg	472.80
Sulfur dioxide (SO ₂)	kg	0.92
Particulate matter (PM)	kg	36.05

We have installed cooking fume purification devices for all the fume exhaust facilities in the canteen kitchen and to control the emission of cooking fumes. At the same time, we regularly clean the flue purifiers to ensure that the emissions meet the national industry standards.

Environmental, Social and Governance Report

7.5 Advocating the Green Lifestyle

The Group is devoted to developing students' sense of responsibility on environmental protection and continuously carries forward the campus green education activity based on green culture to enhance students' literacy in environmental protection and green awareness. We have integrated green concepts with routine teaching to foster students' perceptions and habits of environmental protection.

Case: Learning the Spirit of Lei Feng and Protecting the Campus Environment

Hubei Health Vocational College planned the activity themed "Learning the Spirit of Lei Feng and Protecting the Campus Environment" to clean the campus and create a clean, beautiful, fresh and tidy campus environment and organized students to clean up the campus, maintain a sanitary campus and purify the campus environment, thereby guiding students to develop a green lifestyle.



Case: Strive to Be a Pioneer in Campus Environmental Protection and Adopt Green Plants



On 12 April 2023, Shangqiu University held green plants adoption event with the theme of "Strive to Be a Pioneer in Campus Environmental Protection and Adopt Green Plants". The related staff interpreted the event in details to students and publicized the concept of environmental protection. Students were attracted to make their contributions to develop the "green energy" on campus. The successful launch of the event further enhanced the students' awareness on ecological and environmental protection, and was conducive to guiding college students to create a green environment with practical action and displaying their healthy and upward spirit.

Environmental, Social and Governance Report

8. FULFILLING SOCIAL RESPONSIBILITIES

Chunlai Education bears in mind the support given to us by all sectors of society. Therefore, we practise corporate social responsibility while vigorously participating in social welfare undertakings by utilising our resources and advantages. During the Reporting Period, the Group was committed to continuously improving and optimising the structure of volunteer services. All branch colleges established multiple volunteer teams who actively participated in volunteering activities many times to give broad and profound back to the society. Our action reflected our responsibilities and commitments to the society and showed our positive social influence and devotion as an education group.

In 2023, members of the employee volunteer team and student volunteer team reached 180 and 7,037 people respectively. Employee and student participants of the activity reached 280 and 102,062 people respectively within the year. The time of service of the employee volunteer team and student volunteer team reached 10,080 hours and 198,395 hours, respectively.

Case: Assistance in Village – Working Group of Jingzhou University in Village Continuously Provides Assistance

In September 2022, the working group in village publicized the beautiful countryside of Maliangping on online platforms to improve its reputation and strive to develop the agricultural healthcare complex featured “Green Tea County and Spend Summer in Maliangping”.



Environmental, Social and Governance Report

Case: Care for the Aged Themed "Volunteer Services for the Aged with True Love"

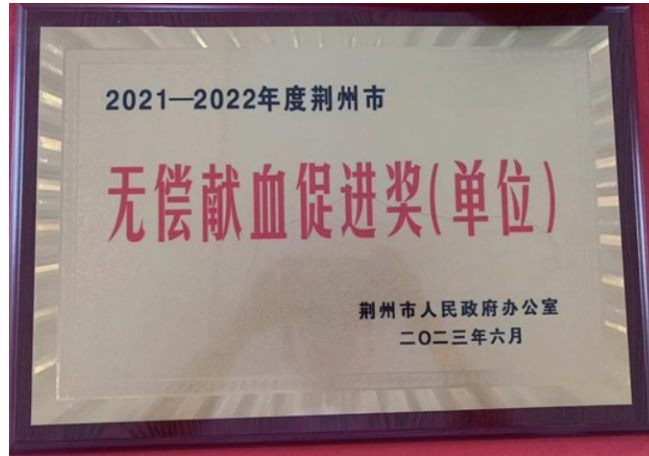
On 21 May 2023, over 20 volunteers from the youth volunteer team of Jingzhou University visited the Junan Healthcare Apartment for the Aged and carried out the volunteer activity themed "Volunteer Services for the Aged with True Love".



Environmental, Social and Governance Report

Case: Jingzhou University Awarded "Prize for Promoting Voluntary Blood Donation"

On 26 June 2023, Jingzhou University was awarded the "Prize for Promoting Voluntary Blood Donation (for institutions)" for 2021-2022. They were awarded the most beautiful dormitories, classes and faculties with love and the most beautiful volunteers with love. Many teachers and students actively participated in voluntary blood donation and show their selfless devotion to voluntary blood donation with practical actions.



Environmental, Social and Governance Report

APPENDIX I: SUMMARY OF SUSTAINABLE DEVELOPMENT DATA

Environmental Area ¹⁰	Unit	2022	2023
Air pollutant¹¹			
NO _x	kg	409.01	472.80
SO _x	kg	0.90	0.92
PM	kg	30.64	36.05
Amount of greenhouse gas emissions¹¹			
Direct greenhouse gas emissions (Scope 1)	tCO ₂ e	19,503.72	96,791.08
Greenhouse gas emissions removals from newly planted trees (Scope 1)	tCO ₂ e	693.98	715.99
Indirect greenhouse gas emissions (Scope 2)	tCO ₂ e	22,967.13	28,382.72
Total amount of greenhouse gas emissions (Scope 1 & 2)	tCO ₂ e	41,776.87	124,457.81
Intensity of greenhouse gas emissions			
Per square meter of floor area (Scope 1 & 2)	tCO ₂ e/m ²	0.012	0.033
Electricity consumption			
Total electricity consumption	MWh	39,530.34	49,768.06
Total electricity consumption intensity (per square meter)	MWh/m ²	0.011	0.013
Total electricity consumption intensity (per person) ⁴	MWh/person	0.39	0.46
Fixed equipment fuel consumption			
Natural gas consumption	m ³	655,876.93	678,220.65
Liquefied natural gas consumption	m ³	14,012.00	75,500.00 ¹²
Gasoline consumption	tonne	12.18	11.88
Diesel consumption	tonne	2.76	16.37 ¹³
Liquefied petroleum gas consumption	tonne	90.90	66.13
Motor vehicle fuel consumption			
Gasoline consumption	litres	42,827.25	44,024.52
Diesel consumption	litres	11,838.59	9,494.16
Water consumption			
Total water consumption	tonne	755,659.00	991,986.00
Total water consumption intensity (per square meter)	tonne/m ²	0.21	0.27
Total water consumption intensity (per person) ⁴	tonne/person	7.36	9.18

¹⁰ The collection covers six schools under the Group: Shangqiu University, Anyang University, Shangqiu University Kaifeng Campus, Anyang University Yuanyang Campus, Jingzhou University and Hubei Health Vocational College.

¹¹ Air pollutant emissions and greenhouse gas emissions of the Group are calculated with reference to "How to prepare an ESG Report - Appendix II: Reporting Guidance on Environmental KPIs" of the Stock Exchange.

¹² Reasons for the increase in liquefied natural gas consumption: 1. the increase of offline activities as a result of the increase in the amount of time that staff and students spent staying in school after the release of epidemic risk control measures; 2. the increase in student enrolments.

¹³ Reasons for the increase in diesel consumption: the increase in the use of grass trimmers as a result of the expansion of the campus area and green area, resulting in an increase in diesel consumption.

Environmental, Social and Governance Report

Environmental Area ¹⁰	Unit	2022	2023
Hazardous waste¹⁴			
Batteries	kg	28.69	26.21
Used ink cartridges and used toner cartridges	kg	670.20	925.80
Non-hazardous waste			
Total non-hazardous waste production	tonne	8,055.12	10,690.00
Non-hazardous waste production intensity	tonne/person	0.08	0.10
Paper consumption			
Total paper consumption	kg	13,817.38	260,900.64
Paper consumption per capita	kg/employee	2.40	54.93 ¹⁵
Social Area ¹⁶	Unit	2022	2023
Total number of employees	person	5,763	4,750
Total number of employees (by gender)			
Female employees	person	3,332	2,766
Male employees	person	2,341	1,984
Total number of employees (by employee category)			
Short-term contract/part-time employees	person	756	805
Full-time junior employees	person	1,782	1,827
Full-time middle management	person	407	537
Full-time senior management	person	532	414
Other employees ¹	person	2,286	1,167
Total number of employees (by age group)			
Under the age of 30	person	2,312	1,726
Aged 30-50	person	2,402	2,032
Over the age of 50	person	1,049	992
Total number of employees (by geographical region)			
Employees from Central China region ²	person	5,763	4,750
Turnover rate¹⁷			
Total employee turnover rate	%	7.43%	8.65%

¹⁴ The unit of hazardous waste is updated from pieces to kilograms, and the hazardous waste in 2022 is also updated accordingly. Assume that the average weight of the battery is 18 grams, and the average weight of the waste ink cartridge and waste toner cartridge is 600 grams.

¹⁵ Reasons for the increase in paper consumption: 1. the increase of offline activities as a result of the increase in the amount of time that staff and students spent staying in school after the release of epidemic risk control measures.

¹⁶ Social area collection covers the whole Group.

¹⁷ Calculation method: number of employees lost divided by the number of employees as at the end of the Reporting Period x 100%.

Environmental, Social and Governance Report

Social Area ¹⁶	Unit	2022	2023
Employee turnover rate¹⁸ (by gender)			
Female employees	%	7.65%	9.58%
Male employees	%	7.12%	7.36%
Employee turnover rate¹⁸ (by age group)			
Under the age of 30	%	7.40%	16.86%
Aged 30-50	%	5.66%	4.28%
Over the age of 50	%	11.53%	3.33%
Employee turnover rate¹⁸ (by geographical region)			
Employees from Central China region	%	7.43%	8.65%
Training employees percentage¹⁹ (by gender)			
Female employees	%	63.87%	61.09%
Male employees	%	36.13%	38.91%
Training employees percentage¹⁹ (by employees category)			
Short-term contract/part-time employees	%	8.67%	1.03%
Full-time junior employees	%	68.22%	69.83%
Full-time middle management	%	7.96%	13.06%
Full-time senior management	%	3.64%	5.88%
Other employees ¹	%	11.51%	10.20%
Average training hours³ (by gender)			
Female employees	hour	23.13	24.50
Male employees	hour	21.54	24.64
Average training hours³ (by employee category)			
Short-term contract/part-time employees	hour	4.06	6.00
Full-time junior employees	hour	25.09	27.00
Full-time middle management	hour	32.51	23.17
Full-time senior management	hour	20.59	23.82
Other employees ¹	hour	15.16	11.88
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

¹⁸ Calculation method: number of training employees of that category divided by the total number of employees of that category as at the end of the Reporting Period x 100%.

¹⁹ Calculation method: the number of training employees of that category divided by the total number of employees of that category x 100%.

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. Building a Green Campus
	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 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 Appendix I: Summary of Sustainable Development Data
	A1.5	Description of emissions target(s) set and steps taken to achieve them.	7. Building a Green Campus
	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

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 Reasonable 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 Reasonable 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 Reasonable 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 Reasonable 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 Reasonable 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. Building a Green Campus
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	7. Building a Green Campus
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 Climate Change Management
	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 Climate Change Management

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 Sincere Care 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 Safe and Healthy Campus
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	4.1 Safe and Healthy Campus 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 Safe and Healthy Campus

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: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	5.4 Supply Chain Strategies
	B5.1	Number of suppliers by geographical region.	5.4 Supply Chain Strategies
	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 Supply Chain Strategies
	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 Supply Chain Strategies
	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 Supply Chain Strategies

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 Safe and Healthy Campus 4.2 Teaching Quality Guarantee 5.3 Data 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.	4.2 Teaching Quality Guarantee
	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 Teaching Quality Guarantee 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 Data Privacy Protection
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. Fulfilling Social Responsibilities
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	8. Fulfilling Social Responsibilities
	B8.2	Resources (e.g. money or time) contributed to the focus areas.	8. Fulfilling Social Responsibilities

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 129 to 183, which comprise the consolidated statement of financial position as at 31 August 2023, 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 a summary of significant accounting policies.

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 2023, 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 ("HKSA") 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 enrolments, 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 RMB2,987,663,000 and right-of-use assets of approximately RMB636,517,000 as at 31 August 2023 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 RMB375,800,000 respectively as at 31 August 2023 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. The other information is expected to be made available to us after the date of this auditor's report.

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 identified above when it becomes available 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.

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, 28 November 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For The Year Ended 31 August 2023

	Notes	2023 RMB'000	2022 RMB'000
Revenue	7	1,497,962	1,309,197
Cost of revenue		(607,907)	(482,494)
Gross profit		890,055	826,703
Other income	8	84,066	51,631
Other gains and losses, net	9	18,086	16,400
Selling expenses		(5,109)	(4,593)
Administrative expenses		(174,378)	(198,893)
Profit from operations		812,720	691,248
Finance costs	10	(124,545)	(135,797)
Profit before tax		688,175	555,451
Income tax expenses	11	(3,782)	(3,191)
Total comprehensive income for the year	12	684,393	552,260
Earnings per share	14		
Basic (RMB cents per share)		57	46
Diluted (RMB cents per share)		56	45

Consolidated Statement of Financial Position

As At 31 August 2023

	Notes	2023 RMB'000	2022 RMB'000
Non-current assets			
Property, plant and equipment	16	2,987,663	2,797,921
Intangible asset	17	188,000	188,000
Right-of-use assets	18	636,517	554,923
Prepayment for cooperation agreements	19	800,111	800,111
Other non-current assets	20	384,797	413,409
		4,997,088	4,754,364
Current assets			
Trade and other receivables	21	670,988	485,139
Amount due from a shareholder	22	7	7
Cash and cash equivalents	23	789,720	630,927
		1,460,715	1,116,073
Current liabilities			
Accruals and other payables	24	305,747	304,120
Deferred revenue		1,999	2,791
Contract liabilities	25	678,914	533,118
Borrowings	26	1,439,460	2,025,677
Current tax liabilities		22,030	18,248
		2,448,150	2,883,954
Net current liabilities		(987,435)	(1,767,881)
Total assets less current liabilities		4,009,653	2,986,483
Non-current liabilities			
Deferred revenue		1,832	3,831
Borrowings	26	732,162	366,962
		733,994	370,793
NET ASSETS		3,275,659	2,615,690

Consolidated Statement of Financial Position

As At 31 August 2023

	Notes	2023 RMB'000	2022 RMB'000
Capital and reserves			
Share capital	27	10	10
Reserves		3,275,649	2,615,680
TOTAL EQUITY		3,275,659	2,615,690

The consolidated financial statements on pages 129 to 183 were approved and authorised for issue by the Board of Directors on 28 November 2023 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 2023

	Share capital RMB'000	Share premium account RMB'000	Statutory reserve RMB'000 (note i)	Capital reserve RMB'000	Share-based payment reserve RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 September 2021	10	516,431	394,059	142,600	35,882	970,462	2,059,444
Total comprehensive income for the year	-	-	-	-	-	552,260	552,260
Recognition of equity-settled share-based payments	-	-	-	-	3,986	-	3,986
Transfer to statutory reserve	-	-	150,049	-	-	(150,049)	-
Forfeit of share options	-	-	-	-	(970)	970	-
At 31 August 2022	10	516,431	544,108	142,600	38,898	1,373,643	2,615,690
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

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 2023

	2023 RMB'000	2022 RMB'000
Cash flows from operating activities		
Profit before tax	688,175	555,451
Adjustments for:		
Depreciation of property, plant and equipment	211,288	204,025
Depreciation of right-of-use assets	13,421	12,497
Equity-settled share-based payments	5,576	3,986
Finance costs	124,545	135,797
Gain on disposals of property, plant and equipment	(1,344)	–
Interest income	(9,672)	(4,255)
Interest income from Tianping College	(18,688)	(11,857)
Loss on initial recognition of advance to a third party	–	2,216
Net foreign exchange gain	(16,742)	(15,507)
Operating profit before working capital changes	996,559	882,353
Change in accruals and other payables	2,238	29,611
Change in contract liabilities	145,796	313,699
Change in deferred revenue	(2,791)	(1,707)
Change in trade and other receivables	(67,574)	(63,917)
Net cash generated from operating activities	1,074,228	1,160,039
Cash flows from investing activities		
Advance to Tianping College	(501,000)	(433,550)
Payment for deposits of/purchase of property, plant and equipment	(421,926)	(290,711)
Prepayment for cooperation agreements	–	(160,055)
Advance to a third party	(63,000)	(85,000)
Payment for land use rights	(127,015)	(25,900)
Payment for acquisition of Jingzhou College	–	(20,000)
Withdrawal/(placement) of pledged deposits	15,050	(11,800)
Repayment from Tianping College	443,100	110,500
Repayment from a third party	85,140	59,148
Refund of deposits for land use right	32,000	38,643
Interest income received	3,119	4,347
Proceeds from disposal of property, plant and equipment	2,846	–
Net cash used in investing activities	(531,686)	(814,378)

Consolidated Statement of Cash Flows

For The Year Ended 31 August 2023

	2023 RMB'000	2022 RMB'000
Cash flows from financing activities		
Repayment of borrowings	(1,256,487)	(1,232,170)
Interest paid	(75,412)	(80,567)
Dividends paid	(30,000)	–
Proceeds from borrowings	978,150	1,198,400
Net cash used in financing activities	(383,749)	(114,337)
Net increase in cash and cash equivalents	158,793	231,324
Cash and cash equivalents at beginning of year	630,927	399,603
Cash and cash equivalents at end of year	789,720	630,927
Analysis of cash and cash equivalents		
Bank and cash balances	789,720	630,927

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2023

1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability under the Companies Law of the Cayman Islands 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 2023, the Group had net current liabilities of approximately RMB987,435,000. Included therein, the Group recorded the contract liabilities of approximately RMB678,914,000.

In view of the net current liabilities position, the directors of the Company 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 of the Company 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 of the Company 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 2023

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 2022. IFRSs comprise International Financial Reporting Standards; 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. SIGNIFICANT 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 significant 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 2023

4. SIGNIFICANT 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 2023

4. SIGNIFICANT 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 2023

4. SIGNIFICANT 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 2023

4. SIGNIFICANT 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
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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 2023

4. SIGNIFICANT 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 2023

4. SIGNIFICANT 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 2023

4. SIGNIFICANT 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 2023

4. SIGNIFICANT 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 2023

4. SIGNIFICANT 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 2023

4. SIGNIFICANT 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 2023

4. SIGNIFICANT 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 2023

4. SIGNIFICANT 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 production 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 2023

4. SIGNIFICANT 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 2023

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, 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 2023

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, 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 2023

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 2023

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/strengthens 5% against the relevant foreign currencies.

	2023 RMB'000	2022 RMB'000
HK\$	759	1,124
USD	15,312	16,464

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2023

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 2023, 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 RMB867,000 (2022: RMB844,000) 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 RMB7,178,000 (2022: RMB5,002,000) 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 and investments 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 2023

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 2023

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 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
As at 31 August 2022					
Accruals and other payables	290,354	–	–	290,354	290,354
Borrowings	2,052,747	271,405	138,192	2,462,344	2,392,639
	2,343,101	271,405	138,192	2,752,698	2,682,993

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2023

6. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)**(e) Categories of financial instruments at 31 August**

	2023 RMB'000	2022 RMB'000
Financial assets		
Financial assets at amortised cost (including cash and cash equivalents)	1,810,265	1,523,238
Financial liabilities		
Financial liabilities at amortised cost	2,461,659	2,682,993

(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 2023

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.

	2023 RMB'000	2022 RMB'000
Tuition fees	1,359,278	1,188,035
Boarding fees	138,684	121,162
Total revenue	1,497,962	1,309,197

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 2023 (2022: 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 2023

8. OTHER INCOME

	2023 RMB'000	2022 RMB'000
Government grants (<i>note i</i>)	102	92
Interest income	9,672	4,255
Service income	21,462	17,453
Consultancy income from Tianping College (<i>note ii</i>)	14,151	9,434
Interest income from Tianping College (<i>note iii</i>)	18,688	11,857
Ancillary services income (<i>note iv</i>)	13,230	2,383
Others	6,761	6,157
	84,066	51,631

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.
- (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

	2023 RMB'000	2022 RMB'000
Gain on disposals of property, plant and equipment	1,344	–
Net foreign exchange gain	16,742	18,616
Loss on initial recognition of advance to a third party	–	(2,216)
	18,086	16,400

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2023

10. FINANCE COSTS

	2023 RMB'000	2022 RMB'000
Interest expenses in relation to:		
– Bank borrowings	74,788	80,748
– Borrowings from non-banking institutions	57,320	58,177
	132,108	138,925
Less: capitalised in construction in progress	(7,563)	(3,128)
	124,545	135,797

Borrowing costs on funds borrowed generally are capitalised at a rate of 6.2% per annum in 2023 (2022: 6.5%).

11. INCOME TAX EXPENSES

	2023 RMB'000	2022 RMB'000
Current tax – PRC Enterprise Income Tax	3,782	3,191

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

	2023 RMB'000	2022 RMB'000
Profit before tax	688,175	555,451
Tax calculated at applicable tax rate of 25% (2022: 25%)	172,044	138,863
Tax effect of tax losses not recognised	9,963	12,880
Tax effect of expenses not deductible/income not taxable for tax purpose	1,472	(331)
Tax effect of profit from non-profit making organisation exempted for tax purpose	(179,697)	(148,221)
Income tax expenses	3,782	3,191

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2023

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 2023 (2022: 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 2023 (2022: 25%).

Shangqiu University, Anyang University and Shangqiu University Kaifeng Campus, Hubei Jiankang Vocational College, and Jingzhou College enjoyed tax exemption for tuition related income.

At the end of the reporting period the Group has unused tax losses of RMB224,414,000 (2022: RMB187,135,000) available for offset against future profits. No deferred tax asset has been recognised (2022: RMB nil) due to the unpredictability of future profit streams. Detail of unrecognised tax loss are as follow:

	2023 RMB'000	2022 RMB'000
Tax loss unrecognised and expired in 2025	60,311	60,311
Tax loss unrecognised and expired in 2026	75,315	75,315
Tax loss unrecognised and expired in 2027	51,509	51,509
Tax loss unrecognised and expired in 2028	37,279	–
Total tax loss unrecognised	224,414	187,135

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 RMB2,057,693,000 (2022: RMB2,059,158,000). 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 2023

12. TOTAL COMPREHENSIVE INCOME FOR THE YEAR

This is stated at after charging the following:

	2023 RMB'000	2022 RMB'000
Auditor's remuneration	1,775	1,627
Depreciation of property, plant and equipment	211,288	204,025
Depreciation of right-of-use assets	13,421	12,497
Staff costs (including directors' remuneration):		
– Salaries, bonuses and allowances	287,163	240,648
– Retirement benefit scheme contributions	39,484	29,459
– Equity-settled share-based payments	5,576	3,986
	332,223	274,093

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2023

13. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS AND BENEFITS

	2023 RMB'000	2022 RMB'000
Fee, salaries and allowances	5,689	5,342
Retirement benefit scheme contributions	27	26
Equity-settled share-based payments	3,627	3,449
	9,343	8,817

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:

	2023				
	Fees RMB'000	Salaries and allowances 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>)	–	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 2023

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

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

	2022				
	Fees <i>RMB'000</i>	Salaries and allowances <i>RMB'000</i>	Retirement benefit scheme contributions <i>RMB'000</i>	Equity- settled share-based payments <i>RMB'000</i>	Total <i>RMB'000</i>
Chairman and non-executive director					
Mr. Hou Chunlai (<i>Chairman</i>)	–	962	–	1,254	2,216
Executive directors					
Mr. Hou	–	1,022	26	941	1,989
Ms. Jiang Shuqin	–	824	–	1,254	2,078
Ms. Zhang Jie	–	1,452	–	–	1,452
Independent non-executive directors					
Dr. Jin Xiaobin	333	–	–	–	333
Ms. Fok Pui Ming Joanna	333	–	–	–	333
Mr. Lau Tsz Man	416	–	–	–	416
Total	1,082	4,260	26	3,449	8,817

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2023

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 (2022: four) directors whose emoluments are set out in note (a) above. The emoluments of the remaining one (2022: one) individuals are set out below:

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Salaries and other benefits	660	532
Retirement benefit scheme contributions	146	–
Equity-settled share-based payments	330	314
	1,136	846

The emoluments fell within the following bands:

	2023	2022
Nil – HK\$1,000,000	–	1
HK\$1,000,000 – HK\$1,500,000	1	–
	1	1

During the year ended 31 August 2023, 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 (2022: nil). Neither the chief executive nor any of the directors of the Company waived any emoluments during the year ended 31 August 2023 (2022: nil).

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2023

14. EARNINGS PER SHARE

	2023	2022
Earnings:		
Earnings for the purpose of calculating basic and diluted earnings per share (Profit attributable to owners of the Company) (in RMB'000)	684,393	552,260
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	30,474,230	23,775,337
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	1,230,474,230	1,223,775,337

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 2023 and 2022.

15. DIVIDENDS

	2023 RMB'000	2022 RMB'000
Proposed final dividend of RMB0.053 (approximate to HK\$0.058) (2022: RMB0.1) per ordinary share	63,985	120,000
Final dividend for the year ended 31 August 2022 approved and paid – RMB0.1 per ordinary share (note)	30,000	–

Note:

The final dividend in respect of the year ended 31 August 2022 of RMB0.1 (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.

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For The Year Ended 31 August 2023

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 2021	2,500,443	200,714	18,476	494,002	271,314	3,484,949
Additions	15,627	25,315	656	28,383	151,211	221,192
Transfer from construction in progress	216,704	4,151	–	63	(220,918)	–
At 31 August 2022 and 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	2,911,034	251,350	21,151	550,604	371,426	4,105,565
Accumulated depreciation						
At 1 September 2021	418,389	97,380	11,324	177,102	–	704,195
Charge for the year	127,274	27,582	1,673	47,496	–	204,025
At 31 August 2022 and 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	682,174	155,772	14,015	265,941	–	1,117,902
Carrying amount						
At 31 August 2023	2,228,860	95,578	7,136	284,663	371,426	2,987,663
At 31 August 2022	2,187,111	105,218	6,135	297,850	201,607	2,797,921

As of 31 August 2023, the Group was in the process of obtaining the property certificates for the buildings with an aggregate carrying value of approximately RMB1,033,758,000 (2022: RMB1,149,062,000) which are located in the PRC.

At 31 August 2023, the carrying amount of property, plant and equipment pledged as security for the Group's other loans amounted to RMB441,666,000 (2022: RMB312,131,000).

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2023

17. INTANGIBLE ASSET

School operation
right
RMB'000

Cost:

As at 1 September 2021, 31 August 2022, 1 September 2022 and 31 August 2023	188,000
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As at 31 August 2023 and 2022, 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 15% (2022: 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% (2022: 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 2023

18. LEASES AND RIGHT-OF-USE ASSETS

	2023 RMB'000	2022 RMB'000
At 31 August:		
Right-of-use assets		
– Land use rights	636,517	554,923
Depreciation charge of right-of-use assets		
– Land use rights	13,421	12,497
Expenses related to short-term leases	3,880	2,375
Additions to right-of-use assets	127,015	25,900

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 2023, the Group was in the process of obtaining the land certificates for the land use rights with an aggregate carrying value of approximately RMB49,105,000 (2022: RMB82,271,000) which are located in the PRC.

19. PREPAYMENT FOR COOPERATION AGREEMENTS

	2023 RMB'000	2022 RMB'000
Prepayment for cooperation agreements – Tianping College	800,111	800,111

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2023

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 issuance of the 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 (2022: approximately RMB800,111,000) will be treated as the consideration of the acquisition of Tianping College.

20. OTHER NON-CURRENT ASSETS

	2023 RMB'000	2022 RMB'000
Prepayments/deposits paid for acquisition of property, plant and equipment	31,705	4,735
Pledged deposit (note i)	303,092	17,990
Deposit paid (note ii)	50,000	50,000
Advance to Tianping College (note iii)	–	317,900
Advance to a third party	–	22,784
	384,797	413,409

Notes:

- (i) Pledged deposits of RMB12,940,000 (2022: RMB17,990,000) are secured for borrowings of RMB384,367,000 (2022: RMB573,881,000).

Offshore foreign deposit of USD40,000,000 (equivalent to RMB290,152,000 (2022: RMB275,613,000)) 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. The offshore foreign deposit was reclassified as non-current asset accordingly as at 31 August 2023.

- (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 million as security deposit to Suzhou University of Science and Technology.

- (iii) As at 31 August 2022, the advance to Tianping College with principal amount of RMB317,900,000 was unsecured, interest bearing at 4.75% per annum and repayable in August 2025.

During the year ended 31 August 2023, the Group entered into a supplemental agreement with Tianping College in which the advance to Tianping College with principal amount of RMB375,800,000 is unsecured, interest bearing at 4.75% per annum and repayable on 31 August 2024. The advance to Tianping College was reclassified as current assets accordingly as at 31 August 2023.

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2023

21. TRADE AND OTHER RECEIVABLES

	2023 RMB'000	2022 RMB'000
Tuition and boarding fee receivables (<i>note i</i>)	80,275	53,555
Service income receivables	69,109	45,370
Consultancy income receivables from Tianping College	25,000	10,000
Interest receivables from Tianping College	30,545	11,857
Advance to a third party (<i>note ii</i>)	62,860	60,000
Advance to Tianping College (<i>note iii</i>)	375,800	–
Other receivables	17,930	15,645
Interest receivables	5,927	1,590
Prepaid expenses	3,542	1,509
Pledged deposit (<i>note iv</i>)	–	285,613
	670,988	485,139

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:

	2023 RMB'000	2022 RMB'000
0-180 days	58,907	36,185
181-365 days	13,443	13,912
Over 1 year	7,925	3,458
	80,275	53,555

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 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)	–	–	–	–
At 31 August 2022				
Weighted average expected loss rate	0%	0%	0%	0%
Receivable amount (RMB'000)	36,185	13,912	3,458	53,555
Loss allowance (RMB'000)	–	–	–	–

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2023

21. TRADE AND OTHER RECEIVABLES (Continued)

- (ii) As at 31 August 2023, the advance with principal amount of RMB29,860,000 (2022: RMB60,000,000) is unsecured, interest bearing at 6% per annum (2022: 6% per annum) and repayable in March 2024 (2022: March 2023).

As at 31 August 2023, the advance with principal amount of RMB33,000,000 is unsecured, interest bearing at 6% per annum and repayable in September 2023. After the reporting period, the repayment date was extended from September 2023 to August 2024, pursuant to the supplemental agreement.

- (iii) As at 31 August 2022, the advance to Tianping College with principal amount of RMB317,900,000 was unsecured, interest bearing at 4.75% per annum and repayable in August 2025.

During the year ended 31 August 2023, the Group entered into supplemental agreement with Tianping College in which the advance to Tianping College with principal amount of RMB375,800,000 is unsecured, interest bearing at 4.75% per annum and repayable on 31 August 2024. The advance to Tianping College was reclassified as current assets accordingly as at 31 August 2023.

- (iv) Offshore foreign deposit of USD40,000,000 (equivalent to RMB290,152,000 (2022: RMB275,613,000)) 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. The offshore foreign deposit was reclassified as non-current asset accordingly as at 31 August 2023.

As at 31 August 2022, pledged deposits of RMB10,000,000 are secured for borrowings of RMB71,576,000.

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

Bank balances and cash comprise cash and short-term deposits held by the Group with an original maturity of three months or less.

As at 31 August 2023, the cash and cash equivalents of the Group denominated in Renminbi ("RMB") amounted to RMB769,062,000 (2022: RMB558,942,000). 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 2023

24. ACCRUALS AND OTHER PAYABLES

	2023 RMB'000	2022 RMB'000
Interest payables	2,751	3,375
Accrued staff benefits and payroll	35,208	44,338
Payables for purchase of property, plant and equipment and construction	128,539	128,526
Receipt on behalf of ancillary services providers	59,959	45,777
Other payables, accruals and deposits received	63,580	68,338
Other taxes payables	15,710	13,766
	305,747	304,120

25. CONTRACT LIABILITIES

	As at 31 August 2023 RMB'000	As at 31 August 2022 RMB'000	As at 1 September 2021 RMB'000
Contract liabilities – tuition and boarding fees	678,914	533,118	219,419

	2023 RMB'000	2022 RMB'000
Revenue recognised in the year that was included in contract liabilities at beginning of year	533,118	219,419

Transaction prices allocated to performance obligations unsatisfied at end of year and expected to be recognised as revenue in:

	2023 RMB'000	2022 RMB'000
2023	–	533,118
2024	678,914	–
	678,914	533,118

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2023

25. CONTRACT LIABILITIES (Continued)

Significant changes in contract liabilities during the year:

	2023 RMB'000	2022 RMB'000
Increase due to operations in the year	1,630,315	1,622,896
Transfer of contract liabilities to revenue	(1,484,519)	(1,309,197)

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

	2023 RMB'000	2022 RMB'000
Secured and guaranteed (<i>note i</i>)	1,290,178	1,664,669
Secured and unguaranteed (<i>note ii</i>)	303,244	296,370
Unsecured and guaranteed (<i>note iii</i>)	578,200	431,600
	2,171,622	2,392,639
The borrowings are repayable as follows:		
On demand or within one year	1,439,460	2,025,677
In the second year	543,912	255,788
In the third to fifth years, inclusive	188,250	111,174
	2,171,622	2,392,639
Less: Amount due for settlement within 12 months (shown under current liabilities)	(1,439,460)	(2,025,677)
Amount due for settlement after 12 months	732,162	366,962
The exposure of borrowings		
– Fixed rate	2,101,622	2,262,639
– Variable rate	70,000	130,000
	2,171,622	2,392,639

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2023

26. BORROWINGS (Continued)

Notes:

- (i) Certain bank borrowings of RMB605,950,000 (2022: RMB964,650,000) 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");
 - (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 jointly and severally;
 - (d) guaranteed by the Company and several subsidiaries of the Company; and
 - (e) secured by deposits of RMB12,940,000 (2022: RMB27,990,000).

As at 31 August 2023, the Schools has receivables of tuition and boarding fees of RMB64,737,000 (2022: RMB40,179,000).

Certain borrowing with carrying amount of RMB684,228,000 (2022: RMB700,019,000) is secured by the Group's plant and equipment of RMB441,666,000 (2022: RMB312,131,000) and guaranteed by Mr. Hou, Ms. Song and Ms. Jiang Shuqin.

- (ii) A loan from a third party with carrying amount of RMB303,244,000 (2022: RMB296,370,000) is secured by a deposit of USD40,000,000 (equivalent to approximately RMB290,152,000 (2022: RMB275,613,000)) (note 20 and 21).
- (iii) Certain bank borrowings were unsecured and guaranteed by Mr. Hou, Ms. Song and Ms. Jiang Shuqin 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:

	2023	2022
Effective interest rate:		
Fixed-rate	2.50% – 9.43%	2.5% – 8.1%
Variable-rate	4.35% – 5.60%	4.35% – 6.05%

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2023

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 2021, 31 August 2022, 1 September 2022 and 31 August 2023	50,000,000,000	500,000	424,570	425
Issued and fully paid:				
As at 1 September 2021, 31 August 2022, 1 September 2022 and 31 August 2023	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 Directors – Pre-IPO Share Option Scheme" to the annual report.

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

Details of specific categories of Pre-IPO Share Options as at 31 August 2022 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 2023

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:

	2023		2022	
	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	35,950,000	0.00001
Forfeited during the year	–	0.00001	(2,400,000)	–
Outstanding at the end of the year	33,550,000	0.00001	33,550,000	0.00001
Exercisable at the end of the year	16,685,000	0.00001	9,885,000	0.00001

The options outstanding at the end of the year have a weighted average remaining contractual life of 15 years (2022: 16 years) and the exercise prices were HK\$0.00001 (2022: 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 RMB5,576,000 for the year ended 31 August 2023 (2022: RMB3,986,000).

29. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at 31 August 2023 and 2022.

30. COMMITMENTS

	2023 RMB'000	2022 RMB'000
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	90,713	35,466
Capital expenditure in respect of land use right	11,460	11,460
Capital expenditure in respect of capital contribution to Tianping College	30,000	30,000
	132,173	76,926

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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:

	2023 RMB'000	2022 RMB'000
Consultancy income from Tianping College (<i>note i</i>)	14,151	9,434
Interest income from Tianping College (<i>note i</i>)	18,688	11,857
The balances with related parties at the end of the reporting period are as follows:		
Consultancy income receivables from Tianping College (<i>note i</i>)	25,000	10,000
Interest receivables from Tianping College (<i>note i</i>)	30,545	11,857
Advance to Tianping College (<i>note i</i>)	375,800	317,900

Notes:

(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 2023

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 <i>RMB'000</i>	Borrowings <i>RMB'000</i>	Total liabilities from financing activities <i>RMB'000</i>
At 1 September 2021	3,194	2,368,232	2,371,426
Changes in cash flows	(80,567)	(33,770)	(114,337)
Non-cash changes			
– interest charged	80,748	58,177	138,925
At 31 August 2022 and 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	2,751	2,171,622	2,174,373

Notes to the Consolidated Financial Statements

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34. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

(a) Statement of financial position of the Company

	2023 RMB'000	2022 RMB'000
Non-current assets		
Investment in a subsidiary (<i>note</i>)	–	–
Property, plant and equipment	626	632
Other non-current assets	290,152	–
	290,778	632
Current assets		
Prepayments and other receivables	13,637	283,255
Amount due from a shareholder	7	7
Amount due from subsidiaries	108,545	143,558
Bank balances	11,491	23,244
	133,680	450,064
Current liabilities		
Amounts due to subsidiaries	12,656	12,656
Accrued expenses	2,083	1,844
	14,739	14,500
Net current assets	118,941	435,564
NET ASSETS	409,719	436,196
Capital and reserves		
Share capital	10	10
Reserves	409,709	436,186
TOTAL EQUITY	409,719	436,196

Note: The investment in a subsidiary is USD1.

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2023

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 2021	516,431	35,882	(126,113)	426,200
Total comprehensive income for the year	–	–	6,000	6,000
Recognition of equity-settled share-based payments	–	3,986	–	3,986
Forfeit of share options	–	(970)	970	–
At 31 August 2022	516,431	38,898	(119,143)	436,186
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

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2023

35. PARTICULARS OF THE SUBSIDIARIES OF THE COMPANY

Name of the subsidiary	Date and place of incorporation/ establishment and place of operation	Paid up capital	Equity interest attributable to the Company as at 31 August		Principal activity
			2023	2022	
<i>Directly owned:</i>					
Chunlai BVI	28 November 2017 BVI	US\$1	100%	100%	Investment holding
<i>Indirectly owned:</i>					
Chunlai Hong Kong	19 December 2017 Hong Kong	HK\$1	100%	100%	Investment holding
Henan Chunlai (note i)	11 April 2002 The PRC	RMB113,740,000	100%	100%	Investment holding
Chunlai Information (note ii)	19 January 2018 The PRC	USD1,000,000	100%	100%	Rendering of education services
Chunlai Technology (note i)	1 August 2017 The PRC	RMB30,000,000	100%	100%	Investment holding
Shangqiu University (note i)	21 June 2004 The PRC	RMB80,322,962	100%	100%	Rendering of education services
Anyang University (note i)	27 November 2008 The PRC	RMB80,000,000	100%	100%	Rendering of education services
Kaifeng Campus (note i)	16 May 2013 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	RMB200,000,000	100%	100%	Investment holding
上海春景投資管理有限責任公司 (note i)	31 July 2015 The PRC	RMB200,000,000	100%	100%	Investment holding
湖北健康職業學院 (note i)	8 April 2020 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	RMB50,000,000	100%	100%	Investment holding
Jingzhou College (note ii)	31 May 2021 The PRC	RMB115,650,000	100%	100%	Rendering of education services

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2023

35. PARTICULARS OF THE SUBSIDIARIES OF THE COMPANY (Continued)

Notes:

- (i) These entities are owned through Structured Contracts.
- (ii) The entity is a wholly foreign-owned enterprise incorporated in the PRC.

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

Save as disclosed in this Annual Report, there was no other significant events that might affect the Group since the end of the year ended 31 August 2023.

37. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 28 November 2023.

Definitions

“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”	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
“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
“Articles of Association”	the memorandum and articles of association of the Company adopted on 24 August 2018 with effect from the Listing Date, as amended from time to time
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Auditor”	ZHONGHUI ANDA CPA Limited
“Audit Committee”	the audit committee of the Board
“Award”	grant of any award by the Board pursuant to the Share Award Scheme
“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 (Hong Kong)”	China Chunlai Education (Hong Kong) Limited (中國春來教育(香港)有限公司), a company with limited liability incorporated in Hong Kong on 19 December 2017 and a wholly-owned subsidiary of our Company
“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
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) effective from 3 March 2014, as amended, supplemented or otherwise modified from time to time
“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 and Corporate Governance Report set out in Appendix 14 of 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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

Definitions

“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
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“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
“IPO”	initial public offering of the Shares
“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”	19 December 2023, being the latest practicable date to ascertain certain information set out in this annual report prior to its bulk printing
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange on 13 September 2018
“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 of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time

Definitions

“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
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules
“MOE”	the Ministry of Education of the PRC (中華人民共和國教育部)
“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
“RMB”	Renminbi, the lawful currency of PRC
“Reporting Period”	the year ended 31 August 2023
“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

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
“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
“Share(s)”	ordinary share(s) in the Company of par value of HK\$0.00001 each
“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
“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
“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
“United States” or “U.S.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$”	United States dollars, the lawful currency of the United States
“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
“combined vocation education and junior college diploma programme”	a five-year education programme that generally enrolls middle school graduates and upon the completion of which a junior college diploma will be granted
“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
“initial employment rate”	the percentage of graduates who entered into full-time employment contracts, were self-employed, accepted an offer for higher degree or equivalent programmes, or accepted an offer to pursue overseas study or employment, before graduation. There may be variation to the meaning of this term depending on the relevant school and type of graduates considered
“junior college to bachelor’s degree transfer programme”	a two-year post-secondary formal education programme that generally enrolls graduates of junior college degree programmes who have taken the National Higher Education Entrance Exam, and upon completion of which a bachelor’s degree will be granted
“National Higher Education Entrance Exam”	also known as “Gaokao” (高考), an academic examination held annually in the PRC, and a prerequisite for entrance into most higher education institutions at the undergraduate level in the PRC
“private HEI”, “private higher education institution” or “private university”	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

Glossary

“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