嘉宏教育

JH educational technology inc

2024 ANNUAL REPORT

嘉宏教育科技有限公司

JH Educational Technology INC.

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1935

CONTENTS

2	Corporate Information
4	Financial Highlights
6	Chairman's Statement
7	Management Discussion and Analysis
19	Biographies of Directors and Senior Management
29	Report of the Board
63	Corporate Governance Report
80	Environmental, Social and Governance Report
120	Independent Auditor's Report
127	Consolidated Statement of Profit or Loss and Other Comprehensive Income
129	Consolidated Statement of Financial Position
131	Consolidated Statement of Changes in Equity
133	Consolidated Statement of Cash Flows
135	Notes to Financial Statements
205	Definitions

CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. Chen Yuguo *(Chairman)*
Mr. Chen Yuchun
Mr. Chen Shu
Mr. Chen Nansun
Mr. Chen Lingfeng

Non-executive Director

Ms. Zhang Xuli

Independent non-executive Directors

Ms. Bi Hui
Mr. Fung Nam Shan
Mr. Wang Yuqing

Audit committee

Mr. Fung Nam Shan *(Chairman)*
Ms. Bi Hui
Mr. Wang Yuqing

Remuneration committee

Ms. Bi Hui
Mr. Wang Yuqing *(Chairman)*
Mr. Fung Nam Shan

Nomination committee

Ms. Bi Hui *(Chairwoman)*
Mr. Fung Nam Shan
Mr. Wang Yuqing

Company secretary

Ms. Sze Suet Ling (appointed on 19 July 2024)
Ms. Mak Po Man Cherie (resigned on 19 July 2024)

Authorized representatives

Mr. Chen Lingfeng
Ms. Sze Suet Ling (appointed on 19 July 2024)
Ms. Mak Po Man Cherie (resigned on 19 July 2024)

Registered office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Headquarters and principal place of business in PRC

Room 2701, Boya Times Center
City Center North Road
Qianjiang Century City
Xiaoshan District
Hangzhou
Zhejiang, the PRC

Principal place of business in Hong Kong

Room 2106, 21/F, Emperor Group Centre
288 Hennessy Road
Wanchai, Hong Kong

Principal share registrar and transfer office

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Hong Kong share registrar

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

Legal advisers

As to Hong Kong law:

Morgan, Lewis & Bockius
19/F, Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

As to Cayman Islands law:

Conyers Dill & Pearman
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Auditor

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

Principal banks

Hangzhou United Rural Commercial Bank Co., Ltd.
Liuxia Branch
1st and 2nd Floor, Junyihui Building
Cross of Xixi Road and Liunan Road
Xihu District
Hangzhou, Zhejiang
PRC

Zhongyuan Bank Co., Ltd.
Zhengzhou Huanghe Road Branch
Cross of Huanghe Road and Yaozhai Road
Jinshui District
Zhengzhou, Henan
PRC

Company website

www.jheduchina.com

Stock code

1935

Listing date

18 June 2019

FINANCIAL HIGHLIGHTS

Comparison of Five Years' Significant Financial Data

Results of Operating

	Year ended 31 December				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**980,841**	873,345	819,358	684,596	561,314
Gross profit	**627,225**	567,969	514,084	420,677	334,334
Profit before tax	**522,945**	504,330	474,824	409,734	327,337
Profit for the year	**438,436**	502,811	472,942	408,970	325,598
Core net profit(1)	**444,507**	526,737	478,393	415,016	331,760

Assets and Liabilities

	As of 31 December				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Current assets	**2,208,371**	2,134,100	1,518,779	1,285,182	1,160,927
Current liabilities	**829,475**	729,945	578,711	554,117	443,325
Net current assets	**1,378,896**	1,404,155	940,068	731,065	717,602
Total non-current assets	**2,497,862**	2,029,589	2,007,606	1,729,584	1,485,143
Total equity	**3,841,000**	3,403,095	2,920,192	2,436,398	2,182,517

Key Financial Ratios

	As of and for the year ended 31 December				
	2024	2023	2022	2021	2020
Liquidity ratio					
Current ratio[(2)]	**2.7**	2.9	2.6	2.3	2.6
Profitability ratios					
Net profit margin[(3)]	**44.7%**	57.6%	57.7%	59.7%	58.0%
Return on assets[(4)]	**9.9%**	13.1%	14.5%	14.4%	12.9%
Return on equity[(5)]	**12.1%**	15.9%	17.7%	17.7%	15.6%
Capital adequacy ratio					
Gearing ratio[(6)]	**–**	–	–	–	–

Notes:

(1) The Group's core net profit was derived from its profit for the year after the adjustment of the Group's operating performance and is not an IFRS Accounting Standards measure. The Group has presented this item because the Group considers it as an important supplemental measure of the Group's operational performance used by the Group's management, analysts and investors. For details, please refer to the section headed "Management Discussion and Analysis – Financial Review – Core Net Profit" in this report.

(2) Current ratio equals our current assets as of the end of the year divided by current liabilities as of the end of the year.

(3) Net profit margin equals our net profit for the year divided by revenue for the year.

(4) Return on assets equals net profit for the year divided by average total assets as of the end of the year.

(5) Return on equity equals net profit for the year divided by average total equity as of the end of the year.

(6) Gearing ratio equals total debt divided by total equity as of the end of the year. Total debt includes all interest-bearing bank loans and other borrowings.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of the Company, I am pleased to present the annual report of the Group for the year ended 31 December 2024.

Business Review

We provide higher education and secondary education mainly through our three schools. During the Year, the number of on-campus students of the Group increased by 686 students to 58,340 students as compared to those of last year. In recent years, the PRC Government has launched a series of favorable law and policies to continue to support and encourage the development of vocational education. We believe that China's higher education market has huge growth and development potentials and private higher education institutions are expected to continue to fill the gap between the fast-growing demand for available public higher education resources and their relative scarcity. The Group will fully take advantage of the market potential and opportunities of China's higher education industry.

Results Review

During the Year, the increase in the number of on-campus students and average tuition fees led to the growth in our revenue and profit for the year. Our revenue increased from RMB873.3 million for the year ended 31 December 2023 to RMB980.8 million for the year ended 31 December 2024. Our profit for the year decreased from RMB502.8 million for the year ended 31 December 2023 to RMB438.4 million for the year ended 31 December 2024, primarily due to the increase in PRC corporate income tax expenses as compared to the previous year.

Outlook

Looking forward, as the largest private provider of formal higher education in Zhejiang Province and a leading private higher education institution in Henan Province, we will continue to consolidate our position as the leading private higher education institution in Zhejiang and Henan, focus on nurturing professional talents, and utilize our operation experiences to further expand our domestic and overseas school networks.

The Group acquired the land use rights of two parcels of lands located in Shangjie District, Zhengzhou, Henan Province in December 2024. The Group will construct a new campus of the College of Economics and Business on such lands, aligning with the Group's development strategy and expanding the scale of its higher education. We believe such new campus will significantly enhance the Group's ability to broaden its educational offerings and facilities, positively impacting the Group's sustainable development in the future.

Appreciation

The Group achieved satisfactory results in its operations for the Year, in the foreseeable future, we will continue to pursue the Group's development strategy, expand our business scale through organic growth and external mergers and acquisitions. I would like to take this opportunity to express the deepest gratitude to our students, parents, bankers, professional teams and local governmental agencies and shareholders for their steadfast support. I would also like to express appreciation to our Board members and senior management, headmasters, teachers and employees for their efforts in contributing to the business of the 2024 financial year.

Chen Yuguo
Chairman

Zhejiang, the PRC
28 March 2025

Business Review

Overview

We are the largest private provider of formal higher education in Zhejiang Province and we are also one of the leading private higher education institutions in Henan Province. In addition to offering higher education services, we provide secondary education services for high school students in Zhejiang Province.

Our major business operations are located in Zhejiang Province and Henan Province. Our two higher education institutions are located in Hangzhou and Zhengzhou, which are the provincial capital cities of Zhejiang Province and Henan Province, respectively. Zhejiang Province is one of the most economically active Provinces in China. It attaches great importance to education and its thriving economy is the main driving force for the private higher education market. The economy in Henan Province is developing rapidly at a higher growth rate than the average in China and Henan Province's total revenue of private higher education is continuously growing noticeably. However, Henan Province's higher education enrollment rate significantly lags behind the country's average level and demand for higher education is expected to continue to increase. The employment rates for graduates from our two higher education institutions have been consistently higher than those of similar colleges in their respective provinces.

The Group acquired the land use rights of two parcels of lands located in Shangjie District, Zhengzhou, Henan Province, in December 2024. The Group will construct a new campus of the College of Economics and Business on such lands, aligning with the Group's development strategy and expanding the scale of its higher education.

In recent years, the PRC Government has launched a series of favorable law and policies to continue to support and encourage the development of vocational education. The Group believes it will continue to benefit from the favorable policies on vocational education in China.

Changzheng College

Zhejiang Changzheng Vocational & Technical College* (浙江長征職業技術學院) is a junior college located in Hangzhou, Zhejiang Province, the PRC, which provides formal junior college education. Changzheng College's educational philosophy is "to maintain teaching quality, to improve management system, to distinguish with unique characteristics, and to empower by talent" (品質立校、制度治校、特色興校、人才強校). Its educational goal is to build a high level private higher education institution. The college has teaching buildings, experimental training buildings, a library, a gymnasium and student dormitories, among other school facilities. The 2024 admission program of Changzheng College ranked No. 1 among student enrollment programs of private junior colleges in Zhejiang Province.

Distinctive majors

Changzheng College currently has nine faculties including the Faculty of Finance and Accounting, the Faculty of Business and Trade, the Faculty of Computer and Information Technology, the Faculty of Intelligent Technology, the Faculty of Construction Engineering, the Faculty of Humanities and Education, the Faculty of Management, the Faculty of Nursing and Health and the Faculty of Marxism. It also has two departments including the Basic Teaching Department and the Continuing Education Department. Changzheng College has established nine research institutes (centers) including the Zhejiang Private Small and Medium Enterprises Accounting Research Institute, the Zhejiang Private Small and Medium Enterprises Development Research Center, and the Zhejiang Private Small, Medium and Micro Enterprises Party Building Research Institute, etc. It offers 38 full-time higher vocational majors in 11 categories, including electronic information, finance and trade, education and sports, equipment manufacturing, news and communication, transportation, civil engineering, tourism, medicine and health, food, drugs and grain, and public management and services, etc.

Among the majors offered by Changzheng College, there are:

– "cross-border e-commerce professional cluster" (including 5 majors: international economics and trade, cross-border e-commerce, business English, e-commerce and modern logistics management) which is a high-level professional cluster in Zhejiang Province;

– 1 key major recognized by the Ministry of Education (international economics and trade);

– 1 Sino-German advanced vocational education cooperation project of the Ministry of Education (automotive electronics technology);

– 1 provincial advantage major (international economics and trade);

– 4 provincial characteristic majors (big data and accounting, statistics and accounting, industrial and commercial enterprise management, and e-commerce);

– 13 provincial quality online open courses; and

– 4 national planning textbooks, 33 provincial new form textbooks, and 5 textbooks selected as the first batch of provincial 14th Five-Year Plan key textbook construction projects.

Training bases

Changzheng College has 10 on-campus training bases and 169 experimental training rooms. Among them, the cross-border e-commerce training base is a productive training base recognized by the Ministry of Education, the e-commerce training base is a vocational education demonstration training base supported by the central government, and the 4 training bases of cross-border e-commerce, finance and accounting of small- and medium-sized enterprises, service and management of small and medium-sized enterprises, and robot application of small- and medium-sized enterprises are provincial-level "13th Five-Year Plan" modelling established demonstration training bases.

College-enterprise co-operation

Changzheng College considers reforms and innovations as its driving force to strengthening the development of the students' potentials and social service skills and improving its overall education and teaching quality in order to cultivate high-quality technical and skilled personnel who can adapt to regional economic and social development.

Changzheng College cooperates with 375 industry associations and enterprises and institutions such as Zhejiang Small and Medium Enterprises Association, Alibaba, Zhejiang Geely Group, Hangzhou Hanggang Metro, etc. to establish off-campus internship and training bases.

Changzheng College is a pilot unit for the Chinese characteristic apprenticeship system in Zhejiang Province, 17 "1+X" vocational skill level certificate pilot units, and it is also an "Alibaba Digital Trade Talent Base".

Changzheng College was in charge for the development of 27 "Zhejiang Small and Micro Enterprise Compound Talent Vocational Skills Standards", and has built 11 on-campus vocational skills appraisal stations.

Changzheng College cooperates with Hangzhou Cross-border E-commerce Industrial Park, Hangzhou Dajiangdong Industrial Cluster, Hangzhou Jiande (Western Zhejiang) Cross-border E-commerce Industrial Park, Hangzhou Dream Town, Hangcha Group, SF Express, Cainiao Group, Hikvision, Geely and other industrial parks and enterprises to jointly carry out the training of technical and skilled talents with Chinese characteristics apprenticeship system and Sino-German dual system.

Changzheng College has created 8 technical service platforms such as Zhejiang Small and Micro Enterprise Credit Research Center, Zhejiang Small and Micro Enterprise Risk Prevention Consulting and Service Center, Changzheng-Yaozhuang Town Electromechanical Teaching and Research Base, Changzheng-Yaozhuang Town E-commerce Teaching and Research Bases. It has jointly established 5 industrial colleges with Hangzhou Longli Intelligent Technology, Ali Haibo, Jiande Hengli Electric, Hangzhou Agency Bookkeeping Industry Association, Digital China and other enterprises to create a collaborative education platform integrating industry and education.

College of Economics and Business

Zhengzhou College of Economics & Business*（鄭洲經貿學院）is a wholly-privately owned undergraduate college located in Zhengzhou, Henan Province, the PRC, which provides formal undergraduate education and junior college education. The educational philosophy of College of Economics and Business is "to focus on service as the principle and employment as the guidance, use special characteristics to create brand and quality to seek development"（以服務為宗旨，以就業為導向，以特色創品牌，以品質謀發展）. College of Economics and Business has teaching buildings, administrative buildings, experimental training buildings, a library, gymnasiums, indoor and outdoor sports facilities and student dormitories, among other school facilities. The 2024 undergraduate admission program (excluding undergraduate-oriented junior college program) of College of Economics and Business ranked No. 6 among the undergraduate enrollment programs of private undergraduate colleges in Henan Province.

The Group acquired the land use rights of two parcels of lands located in Shangjie District, Zhengzhou, Henan Province, in December 2024. The Group will construct a new campus of the College of Economics and Business on such lands, aligning with the Group's development strategy and expanding the scale of its higher education.

Distinctive disciplines and majors

The disciplines of College of Economics and Business cover six key subject areas, comprising management, economics, engineering, arts, literature and law. It has 12 faculties and one department, covering 51 majors in the undergraduate program (including accounting, mechanical design, manufacturing and automation, architecture and computer and technology) and 32 majors in the junior college program (including big data and accounting, project costing, computer application technology, and fashion and apparel design). Among the disciplines and majors offered by College of Economics and Business, there are:

- 3 provincial level key development disciplines (mechanical design, manufacturing and automation, control theory and control engineering, and business management);

- 6 provincial first-class majors (financial management, fashion and apparel design, computer science and technology, accounting, marketing and TV & radio broadcasting);

- 2 provincial level experiential education and demonstration centers (integrated experiential education center for fashion and textile design, and experiential education center for economic management);

- 3 modelling established majors of virtual simulation experiential education in Henan Province (virtual simulation experiment of fashion and textile design, virtual simulation experiment of enterprise investment and financing decision-making and virtual simulation of inventory taking);

- 9 provincial private higher education branded majors (building environment and energy application engineering, fashion and apparel design, marketing, electrical engineering and automation, accounting, financial management, international economics and trade, e-commerce, broadcasting and television); and

- 4 pilot majors under the provincial comprehensive major reform (accounting, information management and information system, fashion and apparel design and English).

College-enterprise co-operation

College of Economics and Business is proactive in introducing high-quality resources of industrial enterprises to carry out college-enterprise cooperation. The College of Economics and Business has:

- established college-government-enterprise cooperation with Shanghai Minhang District Investment Promotion Service Center, Hangzhou Lin'an District Bureau of Commerce and the Human Resources and Social Security Bureau of Kunshan Economic and Technological Development Zone;

- set up high-quality off-campus practice bases with over 200 enterprises including Xinzheng International Airport, Henan Xiangrong Media Group Co., Ltd., YTO Group Corporation, China (Hangzhou) Cross-border E-commerce Comprehensive Pilot Zone (Lin'an Park), ABDAS Space Information Technology Co., Ltd., Beijing Ocean Airlines Service Co., Ltd., Dongguan Yishion Group Co., Ltd. and Sichuan Yixin Industrial Co., Ltd., etc.; and

- co-operated with enterprises to offer more than 20 experimental classes with integration of industry and education and collaborative education by college and enterprises including "Cross-border E-commerce", "Fund Manager", "Muyuan Group", "Fengrun Group" and "Handian Group".

College of Economics and Business also introduced a number of enterprises to carry out practical training in the campus. It continued to explore the construction of industrial schools and comprehensively promoted college-enterprise cooperation in order to improve the development level of application-based majors and strengthen its application-based talent training quality and the competitiveness of its students in employment.

Jingyi Secondary School

Yueqing Jingyi Secondary School Company Limited* (樂清市精益中學有限公司) is a for-profit private school located in Wenzhou, Zhejiang Province, the PRC, and mainly focuses on providing non-compulsory private education for high school students. The school's educational goals are to "teach students to learn, to be human, to be happy, and to help them get into the ideal college"(教會學生學習，教會學生做人，教會學生快樂，讓學生考上自己理想的大學). Jingyi Secondary School has teaching buildings, a science and technology building, an administrative building, canteens and student dormitories. It also has numerous sporting facilities, such as outdoor track and field, to encourage students to participate in physical activities in order to improve their health. To further stimulate students' interest in learning and to create a conducive educational environment, Jingyi Secondary School has numerous multimedia rooms, laboratories and computer rooms, to provide students with visual, audio and hands-on practical training. The core curriculum is generally designed with reference to the ordinary high school curricular standards formulated by the Zhejiang education authorities. In accordance with the curriculum requirements of the Zhejiang Department of Education, Jingyi Secondary School currently offers 13 main courses in Chinese, mathematics, English (while a small number of students study Japanese), technology, politics, history, geography, physics, chemistry, biology, sports, arts and music. Among them, Chinese, mathematics, English, technology, politics, history, geography, physics, chemistry and biology are 10 courses that are part of Zhejiang academic proficiency examinations. Chinese, mathematics and English are required subjects in Gaokao while 3 of the 7 courses in technology, politics, history, geography, physics, chemistry and biology are elective courses in Gaokao.

Our Teaching Staff

We believe the quality of our teachers is one of the most vital factors affecting our educational quality and future growth and success. Before hiring each teacher, we usually consider his or her education background and/or performance in the interview. We prefer to recruit teachers who have the following characteristics: (i) have sufficient prior teaching experience or teaching track record; (ii) are dedicated to teaching and improving students' academic performance and practical skills; (iii) demonstrate strong command of their subject areas; (iv) can effectively implement tailored teaching methods; and (v) possess strong communication, language and interpersonal skills. We also prefer to recruit teachers who have master's degree or above, and for certain practical/vocational subjects, those that hold relevant professional and/or technical qualifications. As of 31 December 2024, approximately 97.4% of our teachers had a bachelor's degree or above, and approximately 73.6% had a master's degree or above.

Tuition Fees and Boarding Fees

We typically charge our students fees comprising tuition fees and boarding fees. The school year for Changzheng College and College of Economics and Business is generally from September of the current year to August of the following year, whereas the school year for Jingyi Secondary School is usually from August of the current year to July of the following year. In general, tuition fees and boarding fees for each school year are paid in advance prior to the start of each school year and we recognize revenue proportionately over the relevant period of the school program.

Number of Students

	As at 31 December Number of students	
School name	**2024**	2023
College of Economics and Business	**35,991**	35,543
Changzheng College	**21,183**	20,969
Jingyi Secondary School *(Note)*	**1,166**	1,142
Total	**58,340**	57,654

Average Tuition Fees and Average Boarding Fees

Average tuition fees and average boarding fees by school for the years indicated are set out below:

	For the year ended 31 December			
	Average tuition fees		Average boarding fees	
School name	**2024 (RMB)**	2023 (RMB)	**2024 (RMB)**	2023 (RMB)
College of Economics and Business	**15,994**	14,885	**1,368**	1,291
Changzheng College	**15,893**	15,636	**1,726**	1,618
Jingyi Secondary School*(Note)*	**21,084**	18,581	**1,236**	769

Note: Jingyi Secondary School included training programs for students whose student status were not registered with school. The programs have been provided by Yueqing Jiayan Educational Technology Co., Ltd. (formerly known as Yueqing Jiaxin Education and Training Center Company Limited) since 2019/2020 school year.

Future Prospects

We intend to solidify our position as the largest private provider of formal higher education in Zhejiang Province focusing on nurturing professional talents. We intend to leverage our operating experience in Henan Province to further expand our school network in the PRC and overseas with the proceeds from the Listing, bank borrowings and the internal funds generated from our operation. To achieve this goal, we plan to pursue the following business strategies:

1. Expand our business operations and school network to achieve economies of scale

- The Group acquired the land use rights of two parcels of lands located in Shangjie District, Zhengzhou, Henan Province in December 2024. The Group will construct a new campus of the College of Economics and Business on such lands, aligning with the Group's development strategy and expanding the scale of its higher education. We believe such new campus will significantly enhance the Group's ability to broaden its educational offerings and facilities, positively impacting the Group's sustainable development in the future. The initial estimated student capacity in such new campus is approximately 20,000 students.

2. *Acquisitions*

- We plan to acquire or invest in schools that have relatively low utilization rates and/or have substantial growth potential in the PRC. We prefer to acquire the schools including but not limited to for-profit private schools in central China, eastern China and southern China.

3. *Establish or acquire new school overseas*

- We plan to establish a degree-granting higher education institution in California, the United States, namely California School, to offer programs relating to business administration and international business. We have engaged an agent who has experience in post-secondary education to assist us in establishing the California School in California and filing applications with the California Bureau for Private Postsecondary Education regarding the establishment of a higher education institution in California.

- We are also looking for opportunities to acquire suitable target school(s) overseas.

4. *Enhance our profitability by optimizing our pricing strategies*

- The tuition fees and boarding fees we charge are main factors affecting our profitability. We believe we are in a good position to further optimize our pricing without compromising our reputation and our ability to attract and retain students.

Financial Review

Overview

Revenue

Our revenue increased by 12% from RMB873.3 million for the year ended 31 December 2023 to RMB980.8 million for the Year. This increase was mainly due to the increase in tuition fee income of RMB100.2 million, primarily as a result of the increases in enrollment quota and average tuition fees.

Cost of Sales

Cost of sales increased by 16% from RMB305.4 million for the year ended 31 December 2023, to RMB353.6 million for the year ended 31 December 2024. During the Year, increases in cost of sales mainly comprised increases in staff costs of RMB37.2 million. The increase was in line with the increase in revenue in general.

Gross Profit

Gross profit increased by 10% from RMB568.0 million for the year ended 31 December 2023 to RMB627.2 million for the Year, which was the result of the changes in revenue and cost of sales.

Other Income and Gains

Other income and gains decreased by approximately RMB6.3 million from RMB84.0 million for the year ended 31 December 2023 to RMB77.7 million for the Year, mainly due to the decrease in bank and other interest income and government grants of RMB5.0 million and RMB0.8 million respectively.

Selling and Distribution Expenses

Selling and distribution expenses slightly increased by RMB0.4 million from RMB7.9 million for the year ended 31 December 2023 to RMB8.3 million for the Year.

Administrative Expenses

Administrative expenses increased by RMB21.0 million from RMB107.3 million for the year ended 31 December 2023 to RMB128.3 million for the Year. The increase was mainly due to the increase in staff costs of approximately RMB16.9 million.

Other expenses

Other expenses increased by RMB13.0 million from RMB32.4 million for the year ended 31 December 2023 to RMB45.4 million for the Year. The increase was mainly due to net loss from a fair value adjustment of the Group's investment properties amounted to RMB35.0 million. The increase was partially offsetting the costs incurred for the conversion of Jingyi Secondary School into a for-profit private school of approximately RMB18.8 million in the previous year.

Finance Costs

Finance costs were RMB22,000 and RMB18,000 for the years ended 31 December 2024 and 2023 respectively.

Profit before Tax

As a result of the foregoing, profit before tax for the Year amounted to approximately RMB522.9 million, representing an increase of 4% compared to that for the year ended 31 December 2023.

Income Tax Expense

Income tax expense increased from RMB1.5 million for the year ended 31 December 2023 to RMB84.5 million for the Year, mainly due to the increase in the PRC corporate income tax expenses.

Profit for the Year

As a result of the foregoing, the Group recorded a profit of approximately RMB438.4 million for the Year, representing a decrease of approximately 13% as compared to that for the year ended 31 December 2023, mainly due to net loss from a fair value adjustment of the Group's investment properties and an increase in PRC corporate income tax expenses.

Profit Attributable to Owners of the Company

For the Year, profit attributable to owners of the Company amounted to approximately RMB312.8 million, representing a decrease of approximately 19% compared to that of the year ended 31 December 2023, mainly due to net loss from a fair value adjustment of the Group's investment properties and an increase in PRC corporate income tax expenses.

Core Net Profit

The Group's core net profit does not represent its profit for the year after the adjustment of the Group's operating performance (as presented in the table below), and is not an IFRS Accounting Standards measure. The Group has presented this item because the Group considers it an important supplemental measure of the Group's operational performance used by the Group's management, analysts and investors. The following table reconciles profit for the year to core net profit of the Group for the two financial years presented:

	For the year ended 31 December	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit for the year	**438,436**	502,811
Less:		
Exchange gain	**–**	345
Add:		
Amortisation of fixed assets and intangible assets arising from the acquisition of College of Economics and Business*	**5,470**	5,470
Costs for the conversion of Jingyi Secondary School into a for-profit private school	**–**	18,801
Exchange loss	**601**	–
Core net profit	**444,507**	526,737

* Amounts were calculated based on the original value of RMB219.3 million, amortised over the lives of the respective fixed asset categories on a straight-line basis. Carrying amount as of 31 December 2024 was RMB168.7 million.

Finance and Liquidity Position

Net Current Assets

As at 31 December 2024, net current assets amounted to approximately RMB1,378.9 million (31 December 2023: RMB1,404.2 million). The decrease in net current assets of approximately RMB25.3 million was mainly due to an increase tax payable of RMB83.5 million and a decrease in cash and cash equivalents and time deposits of approximately RMB27.3 million which was partially offset by the increase in land and other deposits amounted to approximately RMB90.5 million.

Liquidity and Capital Resources

The Group had cash and cash equivalents of RMB1,596.2 million as at 31 December 2024 (31 December 2023: RMB1,995.9 million). Cash and cash equivalents decreased by RMB400.0 million during the Year mainly caused by the (i) net cash inflows from operating activities amounted to approximately RMB659.0 million; and (ii) net cash flows used in investing activities amounted to RMB1,057.7 million, mainly comprised additions to right-of-use assets of RMB369.8 million and an increase in time deposits of RMB367.9 million. The Group's use of cash is primarily related to operating activities and capital expenditure. The Group finances its operations mainly through cash flows generated from operations.

The Group had no bank borrowings as at 31 December 2024 and 2023. The Board confirmed that the Group did not experience any difficulties in obtaining bank loans, default on outstanding bank loan repayments or breach of covenants during the Year.

Contingent Liabilities and Guarantees

As at 31 December 2024 and 2023, the Group did not have any unrecorded contingent liabilities, guarantees or any material litigation against the Group.

Foreign Exchange Exposure

Most of the Group's gains and losses are denominated in RMB. As at 31 December 2024, certain bank balances were denominated in US Dollars, Australian Dollars or Hong Kong Dollars. The Group currently does not have any foreign exchange hedging policy. The management will continue to monitor the Group's foreign exchange risk and consider adopting discreet measures as and when appropriate.

Charge on Group Assets

As at 31 December 2024 and 2023, the Group did not have any charges on its assets.

Gearing Ratio

The gearing ratio was not applicable as at 31 December 2024 and 2023 as the Group had no bank loan and other borrowings.

(Note: Gearing ratio equals total debt divided by total equity as at the end of the year. Total debt includes all interest-bearing bank loans and other borrowings.)

Employee and Remuneration Policy

As at 31 December 2024, the Group had 2,419 employees (31 December 2023: 2,313). The total employee benefit expense (excluding directors' remuneration) for the Year amounted to approximately RMB299.7 million. Remuneration of the Group's employees is determined based on their performance and experience as well as prevailing industry practices, and all remuneration policies and packages are regularly reviewed. As required by PRC laws and regulations, the Group participates in various employee social security plans for our employees that are administered by local governments, including housing provident fund, pension, medical insurance, maternity insurance, work-related injury insurance and unemployment insurance. We believe we maintained a good working relationship with our employees and did not experience any material labor disputes. Directors and the senior management can also receive options pursuant to the share option scheme adopted by the Company on 30 May 2019. The purpose of the scheme is to give the eligible persons an opportunity to have a personal stake in our Company and help motivate them to optimize their future contributions to our Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going cooperative relationship with such eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of our Group. In addition, our Group offers comprehensive training to existing and new employees and/or funds employees to participate in various occupational training courses.

Significant Investments, Material Acquisition and Disposal

The Group acquired the land use rights of two parcels of lands located in Shangjie District, Zhengzhou, Henan Province, at a total consideration of RMB442.0 million in December 2024. The Group will construct a new campus of the College of Economics and Business on such lands, aligning with the Group's development strategy and expanding the scale of its higher education. For details, please refer to the announcements of the Company dated 13 December 2024 and 27 December 2024 and the circular of the Company dated 11 February 2025.

Event after the Year

On 10 March 2025, the Group entered into construction agreements with an independent third party with an aggregated cash consideration of approximately RMB825.6 million primarily for the new campus of College of Economics and Business. For details, please refer to the announcement of the Company dated 10 March 2025.

Save as disclosed above and in note 33 to the consolidated financial statements in this annual report, there is no other material events which would materially affect the Group's operating and financing performances subsequent to 31 December 2024 and up to the date of this annual report.

Teacher-to-student Ratios

As at 31 December 2024, the teacher-to-student ratios of Changzheng College and College of Economics and Business were 1:40 and 1:27, respectively.

The teacher-to-student ratios of our Changzheng College and College of Economics and Business should be maintained at a level of not less than 1:18 in accordance with applicable rules and regulations in the PRC, and each of our Changzheng College and College of Economics and Business did not fully meet the regulatory requirements of the teacher-to-student ratio during the Year. We endeavor to continuously improve the quality of our education and the teacher-to-student ratio is one of the many metrics under consideration. We will monitor and adjust the teacher-to-student ratio as necessary and where practicable based on the needs of our increasing student enrolments and our schools' education plans and activities without compromising the quality of our education or profitability. We intend to devote additional resources to stepping up our teacher recruitment and retention efforts going forward to further improve our teacher-to-student ratio and our overall teaching quality in light of our growth in student enrolment and the complexity of our course offerings.

The Ratio between School Site Area/Building Area and Number of Students

As at 31 December 2024, the teaching and administrative building area per student of Changzheng College and College of Economics and Business were 4.7 sq.m. and 5.1 sq.m. respectively, the site area per student of Changzheng College and College of Economics and Business were 16.0 sq.m. and 28.6 sq.m. respectively.

Our Changzheng College and College of Economics and Business were subject to certain regulatory requirements in relation to the prescribed ratio between our school's site area/building area and the number of students enrolled. Except for sports and art schools, the ratio between a higher education institution's teaching and administrative building area and the number of students should be 9 to 16 sq. m. per student. In addition, except for sports and art schools, the ratio between a higher education institution's site area and its number of students should be 54 to 59 sq.m. per student. During the Year, our Changzheng College and College of Economics and Business did not fully meet neither the regulatory requirements in terms of the teaching and administrative building area per student nor the site area per student. We endeavor to continuously improve the ratio of teaching and administrative building area to the number of students and the ratio of site area to the number of students and aim to meet such requirements.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Chen Yuguo (陳餘國), aged 64, the founder of our Group, was appointed as the chairman of the Board, chief executive officer and an executive Director of our Company in June 2017 and is in charge of the overall management and strategic development of our Group.

The following table shows the key work experience of Mr. Chen:

Period	Company	Position	Roles and responsibilities
September 1997 to March 2020	Jingyi Secondary School	Chairman of the board of directors	Overall work of the board of directors
September 2006 to present	College of Economics and Business	Chairman of the board of directors	Overall work of the board of directors and major decision making
July 2000 to present	Changzheng College	Chairman of the board of directors	Overall work of the board of directors and major decision making

Mr. Chen obtained the qualification as senior engineer granted by Chenzhou Personnel Bureau*(郴州市人事局)in November 2010. He was awarded as "Zhejiang Province Outstanding Private Entrepreneur" for the year 2014.

Mr. Chen is the younger brother of Mr. Chen Yuchun (executive Director of our Company), father of Mr. Chen Shu and Mr. Chen Lingfeng (executive Directors of our Company), uncle of Mr. Chen Nansun (executive Director of our Company), brother-in-law of Ms. Zhang Xuli (non-executive Director of our Company).

Mr. Chen Yuchun (陳餘春), aged 73, the founder of our Group, was appointed as an executive Director of our Company on 3 November 2018, and is responsible for campus infrastructure construction of Changzheng College.

From September 1997 to December 2002, Mr. Chen was the director of Jingyi Secondary School, and his roles and responsibilities included campus infrastructure construction and so on. From June 2003 to present, Mr. Chen has been the executive director of Changzheng College, with his roles and responsibilities including campus infrastructure construction and so on.

Mr. Chen is the elder brother Mr. Chen Yuguo (executive Director of our Company), uncle of Mr. Chen Nansun, Mr. Chen Shu and Mr. Chen Lingfeng (executive Directors of our Company), and brother-in-law of Ms. Zhang Xuli (non-executive Director of our Company).

* *For identification purpose only*

Executive Directors

Mr. Chen Shu (陳澍), aged 39, joined our Group in March 2009 and was appointed as an executive Director of our Company on 3 November 2018, responsible for logistics, procurement and external cooperation of Changzheng College.

From March 2009 to present, Mr. Chen has been the assistant to the chairman of the board of directors of Changzheng College, with his roles and responsibilities including logistics, procurement and external cooperation.

Mr. Chen graduated from the Hubei University of Economics (湖北經濟學院) in Wuhan City, Hubei Province, the PRC with a degree of bachelor of administration in June 2008. He graduated from the University of Electronic Science and Technology of China (電子科技大學) in Chengdu City, Sichuan Province, the PRC with a degree of master of engineering in June 2014.

Mr. Chen is the son of Mr. Chen Yuguo (executive Director of our Company), elder brother of Mr. Chen Lingfeng (executive Director of our Company), nephew of Mr. Chen Yuchun (executive Director of our Company), nephew of Ms. Zhang Xuli (non-executive Director of our Company) and cousin of Mr. Chen Nansun (executive Director of our Company).

Mr. Chen Nansun (陳南蓀), aged 39, joined our Group in September 2008 and was appointed as an executive Director of our Company on 3 November 2018, responsible for management of students of Changzheng College.

From September 2008 to present, Mr. Chen has been acting as the deputy officer of the student affairs department of Changzheng College, responsible for student management related matters.

Mr. Chen graduated from the Wuhan University of Science and Technology (武漢科技大學) in Wuhan City, Hubei Province, the PRC majoring in international economics and trade in June 2008. He graduated from the University of Electronic Science and Technology of China (電子科技大學) in Chengdu City, Sichuan Province, the PRC with a degree of master of engineering in June 2013.

Mr. Chen is nephew of Mr. Chen Yuchun (executive Director of our Company), Mr. Chen Yuguo (executive Director of our Company) and Ms. Zhang Xuli (non-executive Director of our Company) and cousin of Mr. Chen Shu and Mr. Chen Lingfeng (executive Directors of our Company).

Mr. Chen Lingfeng (陳淩峰), aged 36, joined our Group in November 2015 and was appointed as an executive Director of our Company on 3 November 2018. Mr. Chen is a vice principal of College of Economics and Business, responsible for management of student enrollment and recruitment and school logistics.

Mr. Chen graduated from Shanghai Jian Qiao University (上海建橋學院) in Shanghai City, the PRC majoring business administration (marketing) in July 2009. He was enrolled in Bilingo-China International College, Beijing Foreign Studies University (北京外國語大學北外諾加國際教育學校) from September 2009 to June 2010 and completed all courses of the Pre-Master program in Business Administration. He graduated from Teesside University in Middlesbrough, the United Kingdom, with a degree of master of science in September 2012.

Mr. Chen is son of Mr. Chen Yuguo (executive Director of our Company), younger brother of Mr. Chen Shu (executive Director of our Company), nephew of Mr. Chen Yuchun (executive Director of our Company) and Ms. Zhang Xuli (non-executive Director of our Company), and cousin of Mr. Chen Nansun (executive Director of our Company).

Non-executive Director

Ms. Zhang Xuli (張旭麗), aged 58, was appointed as a non-executive Director of our Company on 3 November 2018.

Ms. Zhang worked as the deputy head of medical center of the People's Hospital of Yueqing City* (樂清市人民醫院) from 1985 to 2022, her roles and responsibilities including overall management and operation of medical center.

Ms. Zhang studied clinical care in Wenzhou Medical College* (溫州醫學院) in Wenzhou City, Zhejiang Province, the PRC and obtained the professional certificate of clinical nursing (long-distance course) in July 1996. She graduated from China Central Radio & TV University (中央廣播電視大學) in Beijing City, the PRC majoring in law in July 2004. She graduated from Zhejiang University (浙江大學) majoring in public services management (online course) in October 2008. She graduated from the program of master of business administration in the Business School of Renmin University of China (中國人民大學商學院) in Beijing City, the PRC, in September 2009.

Ms. Zhang is sister-in-law of Mr. Chen Yuchun and Mr. Chen Yuguo (executive Directors of our Company), aunt of Mr. Chen Shu, Mr. Chen Nansun and Mr. Chen Lingfeng (executive Directors of our Company).

Independent non-executive Directors

Mr. Fung Nam Shan (馮南山), aged 48, was appointed as an independent non-executive Director of our Company on 3 November 2018.

The following table shows the key work experience of Mr. Fung:

Period	Company	Position	Roles and responsibilities
October 2007 to November 2009	PricewaterhouseCoopers	Audit manager	Auditing and accounting
February 2011 to April 2013	South China Assets Holding Limited, formerly known as South China Land Limited (Stock code: 8155) (the listing of the shares of this company was cancelled on 7 March 2022)	Financial controller and company secretary	Daily financial management, provision of financial and taxation advisory service and provision for budgetary control on development and construction projects
July 2014 to April 2024	Seamless Green China (Holdings) Limited (Stock code: 8150) (the listing of the shares of this company was cancelled on 29 April 2024)	Company secretary	Company secretarial matters
May 2015 to May 2017	China Ocean Fishing Holdings Limited (Stock code: 8047)	Company secretary and authorized representative	Company secretarial matters
May 2015 to present	Energy International Investments Holdings Limited (Stock code: 353)	Independent non-executive director	Providing opinion and judgment to the board
November 2015 to October 2016	Future Bright Mining Holdings Limited (Stock code: 2212)	Joint company secretary	Compliance

Period	Company	Position	Roles and responsibilities
November 2015 to present	Thelloy Development Group Limited (Stock code: 1546)	Company secretary	Company secretarial matters
February 2016 to August 2021	MH Development Limited, formerly known as Camsing International Holding Limited (Stock code: 2662), the listing of the Share of this company was cancelled on 2 September 2021	Company secretary	Company secretarial matters
March 2016 to July 2021	China Supply Chain Holdings Limited, formerly known as Yat Sing Holdings Limited	Company secretary and authorized representative	Company secretarial matters
August 2021 to September 2021	China Fortune Investment (Holdings) Limited (Stock Code: 8116) (the listing of the shares of this company was cancelled on 28 September 2021)	Independent Non-executive Director	Providing opinion and judgment to the board
June 2021 to June 2022	Yues International Holdings Group Limited, formerly known as Goal Rise Logistics (China) Holdings Limited (Stock code: 1529)	Company Secretary and Authorized Representative	Company secretarial matters
August 2023 to present	China Putian Food Holding Limited (Stock code: 1699)	Company secretary	Company secretarial matters

Mr. Fung graduated from the University of Newcastle（紐卡素大學）in Australia with a bachelor's degree of commerce. Mr. Fung is a certified public accountant of the Hong Kong Institute of Certified Public Accountants and a certified practicing accountant of CPA Australia.

Independent non-executive Directors

Mr. Wang Yuqing (王裕清), aged 72, was appointed as an independent non-executive Director of our Company on 3 November 2018.

The following table shows the key work experience of Mr. Wang:

Period	Company	Position	Roles and responsibilities
February 1992 to January 1997	Jiaozuo Coal Mining School	Deputy director of Dean's Office	Management matters relating to his position
February 1997 to December 2002	Jiaozuo Coal Mining School	Dean of Adult Education College and the Head of Admission Office, Dean of School of Higher Vocational Education	Administrative matters and students enrollment relating to his position
December 2002 to May 2005	Jiaozuo Coal Mining School	Dean of Wanfang College of Science & Technology, Dean of Adult Education College, Dean of School of Higher Vocational Education	Administrative matters relating to his position
May 2005 to September 2006	Henan Polytechnic University	Dean of Wanfang College of Science & Technology	Administrative matters relating to his position
October 2006 to October 2008	Henan Polytechnic University	Assistant to Principal of Henan Polytechnic University and Dean of Wanfang College of Science & Technology	Administrative matters relating to his position
October 2008 to October 2013	Henan Polytechnic University	Vice principal of Henan Polytechnic University and Dean of Wanfang College of Science & Technology	Administrative matters relating to his position
October 2013 to March 2018	Henan Polytechnic University	Dean of Wanfang College of Science & Technology	Administrative matters relating to his position

Independent non-executive Directors

Mr. Wang graduated from the Jiaozuo Coal Mining School（焦作礦業學院）, currently known as the Henan Polytechnic University（河南理工大學）, in Jiaozuo City, Henan Province, the PRC majoring in engineering in 1978. He graduated from the Taiyuan Polytechnic University*（太原工業大學）, currently known as the Taiyuan University of Technology（太原理工大學）, in Taiyuan City, Shanxi Province, the PRC with a degree of master of engineering in 1995.

Ms. Bi Hui（畢慧）, aged 60, was appointed as an independent non-executive director of the Company on 18 November 2019. Ms. Bi worked as a part-time lawyer at Zhejiang Kang City Law Firm from March 2005 to December 2024 and is currently a full-time lawyer at Zhejiang Kang City Law Firm. She had been teaching at Zhejiang University of Technology（浙江工業大學）from July 2004 to December 2024. Before teaching at Zhejiang University of Technology, she was the head of the legal department to Zhejiang Yaojiang Group（浙江耀江集團）from 1997 to 2004. Ms. Bi had also worked as a legal advisor to various private companies and public institutions since 1993 and accumulated extensive experience in practicing civil and commercial cases and dealing with corporate law-related matters. Ms. Bi obtained a bachelor's degree of law from Southwest University of Political Science and Law（西南政法大學）in Chongqing, the PRC in July 1992 and a master's degree of law from Zhejiang University（浙江大學）in Zhejiang, the PRC in March 2008.

SENIOR MANAGEMENT

Mr. Lyu Zhenhe（呂振合）, aged 60, joined our Group in 2007 and was appointed as a senior management of our Company on 4 November 2018. Mr. Lyu has more than 37 years of experience in education and is responsible for the overall management and operation of College of Economics and Business.

The following table shows the key work experience of Mr. Lyu:

Period	Company	Position	Roles and responsibilities
July 1986 to September 1994	Forestry College of Inner Mongolia Agricultural University	Teacher of department of social science	Teaching activity
September 1994 to February 1996	Forestry College of Inner Mongolia Agricultural University	Section chief of propaganda department of party committee（黨委宣傳部科長）	Party committee matters relating to his position
February 1996 to March 1997	Forestry College of Inner Mongolia Agricultural University	Vice minister of propaganda department of party committee（黨委宣傳部副部長）	Party committee matters relating to his position

* *For identification purpose only*

Senior Management

Period	Company	Position	Roles and responsibilities
March 1997 to June 1999	Forestry College of Inner Mongolia Agricultural University	Deputy director of party committee organization （黨委辦公室副主任）	Party committee matters relating to his position
June 1999 to November 2001	Inner Mongolia Agricultural University	Deputy director of party committee organization （黨委辦公室副主任）	Party committee matters relating to his position
November 2001 to December 2004	Inner Mongolia Agricultural University	Director of research department of higher education （高等教育研究室主任）	Overall management and research relating to his position
June 2007 to September 2007	Changzheng College	Vice principal	Overall administrative management, and management on office, human resources, finance and external affairs
September 2007 to September 2009	Changzheng College	Administrative vice principal	Overall administrative management, and management on office, human resources, finance and external affairs
September 2009 to February 2016	Changzheng College	Executive principal	Overall administrative management, and management on office, human resources, finance and external affairs
December 2015 to May 2016	Zhejiang Guangsha College of Applied Construction Technology	Vice principal	Teaching activities
April 2017 to March 2018	College of Economics and Business	Administrative vice principal	Administrative matters relating to his position
March 2018 to present	College of Economics and Business	Principal	Overall management relating to his position

Senior Management

Mr. Lyu graduated from Inner Mongolia University (內蒙古大學) in Huhehaote City, Inner Mongolia, the PRC with a degree of bachelor of philosophy in July 1986. He graduated from Beijing Normal University (北京師範大學) with a degree of doctor of laws in June 2005. He graduated from Tsinghua University (清華大學) in Beijing, the PRC conducting postdoctoral research on philosophy from July 2005 to June 2007.

Mr. Wang Qijun (王其軍), aged 62, joined our Group in 2010 and was appointed as a senior management of our Company on 4 November 2018. Mr. Wang has more than 13 years of experience in education.

Mr. Wang joined Changzheng College in April 2010, and currently is the secretary of party committee (黨委書記) and administrative vice principal (常務副院長) of Changzheng College. His roles and responsibilities include administrative matters, management of office, finance, human resources and external affairs of Changzheng College.

Mr. Wang Qijun graduated from China College of Mining and Technology (中國礦業學院), currently known as China University of Mining and Technology (中國礦業大學), in Xuzhou City, Jiangsu Province, the PRC with a degree of bachelor of engineering in July 1986. He graduated from China University of Mining and Technology (中國礦業大學) in Xuzhou City, Jiangsu Province, the PRC with a degree of master of engineering in December 2003. He graduated from Shandong University of Science and Technology (山東科技大學) in Qingdao City, Shandong Province, the PRC with a degree of doctor of engineering in June 2007.

Mr. Du Baoshan (杜寶山), aged 61, joined our Group in 2010 and was appointed as a senior management of our Company on 4 November 2018. Mr. Du has more than 14 years of experience in education and is responsible for the supervision on teaching activities of Changzheng College.

From January 2010 to February 2017, Mr. Du was the vice principal of Changzheng College, and his roles and responsibilities included teaching activities. Since February 2017 to present, Mr. Du has been the vice principal and a member of the party committee (黨委委員) of Changzheng College, with his roles and responsibilities including teaching activities.

Mr. Du graduated from Inner Mongolia Normal University (內蒙古師範大學) in Huhehaote City, Inner Mongolia, the PRC with a degree of bachelor of science in July 1987. He graduated from Jilin University (吉林大學) in Changchun City, Jilin Province, the PRC with a degree of master of science in November 2000.

Mr. Chan Cheung (陳翔), aged 51, was appointed as the chief financial officer of the Group in 2019. Prior to joining the Group, he served as the qualified accountant, company secretary and authorised representative of a Hong Kong listed company. He also worked as the financial controller of a company listed on Nasdaq in the United States. Mr. Chan has over 27 years of experience in the field of financial management and auditing. Mr. Chan is a fellow member of the Association of Certified Chartered Accountants. Mr. Chan graduated from the Hong Kong Polytechnic University with an honorary bachelor's degree in accounting.

Senior Management

Ms. Zhang Ledi (張樂弟), aged 50, joined our Group in 1997 and was appointed as a financial manager of our Company on 4 November 2018. Ms. Zhang has more than 27 years of experience in education and is responsible for party committee affairs and discipline inspection of Changzheng College, and financial control of our Company.

From September 1997 to June 2000, Ms. Zhang was the financial manager of Jingyi Secondary School, and was responsible for finance related works. From July 2000 to present, Ms. Zhang has been the vice secretary of the party committee (黨委副書記) and secretary of commission for discipline inspection (紀委書記) of Changzheng College, with her roles and responsibilities including party committee matters and discipline inspection.

Save as otherwise disclosed in this annual report, there is no relationship between any of members of the Board and senior management, and there is no information relating to the Directors which is required to be disclosed pursuant to Rules 13.51(2) and 13.51B(1).

The Board is pleased to present the Report of the Board and the consolidated financial statements of the Group for the year ended 31 December 2024.

Corporate Information and Initial Public Offering

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 23 June 2017. The Company's principal place of business in Hong Kong is located at Room 2106, 21/F, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong. The Shares were listed on the Main Board of the Stock Exchange on 18 June 2019.

Principal Activities

The Company is an investment holding company. The Group is principally engaged in the provision of higher and secondary education services and the related management services in the People's Republic of China. Business activities and details of the Company's subsidiaries are set out in note 1 to the consolidated financial statements.

Results

The annual results for the year ended 31 December 2024 and the financial position as at 31 December 2024 of the Group are set out on pages 120 to 204 of the consolidated financial statements in this annual report.

Review of Annual Results

The audit committee of the Company (the "Audit Committee") has reviewed the consolidated financial statements for the year ended 31 December 2024, including the accounting principles and practices adopted by the Company, in conjunction with the Company's external and internal auditors.

The Audit Committee has been established in compliance with Rule 3.21 and Rule 3.22 of the Listing Rules and with written terms of reference in compliance with the CG Code. The Audit Committee consists of three independent non-executive Directors, Mr. Fung Nam Shan, Mr. Wang Yuqing and Ms. Bi Hui. Mr. Fung Nam Shan serves as the chairman of the Audit Committee. The primary responsibilities of the Audit Committee are to review and monitor the financial reporting and internal control principles of the Company and to assist the Board to fulfil its responsibilities over audit.

Financial Summary

The results of the Group for the past 5 financial years are set out in the section headed "Financial Highlights" on pages 4 to 5 of this annual report. The summary does not form part of the consolidated financial statements.

Business Review

Please refer to the section headed "Management Discussion and Analysis" on pages 7 to 18 of this annual report for details of the business conditions for 2024 and the outlook for 2025 of the Group. Save as disclosed in note 33 to the consolidated financial statements in this annual report, there was no significant event from 31 December 2024 up to the date of this annual report that had impact on the Group. In 2024, the Group strictly complied with the relevant laws, regulations and environmental policies in China in all material aspects, and established corresponding mechanisms for compliant operation.

Major Risks and Uncertainties

Our business is exposed to various risks and we believe that risk management is essential to our growth and success. Major operational risks faced by us include, among other things:

1. our business will depend to a large extent on the market recognition and reputation of the brand of our schools and the Group;

2. we may not be able to execute our growth strategy successfully or manage growth effectively, which may impair our ability to seize new commercial opportunities;

3. we face fierce competition in China's education industry, which may lead to adverse pricing pressure, decrease of operation profit margin and market share, resignations of qualified teachers and increase of capital expense;

4. our business and operation depend on the tuitions and accommodation fees we are able to charge and whether we can maintain and increase tuitions and accommodation fees; and

5. we may not succeed in increasing the number of enrolled students of our schools, which may impair our capacity to expand business.

Environmental Policies and Performance

As an education enterprise, the Company does not involve any material impact on the environment during its daily operations. Despite this, the Company still attaches great importance to environmental protection, advocates the concept of low-carbon operation, and strives to integrate the concept of environmental protection into the cultivation and education of the new generation. During the Year, the Company did not have any non-compliance events relating to environmental protection. The details are set out in the Environmental, Social and Governance ("ESG") Report on pages 80 to 119 of this annual report.

Compliance with Laws and Regulations

The Group complied in material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year ended 31 December 2024, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

Key Relationship with Employees, Customers and Suppliers

The Group understands that obtaining support from employees, suppliers and clients is important to achieve corporate goals. The Group values employees who are indispensable to the Group's continuous development. Our employees were offered competitive salary packages, as well as discretionary bonuses and contributions to social insurance. In order to ensure that our employees remain competitive in the industry, the Group has adopted training programs for its employees which are managed by its human resources department. The Company has also adopted a share option scheme to recognise and motivate contributions of the employees. Further details regarding the share option scheme is set out in the paragraph headed "Share Option Scheme" on pages 59 to 61 of this annual report.

The Group provides high quality services to our clients. The Group also communicates with our clients regularly to maintain close relationship with them.

The Group strives to maintain fair and cooperative relationships with its suppliers. The Group maintains good relationships with employees, suppliers and clients.

Property, School Premises and Equipment

Changes in the property, school premises and equipment of the Group in 2024 are set out in note 13 to the consolidated financial statements in this annual report.

Share Capital

As of the date of this annual report, the authorised share capital of the Company is US$300,000,000 divided into 30,000,000,000 shares of US$0.01 each. As of 31 December 2024 and the date of this annual report, the number of issued and paid-up shares is 1,600,830,000. Details of the changes in the share capital of the Company during the Year are set out in note 23 to the consolidated financial statements in this annual report.

Taxation

The information on the taxation of the Company and the Group in 2024 is set out in note 10 to the consolidated financial statements in this annual report.

Events Subsequent to the End of the Year

Details of the events of the Group subsequent to the end of the Year are set out in note 33 to the consolidated financial statements in this annual report.

Distributable Reserves

Details of the changes in the reserves of the Company and the Group in 2024 are set out in note 24 to the consolidated financial statements in this annual report and the consolidated statement of changes in equity on pages 132 to 133, and the reserves available for distributable to shareholders amounted to approximately RMB2,303.3 million as at 31 December 2024.

Final Dividend

The Board does not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: Nil).

Annual General Meeting

The Company will hold the AGM on Friday, 16 May 2025. A notice convening the AGM will be published and despatched to Shareholders in due course.

Closure of Register of Members

The register of members of the Company will be closed from Tuesday, 13 May 2025 to Friday, 16 May 2025 (both days inclusive), for the purpose of determining the entitlement to attend and vote at the AGM scheduled to be held on Friday, 16 May 2025. The record date will be Friday, 16 May 2025. In order to be eligible to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Monday, 12 May 2025.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities (including sale of treasury shares (as defined under the Listing Rules)) of the Company for the year ended 31 December 2024. The Company did not hold any treasury share as at 31 December 2024.

Use of Proceeds from the Initial Public Offering of the Company

On 18 June 2019, the Company issued 400,000,000 ordinary Shares at a price of HK$1.5 per share pursuant to the Listing, the total proceeds of which amounted to approximately HK$600 million, and the shares were listed on the Main Board of the Stock Exchange. On 16 July 2019, the Company issued 830,000 Shares at a price of HK$1.5 per share pursuant to a partial exercise of the over-allotment option relating to the Listing, the total proceeds of which amounted to approximately HK$1.2 million. The net proceeds from the Listing (net of underwriting fees and relevant expenses) amounted to approximately HK$524 million (equivalent to approximately RMB461 million).

On 10 March 2025, the Board has resolved to change the unutilized net proceeds of approximately RMB415 million originally intended to be used for (i) the expansion of the Group's school network through the acquisition of other schools and (ii) the expansion of the Group's business, including establishing new campuses of the College of Economics and Business and Changzheng College, to the construction and development of the new campus of College of Economics and Business located in Shangjie District, Zhengzhou City, Henan Province, the PRC. For details, please refer to the announcement of the Company dated 10 March 2025 in relation to the change in use of net proceeds.

For the year ended 31 December 2024, the Company has applied the net proceeds from its global offering as follows:

Use of proceeds	Original % of Net Proceeds	Original Use of Net Proceeds (RMB million)	Revised % of Net Proceeds	Revised Use of Net Proceeds (RMB million)	Amount of Utilized Net Proceeds Prior to 1 January 2024 (RMB million)	Amount Utilized During the Year (RMB million)	Unutilized Balance as at 31 December 2024 (RMB million)	Expected Time of Full Utilization of Unutilized Net Proceeds
Expansion of the Group's school network through the acquisition of other schools	50%	231	–	–	0	0	231	–
Expansion of the Group's business, including establishing new campuses of the College of Economics and Business and Changzheng College	40%	184	–	–	0	0	184	–
Working capital and general corporate purposes	10%	46	10%	46	46	–	0	–
Construction and development of the New Campus	–	–	90%	415	–	–	–	By 31 December 2025
Total	**100%**	**461**	**100%**	**461**	**46**	**0**	**415**	

Save for the aforementioned changes, there are no other changes in the use of net proceeds.

Bank and Other Borrowings

The Group had no bank and other borrowings as at 31 December 2024.

Donation

During the year ended 31 December 2024, donations amounting to RMB150,000 were made by the Group.

Directors

The Directors in office during the year ended 31 December 2024 and up to the date of this annual report are as follows:

Executive Directors

Mr. Chen Yuguo *(Chairman)*
Mr. Chen Yuchun
Mr. Chen Shu
Mr. Chen Nansun
Mr. Chen Lingfeng

Non-executive Director

Ms. Zhang Xuli

Independent non-executive Directors

Mr. Fung Nam Shan
Mr. Wang Yuqing
Ms. Bi Hui

Every Director shall retire from office once every three years and for this purpose, at each AGM one-third (1/3) of the Directors for the time being, or, if their number is not a multiple of three (3), then the number nearest to but not less than one-third (1/3) shall retire from office by rotation. The Director to retire every year will be those who have been longest in office since their last re-election or appointment and so that as between persons who became or was last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. Subject to the Articles of Association, a retiring Director shall be eligible for re-election at the meeting at which he retires. For the avoidance of doubt, each Director shall retire at least once every three (3) years.

In accordance with Article 84(2) of the Articles of Association, Mr. Chen Lingfeng and Mr. Chen Nansun, each being an executive Director, and Ms. Zhang Xuli, a non-executive Director, shall retire and being eligible, have offered themselves for re-election at the AGM. At the AGM, ordinary resolutions will be proposed to re-elect each of Mr. Chen Lingfeng and Mr. Chen Nansun as an executive Director and Ms. Zhang Xuli as a non-executive Director.

Biographies of Directors and Senior Management

Biographical details of the Directors and senior management of the Company are set out in the section headed "Biographies of Directors and Senior Management" on pages 19 to 28 in this annual report.

Confirmation of Independent Non-Executive Directors on Independence

The Company has received the confirmation of each independent non-executive Director on his/her independence, and the Company considers that all independent non-executive Directors are independent in accordance with Rule 3.13 of the Listing Rules during the year ended 31 December 2024 and up to the date of this annual report.

Directors' Service Contracts

Each of the executive Directors has entered into a service contract with the Company for an initial fixed term of one year commencing from the Listing Date and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other, which notice shall not expire until after the fixed term.

The non-executive Director has entered into a letter of appointment with the Company for an initial fixed term of one year commencing from the Listing Date, which will continue thereafter until terminated pursuant to the letter of appointment. Each of Mr. Fung Nam Shan and Mr. Wang Yuqing has entered into a letter of appointment with the Company for an initial fixed term of one year commencing from the Listing Date while Ms. Bi Hui has entered into a letter of appointment with the Company for an initial fixed term of one year commencing from 18 November 2019, which will continue thereafter until terminated pursuant to the letter of appointment.

None of the Directors has entered into any service contract or letter of appointment with the Group which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

Remuneration of Directors and Five Highest Paid Individuals

A remuneration committee was set up for reviewing the Group's emolument policy and structure for the Directors and senior management of the Company, having regard to the Group's operating results, individual performance of the Directors and senior management of the Company and comparable market practices. The emolument policy aims to make sure that our competitive remuneration package attracts and retains talents for our business development and operation. The Company adopted a share option scheme to motivate eligible persons, including all Directors. Please refer to pages 59 to 61 of this annual report for details of the share option scheme. The emolument of Directors is reviewed on a regular basis with reference to the salaries paid by comparable companies, time commitment, duties and responsibilities, experience and employment conditions elsewhere in the Group. Directors' emolument is subject to Shareholders' approval at general meetings. Details of the emoluments of the Directors and five highest paid individuals during the Year are set out in note 8 and note 9 to the consolidated financial statements in this annual report.

During the year ended 31 December 2024, none of the Directors of the Company waived his/her emoluments nor has agreed to waive his/her emoluments for the year.

Management Contracts

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

Directors and Controlling Shareholders' Significant Interests in Contracts, Transactions or Arrangements

Save for those disclosed in note 29 "Related Party Transactions and Balances" to the consolidated financial statements and the paragraph headed "Connected Transactions" in this annual report, no Directors or entities related to the Directors still have or used to have any significant interest directly or indirectly in any contract, transaction or arrangement of the Company or any of its subsidiaries that remained in effect during or as at the end of the year ended 31 December 2024 and was significant to the business of the Group.

Contract of Significance

Save for those disclosed in note 29 "Related Party Transactions and Balances" to the consolidated financial statements and the paragraph headed "Connected Transactions" in this annual report, at no time during the year ended 31 December 2024 had the Company or any of its subsidiaries entered into any contract of significance with the controlling shareholders or any of their subsidiaries, nor had any contract of significance been entered into for the services provided by the controlling shareholders or any of their subsidiaries to the Company or any of its subsidiaries.

Saved as disclosed in this annual report, no contract of significance has been made between the Company or any one of its subsidiaries and a controlling shareholder or its subsidiaries during the year ended 31 December 2024 or as at the date of this annual report.

Directors' Interests in Competing Business

As at 31 December 2024, none of the Directors or their associates has any competing interests in any business which had competed or might compete with that of the Company, either directly or indirectly.

Non-competition Undertaking by Controlling Shareholders

The Company has received confirmation from each of the Controlling Shareholders that they complied with all the undertakings made in the non-competition undertaking under the Structured Contracts provided to the Company in 2024. For details of the non-competition undertaking under the Structured Contracts, please refer to the sub-paragraph headed "Structured Contracts – B. Summary of the Material Terms of the Structured Contracts – (1) Business Cooperation Agreements" under the paragraph headed "Connected Transactions" in this annual report.

The independent non-executive Directors have reviewed the performance of the non-competition undertakings during the year ended 31 December 2024 based on the information and confirmation provided by the Controlling Shareholders, and are satisfied that the Controlling Shareholders have complied with and enforced the non-competition undertakings.

Customers and Suppliers

Our customers primarily consist of our students. For the year ended 31 December 2024, our five largest customers contributed less than 30% of our revenue and no single customer contributed more than 5% of the revenue of the Group.

Our suppliers primarily comprise construction companies and information technology equipment and service providers, all of which are independent third parties. For the year ended 31 December 2024, our purchase from our five largest suppliers accounted for approximately 20% of our total purchase, and our purchase from our largest supplier accounted for approximately 5% of our total purchase.

None of the Directors or any of their close associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the issued share capital of the Group) had any interest in the five largest customers and suppliers of the Group.

Connected Transactions

On 17 June 2024, JH Holdings Group, a consolidated affiliated entity of the Company and Mr. Chen Yuguo entered into a loan agreement (the "Loan Agreement"), pursuant to which JH Holdings Group agreed to lend to Mr. Chen Yuguo an RMB loan facility (excluding the accrued interest) of RMB55 million, at an interest rate of 3.1% per annum for a term of two years commencing from 17 June 2024 and ending on 16 June 2026. As Mr. Chen Yuguo is an executive Director and a controlling shareholder of the Company, Mr. Chen Yuguo is therefore a connected person of the Company under the Listing Rules. Therefore, the Loan Agreement constitutes a connected transaction of the Company under the Listing Rules. The Company considered that the provision of the loan under the Loan Agreement will provide a better return on the Group's temporarily surplus cash resources which is beneficial to the Group and the Shareholders as a whole. For details of the Loan Agreement and transactions hereunder, please see the announcement of the Company dated 17 June 2024.

For the year ended 31 December 2024, the Group entered into the following continuing connected transactions:

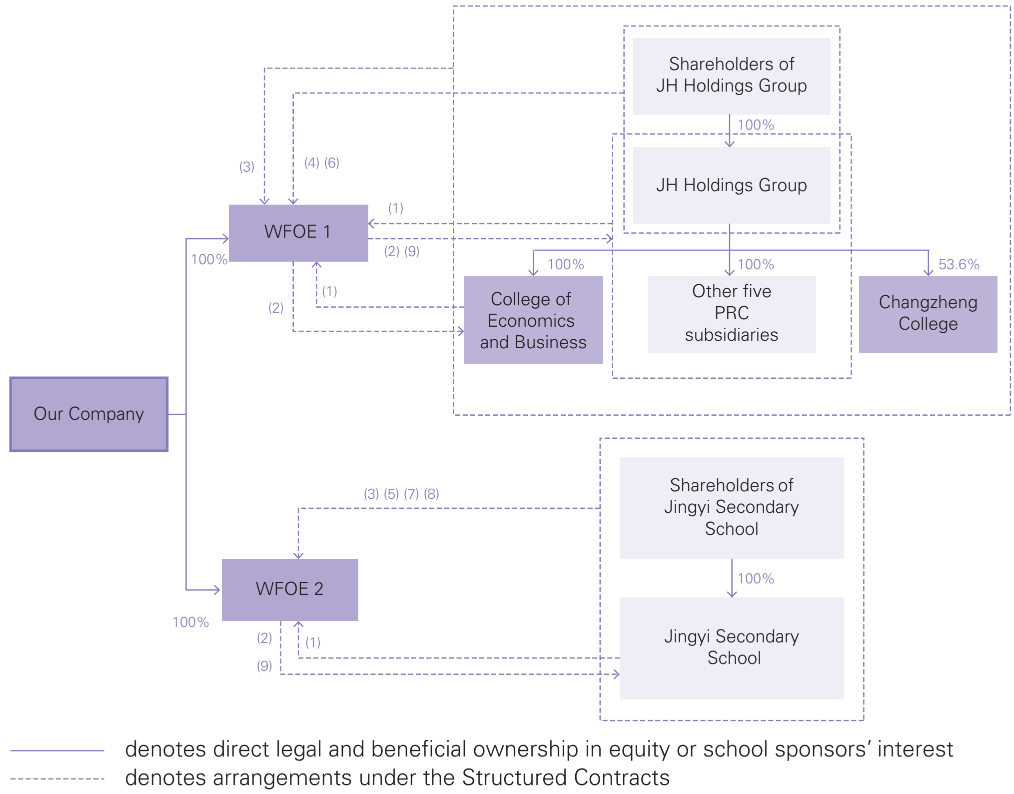
Structured Contracts

A. Description

The PRC laws and regulations currently restrict the operation of formal higher education and high school education to Sino-foreign ownership, in addition to imposing a qualification requirement on the foreign owners. Further, no government approval for establishing and operating formal higher education institutions and high school education institutions in the PRC by way of Sino-foreign ownership was granted. As a result, our Group, through the WFOEs, JH Holdings Group and its subsidiaries, Jingyi Secondary School, College of Economics and Business, the shareholders of JH Holdings Group and the School Sponsors or shareholders of Jingyi Secondary School have entered into the Structured Contracts such that we can conduct our business operations indirectly in the PRC through our PRC Operating Schools while complying with applicable PRC law and regulations. The Structured Contracts, as a whole, are designed to provide our Group with effective control over the financial and operational policies of our PRC Operating Schools, to the extent permitted by PRC law and regulations, and the right to acquire the equity interest in and/or the assets of our PRC Consolidated Affiliated Entities after the Listing through the WFOEs. As we operate our education business through our PRC Operating Schools, some of which are controlled by their respective school sponsors, and we do not hold any direct equity interest in our PRC Operating Schools, the Structured Contracts were entered into on 7 November 2018 pursuant to which all material business activities of our PRC Operating Schools are instructed and supervised by our Group, through the WFOEs, and the relevant economic benefits arising from such business of our PRC Operating Schools are transferred to our Group.

The Structured Contracts consist of the Structured Contracts I and the Structured Contracts II. The Structured Contracts I consist of a series of agreements, including (i) the business cooperation agreement entered into by and among the WFOE 1, JH Holdings Group and its subsidiaries, and the shareholders of JH Holdings Group; (ii) the exclusive technical service and management consultancy agreement entered into by and among the WFOE 1, JH Holdings Group and its subsidiaries; (iii) the exclusive technical service and management consultancy agreement entered into between the WFOE 1 and College of Economics and Business; (iv) the exclusive call option agreement entered into by and among the WFOE 1, the shareholders of JH Holdings Group, and JH Holdings Group and its subsidiaries; (v) the shareholders' rights entrustment agreement entered into by and among the WFOE 1, the shareholders of JH Holdings Group and JH Holdings Group; (vi) the shareholder's powers of attorney; (vii) the equity pledge agreement entered into by and among the WFOE 1, the WFOE 2, the shareholders of JH Holdings Group and JH Holdings Group; and (viii) the loan agreement entered into by and among the WFOE 1, JH Holdings Group and its subsidiaries, each of which is an integral part of the Structured Contracts I. The original Structured Contracts II consist of a series of agreements, including (i) the business cooperation agreement entered into by and among the WFOE 2, Jingyi Secondary School, and the school sponsors of Jingyi Secondary School; (ii) the exclusive technical service and management consultancy agreement entered into between WFOE 2 and Jingyi Secondary School; (iii) the exclusive call option agreement entered into by and among the WFOE 2, the school sponsors of Jingyi Secondary School, the school directors of Jingyi Secondary School and Jingyi Secondary School; (iv) the school sponsors' and directors' rights entrustment agreement; (v) the school sponsors's powers of attorney; (vi) the directors' powers of attorney; (vii) the accounts receivable pledge agreement entered into by and among the WFOE 2, the school sponsors of Jingyi Secondary School and Jingyi Secondary School; and (viii) the loan agreement entered into by and among the WFOE 2, the school sponsors of Jingyi Secondary School and Jingyi Secondary School, each of which is an integral part of the Structured Contracts II. On 28 August 2020, we terminated the existing structured contracts and entered into new structured contracts as (i) we have newly established Wenzhou Jia Xin Hao Educational Technology Co., Ltd.(溫州嘉信好教育科技有限責任公司) to replace Ningbo JX Educational Technology INC(寧波嘉信教育科技有限責任公司) as WFOE 1 and Wenzhou Jia Yao Educational Technology Co., Ltd.(溫州嘉耀教育科技有限責任公司) to replace Ningbo XY Educational Technology INC(寧波新耀教育科技有限責任公司) as WFOE 2 for administrative reasons and (ii) the change of name of College of Information and Business to College of Economics and Business due to the completion of transformation in June 2020. On 15 June 2023, we terminated existing Structured Contracts II and entered into new Structured Contracts II with Yueqing Jingyi Secondary School Company Limited, which replaced Jingyi Secondary School as it was de-registered as a result of the registration on conversion of Jingyi Secondary School into a for-profit private school pursuant to the 2021 Implementation Rules. Except for the aforementioned replacement of WFOEs and Jingyi Secondary School and change of name, all the terms and conditions between the existing structured contracts and entered into new structured contracts are identical.

The following simplified diagram illustrates the flow of economic benefits from our PRC Consolidated Affiliated Entities to our Group stipulated under the Structured Contracts:



Notes:

(1) Payment of service fees. See "B. Summary of the Material Terms of the Structured Contracts – (2) Exclusive Technical Service and Management Consultancy Agreements" in this annual report.

(2) Provision of exclusive technical and management consultancy services. See "B. Summary of the Material Terms of the Structured Contracts – (2) Exclusive Technical Service and Management Consultancy Agreements" in this annual report.

(3) Exclusive call option to acquire all or part of the equity interest in JH Holdings Group and its subsidiaries, and equity interest in Jingyi Secondary School. See "B. Summary of the Material Terms of the Structured Contracts – (3) Exclusive Call Option Agreements" in this annual report.

(4) Pledge of equity interest by the shareholders of JH Holdings Group of their equity interest in JH Holdings Group. See "B. Summary of the Material Terms of the Structured Contracts – (4) Equity Pledge Agreement" in this annual report.

(5) Pledge of accounts receivable by the shareholders Jingyi Secondary School of their interests over all of the proceeds receivable from third parties due to transfer or other forms of disposal of all or part of their respective shareholder's interest in Jingyi Secondary School. See "B. Summary of the Material Terms of the Structured Contracts – (5) Accounts Receivable Pledge Agreement" in this annual report.

(6) Entrustment of shareholders' rights by the shareholders of JH Holdings Group including the shareholder's powers of attorney. See "B. Summary of the Material Terms of the Structured Contracts – (6) Shareholders' Rights Entrustment Agreement" and "B. Summary of the Material Terms of the Structured Contracts – (7) Shareholder's Powers of Attorney" in this annual report.

(7) Entrustment of shareholders' rights by the shareholders of Jingyi Secondary School including the shareholders's powers of attorney. See "B. Summary of the Material Terms of the Structured Contracts – (8) Shareholders' and Directors' Rights Entrustment Agreement" and "B. Summary of the Material Terms of the Structured Contracts – (9) Shareholder's Powers of Attorney" in this annual report.

(8) Entrustment of directors' rights in Jingyi Secondary School by the directors of Jingyi Secondary School including the director's powers of attorney. See "B. Summary of the Material Terms of the Structured Contracts – (8) Shareholders' and Directors' Rights Entrustment Agreement" and "B. Summary of the Material Terms of the Structured Contracts – (10) Director's Powers of Attorney" in this annual report.

(9) Provision of loans by the WFOEs to JH Holdings Group and the shareholders of Jingyi Secondary School. See "B. Summary of the Material Terms of the Structured Contracts – (11) Loan Agreements" in this annual report.

B. Summary of the Material Terms of the Structured Contracts

A description of each of the specific agreements that comprise the Structured Contracts is set out below.

(1) Business Cooperation Agreements

Pursuant to the business cooperation agreements, (i) the WFOE 1 shall provide technical services, management support and consulting services necessary for the private education business, and in return, JH Holdings Group and its subsidiaries shall make payments accordingly; and (ii) the WFOE 2 shall provide technical services, management support and consulting services necessary for the private education business, and in return, Jingyi Secondary School shall make payments accordingly.

In order to prevent the leakage of assets and values of our PRC Consolidated Affiliated Entities, the shareholders of Jingyi Secondary School, the shareholders of JH Holdings Group, JH Holdings Group and its subsidiaries and Jingyi Secondary School have undertaken that, without the prior written consent of the WFOEs or its designated party, they shall not conduct or cause to conduct any activity or transaction which may have any actual impact on: (i) the assets, business, staff, obligations, rights or operations of JH Holdings Group and its subsidiaries or Jingyi Secondary School; and (ii) the ability of the shareholders of Jingyi Secondary School, the shareholders of JH Holdings Group, JH Holdings Group and its subsidiaries or Jingyi Secondary School to perform the obligations under the Structured Contracts.

Furthermore, each of the shareholders of JH Holdings Group and the shareholders of Jingyi Secondary School undertakes to the WFOEs that, unless with the prior written consent of the WFOEs, they (severally or jointly) shall not (i) directly or indirectly engage, participate in, conduct, acquire or hold any business or activities which compete or may potentially compete with any of JH Holdings Group and its subsidiaries or Jingyi Secondary School and their/its affiliated entities ("Competing Business"), (ii) use information obtained for the Competing Business, and (iii) obtain any benefit from any Competing Business. Each of the shareholders of Jingyi Secondary School and the shareholders of JH Holdings Group further consents and agrees that, in the event that they (severally or jointly) directly or indirectly engage, participate in or conduct any Competing Business, the WFOEs and/or other entities as designated by us shall be granted an option to require the entity engaging in the Competing Business to (i) enter into an arrangement similar to that of the Structured Contracts; or (ii) stop engaging in such Competing Business.

(2) Exclusive Technical Service and Management Consultancy Agreements

Pursuant to the exclusive technical service and management consultancy agreements entered into (i) by and among the WFOE 1, JH Holdings Group, Wenzhou Jiaren, Yueqing JH Investment, Yueqing Jiasheng, Yueqing Jialuo and Yueqing Jiazheng, (ii) between WFOE 2 and Jingyi Secondary School, and (iii) between the WFOE 1 and College of Economics and Business, each of the WFOE 2 and the WFOE 1 has agreed to provide exclusive technical services to JH Holdings Group and its subsidiaries, Jingyi Secondary School and College of Economics and Business, respectively, including but not limited to, (a) design, development, update and maintenance of software for computer and mobile devices; (b) design, development, update and maintenance of webpages and websites; (c) design, development, update and maintenance of management information systems; (d) provision of other technical support; (e) provision of technical consulting services; (f) provision of technical training; (g) engaging technical staff to provide on-site technical support; and (h) providing other technical services as reasonably requested by JH Holdings Group and its subsidiaries, Jingyi Secondary School or College of Economics and Business.

Furthermore, each of the WFOE 1 and the WFOE 2 agreed to provide exclusive management consultancy services to JH Holdings Group and its subsidiaries, College of Economics and Business, and Jingyi Secondary School (as the case may be), including but not limited to, (a) design of curriculum; (b) preparation, selection and/or recommendation of course materials; (c) provision of teacher and staff recruitment and training support and services; (d) provision of student recruitment support and services; (e) provision of public relation services; (f) preparation of long term strategic development plans and annual working plans; (g) development of financial management systems and recommendation and optimization on annual budget; (h) advising on design of internal structures and internal management; (i) provision of management and consultancy training; (j) conduct of market research; (k) preparation of market development plan; (l) building of marketing network; and (m) providing other management technical services as reasonably requested by JH Holdings Group and its subsidiaries, College of Economics and Business, and Jingyi Secondary School (as the case may be).

In consideration of the technical and management consultancy services to be provided by the WFOE 1 and the WFOE 2 (as the case may be), (i) JH Holdings Group, Wenzhou Jiaren, Yueqing JH Investment, Yueqing Jiasheng, Yueqing Jialuo and Yueqing Jiazheng agreed to pay on an annual basis the relevant services fees to the WFOE 1 equal to all of their net profit (after deducting all necessary costs and expenses (the amount of which shall be proposed by them but subject to final confirmation and determination by the WFOE 1), taxes, losses from previous years (if required by the law) and the legally compulsory public reserve fund (if required by law)); (ii) Jingyi Secondary School agreed to pay on an annual basis the relevant services fees to the WFOE 2 equal to all of its amount of surplus from operations (after deducting all necessary costs, expenses (the amount of which shall be proposed by it but subject to final confirmation and determination by the WFOE 2), taxes, losses from previous years (if required by the law), the legally compulsory development fund (if required by the law) and other fees required by the law); and (iii) College of Economics and Business agreed to pay on an annual basis the relevant services fees to the WFOE 1 equal to all of its amount of surplus from operations (after deducting all necessary costs, expenses (the amount of which shall be proposed by it but subject to final confirmation and determination by JH Holdings Group), taxes, losses from previous years (if required by the law), the legally compulsory development fund (if required by the law) and other fees required by the law). The WFOE 1 and the WFOE 2 have the right (but not the obligation) to adjust the amount of such service fee by reference to the actual services provided and the actual business operations and needs of JH Holdings Group and its subsidiaries, College of Economics and Business, and Jingyi Secondary School as the case may be, provided that any adjusted amount shall not exceed the amount mentioned above. JH Holdings Group, its subsidiaries and College of Economics and Business, and Jingyi Secondary School do not have any right to make any such adjustment.

Pursuant to the exclusive technical service and management consultancy agreements, unless otherwise prescribed under the PRC laws and regulations, the WFOE 1 and the WFOE 2 shall have exclusive proprietary rights to any technology and intellectual property developed and materials prepared in the course of the provision of research and development, technical support and services by the WFOE 1 and the WFOE 2 to JH Holdings Group and its subsidiaries, College of Economics and Business, and Jingyi Secondary School as the case may be, and any intellectual property in the products developed, including any other rights derived thereunder, in the course of performance of obligations under the exclusive technical service and management consultancy agreements and/or any other agreements entered into between the WFOE 1 or the WFOE 2 or other parties.

(3) *Exclusive Call Option Agreements*

Under the exclusive call option agreements entered into (i) by and among the WFOE 1, the shareholders of JH Holdings Group, JH Holdings Group, Wenzhou Jiaren, Yueqing JH Investment, Yueqing Jiasheng, Yueqing Jialuo and Yueqing Jiazheng, and (ii) by and among the WFOE 2, the shareholders of Jingyi Secondary School and Jingyi Secondary School, the Shareholders of JH Holdings Group and the shareholders of Jingyi Secondary School have, respectively, irrevocably granted the WFOEs or their designated purchaser the right to purchase all or part of equity interest in JH Holdings Group and its subsidiaries and the equity interest in Jingyi Secondary School, as the case may be ("Equity Call Option"). The purchase price payable by the WFOEs in respect of the transfer of such equity interests upon exercise of the Equity Call Option shall be the lowest price permitted under the PRC laws and regulations. The WFOEs or their respective designated purchaser shall have the right to purchase such proportion of equity interest in JH Holdings Group and its subsidiaries or the equity interest in Jingyi Secondary School as they decide at any time.

In the event that PRC laws and regulations allow the WFOEs or us to directly hold all or part of the equity interest in JH Holdings Group and its subsidiaries or all or part of the equity interest in Jingyi Secondary School and operate private education business in the PRC, the WFOEs shall issue the notice of exercise of the Equity Call Option as soon as practicable, and the percentage of equity interest purchased upon exercise of the Equity Call Option shall not be lower than the maximum percentage then allowed to be held by the WFOEs or us under PRC laws and regulations.

(4) *Equity Pledge Agreement*

Pursuant to the equity pledge agreement, each of the shareholders of JH Holdings Group unconditionally and irrevocably pledged and granted first priority security interests over all of his/her equity interest in JH Holdings Group together with all related rights thereto to the WFOE 1 and the WFOE 2 as security for performance of the Structured Contracts I and Structured Contracts II and all direct, indirect or consequential damages and foreseeable loss of interest incurred by the WFOE 1 and the WFOE 2 as a result of any event of default on the part of JH Holdings Group and its subsidiaries or the shareholders of JH Holdings Group and all expenses incurred by the WFOE 1 and the WFOE 2 as a result of enforcement of the obligations of the shareholders of JH Holdings Group, JH Holdings Group and its subsidiaries, Jingyi Secondary School and the shareholders of Jingyi Secondary School under the Structured Contracts I (the "Secured Indebtedness").

Pursuant to the equity pledge agreement, without the prior written consent of the WFOE 1 and the WFOE 2, the shareholders of JH Holdings Group shall not transfer the equity interest or create further pledge or encumbrance over the pledged equity interest. Any unauthorized transfer shall be invalid, and the proceeds of any transfer of the equity interest shall be first used in the payment of the Secured Indebtedness or deposited to such third party as agreed to by the WFOE 1 and the WFOE 2. The shareholders of JH Holdings Group also waived any pre-emptive rights upon enforcement and agreed to any transfer of the pledged equity pursuant to the equity pledge agreement.

(5) *Accounts Receivable Pledge Agreement*

Pursuant to the accounts receivable pledge agreement, each of the shareholders of Jingyi Secondary School unconditionally and irrevocably pledged and granted first priority security interests over all of the accounts receivable from third parties due to transfer or other forms of disposal of all or part of his/her sponsor interest in Jingyi Secondary School to the WFOE 2 as security for fulfilling contractual obligations and repaying secured debts.

(6) *Shareholders' Rights Entrustment Agreement*

Pursuant to the shareholders' rights entrustment agreement, each of the shareholders of JH Holdings Group has irrevocably authorized and entrusted the WFOE 1, the director of which is Mr. Huang Lei (黃雷) (who is not a director of JH Holdings Group and therefore does not give rise to conflict of interest), as their agent to act on their behalf to exercise all of his/her respective rights as Shareholder of JH Holdings Group to the extent permitted by the PRC laws. These rights include, but are not limited to: (a) the right to attend shareholders' meetings of JH Holdings Group; (b) the right to exercise voting rights in respect of all matters discussed and resolved at the shareholders' meetings of JH Holdings Group; (c) the right to appoint directors or legal representative of JH Holdings Group; (d) the right to propose to convene interim shareholders' meetings of JH Holdings Group; (e) the right to sign all shareholders' resolutions and other legal documents which the shareholders of JH Holdings Group have authority to sign in their respective capacity as shareholder of JH Holdings Group; (f) the right to instruct the directors and legal representative of JH Holdings Group, as the case may be, to act in accordance with the instruction of the WFOE 1; (g) the right to exercise all other rights and voting rights of shareholders as prescribed under the articles of association of JH Holdings Group; (h) the right to handle the legal procedures of registration, approval and licensing of JH Holdings Group, as the case may be, at the education department, the department of civil affairs or other government regulatory departments; (i) the right to decide to transfer or dispose of the equity interests of JH Holdings Group; and (j) other shareholders' rights pursuant to applicable PRC laws and regulations and the articles of association of JH Holdings Group as amended from time to time.

In addition, each of the shareholders of JH Holdings Group has irrevocably agreed that (i) the WFOE 1 may delegate its rights under the shareholders' rights entrustment agreement to the directors of the WFOE 1 or its designated person, without prior notice to or approval by the shareholders of JH Holdings Group; and (ii) any person as successor of civil rights of the WFOE 1 and/or liquidator by reason of subdivision, merger, liquidation of the WFOE 1 or other circumstances shall have authority to replace the WFOE 1 to exercise all rights under the shareholders' rights entrustment agreement.

(7) *Shareholder's Powers of Attorney*

Pursuant to the shareholder's powers of attorney executed by each of the shareholders of JH Holdings Group in favor of the WFOE 1, each of the shareholders of JH Holdings Group authorized and appointed the WFOE 1, as his or her agent to act on his or her behalf to exercise or delegate the exercise of all his or her rights as shareholders of the JH Holdings Group.

The WFOE 1 shall have the right to further delegate the rights so delegated to its directors or other designated person. Each of the shareholders of JH Holdings Group irrevocably agreed that the authorization appointment in the shareholder's powers of attorney shall not be invalid, prejudiced or otherwise adversely affected by reason of his/her loss of or restriction on capacity, death or other similar events. The shareholder's powers of attorney shall constitute a part and incorporate terms of the shareholders' rights entrustment agreement.

(8) Shareholders' and Directors' Rights Entrustment Agreement

Pursuant to the shareholders' and directors' rights entrustment agreement entered into by and among the shareholders of Jingyi Secondary School, the school directors of Jingyi Secondary School, Jingyi Secondary School and the WFOE 2, the shareholders of Jingyi Secondary School irrevocably authorized and entrusted the WFOE 2 to exercise all his/her/its rights as the shareholder of Jingyi Secondary School to the extent permitted by the PRC laws. These rights include, but are not limited to: (a) the right to appoint and/or elect directors or council members of the school; (b) the right to appoint and/or elect supervisors of the school; (c) the right to understand the operation and financial situation of the school; (d) the right to review the resolutions and records of the board of directors and financial statements and reports of the school; (e) the right to transfer shareholders' interest in accordance with the laws; (f) the right to make the choice to register as a for-profit private school or non-profit private school in accordance with Chinese laws, regulations or regulatory documents; and (g) other shareholder's rights pursuant to applicable PRC laws and regulations and the articles of association of the school as amended from time to time.

Pursuant to the shareholders' and directors' rights entrustment agreement, each of the directors of Jingyi Secondary School (the "Appointees") has irrevocably authorized and entrusted the WFOE 2 to exercise all his/her rights as director of Jingyi Secondary School appointed by the shareholders of Jingyi Secondary School and to the extent permitted by PRC laws. These rights include, but are not limited to: (a) the right to attend meetings of the board of directors as representative of the directors appointed by the shareholders of Jingyi Secondary School; (b) the right to exercise voting rights in respect of all matters discussed and resolved at the board meeting of Jingyi Secondary School; (c) the right to propose to convene interim board meetings of Jingyi Secondary School; (d) the right to sign all board minutes, board resolutions and other legal documents which the directors appointed by the shareholders of Jingyi Secondary School have authority to sign in his/her capacity as director of Jingyi Secondary School; (e) the right to instruct the legal representative and financial and business responsible persons of Jingyi Secondary School to act in accordance with the instruction of the WFOE 2; (f) the right to exercise all other rights and voting rights of directors as prescribed under the articles of association of Jingyi Secondary School; (g) the right to handle the legal procedures of registration, approval and licensing of Jingyi Secondary School at the education department, the department of civil affairs or other government regulatory departments; and (h) other directors' rights pursuant to applicable PRC laws and regulations and the articles of association of Jingyi Secondary School as amended from time to time.

In addition, the shareholders of Jingyi Secondary School and the Appointees have irrevocably agreed that (i) the WFOE 2 may delegate its rights under the shareholders' and directors' rights entrustment agreement to the directors of the WFOE 2 or its designated person, without prior notice to or approval by the shareholders of Jingyi Secondary School and the Appointees; and (ii) any person as successor of civil rights of the WFOE 2 and/or liquidator by reason of subdivision, merger, liquidation of the WFOE 2 or other circumstances shall have authority to replace the WFOE 2 to exercise all rights under the shareholders' and directors' rights entrustment agreement.

(9) Shareholder's Powers of Attorney

Pursuant to the shareholder's powers of attorney executed by the shareholders of Jingyi Secondary School in favor of the WFOE 2, the shareholders of Jingyi Secondary School authorized and appointed the WFOE 2, the director of which is Mr. Zheng Lin（鄭林）(who is not a director of Jingyi Secondary School and therefore does not give rise to any conflicts of interest), as their agent to act on their behalf to exercise or delegate the exercise of all their rights as shareholders of Jingyi Secondary School.

The WFOE 2 shall have the right to further delegate the rights so delegated to the directors of the WFOE 2 or other designated person. The shareholders of Jingyi Secondary School irrevocably agreed that the authorization appointment in the shareholder's powers of attorney shall not be invalid, prejudiced or otherwise adversely affected by reason of his/her loss of or restriction on capacity, death or other similar events of the shareholders of Jingyi Secondary School. The shareholder's powers of attorney shall constitute part and incorporate terms of the shareholders' and directors' rights entrustment agreement.

(10) Director's Powers of Attorney

Pursuant to the director's powers of attorney executed by each of the Appointees in favor of the WFOE 2, each of the Appointees authorized and appointed the WFOE 2, the director of which is Mr. Zheng Lin（鄭林）(who is not a director of Jingyi Secondary School and therefore does not give rise to any conflicts of interest), as his/her agent to act on his/her behalf to exercise or delegate the exercise of all of his/her rights as directors of Jingyi Secondary School.

The WFOE 2 shall have the right to further delegate the rights so delegated to the directors of the WFOE 2 or other designated person. Each of the Appointees irrevocably agreed that the authorization appointment in the director's powers of attorney shall not be invalid, prejudiced or otherwise adversely affected by reason of his/her loss of or restriction on capacity, death or other similar events. The director's powers of attorney shall constitute part and incorporate terms of the shareholders' and directors' rights entrustment agreement.

(11) Loan Agreements

Pursuant to the loan agreements entered into by and among (i) the WFOE 1, JH Holdings Group, Wenzhou Jiaren, Yueqing JH Investment, Yueqing Jiasheng, Yueqing Jialuo and Yueqing Jiazheng, and (ii) among the WFOE 2, the shareholders of Jingyi Secondary School and Jingyi Secondary School, the WFOEs agreed to provide interest-free loans to JH Holdings Group and the shareholders of Jingyi Secondary School in accordance with the PRC laws and regulations and JH Holdings Group and the shareholders of Jingyi Secondary School agreed to utilize the proceeds of such loans to contribute to the business operation and development of Changzheng College, College of Economics and Business and Jingyi Secondary School. All parties agreed that all such capital contribution will be directly settled by the WFOEs on behalf of JH Holdings Group and/or the shareholders of Jingyi Secondary School.

C. Business Activities of PRC Operating Schools and Their Significance and Financial Contributions to the Group

The main business activities of the PRC Operating Schools are to provide students private formal higher education, junior college education and high school education. Pursuant to the Structured Contracts, the Group obtains control over and derives the economic benefits from the PRC Operating Schools. The table below sets out the financial contribution of the PRC Operating Schools to the Group:

	Significance and financial contribution to the Group		
	Revenue for the year ended 31 December 2024	**Net profit for the year ended 31 December 2024**	**Total assets as at 31 December 2024**
PRC Operating Schools	99.8%	139.7%	94.0%

D. Revenue and Assets Involved in Structured Contracts

The Table below sets out (i) revenue; and (ii) total assets involved in the PRC Operating Schools as at 31 December 2024, which would be consolidated into the Group's financial statements pursuant to the Structured Contracts:

	Revenue RMB'000	**Total assets RMB'000**
PRC Operating Schools	979,303	4,425,085

E. Regulatory Framework

(1) Higher Education and High School Education

Pursuant to the Guidance Catalog of Industries for Foreign Investment (the "Foreign Investment Catalog"), the provision of higher education and high school education in the PRC falls within the "restricted" category. In particular, the Foreign Investment Catalog explicitly restricts higher education and high school education to Sino-foreign cooperation, which means the foreign investor shall be an educational institution and shall operate higher education and high school education in the PRC through cooperation with a PRC educational institution in compliance with the Sino-foreign Regulation. In addition, the Foreign Investment Catalog also provides that the domestic party shall play a dominant role in the Sino-foreign cooperation, meaning that (a) the principal or other chief executive officer of the schools shall be a PRC national; and (b) the representatives of the domestic party shall account for no less than half of the total members of the board of directors, the executive council or the joint administration committee of the Sino-foreign cooperative educational institution (the "Foreign Control Restriction").

We had fully complied with the Foreign Control Restriction in respect of Changzheng College, College of Economics and Business and Jingyi Secondary School on the basis that (a) the principals and the chief executive officers of the aforementioned schools are all PRC nationals; and (b) all the members of the board of directors are PRC nationals.

In relation to the interpretation of Sino-foreign cooperation, pursuant to the Implementing Rules for the Sino-foreign Regulation (《中華人民共和國中外合作辦學條例實施辦法》), if we were to apply for any of our schools to be reorganized as a Sino-foreign joint venture private school for PRC students at higher education or high school education institutions (a "Sino-foreign Joint Venture Private School"), the foreign investor in the Sino-foreign Joint Venture Private School must be a foreign educational institution with relevant qualification that provides high quality education (the "Qualification Requirement"). As confirmed in the interviews with competent education authorities as mentioned below, that there are no implementation measures or specific guidance promulgated on the Qualification Requirement in accordance with the existing PRC laws, regulations or governmental documents but only general principles requiring school sponsor which applies for establishing a Sino-foreign joint venture school shall have relevant qualification and be able to provide high quality education services.

Furthermore, pursuant to the Implementation Opinions of the MOE on Encouraging and Guiding the Entry of Private Capital in the Field of Education and Promoting the Healthy Development of Private Education (《教育部關於鼓勵和引導民間資金進入教育領域促進民辦教育健康發展的實施意見》), the foreign portion of the total investment in a Sino-foreign Joint Venture Private School should be below 50% (the "Foreign Ownership Restriction") and the establishment of these schools is subject to approval of education authorities at the provincial or national level.

Based on the consultation with competent authorities, we did not meet the Qualification Requirement as we have no experience in operating a school outside of the PRC, and as there are no implementing measures or specific guidance on the Qualification Requirement. Notwithstanding the above, we are committed to working towards meeting the Qualification Requirement. We have adopted a specific plan and will continue to expend genuine efforts and financial resources to do so. We have undertaken to make periodic inquiries of relevant educational authorities to understand any regulatory developments, including whether there will be any change in policy for approving Sino-foreign Joint Venture Private Schools in Henan Province and/or Zhejiang Province, and assess whether we are qualified to meet the Qualification Requirement, with a view to unwinding the Structured Contracts wholly or partially as and when practicable and permissible under the prevailing PRC laws and regulations.

(2) Qualification Requirement

We have adopted a specific plan and begun to take the following concrete steps which we reasonably believe are meaningful endeavors to demonstrate compliance with the qualification requirements. There are only general principles that a school sponsor which applies for establishing a Sino-foreign joint venture school shall have relevant qualifications and be able to provide high quality education services. As (i) there are only general principles and no implementation measures or specific guidance promulgated for the qualification requirements, and (ii) the California School is established as a higher education institution in accordance with local regulations of the State of California, the U.S., and will provide higher education academic certificates recognized by the local government, we believe that we have taken reasonable and appropriate steps towards fulfilling the qualification requirements. We will provide periodic updates regarding the qualification requirements and the latest development of the Draft Foreign Investment Law and its accompanying explanatory notes, as well as our efforts and action undertaken in relation to the Qualification Requirement.

(3) Foreign Investment Law

On 1 January 2020, the Foreign Investment Law passed by the second session of the thirteenth National People's Congress became effect. The Foreign Investment Law has replaced the Law of the People's Republic of China on Chinese-Foreign Equity Joint Ventures (《中華人民共和國中外合資經營企業法》), the Law of the People's Republic of China on Chinese-Foreign Contractual Joint Ventures (《中華人民共和國中外合作經營企業法》) and the Law of the People's Republic of China on Wholly Foreign-Owned Enterprises (《中華人民共和國外資企業法》) to become the legal foundation for foreign investment in the PRC. The Implementation Regulations for the Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法實施條例》) (the "Implementation Regulations for the Foreign Investment Law") was passed by the 74th Executive Session of the State Council on 1 January 2019 and was implemented with effect from 1 January 2020.

Conducting operations through structured contracts has been adopted by many PRC-based companies, including us, to obtain and maintain necessary licenses and permits in the industries that are currently subject to foreign investment restrictions or prohibitions in China. The Foreign Investment Law does not explicitly stipulate the contractual arrangements as a form of foreign investment. Since contractual arrangements are not specified as foreign investment under the Foreign Investment Law or the Implementation Regulations for the Foreign Investment Law, and if the future laws, regulations and rules do not incorporate contractual arrangements as a form of foreign investment, the structured contracts as a whole and each of the agreements comprising the structured contracts will not be affected and will continue to be legal, valid and binding on the parties. However, there are possibilities that future laws, administrative regulations and provisions prescribed by the State Council may regard the structured contracts as a form of foreign investment, at which time it will be uncertain whether the structured contracts will be deemed to be in violation of the then effective foreign investment access requirements and how the above-mentioned structured contracts will be handled.

(4) Regulatory updates on the 2021 Implementation Rules

Overview

On 14 May 2021, the State Council released 2021 Implementation Rules, with the effective date of 1 September 2021, which made certain significant changes that may affect private schools. The 2021 Implementation Rules, promulgated by the State Council, shall not contravene the Law for Promoting Private Education of the PRC, which was promulgated by the Standing Committee of the NPC, a higher legislation authority compared to the State Council. Specifically, the 2021 Implementation Rules are the detailed implementation rules of the Law for Promoting Private Education of the PRC.

The 2021 Implementation Rules promote the development of private education by providing that a private school shall enjoy the relevant rights or preferential policies, which shall primarily include:

(i) a private school may enjoy the preferential tax policies stipulated by the State and a non-profit private school may enjoy the same tax policies as a public school; and

(ii) the local people's governments shall grant preferential treatments in terms of land use by means of allocation in accordance with the principle of treating non-profit private schools the same as public schools, and for private schools that provide education for academic credentials, may provide lands by means of agreement, bid invitation, auction, long-term lease or a combination of sale and rental, and may permit payment in instalments.

The 2021 Implementation Rules stipulate further provisions of the operation and management of private schools. Among other things:

(i) a for-profit private school shall deposit the income into a specific settlement account of its own, and a non-profit private school shall use the accounts filed with the competent authorities for charging fees and financial transactions;

(ii) at the end of each financial year, a for-profit private school shall set aside a portion of not less than 10% of its audited annual net income, and a non-profit private school from its audited annual net increase in non-restricted assets, as the development fund, which shall be used for the development of such school;

(iii) private schools that provide compulsory education are not allowed to enter into transactions with their interested parties. Other private schools shall conduct transactions with their interested parties in a manner that is open, justified and fair, which shall be conducted with reasonable pricing and through standardized decision-making process and shall not harm the interests of the State, schools, teachers and students. Private schools shall set up an information disclosure mechanism for the transactions with their interested parties. The relevant governmental authorities, such as the education department, the human resources and social security departments and the financial departments, shall strengthen the supervision of the agreements entered into between non-profit private schools and their interested parties, and shall review the connected transactions annually;

(iv) the registered capital of a private school shall be paid in full when it is formally established and shall be compatible with the type, level and scale of the school;

(v) any social organizations or individuals shall not control private schools that provide compulsory education or non-profit private schools that provide preschool education through mergers or "structured contracts";

(vi) for any change of school sponsor of a private school, an alteration agreement shall be entered into but shall not involve the legal property of the school, nor shall it affect the development of the school, or damage the rights and interests of teachers and students. For any change of school sponsor of an existing private school, such school sponsor may enter into agreements with its successive school sponsor to stipulate the income from such change in accordance with its lawful rights and interests; and

(vii) changes in the controlling shareholder(s) and actual controller(s) of the school sponsors of private schools who are legal persons（法人）shall be required to make filings of record with the relevant government authorities and issue public announcements.

In addition, the 2021 Implementation Rules encourage enterprises to establish or participate in the establishment of private schools that implement vocational education in various forms, such as sole proprietorship, joint venture and cooperation, and legalizes institutions that implement nationally recognized educational examinations, vocational qualification examinations and vocational skill level examinations. We will disclose updates on any new development of the relevant applicable laws and regulations in our interim and annual reports.

F. Risks Associated with the Contractual Arrangements and the Actions Taken to Mitigate the Risks

As disclosed in the section headed "E. Regulatory Framework" above, foreign investment in the education industry in China is extensively regulated and subject to numerous restrictions. The Company has been and are expected to continue to be dependent on our Structured Contracts to operate its education business. Please refer to the section headed "Risk Factors – Risks Relating to Our Structured Contracts" in the Prospectus.

Our Group has adopted the following measures to ensure the effective operation of our Group with the implementation of the Structured Contracts and our compliance with the Structured Contracts:

(a) major issues arising from the implementation and compliance with the Structured Contracts or any regulatory enquiries from government authorities will be submitted to our Board, if necessary, for review and discussion on an occurrence basis;

(b) our Board will review the overall performance of and compliance with the Structured Contracts at least once a year;

(c) our Company will disclose the overall performance and compliance with the Structured Contracts in its annual reports and interim reports to update the Shareholders and potential investors;

(d) our Company has undertaken to provide periodic updates in our annual and interim reports regarding the Qualification Requirement and the applicable foreign investment laws and regulations as well as our plan and progress in acquiring the relevant experience to meet the Qualification Requirement;

(e) our Company will disclose, as soon as possible, any further updates or changes to the Foreign Investment Law that will materially and adversely affect our Company as and when they occur; and

(f) our Company will engage external legal advisors or other professional advisors, if necessary, to assist the Board to review the implementation of the Structured Contracts, review the legal compliance of the WFOEs and JH Holdings Group and its subsidiaries, and Jingyi Secondary School to deal with specific issues or matters arising from the Structured Contracts.

In addition, notwithstanding that our executive Director, Mr. Chen Yuguo is one of the shareholders of JH Holdings Group and the school sponsors of Jingyi Secondary School, we believe that our Directors are able to perform their roles in our Group independently and our Group is capable of managing its business independently after the Listing under the following measures:

(a) the decision-making mechanism of the Board as set out in the Articles of Association includes provisions to avoid conflict of interest by providing, amongst other things, that in the event of conflict of interest in such contract or arrangement which is material, a Director shall declare the nature of his or her interest at the earliest meeting of the Board at which it is practicable for him or her to do so, and if he or she is to be regarded as having material interest in any contracts or arrangements, such Director shall abstain from voting and not be counted in the quorum;

(b) each of our Directors is aware of his/her fiduciary duties as a Director which requires, amongst other things, that he/she acts for the benefits and in the best interests of our Group;

(c) we have appointed three independent non-executive Directors, comprising not less than one-third of our Board, to provide a balance of the number of interested and independent Directors with a view to promoting the interests of our Company and our Shareholders as a whole; and

(d) we will disclose in our announcements, circulars, annual and interim reports in accordance with the requirements under the Listing Rules regarding decisions on matters reviewed by our Board (including independent non-executive Directors) relating to any business or interest of each Director and his associates that competes or may compete with the business of our Group and any other conflicts of interest which any such person has or may have with our Group.

G. *Material Changes*

Save as disclosed above, as of the date of this annual report, there were no material changes in the Structured Contracts and/or the circumstances under which the Structured Contracts were adopted.

H. *Unwinding of the Structured Contracts*

As of the date of this annual report, there has not been any unwinding of any Structured Contracts, nor has there been any failure to unwind any Structured Contracts when the restrictions that led to the adoption of the Structured Contracts are removed. In the event that the PRC regulatory environment changes and all of the Qualification Requirement, the Foreign Ownership Restriction and the Foreign Control Restriction are removed (and assuming there are no other changes in the relevant PRC laws and regulations), WFOEs will exercise the equity call option in full to unwind the contractual arrangements so that the Company will be able to directly operate the schools without using the Structured Contracts.

Listing Rule Implications

The table below sets forth the connected persons of our Company involved in the Structured Contracts and the nature of their connection with our Group. The transactions contemplated under the Structured Contracts, as a whole, constitute continuing connected transactions of our Company under the Listing Rules upon the Listing.

Name	**Connected Relationships**
Mr. Chen Yuguo	a Director and a substantial shareholder of our Company and therefore a connected person of our Company under the Listing Rules
Mr. Chen Shu	a Director and a substantial shareholder of our Company and therefore a connected person of our Company under the Listing Rules
Mr. Chen Lingfeng	a Director and a substantial shareholder of our Company and therefore a connected person of our Company under the Listing Rules
Mr. Chen Yuchun	a Director and a substantial shareholder of our Company and therefore a connected person of our Company under the Listing Rules
Ms. Zhang Xuli	a Director and a substantial shareholder of our Company and therefore a connected person of our Company under the Listing Rules
Mr. Chen Nansun	a Director and a substantial shareholder of our Company and therefore a connected person of our Company under the Listing Rules
Mr. Chen Yutian	a substantial shareholder of our Company and therefore a connected person of our Company under the Listing Rules
Mr. Chen Yucao	a substantial shareholder of our Company and therefore a connected person of our Company under the Listing Rules

Notwithstanding that the transactions contemplated under the Structured Contracts and any new transactions, contracts and agreements or renewal of existing agreements to be entered into between any of our PRC Consolidated Affiliated Entities and any member of our Group technically constitute continuing connected transactions under Chapter 14A of the Listing Rules, our Directors consider that, given that our Group is placed in a special situation in relation to the connected transaction rules under the Structured Contracts, it would be unduly burdensome and impracticable, and would add unnecessary administrative costs to our Company, if such transactions are subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules, including, among others, the announcement and the independent shareholders' approval requirements.

Confirmation from Independent Non-executive Directors

The independent non-executive Directors have reviewed the contractual arrangements under the Structured Contracts and confirmed that the non-exempt continuing connected transactions:

(1) have been entered into the ordinary and usual course of business of our Group;

(2) were on normal commercial terms or better (as defined under the Listing Rules); and

(3) were carried out in accordance with the contracts governing them, on terms that were fair and reasonable and in the interests of our Company and the Shareholders as a whole.

The independent non-executive Directors also confirmed that (i) the transactions carried out during the year ended 31 December 2024 have been entered into in accordance with the relevant provisions of the contractual arrangements under the Structured Contracts, and operated so that the profit generated by our Consolidated Affiliated Entities has been substantially retained by our Group, (ii) no dividends or other distributions have been made by our Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group, and (iii) the contractual arrangements under the Structured Contracts and if any, any new transactions, contracts and agreements entered into, renewed or reproduced between our Group and our Consolidated Affiliated Entities during the year ended 31 December 2024 are fair and reasonable, or advantageous, so far as our Group is concerned and in the interests of our Shareholders as a whole.

Confirmations from the Company's Independent Auditors

The auditors of the Company have reviewed the above non-exempt continuing connected transactions and confirmed in a letter to the Board that:

1. nothing has come to their attention that causes the auditors to believe that the disclosed continuing connected transactions have not been approved by the Board;

2. for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes the auditors to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;

3. nothing has come to their attention that causes the auditors to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

4. nothing has come to their attention that causes the auditors to believe that dividends or other distributions have been made by the PRC Operating Entities (as defined in the Prospectus) to the Controlling Shareholders (as defined in the Prospectus) which are not otherwise subsequently assigned or transferred to the Group.

Related Party Transactions

The related party transactions undertaken during the year ended 31 December 2024 are set out in note 29 to the consolidated financial statements. Save for the transactions stated in the paragraph headed "Connected Transactions" (which have complied with the disclosure requirement under Chapter 14A of the Listing Rules), no other related party transactions during the year ended 31 December 2024 constitute connected transaction or continuing connected transaction that is subject to, among others, reporting, announcement or independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Changes in Directors' or Chief Executives' Information

Pursuant to Rule 13.51B(1), all change and updated information regarding the directors and chief executive are set out in the section headed "Biographies of Directors and Senior Management". Save as disclosed in the above section, there was no change to any of the information required to be disclosed pursuant to Rule 13.51(2)(a) to (e) and (g).

Interests and Short Positions of Directors and Chief Executives in the Shares, Underlying Shares and Debentures

As of 31 December 2024, the interests and short positions of Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations, within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of the SFO (including interests and short positions which they have taken or are deemed to have taken under such provisions of the SFO); or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Director	Capacity/Nature of interest	Number of shares	Approximate percentage of the issued share capital of the Company (%)	Long position/ Short position
Mr. Chen Yuguo[1]	Interest in a controlled corporation	378,000,000	23.61	Long position
Mr. Chen Shu[2]	Interest in a controlled corporation	216,000,000	13.49	Long position
Mr. Chen Lingfeng[3]	Interest in a controlled corporation	216,000,000	13.49	Long position
Mr. Chen Yuchun[4]	Interest in a controlled corporation	120,000,000	7.50	Long position
Ms. Zhang Xuli[5]	Interest in a controlled corporation	120,000,000	7.50	Long position
Mr. Chen Nansun[6]	Interest in a controlled corporation	60,000,000	3.75	Long position

Notes:

1. Mr. Chen Yuguo holds the entire issued share capital of Guo's Investment Holdings Limited and is therefore deemed to be interested in the 378,000,000 shares held by Guo's Investment Holdings Limited under the SFO.

2. Mr. Chen Shu holds the entire issued share capital of Shu's Investment Holdings Limited and is therefore deemed to be interested in the 216,000,000 shares held by Shu's Investment Holdings Limited under the SFO.

3. Mr. Chen Lingfeng holds the entire issued share capital of Feng's Investment Holdings Limited and is therefore deemed to be interested in the 216,000,000 shares held by Feng's Investment Holdings Limited under the SFO.

4. Mr. Chen Yuchun holds the entire issued share capital of Chun's Investment Holdings Limited and is therefore deemed to be interested in the 120,000,000 shares held by Chun's Investment Holdings Limited under the SFO.

5. Ms. Zhang Xuli holds the entire issued share capital of ZXL Investment Holdings Limited and is therefore deemed to be interested in the 120,000,000 shares held by ZXL Investment Holdings Limited under the SFO.

6. Mr. Chen Nansun holds the entire issued share capital of CNS Investment Holdings Limited and is therefore deemed to be interested in the 60,000,000 shares held by CNS Investment Holdings Limited under the SFO.

Interests of Directors and Chief Executives in the Company's Associated Corporations

Name of Director	Name of associated corporation	Capacity/ Nature of interest	Registered Capital (RMB)	Approximate percentage of shareholding (%)
Mr. Chen Yuguo	JH Holdings Group	Beneficial owner	15,750,000	31.50
Mr. Chen Shu	JH Holdings Group	Beneficial owner	9,000,000	18.00
Mr. Chen Lingfeng	JH Holdings Group	Beneficial owner	9,000,000	18.00
Mr. Chen Yuchun	JH Holdings Group	Beneficial owner	5,000,000	10.00
Ms. Zhang Xuli	JH Holdings Group	Beneficial owner	5,000,000	10.00
Mr. Chen Nansun	JH Holdings Group	Beneficial owner	2,500,000	5.00
Mr. Chen Yuguo	Jingyi Secondary School	Beneficial owner	450,000	45.00
Mr. Chen Yuchun	Jingyi Secondary School	Beneficial owner	150,000	15.00

Save as disclosed above, as of 31 December 2024, no Directors or chief executives of the Company had an interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations, within the meaning of Part XV of the SFO, which were required to be notified to the Company and the Stock Exchange; or an interest or short position which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or be notified to the Company and the Stock Exchange pursuant to the Model Code.

Interests and Short Positions of Substantial Shareholders in the Shares and Underlying Shares

As of 31 December 2024, to the knowledge of the Directors of the Company, the following persons, other than Directors and chief executives of the Company, had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to section 336 of the SFO, to be recorded in the register referred to therein:

Long positions in the Company

Name	Capacity/ Nature of interest	Number of shares	Approximate percentage of the issued share capital of the Company (%)
Guo's Investment Holdings Limited[1]	Beneficial owner	378,000,000	23.61
Ms. Zhao Xiaoyan[2]	Spouse interest	378,000,000	23.61
Shu's Investment Holdings Limited[3]	Beneficial owner	216,000,000	13.49
Ms. Lin Yunru[4]	Spouse interest	216,000,000	13.49
Feng's Investment Holdings Limited[5]	Beneficial owner	216,000,000	13.49
Chun's Investment Holdings Limited[6]	Beneficial owner	120,000,000	7.50
Ms. Zheng Suilan[7]	Spouse interest	120,000,000	7.50
ZXL Investment Holdings Limited[8]	Beneficial owner	120,000,000	7.50
Mr. Chen Yutian[9]	Spouse interest	120,000,000	7.50
Cao's Investment Holdings Limited[10]	Beneficial owner	90,000,000	5.62
Mr. Chen Yucao[10]	Interest in a controlled corporation	90,000,000	5.62
Ms. Nan Luoqiu[11]	Spouse interest	90,000,000	5.62

Notes:

1. Mr. Chen Yuguo is the sole shareholder of Guo's Investment Holdings Limited and is therefore deemed to be interested in the shares held by Guo's Investment Holdings Limited upon the Listing.

2. Ms. Zhao Xiaoyan is the wife of Mr. Chen Yuguo, and Ms. Zhao is therefore deemed to be interested in the shares held by Mr. Chen Yuguo upon the Listing.

3. Mr. Chen Shu is the sole shareholder of Shu's Investment Holdings Limited and is therefore deemed to be interested in the shares held by Shu's Investment Holdings Limited upon the Listing.

4. Ms. Lin Yunru is the wife of Mr. Chen Shu, and Ms. Lin Yunru is therefore deemed to be interested in the shares held by Mr. Chen Shu upon the Listing.

5. Mr. Chen Lingfeng is the sole shareholder of Feng's Investment Holdings Limited and is therefore deemed to be interested in the shares held by Feng's Investment Holdings Limited upon the Listing.

6. Mr. Chen Yuchun is the sole shareholder of Chun's Investment Holdings Limited and is therefore deemed to be interested in the shares held by Chun's Investment Holdings Limited upon the Listing.

7. Ms. Zheng Suilan is the wife of Mr. Chen Yuchun and is therefore deemed to be interested in the shares held by Mr. Chen Yuchun upon the Listing.

8. Ms. Zhang Xuli is the sole shareholder of ZXL Investment Holdings Limited and is therefore deemed to be interested in the shares held by ZXL Investment Holdings Limited upon the Listing.

9. Mr. Chen Yutian is the husband of Ms. Zhang Xuli and is therefore deemed to be interested in the shares held by Ms. Zhang Xuli upon the Listing.

10. Mr. Chen Yucao is the sole shareholder of Cao's Investment Holdings Limited and is therefore deemed to be interested in the shares held by Cao's Investment Holdings Limited upon the Listing.

11. Ms. Nan Luoqiu is the wife of Mr. Chen Yucao and is therefore deemed to be interested in the shares held by Mr. Chen Yucao upon the Listing.

Long positions in Jingyi Secondary School

Name	Capacity/Nature of interest	Amount of capital (RMB)	Approximate percentage of shareholding of Jingyi Secondary School (%)
Mr. Chen Yucao	Beneficial owner	250,000	25.00
Mr. Chen Yutian	Beneficial owner	150,000	15.00

Long positions in Changzheng College

Name	Capacity/ Nature of interest	Approximate percentage of shareholding of Changzheng College (%)
Hangzhou Changzheng Vocational School (杭州長征業餘學校)	Beneficial owner	46.38
Zhejiang Provincial Committee of the Chinese Kuomintang Revolutionary Committee (中國國民黨革命委員會浙江省委員會)[1]	Interest in a controlled corporation	46.38

Note:

1. The school sponsor's interest in Hangzhou Changzheng Vocational School was 100% owned by Zhejiang Provincial Committee of the Chinese Kuomintang Revolutionary Committee.

Save as disclosed above, as of 31 December 2024, to the knowledge of the Directors, no other persons (not being Directors or chief executives of the Company) had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to section 336 of the SFO, to be recorded in the register referred to therein.

Directors' Right to Acquire Shares or Debentures

Save as disclosed in this annual report, at no time during the Year 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 respective spouses or children under the age of 18 were granted any right to subscribe for the share capital or debt securities of the Company or any other body corporate or had exercised any such right.

Share Option Scheme

A Share Option Scheme was conditionally approved by a resolution of the shareholders of our Company passed on 30 May 2019 and adopted by a resolution of the Board on 30 May 2019 (the "Adoption Date"). As at the date of this annual report, the total number of Shares available for issue under the Share Option Scheme was 160,000,000 Shares, which represented approximately 10% of the Shares in issue (excluding any treasury shares).

The following is a summary of the principal terms of the Share Option Scheme:

1. **Purpose of the Share Option Scheme:**
   The Share Option Scheme aims to give the Eligible Persons (as defined below) an opportunity to have a personal stake in our Company and help motivate them to optimize their future contributions to our Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such Eligible Persons (as defined below) who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of our Group, and additionally in the case of Executives (as defined below), to enable our Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

2. **Participants of the Share Option Scheme:**
   Our Board may, at its absolute discretion, offer options ("Options") to subscribe for such number of Shares in accordance with the terms set out in the Share Option Scheme to:

   (a) any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of our Group ("Executive"), any proposed employee, any full-time or part-time employee, or a position for the time being seconded to work full-time or part-time for any member of our Group;

   (b) a director or proposed director (including an independent non-executive director) of any member of our Group;

   (c) a direct or indirect shareholder of any member of our Group;

   (d) a supplier of goods or services to any member of our Group;

   (e) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of our Group;

   (f) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of our Group;

   (g) an associate of any of the persons referred to in paragraphs (a) to (f) above; and

   (h) any person involved in the business affairs of our Group whom our Board determines to be appropriate to participate in the Share Option Scheme (the person referred above are the "Eligible Persons").

   Pursuant to the amendments to the Listing Rules with effect from 1 January 2023, the Eligible Persons under the Share Option Scheme is subject to Rule 17.03A of the Listing Rules.

3. **Total number of Shares available for issue under the Share Option Scheme and percentage of issued shares as at the date of this annual report:**
   As at the date of this annual report, no share option has been granted under the Share Option Scheme.

   The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme shall not in aggregate exceed 160,000,000 Shares, representing approximately 10% of the issued share capital of the Company at the date of this annual report.

4. **Maximum entitlement of each participant under the Share Option Scheme:**
Where any further grant of Options to such an Eligible Person would result in our Shares issued and to be issued upon exercise of all Options granted and to be granted to such Eligible Person (including exercised, canceled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of our Shares in issue, such further grant shall be separately approved by our Shareholders in general meeting with such Eligible Person and his close associates abstaining from voting. Our Company shall send a circular to our Shareholders disclosing the identity of the Eligible Person, the number and terms of the Options to be granted to such Eligible Person, and containing the details and information required under the Listing Rules.

5. **The period within which the Shares must be exercised under the Share Option Scheme:**
Subject to the terms of the Share Option Scheme, the Share Option Scheme shall be valid and effective for a period of 10 years from the date on which it becomes unconditional, after which no further options will be granted or offered but the provisions of the Share Option Scheme shall remain in force and effect in all other aspects. All Options granted prior to such expiry and not then exercised shall continue to be valid and exercisable subject to and in accordance with the Share Option Scheme.

6. **The minimum period for which an option must be held before it can be exercised:**
There is no minimum period for which an Option must be held before it can be exercised.

7. **Amount payable for Options:**
The consideration payable on acceptance of the option granted to an grantee under the Share Option Scheme is HK$1.00.

8. **The basis of determining the subscription price:**
Our Board shall determine the price, in its absolute discretion, at the time of grant of the relevant Option but the price shall not be less than whichever is the highest of:

(a) The nominal value of a Share;

(b) The closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the offer date; and

(c) The average closing price of a Share as stated in the Stock Exchange's daily quotations sheet for the 5 Business Days (as defined in the Listing Rules) immediately preceding the offer date.

9. **The remaining life of the Share Option Scheme:**
The remaining life of the Share Option Scheme is four years and one month. Since the adoption of the Share Option Scheme, no options had been granted under the Share Option Scheme.

During the year ended 31 December 2024, no option was granted, exercised, cancelled or lapsed under the Share Option Scheme. Details of the Share Option Scheme are set out in "Appendix V – Statutory and General Information" of the Prospectus. As of 31 December 2024, the Company did not grant any options to subscribe for new Shares under the Share Option Scheme. The number of options available for grant under the Share Option Scheme at the beginning and the end of the Year is 160,000,000.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and to the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules during the year ended 31 December 2024 and up to the date of this annual report.

Bonds Issued

The Company did not have any bonds in issue or existence for the year ended 31 December 2024.

Share-Linked Agreement

For the year ended 31 December 2024, save for the Share Option Scheme as set out above, the Company did not enter into or have any share-linked agreement, and was not obligated to enter into any agreement which will or may cause the Company to issue shares.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities (including sale of treasury share (if any)) of the Company for the year ended 31 December 2024. The Company did not hold any treasury share as at 31 December 2024.

Pre-Emptive Right

There is no provision of pre-emptive right in the Articles of Association and the laws of Cayman Islands that requires the Company to offer new shares to the existing Shareholders on a pro rata basis.

Permitted Indemnities

For the year ended 31 December 2024, the Company did not have any permitted indemnities that used to take effect or was effective in favour of any Director (whether entered into by the Company or not) or any director of any company associated with the Company (if entered into by the Company). The Company has purchased liability insurance for the relevant legal proceedings in which the Directors may be involved.

Pension and Employee Benefit Schemes

Details of the Group's pension and employee benefit schemes are set out in note 2.4 to the consolidated financial statements on page 160 of this annual report.

Auditor

Ernst & Young, the auditors of the Company, will retire at the conclusion of the forthcoming AGM of the Company and be eligible to offer themselves for re-appointment. A resolution will be submitted to the AGM to be held on 16 May 2025 to seek Shareholders' approval on the re-appointment of Ernst & Young as the Company's auditor until the conclusion of the next AGM and to authorise the Board to fix their remuneration.

On behalf of the Board

Chen Yuguo
Chairman

Zhejiang, the PRC
28 March 2025

The Board is pleased to present this Corporate Governance Report in the Company's annual report for the year ended 31 December 2024.

Corporate Purposes, Values, Strategy and Culture

We focus on providing high-quality private higher education to enable our students to acquire practical knowledge and practical skills, and aim to build a well-known private education brand in China and establish reputable undergraduate and junior colleges to serve the society and promote the all-round development of students' mission. At the same time, we are well aware of the importance of stakeholders at the Board level and to the Group as a whole. Therefore, we are committed to creating value for stakeholders through sustainable growth and development.

We have formulated the Group's purposes, values and strategies and are satisfied that the Group's culture is in harmony. We instill ethical and responsible values throughout the Group. The Group will continue to review its business strategy and adjust it when necessary, and keep abreast of the ever-changing market conditions, so as to promote the sustainable development of the Group. We believe that a healthy corporate culture is essential to good corporate governance and is a necessary condition for the long-term success of the Group.

Compliance with the Code on Corporate Governance Practices

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of Shareholders and strengthen corporate value and accountability system. The Company has adopted the CG Code.

The Company devotes to the best practices on corporate governance, and has complied with the code provisions of the CG Code for the year ended 31 December 2024, except for the following deviation.

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman of the Board (the "Chairman") and chief executive officer (the "CEO") should be separated and should not be performed by the same individual. The division of responsibilities between the Chairman and the CEO should be clearly established and set out in writing.

Mr. Chen Yuguo is the Chairman and the CEO of the Company. As Mr. Chen Yuguo has been managing the Group's business and overall strategic planning since its establishment, the Directors consider that the vesting of the roles of Chairman and CEO in Mr. Chen Yuguo is beneficial to the business prospects and management of the Group by ensuring consistent leadership within the Group, aligning the directions and approaches on the board level and execution level and enabling more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. Accordingly, the Company had not segregated the roles of its Chairman and CEO.

Model Code for Securities Transactions

The Company has adopted the Model Code as a code of conduct regarding securities transactions by Directors. After making specific enquiries with all Directors, all Directors confirmed that they complied with the standards set out in the Model Code for the year ended 31 December 2024.

The Board will continue to review and monitor the practices of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance practices of the Company.

Board of Directors

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

For the year ended 31 December 2024 and up to the date of this annual report the composition of the Board is as follows:

Executive Directors
Mr. Chen Yuguo, *Chairman and Chief Executive Officer*
Mr. Chen Yuchun
Mr. Chen Shu
Mr. Chen Nansun
Mr. Chen Lingfeng

Non-executive Director
Ms. Zhang Xuli

Independent non-executive Directors
Mr. Fung Nam Shan
Mr. Wang Yuqing
Ms. Bi Hui

The biographical information of the Directors is set out in the section headed "Biographies of Directors and Senior Management" in this annual report. Mr. Chen Yuguo is the younger brother of Mr. Chen Yuchun, father of Mr. Chen Shu and Mr. Chen Lingfeng, uncle of Mr. Chen Nansun and brother-in-law of Ms. Zhang Xuli. Mr. Chen Yuchun is the elder brother of Mr. Chen Yuguo, uncle of Mr. Chen Nansun, Mr. Chen Shu and Mr. Chen Lingfeng, and brother-in-law of Ms. Zhang Xuli. Mr. Chen Shu is the son of Mr. Chen Yuguo, elder brother of Mr. Chen Lingfeng, nephew of Mr. Chen Yuchun and Ms. Zhang Xuli, and cousin of Mr. Chen Nansun. Mr. Chen Nansun is the nephew of Mr. Chen Yuchun, Mr. Chen Yuguo and Ms. Zhang Xuli, and cousin of Mr. Chen Shu and Mr. Chen Lingfeng. Mr. Chen Lingfeng is the son of Mr. Chen Yuguo, younger brother of Mr. Chen Shu, nephew of Mr. Chen Yuchun and Ms. Zhang Xuli, and cousin of Mr. Chen Nansun. Ms. Zhang Xuli is the sister-in-law of Mr. Chen Yuchun and Mr. Chen Yuguo, and aunt of Mr. Chen Shu, Mr. Chen Nansun and Mr. Chen Lingfeng. Save as disclosed, no Director is related to one another.

The relationship between board members is set out in the section headed "Biographies of Directors and Senior Management" of this annual report. Save as disclosed in the above-mentioned section, none of the board members have any relationship (including financial, business, family or other material/relevant relationships).

Board Meetings and General Meetings

The Board shall convene at least four Board meetings each year in compliance with code provision C.5.1 of the CG Code. For the year ended 31 December 2024, the Board convened six Board meetings. The Company held one general meeting during the year ended 31 December 2024. A summary of the attendance record of the Directors is set out in the following table:

Name of Director	Attendance/Number of Board meetings	Attendance/Number of General meetings
Executive Directors		
Mr. Chen Yuguo, *Chairman and Chief Executive Officer*	6/6	1/1
Mr. Chen Yuchun	6/6	1/1
Mr. Chen Shu	6/6	1/1
Mr. Chen Nansun	6/6	1/1
Mr. Chen Lingfeng	6/6	1/1
Non-executive Director		
Ms. Zhang Xuli	6/6	1/1
Independent non-executive Directors		
Mr. Fung Nam Shan	6/6	1/1
Mr. Wang Yuqing	6/6	1/1
Ms. Bi Hui	6/6	0/1

Apart from regular Board meetings, the Chairman also held a meeting with independent non-executive Directors without the presence of other Directors during the year ended 31 December 2024.

Independent Non-executive Directors

The Board at all times met the requirements set out in Rule 3.10 and 3.10A of the Listing Rules relating to the appointment of at least three independent non-executive Directors (representing one-third of the Board) with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received from each independent non-executive Director a written annual confirmation in respect of his/her independence. Based on such confirmation, the Board considers that all independent non-executive Directors are independent in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules.

Re-election of Directors

Code provision B.2.2 of the CG Code stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

All Directors have been appointed for a term of one year. Each of the Directors is subject to retirement by rotation once every three years in accordance with the Articles of Association. The Articles of Association requires that at every annual general meeting of the Company, 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 whereas every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.

In accordance with Article 84(2) of the Articles of Association, Mr. Chen Lingfeng and Mr. Chen Nansun, the executive Directors, and Ms. Zhang Xuli, a non-executive Director, shall retire and being eligible, have offered themselves for re-election at the AGM. At the AGM, ordinary resolutions will be proposed to re-elect each of Mr. Chen Lingfeng and Mr. Chen Nansun as an executive Director and Ms. Zhang Xuli as a non-executive Director. The Board recommends their re-appointment. A circular which contains detailed information of the retiring Directors will be sent to the Company's Shareholders in due course.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible for the leadership and control of the Company and oversees 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. Members of the Board shall make decisions objectively in the interests of the Company.

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

All Directors have full and timely access to all the information of the Company as well as the services and advice from the company secretary and senior management. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his/her responsibilities to the Company.

The Board is responsible for making decisions on all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the management.

Continuous Professional Development of Directors

Directors shall keep abreast of their responsibilities as directors of the Company, and the code of conduct, business activities and development of the Group.

In accordance with provision C.1.4 of the CG Code with regards to continuous professional development, Directors shall participate in appropriate continuous professional development to develop and refresh their knowledge and skills, so as to ensure that their contribution to the Board remains informed and relevant. All Directors have provided their training records to the Company.

During the year ended 31 December 2024, all Directors participated in continuous professional development by means of attending seminars and/or reading materials in the topics of CG Code, the Listing Rules and regulations and financial management to develop and refresh their knowledge and skills:

Name of Director	Attending seminars
Executive Directors	
Mr. Chen Yuguo, *Chairman and Chief Executive Officer*	✓
Mr. Chen Yuchun	✓
Mr. Chen Shu	✓
Mr. Chen Nansun	✓
Mr. Chen Lingfeng	✓
Non-executive Director	
Ms. Zhang Xuli	✓
Independent non-executive Directors	
Mr. Fung Nam Shan	✓
Mr. Wang Yuqing	✓
Ms. Bi Hui	✓

Corporate Governance

The Board adopted the corporate governance policy on 18 November 2019 that reflects the Company's commitment to high standards of corporate governance and to assist the Board in supervising the management of the business and affairs of the Group. The Board is responsible for performing the corporate governance functions and continual enhancement of corporate governance practices.

The Company adopted code provision A.2.1 of the CG Code in performing its corporate governance functions. During the Year, the Company has performed the following duties in respect of its corporate governance functions:

a) approving and reviewing the policies and practices of the Group regarding the principles of corporate governance including the CG Code;

b) reviewing the Group's overall corporate governance arrangements;

c) reviewing and monitoring the training and continuous professional development of directors and senior management;

d) reviewing and monitoring the Group's policies and practices on compliance with legal and regulatory requirements;

e) reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and directors; and

f) reviewing the Group's compliance with the code and disclosure in the Corporate Governance Report and approving the Corporate Governance Report to be included in the annual report.

The Board shall review this policy on a regular basis and recommends such changes as it determines necessary and appropriate in light of the needs of the Company and legal, regulatory and other developments.

Board Committees

The Board has established three committees, namely, the Audit Committee, the remuneration committee (the "Remuneration Committee") and the nomination committee (the "Nomination Committee") of the Company, for overseeing particular aspects of the Company's affairs. Each of these committees was established with defined written terms of reference. The terms of reference of the Board committees are posted on the websites of the Company and the Stock Exchange and are available for Shareholders' review upon request.

The majority of the members of each Board committee are independent non-executive Directors.

Board Committees

Audit Committee

We have established the Audit Committee with written terms of reference in compliance with the CG Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of our Group, and oversee the audit process, risk management process and external audit functions. The Audit Committee consists of three members, all being independent non-executive directors, namely, Mr. Fung Nam Shan, Mr. Wang Yuqing and Ms. Bi Hui. The chairman of the Audit Committee is Mr. Fung Nam Shan.

For the year ended 31 December 2024, the Audit Committee held two meetings. The attendance record of the meetings is set out in the table below:

Name of Committee Member	Attendance/ Number of meetings
Mr. Fung Nam Shan	2/2
Mr. Wang Yuqing	2/2
Ms. Bi Hui	2/2

According to the terms of reference of audit committee, the committee should meet at least two times each financial year. For the year ended 31 December 2024, the Audit Committee held two meetings to discuss significant issues on the financial reporting and compliance procedures, internal control and risk management systems, and scope of work and appointment of external auditors.

For the year ended 31 December 2024, the Audit Committee also met twice with the external auditors without the presence of the executive Directors to discuss the Group's interim and annual financial results and annual audit plan.

An explanation of the basis on which the Company generates or preserves value over the longer term and the strategy for delivering the Company's objective is included in the "Chairman's Statement" and the "Management Discussion and Analysis" sections in this annual report.

Remuneration Committee

We have established the Remuneration Committee with written terms of reference in compliance with the CG Code. The primary duties of the Remuneration Committee are to make recommendations to the Board on our Company's policy and structure concerning the remuneration of our Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy, review and approve performance-based remuneration by reference to corporate goals and objectives, approve the terms of executive directors' service contracts, determine the terms of the specific remuneration package for each executive Director and senior management and ensure none of our Directors will determine their own remuneration. The Remuneration Committee consists of three members, all being independent non-executive directors, namely Mr. Wang Yuqing, Mr. Fung Nam Shan and Ms. Bi Hui. The chairman of the Remuneration Committee is Mr. Wang Yuqing.

For the year ended 31 December 2024, the Remuneration Committee held one meeting. The attendance record of the meeting is set out in the table below:

Name of Committee Member	Attendance/ Number of meeting
Mr. Wang Yuqing	1/1
Mr. Fung Nam Shan	1/1
Ms. Bi Hui	1/1

During the meeting, the Remuneration Committee reviewed the remuneration policy and structure of the Company, the remuneration packages of the executive Directors and senior management and other related matters of the Company, and made recommendations to the Board in respect of these issues.

The total remuneration paid/payable to the senior management (including all executive Directors) by band expressed in Hong Kong Dollars (HK$) is set out below:

Band	Number of senior management For the year ended 31 December 2024
Nil to HK$1,000,000	7
HK$1,500,001 to HK$2,000,000	1
HK$3,000,001 to HK$3,500,000	1
HK$6,000,001 to HK$6,500,000	4
HK$9,000,001 to HK$9,500,000	1

Nomination Committee

We have established the Nomination Committee with written terms of reference in compliance with the CG Code. The primary duty of the Nomination Committee is to make recommendations to our Board on the appointment of members of our Board. The Nomination Committee consists of three members, all being independent non-executive directors, namely, Ms. Bi Hui, Mr. Fung Nam Shan and Mr. Wang Yuqing. The chairwoman of the Nomination Committee is Ms. Bi Hui.

During the year ended 31 December 2024, the Nomination Committee held one meeting. The attendance record of the meeting is set out in the table below:

Name of Committee Member	Attendance/ Number of meeting
Ms. Bi Hui	1/1
Mr. Fung Nam Shan	1/1
Mr. Wang Yuqing	1/1

During the meeting, the Nomination Committee reviewed the structure, size, composition and diversity of the Board.

Director Nomination Policy

The Company adopted a nomination policy on 18 November 2019. The Nomination Committee shall consider a number of factors in making nominations, including but not limited to (a) skills, experience and professional expertise, (b) diversity, (c) commitment, (d) standing and (e) independence.

The nomination procedures are set out below:

– If the Nomination Committee determines that an additional or replacement director is required, the Committee may take such measures that it considers appropriate in connection with its identification and evaluation of a candidate.

– The Nomination Committee may propose to the Board a candidate recommended or offered for nomination by a shareholder of the Company as a nominee for election to the Board and the appointment or re-appointment of Directors and succession planning for Directors is subject to the approval of the Board.

– On making recommendation, the Nomination Committee may submit the candidate's personal profile and a proposal to the Board for consideration. In order to be a valid Proposal, the Proposal must clearly indicate the nominating intention and the candidate's consent to be nominated and the personal profile must incorporate and/or accompanied by the full particulars of the candidate that are required to be disclosed under the Listing Rules, including the information and/or confirmation required under Rule 13.51(2) of the Listing Rules. If the candidate is proposed to be appointed as an independent non-executive director, his or her independence shall be assessed in accordance with the factors set out in Rule 3.13 of the Listing Rules, subject to any amendments as may be made by the Stock Exchange from time to time.

– The Board shall observe the Board Diversity Policy (as defined below) and shall, subject to merit and suitability, continue in its endeavours to introduce more diversity into the Board, taking into account professional experience and qualifications, gender, age, cultural and educational background, and any other factors that the Board might consider relevant and applicable from time to time towards achieving board diversity.

– Each proposed new appointment, election or re-election of a Director shall be assessed and/or considered against the criteria and qualifications set out in the Nomination Policy by the Nomination Committee which shall recommend its views to the Board and/or the Shareholders for consideration and determination.

The procedures for shareholders to propose a person for election as a director are set out below:

– A Shareholder (other than the Proposed Person as defined below) who is duly qualified to attend and vote at any general meeting of the Company may lodge a notice in writing (the "Notice") to nominate a person for election as a director of the Company (the "Proposed Person") at the Company's head office or the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

– The Notice must include (i) the Shareholder's notice of intention to propose the Proposed Person for election; (ii) a notice signed by the Proposed Person of his/her willingness to be elected as a director of the Company and written consent to the publication of his/her personal data; and (iii) the Proposed Person's information as required to be disclosed under Rule 13.51(2) of the Listing Rules.

– The minimum length of the period during which such Notice may be given is at least seven days and that, if the Notices are submitted after the dispatch of the notice of the general meeting appointed for such election, the period for lodgment of such Notice shall commence on the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting.

– Upon receipt of the Notice after the publication of the notice of general meeting, the Company will, prior to the general meeting, publish an announcement or issue a supplementary circular to the Shareholders containing information of the Proposed Person(s) pursuant to the Listing Rules, as applicable.

Board Diversity Policy

The Company has adopted a board diversity policy (the "Board Diversity Policy") which sets out the objective and approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board. The Board Diversity Policy provides that the Company should endeavor to ensure that the Board members have the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of the Group's business strategy. Pursuant to the Board Diversity Policy, selection of candidates for Directors will be based in a range of diversity perspectives, including but not limited to professional experience, gender, age, culture, independence, educational background, knowledge, expertise and length of service. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to the Board.

The board comprises nine members, including five executive Directors, one non-executive Director and three independent non-executive Directors. Our Directors have a balanced mix of experiences, including management and strategic development, finance and investment and accounting experiences in addition to education business. Our Board has experienced Directors that four of our executive Directors have joined our Group for more than 10 years, while Directors are expected to bring in fresh ideas and new perspectives to our Group. The Board consists of seven male and two female. Board members are of ages ranging from 36 to 73 years old. The members of the Board include different cultural and educational backgrounds. After due consideration, the Board believes that the Board composed of Directors with elite management level has achieved measurable objectives and is in line with the Board Diversity Policy. When considering the addition of new Board members or Director successors, the Board will identify and select suitable Board members or Director successors from various channels, including but not limited to internal promotion, Board member recommendation and external recruitment.

As at 31 December 2024, the ratio of male to female among all employees (including senior management) of the Group was 0.5:1. In order to achieve the goal of gender diversity, we hope that by creating favorable conditions in our working environment, more male will join the Group, so that the proportion of male employees will gradually increase, and then become a gender-balanced enterprise. The gender balance plan includes hiring more male based on the qualifications, experience and skills required for the position. In addition, we may face the problem of whether the supply of male personnel in the human resources market can match the education, experience and skill requirements required by the positions in the Group. Despite these challenges, we will still move towards the goal of gender balance.

Mechanisms for the Board to Obtain Independent Views and Opinions

The Board has adopted the mechanism for the Board to obtain independent views and opinions on 30 August 2022. This mechanism clarifies the procedures and channels for directors to seek external professional advice and information, and the qualifications of independent non-executive Directors, the number of people and the time contributed, etc., to ensure that the Board can obtain independent views and opinions, and will review the implementation and effectiveness of the mechanism every year.

Dividend Policy

Subject to the Companies Act of Cayman Islands, the Company may from time to time declare dividends in any currency to be paid to the Shareholders in the general meeting but no dividend shall be declared in excess of the amount recommended by the Board.

Dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the Directors determine is no longer needed. With the approval of an ordinary resolution, dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Act of Cayman Islands.

Except in so far as the rights attaching to, or the terms of issue of, any share otherwise provide: (a) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of calls shall be treated for the purposes of the Articles of Association as paid up on the share; and (b) all dividends shall be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

Insurance on Directors' and Officer's Liabilities

The Company has arranged for liability insurance cover to indemnity the Directors and the senior management of the Company. The insurance coverage is reviewed by the Board on an annual basis.

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 December 2024.

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.

The statement of the independent auditor of the Company about its reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 120 to 126 in this annual report.

External Auditors

For the year ended 31 December 2024, the service fees paid or payable, excluding disbursements, by the Group to the external auditors are set out as follows:

Type of services	**Amount** **RMB'000**
Audit service	2,300
Non-audit service	69
Total	2,369

Internal Control and Risk Management

The Board acknowledges that it has overall responsibility for the Group's risk management and internal control systems and for reviewing their effectiveness. It should be noted that such systems 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 Company has an internal audit and control department, with the assistance of an external consultant, which carries out the analysis and independent appraisal of the adequacy and effectiveness of the Company's risk management and internal control systems and reports to the Board.

During the financial year ended 31 December 2024, the Board has conducted its regular and annual review of the effectiveness of our risk management and internal control systems, in particular, the operational and financial reports, compliance control and risk management reports, budgets and business plans provided by the management, the adequacy of resources, staff qualifications and experience and training programs received by the staff. The Audit Committee also performs regular review of the Group's performance, risk management and internal control systems and discusses with the Board, in order to ensure effective measures are in place to protect material assets and identify business risks of the Group. Such review during the financial year ended 31 December 2024 did not reveal any major issues and the Board considers the risk management and internal control systems effective and adequate. The Group's review procedures involved in the risk management and internal control mainly included:

(1) a list of risks was created after the scope of risks was determined and risks were identified;

(2) the impacts brought by possible financial losses due to risks on operating efficiency, continuous development, and reputation were assessed with reference to possible occurrence of various potential risks and the attention drawn from the management of the Group, based on which the priority of the risks was determined;

(3) risk management measures with respect to material risks were identified, internal control over the design and implementation of risk management measures were assessed, and measures to improve the weaknesses were formulated;

(4) by assessing internal controls and management's implementation of rectification measures with respect to material risks, the Group regularly reviewed and summarized the risk management and internal control systems to realize the efficient operation and constant improvement of risk management;

(5) the risk management handbook was formulated to address risk management and internal control, pursuant to which, the terms of reference of the management, the Board, and the Audit Committee with respect to their risk management work were clearly determined, and risk management and internal control systems were monitored on an ongoing basis; and

(6) the management submitted reports to the Audit Committee for regular reviews and assessment results with respect to risk management and internal control systems, material risk factors, and the relevant countermeasures.

With respect to the procedures and internal controls for the handling and dissemination of inside information, the Group has established internal policy and procedures which strictly prohibit unauthorised use of inside information and has communicated to all staff; the Board is aware of its obligations to announce any inside information in accordance with the Listing Rules and conducts the affairs with reference to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission in June 2012. In addition, only Directors and delegated officers can act as the Group's spokesperson and respond to external enquiries about the Group's affairs.

Whistleblower Policy

On 26 March 2020, the Board adopted a whistleblowing policy ("Whistleblowing Policy"). The Whistleblowing Policy aims to (i) foster compliance, ethical behaviour and good corporate governance throughout the Group; and (ii) promote the importance of ethical behavior and encourage reporting of misconduct, illegal and unethical behaviour.

The nature, status and outcome of complaints received under the Whistleblowing Policy shall be reported to the chairman of the Board and the Audit Committee. During the year ended 31 December 2024, no incident of fraud or misconduct that had a material impact on the Group's financial statements or overall operations was identified. The Audit Committee regularly reviews the Whistleblower Policy to ensure its effectiveness.

Anti-Corruption and Bribery Policy

The Board adopted an anti-corruption and bribery policy ("Anti-Corruption and Bribery Policy") on 31 March 2022. The Group is committed to the highest standards of integrity and ethical conduct in conducting its business. Anti-Corruption and Bribery Policy form part of the Group's corporate governance framework. The Anti-Corruption and Bribery Policy sets out the specific behavioral guidelines that employees and business partners of the Group must follow to combat corruption. This demonstrates the Group's commitment to practicing ethical business conduct and complying with anti-corruption laws and regulations applicable to its business. In order to implement this commitment and ensure the transparency of the Group's practices, the Group has formulated an Anti-Corruption and Bribery Policy as a guideline for the conduct of all employees of the Group and third parties that have business dealings with the Group.

The Anti-Corruption and Bribery Policy will be regularly reviewed and updated to comply with applicable laws and regulations and industry best practices.

Company Secretary

Ms. Sze Suet Ling ("Ms. Sze") of SWCS Corporate Services Group (Hong Kong) Limited, an external service provider, has been engaged by the Company as its company secretary since 4 November 2018. Mr. Chen Lingfeng, an executive Director, is the primary contact person between the Company and Ms. Sze during her tenure.

Ms. Sze undertook not less than 15 hours of relevant professional training during the year ended 31 December 2024.

Shareholders' Rights

To safeguard Shareholders' interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings, including the election of individual Directors. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange after each general meeting.

The Company has adopted a shareholder communication policy (the "Shareholder Communication Policy") on 26 March 2020, which sets out that the Company utilizes a number of mechanisms to provide effective and efficient communication to shareholders, including (i) to facilitate effective communication, provide clear and complete information to shareholders and investors in a timely and objective manner. The Company publishes information on the Company's business operations and development, financial information, the latest information and news of information, corporate governance practices and other materials are available for public viewing; (ii) the Company is also committed to continuously strengthening communication with shareholders in the investment market. The company will regularly provide one-to-one meetings, conference calls, media interviews, investor marketing activities and professional industry forums, etc. to facilitate communication between the company, shareholders and the investment community; and (iii) through annual general meetings and other general meetings, the chairman of the meeting will explain to shareholders the voting detailed procedures for conducting voting by way of poll and answer any questions from shareholders about voting by way of poll. At the annual general meeting, the chairman of the Board, the chairman of the Audit Committee, the Remuneration Committee, the Nomination Committee or, in their absence, other members of each committee are also available to answer shareholders' queries.

During the year ended 31 December 2024, the Board has reviewed the implementation and effectiveness of the Shareholder Communication Policy. The Board believes that shareholders and investors can effectively obtain the information of the Group through multiple communication channels for shareholders. At the same time, shareholders can also take the initiative to directly contact the Board and express their opinions through the procedure of making inquiries to the Board. In addition, the Board members attended the annual general meeting held on 17 May 2024 to provide Shareholders with opportunities to understand the latest development of the Group and raise questions. Therefore, the Board agrees with the effectiveness of the Shareholder Communication Policy. Details of the attendances of each Directors at the annual general meeting of the Company in 2024 is listed under the sub-section "Board Meetings and General Meetings" within the section named "Board of Directors" in this Corporate Governance Report.

Convening an Extraordinary General Meeting ("EGM") and Putting Forward Proposals at EGM

Pursuant to article 58 of the Articles of Association, the Board may, whenever it thinks fit, convene an EGM.

General meetings shall also be convened on the written requisition of any two or more members deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company.

If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionists themselves or any of them representing more than 50% of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionists as a result of the failure of the Board shall be reimbursed to them by the Company.

The requisition must state clearly the name of the requisitionists, their shareholding in the Company, the reason(s) to convene an EGM, the agenda proposed to be included and the details of the business(es) proposed to be transacted in the EGM and signed by the requisitionists.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address:	Room 2106, 21/F, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong (For the attention of Chief Investor Relations Officer)
Email:	jhedu@jheduchina.com

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address, and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

Communication with Shareholders and Investors

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor's understanding of the Group's business, performance and strategies. The Company endeavors to maintain an ongoing dialogue with Shareholders and in particular, through annual general meetings and other general meetings. The Chairman of the Board, the chairpersons of the Audit Committee, Remuneration Committee, Nomination Committee or, in their absence, other members of the respective committees, will make themselves available at the annual general meetings to meet Shareholders and answer their enquiries.

Constitutional Documents

During the Year, the Company had not made any amendment to its constitutional documents.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. About This Report

1.1 Basis of Preparation

We are the largest private provider of formal higher education in Zhejiang Province in China. We uphold the educational philosophy of "people-oriented education, moral cultivation, society service and pursuit of excellence". We are committed to implementing environmental protection, bearing the social responsibility and maintaining a rigorous standard of corporate governance in our daily operation with an aim to make contributions to the society.

This report is prepared by the Company in accordance with the "Environmental, Social and Governance Reporting Guide" (the "Guide") under Appendix C2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Main Board Listing Rules"). It summarizes the environmental and social performance of the Group for the year ended 31 December 2024.

1.2 Reporting Scope & Reporting Period

Unless otherwise stated, the reporting scope of this report covers two major colleges of the Group, namely Zhengzhou College of Economics and Business ("College of Economics and Business") and Zhejiang Changzheng Vocational & Technical College ("Changzheng College"), excluding Jingyi Secondary School located in Wenzhou, Zhejiang Province, the PRC.

The reporting period of this report is from 1 January 2024 to 31 December 2024, which is the same as the reporting period covered in the 2024 Annual Report of the Company.

1.3 Stakeholder Engagement

The Guide of the Stock Exchange proposes four reporting principles as the basis for the preparation of the Environmental, Social and Governance Report, including Materiality, Quantitative, Balance and Consistency. As stated by the Stock Exchange, stakeholder engagement serves as a method to assess materiality. By engagement with the stakeholders, the Company is able to understand their opinion and identify significant environmental and social matters.

In order to make sure the comprehensiveness of this report and that it is able to cover significant aspects of the Group, we have engaged our key stakeholders, including but not limited to government authorities, non-governmental institutions and organizations, shareholders, students, employees and suppliers, to discuss and to review areas of attention which will assist the Company to meet its potential growth and future challenges.

1.4 Feedback

Our continuing improvement relies on your valuable opinions on the contents and presentation of this report. If you have any queries or suggestions, you are welcome to email us at jhedu@jheduchina.com, which will assist us in improving our ESG performance.

2. ESG Governance

The Group upholds the principle of good corporate governance, which facilitates the development of the Group's ESG strategies. The Board is committed to the fulfilment of the Group's corporate responsibilities and is responsible for setting its goals and objectives for sustainability. In order to ensure the effectiveness of the policies and measures in relation to ESG matters, the Group conducts review regularly for continuing improvement on its ESG performance.

The ESG working team is responsible for overseeing and managing the Group's significant matters in relation to ESG. The Board authorized the working team to gain access to sufficient resources and have power to, among others, conduct investigations and engage or re-appoint any professional consultant if considered necessary to handle the relevant matters. To ensure climate related issues are included in our strategy, the scope of work of the ESG working team has also been expanded to include climate related issues. The working team is responsible for the preparation of the ESG report in this regard and for reporting to the Board, and shall include such information in the Group's annual report for the reference of shareholders.

ESG Risk Management

The Group believes that risk management is indispensable to maintain its smooth operation. The Board has appointed the Audit Committee to assist the Board in identifying, evaluating, managing and reviewing the potential risks that could cause impacts on the Group's operation. The identified risks are managed in accordance with the risk management and internal control systems and are evaluated regularly to ensure the effectiveness of the control and preventive measures.

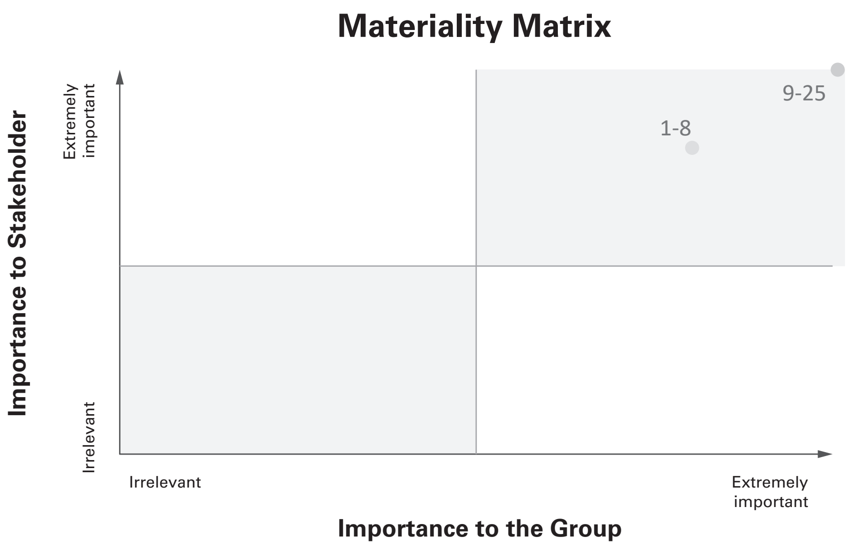
The Group requires all operating departments to be involved in the process of identifying and assessing risks, as well as the formulation of risk mitigation measures, while third party consultants are responsible for coordinating and making recommendations on the matters in relation to the identified risks. As part of the risk mitigation strategies, the Group has established a whistleblowing mechanism to enable stakeholders to express their concerns regarding any incurring risks.

2.1 Materiality Assessment

Materiality assessment allows the Group to focus on the aspects that are considered important by the stakeholders and on which the Group's operation has a significant impact. Consistent with the practices in previous reporting years, we have commissioned third party consultants to assist in conducting materiality assessment to identify sustainability aspects that are material to the Group.

We arranged focus groups for communication with different stakeholder groups during the reporting year. The Group strives to gather feedbacks and opinions from different sectors. Similar to the previous reporting year, the Group has communicated with stakeholders representing business partners, NGOs, students and employees from different departments.

Identification	By reviewing previous engagement results, as well as industry trends, the Group has identified 25 sustainability issues covering environment, labour practices, operating practices and community investment.
Data Collection	The Group has engaged various stakeholders to gather feedbacks through questionnaires, focus groups and interviews.
Analysis	Third party consultants analyzed and developed a result based on the results of the questionnaire. All the 25 sustainability issues were important, among which 17 issues were identified as extremely important.
Validation	Results of the materiality assessment were reviewed and validated by the Board to confirm they are within the aspects of the reporting year.



Consistent with the results of the past two financial years, the following are the 17 sustainability issues identified as extremely important:

Aspect	Issue No.	Sustainable Development Issue
Labour Practice	9	Establish a comprehensive employment system
	10	Eliminate workplace discrimination (such as against gender, ethnicity, disability, age, sexual orientation, etc.), and provide a fair and diverse employment environment
	11	Provide employees with a healthy and safe working environment, and prevent occupational diseases, work injuries and accidents
	12	Promote employee welfare and physical and mental health
	13	Provide employee with trainings, improve their knowledge and skills, and offer personal development opportunities
	14	Adopt measures to prevent child labour
	15	Adopt measures to prevent forced labour

Aspect	Issue No.	Sustainable Development Issue
Operating Practices	16	Measures to assess and manage the environmental and social risks of the supply chain
	17	Prioritise suppliers with better environmental and social performance
	18	Improve teaching quality and campus environment management, and protect students' health and safety
	19	Implement a responsible management system for advertising and marketing courses
	20	Implement the application system for student withdrawal
	21	Establish a mechanism for handling and responding to students and/or parents' complaints
	22	Safeguard the interests of students and business partners
	23	Prevent bribery, extortion, fraud and money laundering
Community Investment	24	Ensure business activities have taken into account the needs and interests of the community
	25	Invest resources such as money, materials or time to promote community development

The following are the 8 sustainability issues identified as important:

Aspect	Issue No.	Sustainable Development Issue
Environment	1	Manage air pollutants/greenhouse gas emissions
	2	Manage sewage discharge
	3	Manage waste disposal
	4	Save energy/improve energy efficiency
	5	Save water/improve water usage efficiency
	6	Enhance the usage efficiency of other resources
	7	Manage the impacts of the operations on the environment and natural resources
	8	Combat climate change, identify and mitigate material climate-related risks

3. Environmental

We are principally engaged in providing education services, and only limited types and volumes of emissions are generated in our daily operations. Our emissions mainly come from exhaust emissions from vehicles, greenhouse gas emissions from air-conditioning equipment of our campuses, domestic wastewater emissions and domestic wastes. We are in strict compliance with relevant laws and regulations on exhaust gas and greenhouse gas emissions, discharges released into water and land, and generation of hazardous and non-hazardous wastes, including:

- the Notice on Further Promoting the Energy Conservation of Public Buildings of the Ministry of Finance and the Ministry of Housing and Urban-Rural Department
- the PRC Energy Conservation Law
- the Renewable Energy Law of the PRC
- Law of the PRC on the Prevention and Control of Water Pollution
- Water Law of the PRC
- Law of the PRC on the Prevention and Control of Atmospheric Pollution
- Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste
- Regulation on the Prevention and Control of Atmospheric Pollution of Henan Province
- Regulation on the Prevention and Control of Water Pollution of Henan Province
- Regulation on the Reduction of Pollutant Discharge of Henan Province
- Regulation on the Prevention and Control of Motor Vehicle Exhaust Pollution of Zhejiang Province
- Regulation on the Prevention and Control of Atmospheric Pollution of Zhejiang Province
- Regulation on the Prevention and Control of Water Pollution of Zhejiang Province
- Regulation on Marine Environmental Protection of Zhejiang Province
- Administrative Measures for the Prevention and Control of Environmental Pollution by Electronic Waste
- Regulation on the Prevention and Control of Environmental Pollution by Solid Waste of Zhejiang Province
- Regulation on Ecological Environmental Protection of Zhejiang Province

In addition, we preserve the natural environment by focusing on the management of the sources of campus pollution pursuant to the PRC Environment Protection Law and other relevant laws and regulations.

3.1 Emissions

Our sources of exhaust gases and greenhouse gases are mainly corporate vehicles and air-conditioning equipment in our campuses. Exhaust gases from motor vehicles include nitrogen oxides (NO_x), sulphur dioxide (SO_2) and respiratory particulate matter (PM), while the greenhouse gas emissions include carbon dioxide (CO_2), methane (CH_4) and nitrous oxide (N_2O). The greenhouse gases released when using air-conditioning equipment in our campuses include hydrofluorocarbons (HFCs). Carbon dioxide is also produced indirectly through electricity consumption.

Gas Emissions (excluding greenhouse gases)	Unit	2024 Total	2023 Total
Nitrogen oxides (NO_x)	kg	**151**	155
Sulphur dioxide (SO_2)	kg	**1**	1
Particulate matter (PM)	kg	**14**	14

Description of greenhouse gas emissions	Unit	2024 Total carbon dioxide equivalent emissions	2023 Total carbon dioxide equivalent emissions
Scope 1 – Direct emission	tonne	**906**	740
Scope 2 – Indirect emission (electricity)	tonne	**32,694**	27,152
Scope 3 – Other indirect emission	tonne	**69**	79
Total emissions	tonne	**33,669**	27,971

Total Scope 1 and Scope 2 carbon dioxide emissions increased by 22% and 20% respectively in 2024. This was due to a 3% increase in the total number of faculty members and a 1% increase in the total number of students in 2024.

Our liquid emissions mainly include domestic sewage. All liquid emissions had been discharged into the municipal sewage pipelines in Zhengzhou or collected by a wholly-state-owned company in Hangzhou, respectively. There was no direct discharge to soil and natural water bodies.

Our major sources of solid discharges come from various recyclable and non-recyclable domestic wastes, including a small amount of hazardous waste batteries, waste lamps and waste ink cartridges.

Our domestic wastes are collected and categorised by qualified professional property management companies on a centralized basis and are transferred by municipal disposal companies to garbage transfer stations designated by government health authorities. During the reporting period, we generated a total of 9,227 tonnes (2023: 7,737 tonnes) of solid non-hazardous wastes and 0.76 tonne (2023: 0.3 tonne) of hazardous wastes.

To reduce exhaust gas and greenhouse gas emissions and the generation of hazardous and non-hazardous wastes, our campuses has taken the following initiatives:

- Responded in a proactive manner to national policies on energy-saving and emission-reduction as well as green travel by installing charging piles in our campuses and replacing fuel-powered vehicles with new energy vehicles; we also encouraged our teachers to use new energy vehicles, with the target of reducing vehicle exhaust and greenhouse gas emissions by 14% within a year;

- Maintained vehicles in good condition, and used vehicles in a reasonable manner to avoid unnecessary travels;

- Used clean energy in canteen by replacing methyl alcohol fuel oil with natural gas to reduce emissions effectively with the target of reducing exhaust gas and greenhouse gas emissions from kitchen equipment by 0.2% within a year;

- Reduced the use of diesel generators under the condition of stable electricity supply;

- Upgraded energy conservation and emission reduction equipment with the target of reducing exhaust and greenhouse gas emissions from weeders by 8% within a year;

- Bathing and water boiling equipment in our campuses were electrically heated;

- Managed office suppliers strictly to improve reuse rates and avoid waste of supplies;

- Maintained appliances regularly to extend their lives and purchased appliances of better quality to minimise wear and tear as well as the generation of discarded appliances;

- Realised remote control of campus equipment by mobile phones to avoid the use of remote controls, reduced the generation of waste batteries with the target of reducing the generation of hazardous waste batteries by 17% within a year;

- Replaced campus lighting equipment with more energy-efficient LED lights with the target of reducing the generation of hazardous waste fluorescent lamps by 25% within a year;

- Promoted online business processing to reduce paper printing with the target of reducing the generation of hazardous cartridges by 14% within a year;

- Carried out extensive publicity, education and advocacy of garbage classification and waste reduction, raised environmental awareness among students through garbage classification, explained serious damages of garbage to campus life, provided education on the importance of garbage classification and waste reduction, and encouraged students to participate in garbage classification and to reduce the use of plastic products. We also promoted garbage classification, increased the facilities for garbage classification and recycling, and taught students about garbage classification for conscious and habitual behavior, with the target of reducing domestic wastes by 11% within a year;

- Implemented paperless office practices, where all documents were edited and processed on computers, finished documents were printed on both sides, with the target of reducing waste paper by 18% within a year;

- Encouraged students to cherish food and to choose the amount of food according to their personal consumption in order to eliminate food waste, with the target of reducing food waste generation at source by 20% within a year;

- Encouraged students not to pursue excessive fashion and refuse excessive packaging;

- Encouraged to use more eco-friendly bags instead of plastic bags, reduced the use of disposable products and supported sustainable products; and

- Strengthened campus greening management by planting various kinds of trees to protect and improve the ecological environment, for beautiful campuses and elegant and comfortable learning environment.

During the reporting period, the Group did not violate any environmental protection regulations.

3.2 Use of Resources

Description of energy/resource consumption	Unit	2024 Total	2023 Total
Gasoline	MWh	**373**	382
Intensity	MWh/person (Note 1)	**0.006**	0.01
Diesel	MWh	**137**	155
Intensity	MWh/person (Note 1)	**0.002**	0.003
Natural gas	MWh	**5,037**	4,388
Intensity	MWh/person (Note 1)	**0.085**	0.07
Electricity	MWh	**39,091**	34,470
Intensity	MWh/person (Note 1)	**0.657**	0.59
Water	m^3	**1,084,819**	782,848
Intensity	m^3/person (Note 1)	**18.24**	13.32
Paper	tonne	**14,020**	16,441
Intensity	tonne/person (Note 1)	**0.24**	0.28

Note 1: Number of faculty members and students (number of faculty members and students in 2024 increased by approximately 1.2% as compared to that of 2023)

To save the use of energy and resources, we monitored the resource usage indicators and adopted the following measures:

- Advocated green travel and low-carbon life by travelling on foot, by bike, bus and other green transportation;
- Made full use of natural light in the administrative and teaching offices, classrooms, dormitories, canteens, washrooms, corridors and other places to minimize electricity generated lighting;
- Used sound and light control switches in hallways and corridors to prevent "daytime lights" and "eternal lights";
- Street lights and lighting equipment in public places were switched on and off timely according to sunshine duration;
- Used energy-efficient and LED tubes on lighting equipment;
- Installed solar landscape lights to reduce electricity consumption of campus park;
- Installed heat insulation film to reduce the use of air conditioner;

- Turned on and set the air conditioner temperature to not lower than 26ºC in summer only when the highest outdoor temperature reaches above 30ºC, and not higher than 20ºC in winter only when the lowest outdoor temperature reaches below 4ºC. It is strictly prohibited to use air conditioner when doors and windows are open;

- Adopted energy-efficient server room equipment, water dispensers, office supplies (such as computers, printers and projectors) with energy-saving and environmental protection certificates;

- Used frequency conversion energy-saving measures on certain campus elevators to adjust their speed based on passenger flow;

- Minimized standby consumption when using computers, televisions, printers, water dispensers, air conditioners, electric fans and other electrical appliances, and turned off the power promptly when being away for a long time or after office or school;

- Developed a good habit of turning off the light, water taps, and computers after work or school and turning off the power supplies of unused electrical appliances, and promoted the energy saving principle of using electricity only when necessary, with the target of reducing electricity consumption by 0.01% within a year;

- Used low-energy-consumption air-energy water heater systems to supply hot water to student dormitories, managed the use of water by charging excessive water fares when appropriate;

- Obtained water resources from the underground water, managed and reallocated the water resources based on different needs and demands of the campuses. We have no difficulty in obtaining water resources;

- Made use of the artificial lake resources in the campuses as part of the water storage and irrigation systems for daily irrigation of campus plants through non-conventional energy resources utilisation facilities such as rainwater collectors, recycled water use, drainage collection and treatment, and concentrated water collection;

- Promoted water conservation among teachers and students across colleges through various water-saving publicity activities such as "China Water Week" and "World Water Day";

- Planned for the frequency of watering plants to minimize the amount of water used for watering trees and flowers;

- Minimized water flow when using water, advocated water recycling and reuse; developed a good habit of saving water, with the target of reducing total water consumption by 6% and sewage discharge by 19% within a year; and

- Purchased and used recycled office supplies such as recycled paper and recycled pencils with the target of reducing paper use by 14% within a year.

3.3 Environmental and Natural Resources

Since the founding of our colleges, other than the necessary energy consumption and emissions, we have not caused any significant damages on the environment and natural resources in the course of operations. However, we insist to take all possible measures to save energy and reduce emissions. We have planted a large number of landscaping trees on our campuses, which have beautified the campuses and expanded the ecological functions of trees to improve the environment and regulate the climate.

In our daily management, we pay great attention to the protection of the environment for sustainable development. In order to reduce environmental pollution, we have integrated energy conservation and emission reduction into the teaching and service processes to facilitate the creation of conservation-oriented campuses so as to produce an effect that everyone has the responsibility for energy conservation in our campuses.

During the reporting period, we have taken relevant management actions, including:

- Strengthened water saving measures by strictly regulating water consumption, promoted water conservation, rejected the waste of water resources, and encouraged water recycling;

- Strengthened energy-saving measures for office equipment, raised employees' awareness of energy saving about power consumption in standby mode, reduced standby time of office equipment to reduce power consumption and extend equipment service life. In addition, phased out and gradually replaced old equipment with high power consumption with green products and equipment; gave priority to energy efficiency in the purchasing of electrical appliances and equipment;

- Encouraged a paperless office environment; reduced the provision of plastic bags to students in canteens and recycled recyclable garbage as much as possible to protect the environment.

Green Campus – Changzheng College

The occupation ratio of green space in Changzheng College is over 50%. The college primarily consumes water, electricity, petrol and natural gas, in particular, tap water is used to meet the water needs of daily campus operation, air conditioning and greening. Electricity is mainly for the operation of air conditioning systems, campus lighting and sockets, pumps, elevators, ventilation and other equipment. Petrol is for motor vehicles and greening equipment, and natural gas is only used for daily operations in the canteens.

In accordance with the requirements of the Action Plan for the Establishment of Green Schools (Colleges and Universities) in Zhejiang Province, we actively practiced the concept of green development, and thoroughly implemented the national policy on energy conservation and emission reduction by enhancing organisation guarantee, improving regulations and management rules, carrying out ecological civilization education, disseminating ecological civilization concept, cultivating green campus culture, improving campus greening and cleanliness and energy conservation, to vigorously build green schools. We have incorporated the establishment of green schools into our annual work plan during the 14th Five-Year Plan period, carried out target management and implementation performance assessment on annual key construction projects, and established a leading group for the construction of green schools to effectively promote and thoroughly implement green school construction.

Green Culture Education

Since 2016, we have offered general education courses in relation to ecological civilization, such as Food Nutrition and Hygiene, Chinese Tea Culture, Environmental Protection and Ecological Civilization, and included these courses in public elective courses, and also required teachers to strengthen ecological civilization education in other professional courses. We educated students on the dissemination of ecological civilization in curriculums, to enable students to understand the meaning of rational consumption and green production, and become a part of environmental protection and resource conservation, which further expanded their scientific knowledge of ecological civilization and environmental protection, enhanced their awareness of energy conservation, environmental protection and ecological civilization, and improved their comprehensive literacy.

Additionally, the specific requirements for saving energy resources and protecting the environment are clearly stated in our Student Handbook, and green environmental protection is included in the quantitative assessment of moral education. Students with outstanding performance may be granted additional points.

Green Culture Activities

We organize a variety of green activities on a regular basis to integrate ecological civilization education and green school building into the daily work and life of students and faculty members.

Faculty and student representatives at the used clothes transformation activity

Green Student Association

To help students establish the concept of ecological civilization, we started an environment-related student association, which makes use of fallen leaves and fruits for creation to implement the concept of low-carbon and environmental protection, and inspire students' environmental awareness.

Green Smart Management

We have set up a smart billing system platform for energy regulation with over 50% of level 2 regulated gross floor area; and set up a smart management system for the air-conditioning system, with over 70% of air-conditioners being installed with time controller. Currently, we adopt a time-division and zoning control system for all outdoor lamps in the campuses, realizing zoning control in the corridors, and smart control measures for lighting in the classrooms and other common areas; and implemented a school-wide computer-controlled power distribution system, which enables real-time operation monitoring and regulation, real-time recording of operating status of all working locations, and regular inspections with failure pre-warning.

Green Culture Publicity

We spread the knowledge of ecological civilization through different internal, external, online and offline publicity platforms.

In addition, we often publicized ecological civilization knowledge to students on treatment of five types of water, garbage sorting, civilized dining and environmental preservation through school broadcasting, showcase, electronic display, banner and other means. We popularized ecological civilization knowledge among teachers and students through different forms, to help them build the concept of "everyone will have a good life if we all care for the environment". We conducted a satisfaction survey on green school building in the form of questionnaire, with over 80% of the faculty members and students knowing, participating in and satisfied with our green school building.

While ensuring internal publicity, we were reported by the News Channel of Zhejiang Satellite TV, Tencent News, University Admission Office Spokesperson Official Account and other external media during our green school building process. Meanwhile, we were highly appreciated by Zhejiang Green School Building Work Appraisal and Acceptance Expert Team during the Year. The expert team highly praised the handicrafts made by our students with waste cartons, plastic bottles, coffee grounds and leaves, and highly appreciated our innovative penetration of ecological civilization education in teaching.

In the future, as guided by Xi Jinpin's ideology on ecological civilization, we will take this green school building as an opportunity to further publicize green education as well as green campus culture building, and work with the faculty members and students to steadfastly follow the high quality development path featuring ecological friendly, green and low carbon, in an effort to create our characteristics in school building and take our green school building to the next level.

3.4 Climate Change

In recent years, the issue of climate change has received attention around the world. The extreme weather caused by climate change has brought many challenges to water resources, ecological environment, energy development and other fields, and has affected various industries in varying degrees. To this end, we actively responded to the national development strategy and formulated relevant working mechanisms and rules and regulations to identify and mitigate climate change issues that may or have had a significant impact on the Group. We continued to reduce energy consumption and control greenhouse gas emissions from our operations through various environmental protection measures, such as campus greening and using energy-saving office equipment during the reporting period.

In view of the increasing extreme weather conditions in local areas caused by global warming effect, the Group has considered significant climate risks, including acute and chronic physical risks, such as typhoon, rainstorm, flood, fire, hail, hot weather and sea level rise. In particular, acute physical risks will bring immediate safety issues to our faculty members and students. Therefore, we have formulated relevant emergency and evacuation guidelines to ensure the safety of our faculty members and students. We actively organized natural disaster drills to enhance the disaster emergency awareness and ability of all faculty members and students. For transition risks, the Group has considered policy and legal risks about laws and government regulations on greenhouse gas emissions and energy use. As there is minimal energy consumption and related greenhouse gas emissions in our campuses, the Group believes that the risks are relatively low. However, the Group will continue to monitor the issuance of new laws and regulations, and keep abreast of the risks to the Group, so as to reduce the impacts on the Group's operations.

During the reporting period, Zhejiang Province witnessed a new record high in annual average temperature, with summer temperatures consistently above 40°C. Average rainfall during the plum rain season ranked third highest for the same period in history. Typhoons "Kong-rey" and "Pulasan" had severe impacts. In March, frequent severe convective weather triggered widespread gales, hail and other severe weather conditions across the province. Compared with Hangzhou, where Changzheng College is located, Zhengzhou, where College of Economics and Business is situated, experienced a lower average annual temperature and fewer days with sustained high temperatures. The operations of both schools were not significantly affected.

Such climate change crisis did not result in any injury or death of the faculty members or students of the Group during the Year.

4. Social

4.1 Standards for Employment and Labour

4.1.1 Employment

We believe the quality of teachers is one of the most vital factors affecting our teaching quality and future growth and success. When hiring a teacher, we usually consider his or her education background and/or performance in the recruitment. We prefer to recruit teachers who have the following qualities:

- sufficient teaching experience or teaching track record;
- dedicated to teaching and improving students' academic performance and practical skills;
- demonstrate strong command of their subject areas;
- can effectively implement tailored teaching methods; and
- possess strong communication, language and interpersonal skills.

We also prefer to recruit teachers who have a master's degree or above, and for certain practical/vocational subjects, those who hold relevant professional and/or technical qualifications.

The Group employs faculty members in accordance with the Labour Law, the Labour Contract Law, the Employment Promotion Law, the Labour Dispute Mediation and Arbitration Law, Law on the Protection of Rights and Interests of Women, Law on the Protection of Minors and the Trade Union Law of the PRC and the labour laws and regulations of the provinces and places where our schools are located. We do not discriminate employees on the basis of their age, gender, race, ethnicity, religion or physical disabilities. We protect the job opportunities for all kinds of people to make sure that all employees are respected.

Teacher Recruitment

College of Economics and Business and Changzheng College generally advertise vacant teacher positions online where applicants can submit their resumes. When hiring a teacher, we consider his or her education background, expertise in the subject areas and relevant work experience. From a pool of applicants, we generally select those applicants whom we believe possess relevant exceptional qualities we are looking for. Suitable applicants are invited to attend in-person face-to-face interviews by the officers from the human resources departments of each of our schools. Interviews are generally conducted by the relevant departments which are looking to hire teachers. In addition to in-person interviews, applicants are also evaluated through comprehensive teaching quality assessments. Only those applicants who perform up to our standards are invited to be further evaluated by the relevant human resources departments of our schools. In addition, we also consider other criteria, such as the applicant's previous teaching experience, awards and commendations. Job offers are usually made to applicants who successfully passed our comprehensive quality assessment.

Teacher Performance Evaluations

To ensure our high education quality provided to our students, we conduct teacher performance reviews and evaluations periodically. Our teacher evaluations and assessments include probationary period assessment (generally within the first two to six months of the teachers' employment with us), daily assessment and annual assessment. Probationary period assessment primarily focuses on teachers' overall ability to teach, conduct researches and manage classes. Depending on the specific roles of our teachers, evaluations also cover their ability to learn and prepare for classes, their work ethics and the results of their teaching efforts, among other criteria. With respect to employment period assessment, we generally evaluate our teachers according to the following criteria:

- their ability to discharge their respective responsibilities and duties;
- whether they comply with the applicable rules and regulations promulgated by the schools;
- whether they have successfully completed the required tasks; and
- the results of their performance.

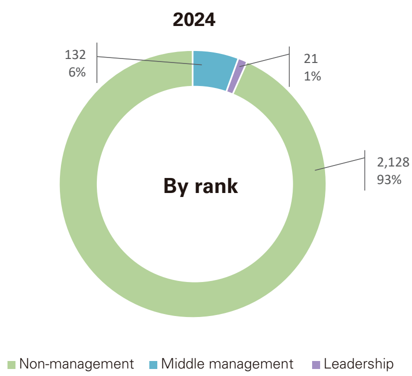
Employment period assessments are crucial for us to determine whether to continue the employment of the teachers, change their roles and responsibilities or dismiss their employment. Teachers who failed for the first time will be asked to change their roles and responsibilities during an observation period. If any of them continue to underperform, we will terminate their employment. We also evaluate our teachers' daily performance in their teaching methods, moral aptitude and compliance with applicable rules and regulations. In addition, we conduct annual assessment to evaluate our teachers' professionalism, ability to carry out their assigned duties, performance of their responsibilities and their integrity and self-discipline. We rely on our annual assessment to determine the employment, the promotion and the salaries and benefits of the teachers.

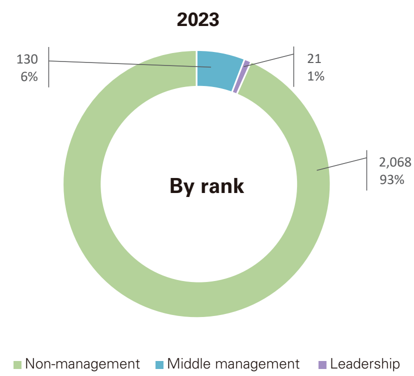
Remuneration

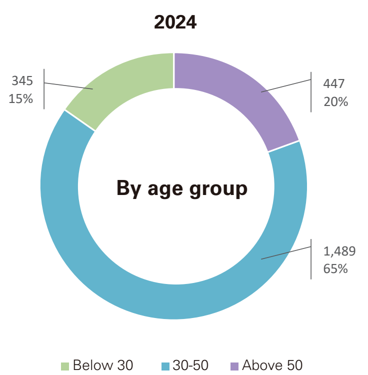
As a private higher education service provider, we believe that offering relatively competitive compensation to teachers can enable us to retain and attract talented faculty members. Our teachers' compensation package typically includes a basic salary, compensation based on teaching performance, and a subsidy and/or a performance bonus.

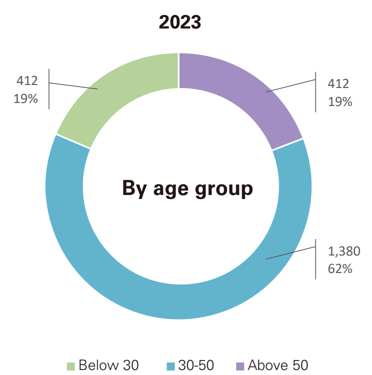
Overview of employment performance indicators

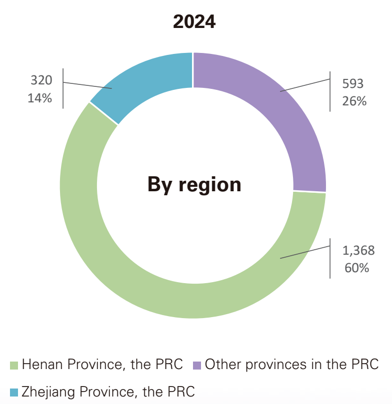
As of 31 December 2024, the Group had a total of 2,281 (2023: 2,219) full-time and part-time employees in the two major colleges, with the ratio of male to female employees of 0.5:1 (2023: 0.5:1). The information on the distribution of the relevant employees is summarized as follows:

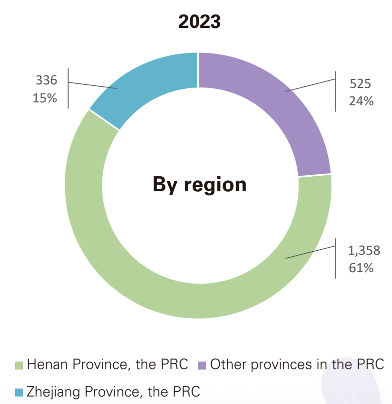


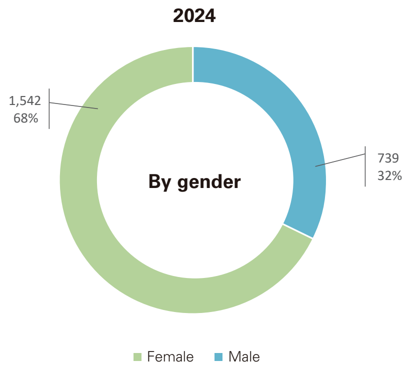


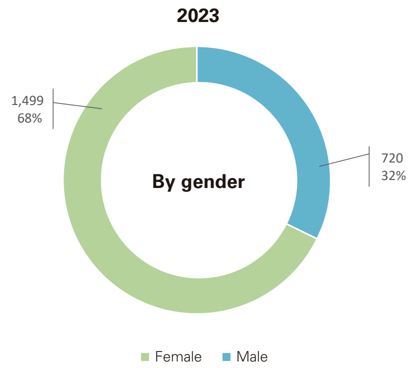


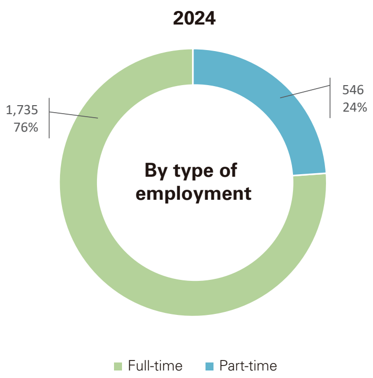


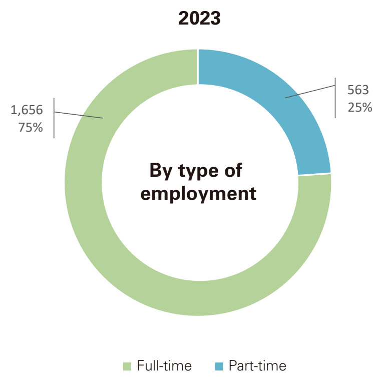





2024
By gender
1,542
68%
739
32%
Female
Male


2023
By gender
1,499
68%
720
32%
Female
Male

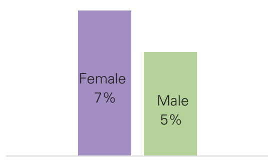

2024
By type of employment
1,735
76%
546
24%
Full-time
Part-time


2023
By type of employment
1,656
75%
563
25%
Full-time
Part-time

As of 31 December 2024, the employee turnover rate of the Group was 7% (2023: 6%). The information on the distribution of the relevant employee turnover rate is summarized as follows:

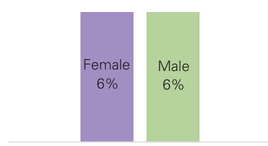
2024

By gender



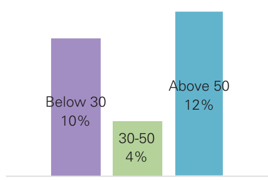
2023

By gender



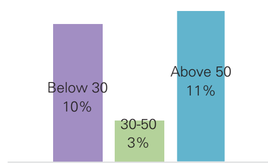
2024

By age group



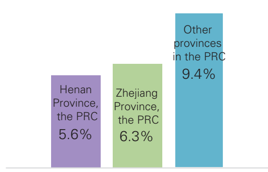
2023

By age group



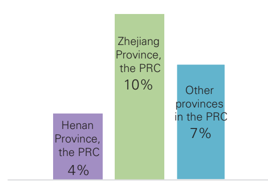
2024

By region



2023

By region



4.1.2 Health and Safety

We have adopted and implemented health and safety measures and procedures for our faculty members, and are committed to providing a safe and healthy working environment for employees. In terms of school safety, we provide regular security services to strengthen the safety of campuses through engaging security personnel or third-party companies. We strengthen faculty members' awareness and skills of fire safety through evacuation drills. We arrange physical examinations for faculty members annually.

During the financial years 2022, 2023 and 2024, the Group did not experience work-related faculty member death accident. However, during the reporting period, the Group received one injury case of faculty members of Changzheng College, which was regarded as a work-related injury in accordance with the regulation of the Hangzhou Municipal Human Resources and Social Security Bureau*（杭州市人力資源和社會保障局）. The information on the case is summarized as follows:

Gender of injured employee	Description of injury case	Lost days due to work injury
Female	Fall during working hours	6 days

4.1.3 Development and Training

We have comprehensive training programs in place for our new and existing teachers at Changzheng College and College of Economics and Business. These two schools provide training programs for newly hired teachers focus on teaching skills and techniques. We also provide continuing training, including online training, for our existing teachers so that they can stay abreast of changes in their relevant industry, new teaching theories and/or methodologies, and changing teaching and testing standards. Our training programs generally include:

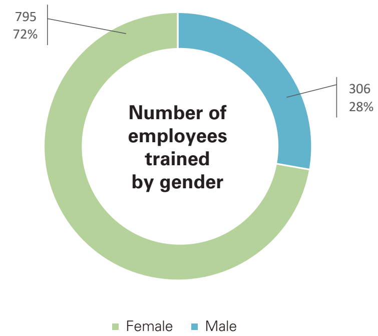
- subject matter training;
- teaching theories and methodologies training, such as training on managing student behavior in the classroom;
- teaching skills and techniques training, such as training on how to use various hardware and software to prepare teaching materials and conduct in-class teaching;
- cultural training, such as training on academic and professional improvements and team building; and
- other professional training, such as professional ethnics and counselling.

In addition to in-house training programs, we also encourage our teaching staff to attend external training courses and programs organized by third parties, such as local education authorities.

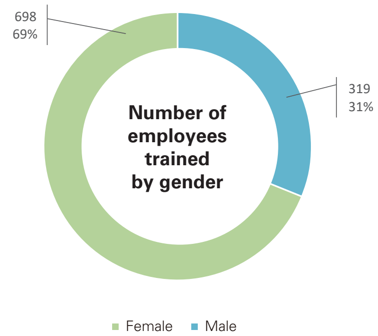
* *For identification purpose only*

During the reporting period, the Group provided training to a total of 1,101 (2023: 1,017) employees, representing 48% (2023: 54%) of total number of employees. The average training hours per employee was 38 (2023: 33) hours. The following are the percentages of employees who received training and average training hours by gender and employee rank:

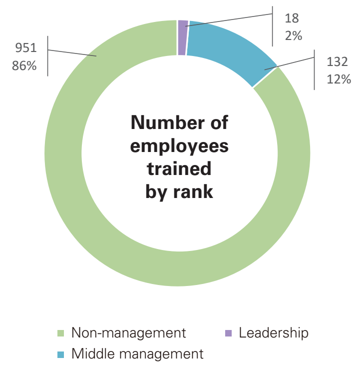
2024



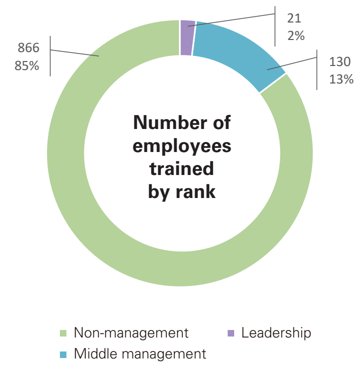
2023



2024

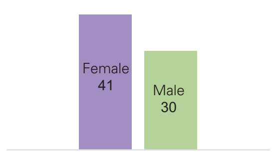


2023



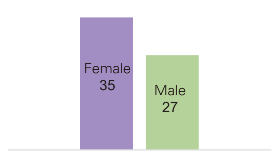
2024

Average training hours by gender



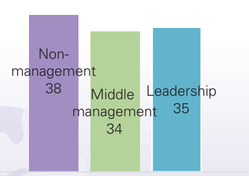
2023

Average training hours by gender



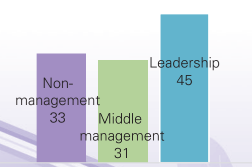
2024

Average training hours by rank



2023

Average training hours by rank



4.1.4 Labour Standards

We do not recruit child labours who are under the local legal age limit, and therefore, we would check applicants' age verification documents during recruitment.

We prohibit the use of any form of forced labour. In daily management, we would not force faculty members to work overtime. For voluntary overtime work, their daily overtime shall not exceed the requirements of local regulations.

During the reporting period, the Group did not receive any cases involving violations of relevant labour laws of the People's Republic of China.

4.2 Operating Practices

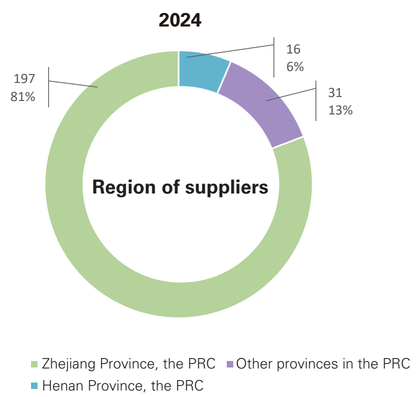
4.2.1 Supply Chain Management

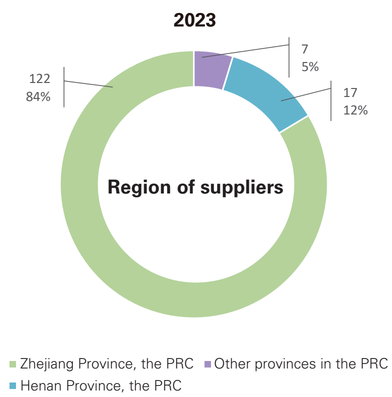
Our suppliers primarily comprise construction companies, information technology equipment, office and classroom equipment and service providers, all of which are independent third parties. To regulate the procurement and supply procedures, enhance work efficiency and high-quality procurement, we have drawn up a series of regulations and processes to step up the monitoring and management of cooperative suppliers, in order to reduce the risks associated with procurement and evaluate suppliers for including them in the List of Qualified Suppliers.

In addition, the Group relies on the reputation and after-sales services of suppliers to ensure the consistency of the materials, products or services provided by suppliers. Changzheng College has formulated the "Green Procurement Management Regulations of Zhejiang Changzheng Vocational & Technical College" and procured products listed in the "List of Energy-Saving Products for Government Procurement" and "List of Environmental Labelling Products for Government Procurement" in strict accordance with the requirements of the "Notice on Adjusting and Optimizing the Implementation Mechanism for Government Procurement of Energy-Saving Products and Environmental Labeling Products issued by the Ministry of Finance, the National Development and Reform Commission, the Ministry of Ecology and Environment, and the State Administration for Market Regulation". For product categories that are not included in the lists, after taking into account factors such as energy-saving, water-saving, environmental protection, recycling, low carbon, renewable and organic, etc., relevant green procurement requirements will be put forward in the procurement requirements to facilitate the promotion and application of green products with reference to relevant national standards, industry standards or group standards.

Other than small-amount procurement or special procurement, we follow the principle of conducting shopping research, and strike a balance between quality and price for the best benefit of our schools in procurement. For large-amount procurement, we carry out procedures for inviting tenders or open tenders or conducting competitive negotiations for a fair selection.

During the reporting period, the two schools purchased from 244 (2023: 146) suppliers and conducted strict supply chain management in accordance with the above regulations and processes. The information on the regional distribution of the relevant suppliers is summarized as follows:





4.2.2 Service Responsibility

Selection and design of teaching materials and textbooks

We follow stringent procedures when selecting teaching materials and textbooks so as to maintain teaching quality. A set of policies for the management of teaching materials has been implemented, which basically covers the selection, procurement, distribution and management of teaching materials to be used by our colleges. We generally adopt and use teaching materials published within the past three years. These teaching materials must meet the basic course requirements and syllabuses offered by the colleges.

Moreover, teachers are generally required to use a same set of teaching materials for teaching to ensure consistency and stability in teaching until those teaching materials no longer meet our teaching requirements and are subsequently replaced. Teachers who teach the same course are required to use the same teaching materials so as to maintain consistency and quality of teaching. The selection of course materials must be approved by the department of teaching and research which provides the course as well as by the office of academic affairs before such course materials are purchased and distributed.

Protection of intellectual property rights

The Group strictly complies with the Copyright Law of the PRC, the Patent Law of the PRC, the Tort Liability Law of the PRC and other relevant laws and regulations to ensure that the intellectual property rights and patents of the Group and others are properly protected.

The teaching materials used by the colleges are ordered from qualified publishers to protect the owners of intellectual property rights. We respect the articles, works, inventions and research results of our teachers and students and promote the protection of various intellectual property rights. For malicious infringement of our intellectual property rights, we will safeguard the legitimate rights and interests through various methods such as complaints, civil lawsuits, and resorting to justice for criminal responsibility.

Protection of privacy of students and parents

We are responsible for protecting the privacy and personal information involved in the operation process, including personal information of students, parents and faculty members. We strictly comply with the Law of the PRC on the Protection of Consumer Rights and Interests to ensure that the personal information of all stakeholders is protected. We entered into confidentiality agreements with our faculty members and provided corresponding training about confidentiality obligations and students' privacy. In addition, without the consent of the person in charge of academic affairs, all faculty members shall not provide any information related to student status to any external party.

During the reporting period, we did not receive any complaints or significant cases involving the disclosure of personal information of students and parents.

School-enterprise cooperation programme

We place emphasis on school-enterprise cooperation to enable our students to learn from industry experts while receiving valuable practical training. We believe such cooperation will enable our students to be fully geared up for coping with employment requirements after graduation.

College of Economics and Business has carried out in-depth cooperation with various enterprises and institutions to facilitate close collaboration with enterprises, with the aim of training and cultivating application-based technical professionals by actively participating in the collaboration with these enterprises. It has set up eight majors in the discipline of applied technology, including but not limited to majors in flight services, investment, e-commerce, international economics and trade, accounting and English language. It effectively utilizes the practical industry experience of the enterprises to strengthen the training practical concept, so as to enable students to learn efficiently through a task-based training model in a real corporate environment. Through this kind of close school-enterprise cooperation, over 20 applied technology courses have been introduced to the college, such as comprehensive financial training for VBSE, comprehensive financial training for ERP, simulation exercise for securities trading, service skills practice, simulation training in logistics resources planning, simulation of operating an ERP sandbox business, analogy of marketing ERP sandbox, training in social network services, technical analysis of securities and basic professional quality.

Changzheng College has worked closely with a number of well-known companies and institutions in various fields, ranging from the development of courses and syllabuses to the joint construction and operation of training bases. With respect to the development of courses and syllabuses, industry experts were referred by enterprises to work with Changzheng College in various areas, including but not limited to joining professional development steering committees, providing course work and professional development guidance, participating in the development of qualified personnel training plans, and determining the initial key course system. In terms of the construction and operation of off-campus training bases, Changzheng College's school-enterprise cooperation programme primarily focused on improving hands-on training for students to make these students, after graduation, a stable source of practical qualified personnel for the work teams of our partner enterprises.

As the Group's operation process does not involve product production, we did not have any issues of having to recall products for safety and health reasons. During the reporting period, we did not receive any complaints about school teaching quality.

College Student Awards

The following awards were received by the students of College of Economics and Business and Changzheng College respectively during the Year:

College of Economics and Business

Third Prize in the Higher Education Category of the Third "Jinyu Cup" 2024

Excellent results achieved in the finals of the Second "Yu Jian Fa Zhi" Legal Literacy Competition for College Students in Henan Province

National First Prize in the finals of the 26th China Robotics and Artificial Intelligence Competition


获 奖 证 书
CERTIFICATE OF AWARD

郑州经贸学院 代表队:

在第二十六届中国机器人及人工智能大赛全国总决赛中，表现优异，成绩突出，荣获 人工智能创新赛

一等奖

团队成员：王森、姚旭瑞、张世欣
指导老师：韩利华、董本松

特发此证，以资鼓励。

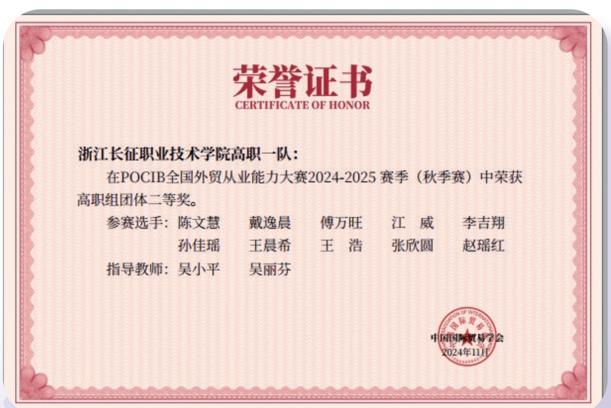
证书编号：CRAIC2024-NF-POXOC3

中国机器人及人工智能大赛组委会
二〇二四年八月

8 Provincial First Prizes, 11 Provincial Second Prizes and 14 Provincial Third Prizes in the 2024 Chinese Mathematics Competitions

Changzheng College

Excellent results achieved in the 14th POCIB National Foreign Trade Competence Competition


荣誉证书
CERTIFICATE OF HONOR

浙江长征职业技术学院高职一队：

在POCIB全国外贸从业能力大赛2024-2025 赛季（秋季赛）中荣获高职组团体二等奖。

参赛选手：陈文慧 戴逸晨 傅万旺 江 威 李吉翔
孙佳瑶 王晨希 王 浩 张欣圆 赵瑶红
指导教师：吴小平 吴丽芬

中国国际贸易学会
2024年11月

Team Silver Award and Team Bronze Award in the Ninth Financial Innovation Competition for College Students in Zhejiang Province

First Prize and Third Prize in the 15th Physics Experiment and Science and Technology Innovation Competition for College Students in Zhejiang Province

9 awards for student entries and the title of Outstanding Organizing Unit awarded to the school in the Third National Anti-smuggling Creation Competition for College Students

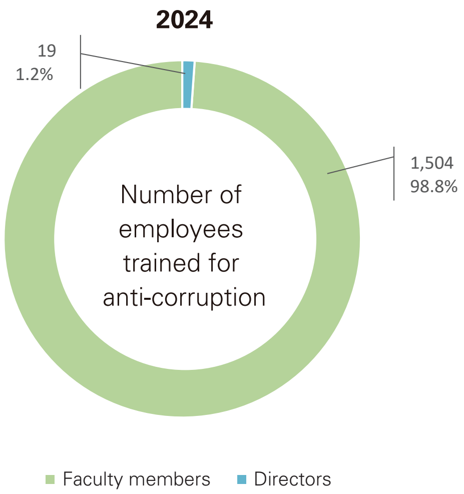
4.2.3 Anti-corruption

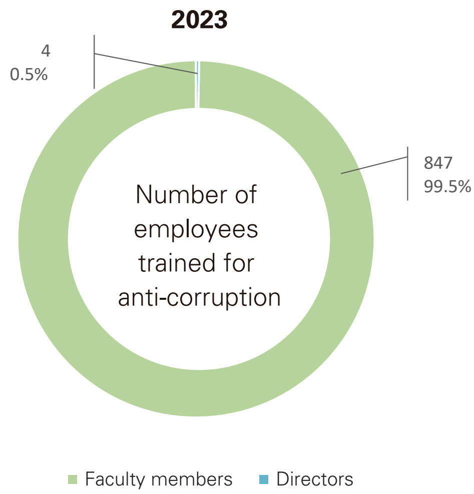
The Group strictly complies with the Anti-Corruption and Bribery Law, the Criminal Law, the Anti-Money Laundering Law, the Anti-Unfair Competition Law, the Bidding Law, the Supervision Law and other relevant laws and regulations of the People's Republic of China. We have established the Anti-corruption and Bribery Policy to govern the acts of our faculty members, and have established a monitoring system for implementing anti-bribery and anti-corruption initiatives to make sure that our employees fully comply with the in-house rules and policies as well as applicable laws and regulations. For example, our management conduct a fraud and bribery risk assessment each year. Our in-house anti-bribery and anti-corruption policies identified certain acts which are prohibited, including, among others:

- acceptance or payment of bribes or rebates;
- circumventing anti-corruption and bribery code provisions through others;
- offering or accepting gifts, gratuities or entertainment that unfairly affect the business relationship;
- acceptance of extravagant or frequent entertainment provided by persons with whom the Group has business dealings;
- use, embezzlement or misappropriation of our assets illegally;
- falsification or alteration of our accounting records.

We also formulated remedial measures and related financial and administrative penalties for employees involved in bribery activities. In addition, our internal Whistle-blowing Policy is established with the intention to help and encourage all employees to report any misconduct to the Company internally without fear of retaliation or victimization.

During the reporting period, we provided a total of 3 mandatory training courses for our directors and faculty members, with a total of 7 course hours, to improve their understanding and knowledge of the relevant rules and regulations and to regulate their own personal and professional behavior. The information on the number and percentage of directors and employees participating in the training is summarized as follows:





During the reporting period, we did not receive any cases of corruption involving our employees, or of any other material misconduct by our employees.

4.2.4 Community Investment

Our education philosophy emphasizes on "people-oriented education, moral cultivation, society service and pursuit of excellence". We place emphasis on offering high-quality private higher education to enable our students to acquire know-how and practical skills, build a well-known private education brand in China and establish a reputable undergraduate and junior college with a school mission of serving the society and boosting the all-round development of our students.

As private schools, we regard social responsibility not only as a top priority, but also as a key part of our business strategy by internalizing the concept into the values and culture of the Company; playing an active role as a corporate citizen; stringently enforcing corporate governance; showing care to our employees; implementing environmental protection and social welfare; maintaining a sound corporate constitution; raising brand value; and sustaining corporate development.

The Group values the establishment of a harmonious and inclusive relationship with the communities in which it operates, and supports various plans for the communities in which it operates, including academic and education, community environmental protection and buildup, cultural exchanges, etc. The Group also encourages and supports its students as well as its faculty members to set as a role model in volunteer services to show care to the society.

As a socially responsible entity, the Group does realize that it is important to meet the expectations of different stakeholders and the communities in which the Group operates. Therefore, in terms of the long-term development, the Group emphasizes striking a balance between the interests of shareholders and the interests of all other stakeholders. It will endeavor to get informed of the needs of the communities in which it operates so as to contribute to the sustainable development of the communities.

During the reporting period, the Group's employees provided a total of 2,750 (2023: 2,260) hours of volunteering services.

Changzheng College participated in a number of community public welfare activities. Major community public welfare activities are described as follows:

Volunteers from the Faculty of Nursing and Health at the volunteer service activity of Shima Community

Volunteers at the service activity of the nursing home of Xihu Community Welfare Center

Volunteers providing service support for The First China Pickleball Tour in 2024 – Zhejiang·Hangzhou International Pickleball Open

Unpaid blood donation, “Sharing Warmth through Voluntary Blood Donation” jointly launched with Zhejiang Blood Center

Visits by the team of our teachers to secondary vocational schools for the provision of professional guidance in vocational education

New Year blessings from volunteers to frontline staff, residents and tourists in the district

Appendix 1: The Content Index of the Environmental, Social and Governance Reporting Guide of the Stock Exchange

Applicable Content of the Environmental, Social and Governance Reporting Guide of the Stock Exchange			Relevant Chapter(s)/ Remarks
Aspect	**KPIs**	**Content**	
A. Environmental			
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.	3. Environmental
	A1.1	The types of emissions and respective emissions data.	3.1 Emissions
	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).	3.1 Emissions
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3.1 Emissions
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3.1 Emissions
	A1.5	Description of emissions target(s) set and steps taken to achieve them.	3.1 Emissions
	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.	3.1 Emissions
A2 Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	3.2 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).	3.2 Use of Resources
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	3.2 Use of Resources
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	3.2 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.	3.2 Use of Resources
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	The Group's business does not involve the use of packaging materials

Applicable Content of the Environmental, Social and Governance Reporting Guide of the Stock Exchange			Relevant Chapter(s)/ Remarks
Aspect	**KPIs**	**Content**	
A. Environmental (continued)			
A3 The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	3.3 Environment and Natural Resources
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	3.3 Environment and Natural Resources
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.	3.4 Climate Change
	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	3.4 Climate Change
B. Social			
Employment and Labour Practices			
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, anti-discrimination, and other benefits and welfare.	4.1.1 Employment
	B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	4.1.1 Employment
	B1.2	Employee turnover rate by gender, age group and geographical region.	4.1.1 Employment
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.	4.1.2 Health and Safety
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	4.1.2 Health and Safety
	B2.2	Lost days due to work injury.	4.1.2 Health and Safety
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	4.1.2 Health and Safety

Applicable Content of the Environmental, Social and Governance Reporting Guide of the Stock Exchange			Relevant Chapter(s)/ Remarks
Aspect	KPIs	Content	
B. Social (continued)			
Employment and Labour Practices (continued)			
B3 Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	4.1.3 Development and Training
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	4.1.3 Development and Training
	B3.2	The average training hours completed per employee by gender and employee category.	4.1.3 Development and Training
B4 Labour Standards	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 preventing child and forced labour.	4.1.4 Labour Standards
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	4.1.4 Labour Standards
	B4.2	Description of steps taken to eliminate such practices when discovered.	4.1.4 Labour Standards
Operating Practices			
B5 Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	4.2.1 Supply Chain Management
	B5.1	Number of suppliers by geographical region.	4.2.1 Supply Chain Management
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	4.2.1 Supply Chain Management
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	4.2.1 Supply Chain Management
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	4.2.1 Supply Chain Management

Applicable Content of the Environmental, Social and Governance Reporting Guide of the Stock Exchange			Relevant Chapter(s)/ Remarks
Aspect	**KPIs**	**Content**	
B. Social (continued)			
Operating Practices (continued)			
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.	4.2.2 Service Responsibility
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	The Group's business does not involve products that are recalled for safety and health reasons
	B6.2	Number of products and service related complaints received and how they are dealt with.	4.2.2 Service Responsibility
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	4.2.2 Service Responsibility
	B6.4	Description of quality assurance process and recall procedures.	The Group is not involved in any product recall procedures
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	4.2.2 Service Responsibility
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.	4.2.3 Anti-corruption
	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.	4.2.3 Anti-corruption
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	4.2.3 Anti-corruption
	B7.3	Description of anti-corruption training provided to directors and staff.	4.2.3 Anti-corruption

Applicable Content of the Environmental, Social and Governance Reporting Guide of the Stock Exchange			Relevant Chapter(s)/ Remarks
Aspect	**KPIs**	**Content**	
Community			
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.	4.2.4 Community Investment
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	4.2.4 Community Investment
	B8.2	Resources contributed (e.g. money or time) to the focus area.	4.2.4 Community Investment

INDEPENDENT AUDITOR'S REPORT

EY 安永

To the shareholders of JH Educational Technology INC.
(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of JH Educational Technology INC. (the "Company") and its subsidiaries (the "Group") set out on pages 127 to 204, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") as 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.

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 period. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Income tax	
As set out in notes 3 and 10 to the financial statements, pursuant to the 2016 Decision (as defined in note 10 to the financial statements), private schools are no longer being classified as either schools for which the school sponsor(s) require reasonable returns or schools for which the school sponsor(s) do not require reasonable returns. Instead, the school sponsor(s) of a private school may choose for the school to be a for-profit private school or a non-profit private school, with the exception that schools providing nine-year compulsory education must be non-profit. Pursuant to the 2016 Decision and the 2021 Implementation Rules (as defined in note 10 to the financial statements), a private school may enjoy the preferential tax policies, which are not defined under neither the 2016 Decision nor the 2021 Implementation Rules, as stipulated by the related government authorities, and a non-profit school may enjoy the same tax policies as enjoyed by a public school.	We performed the following procedures: • discussing with management of the Group to evaluate their interpretation of the tax laws and their assessment of the tax obligations of the PRC Schools for the current year; • evaluating management's assessment on the application of preferential tax treatments or applicable tax rate to the PRC Schools; • discussing with the Group's PRC legal advisor to understand their view with respect to the interpretation of the existing applicable laws which would have an impact on the income tax of the PRC Schools; • obtaining the Group's PRC legal advisor's comments on analysis of changes in relevant tax laws and regulations in the current year and income tax obligation; • assessing any new policies, regulations or rules that have been introduced by the authorities up to the date of this report, which might have an impact on the tax position of the PRC Schools; • examining the historical tax filing returns filed to the relevant tax authorities and the tax compliance confirmations obtained, where appropriate;

Key audit matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Income tax (continued)	
As at 31 December 2024, the Group's schools except for Jingyi Secondary School in the People's Republic of China (the "PRC Schools") have not yet registered as for-profit private schools or non-profit private schools and remain as private non-enterprise units. In accordance with the tax compliance confirmations obtained from the local tax authorities and the Group's external legal advisor's comments on the preferential tax treatments for the current year, the PRC Schools treated their academic education income as non-taxable income and as such there was no corporate income tax provided for the academic education income during the Year. In the event that the PRC Schools elect to register as for-profit private schools, they may be subject to corporate income tax at a rate of 25% in respect of service fees they receive from the provision of academic educational services going forward, if they do not enjoy any preferential tax treatment. There were significant judgements involved in management's analysis and assessment, such as the assessment on the possible outcome of the tax provision based on historical experience and interpretation of the relevant tax laws and regulations in respect of the preferential tax treatments enjoyed by the PRC Schools. Relevant disclosures are included in notes 2.4, 3 and 10 to the financial statements.	We performed the following procedures: (continued) • involving our internal tax experts to assist us in analysing the preferential tax treatments enjoyed by the PRC Schools and assessing the adequacy of tax provisions; and • evaluating the adequacy of the Group's disclosures regarding income tax.

Key audit matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Impairment of goodwill	
As at 31 December 2024, the Group had goodwill of RMB110,995,000 arising from the acquisition of Zhengzhou College of Economics and Business (formerly known as Zhongyuan University of Technology College of Information and Business) on 5 July 2018. An annual impairment test is required for the goodwill, which requires estimation of the recoverable amount of the cash-generating unit. This area is identified as a key audit matter because certain assumptions used in the estimation of the recoverable amount were subjective and the impairment testing involved significant judgements and estimates which included: • the future cash flow growth assumptions used in the Group's most recent budgets for the next five years approved by management, including future industry development, pricing strategies, market supply and demand, and gross margins; • the growth rate used beyond the period covered by the budgets; and • the discount rate applied to future cash flows. The accounting judgements and estimates and disclosures related to the impairment assessment are included in notes 3 and 16 to the financial statements.	We performed the following procedures to evaluate the impairment test carried out by management and assessed the recoverable amount of the cash-generating unit: • obtaining an understanding of and evaluating the Group's management's future cash flow forecasts, the process and relevant key controls over the impairment assessment of goodwill; • assessing the actual performance in the year against the budgets of the prior year to evaluate the accuracy of the historical forecast; • assessing the key assumptions by comparing against the historical trend and industry index; • performing sensitivity analyses on the forecast; • involving our internal valuation specialists to assist us in evaluating the methodologies, key valuation parameters and the discount rate used by the Group; and • evaluating the adequacy of the Group's disclosures regarding the impairment testing of goodwill.

Other information included in the Annual Report

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

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

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

Responsibilities of the 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 IFRS Accounting Standards as 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 of the Company 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 of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

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. Our report is made 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.

Auditor's responsibilities for the audit of the consolidated financial statements (Continued)

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

Auditor's responsibilities for the audit of the consolidated financial statements (Continued)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Hui Kin Fai, Stephen.

Ernst & Young
Certified Public Accountants
Hong Kong
28 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
REVENUE	5	**980,841**	873,345
Cost of sales		**(353,616)**	(305,376)
Gross profit		**627,225**	567,969
Other income and gains	5	**77,688**	83,966
Selling and distribution expenses		**(8,333)**	(7,907)
Administrative expenses		**(128,262)**	(107,300)
Other expenses		**(45,351)**	(32,380)
Finance costs	7	**(22)**	(18)
PROFIT BEFORE TAX	6	**522,945**	504,330
Income tax expense	10	**(84,509)**	(1,519)
PROFIT FOR THE YEAR		**438,436**	502,811

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
OTHER COMPREHENSIVE INCOME			
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of financial statements		(2,970)	4
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods		(2,970)	4
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of financial statements	34	2,439	1,690
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods		2,439	1,690
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		(531)	1,694
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		437,905	504,505
Profit attributable to:			
Owners of the parent		312,822	388,196
Non-controlling interests		125,614	114,615
		438,436	502,811
Total comprehensive income attributable to:			
Owners of the parent		312,291	389,890
Non-controlling interests		125,614	114,615
		437,905	504,505
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12		
Basic and diluted			
– For profit for the year		RMB19.54 cents	RMB24.25 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	1,497,586	1,437,192
Investment properties	14	205,874	182,968
Right-of-use assets	15(a)	605,950	271,202
Goodwill	16	110,995	110,995
Other intangible assets	17	25,257	10,732
Amount due from a shareholder	29	25,000	–
Prepayments and other receivables	19	27,200	12,000
Time deposits	20	–	4,500
Total non-current assets		2,497,862	2,029,589
CURRENT ASSETS			
Trade receivables	18	1,851	1,575
Amount due from a shareholder	29	407	–
Amount due from a related party	29	40	–
Prepayments, deposits and other receivables	19	129,910	29,101
Other current assets		942	879
Time deposits	20	479,000	106,641
Cash and cash equivalents	20	1,596,221	1,995,904
Total current assets		2,208,371	2,134,100
CURRENT LIABILITIES			
Other payables and accruals	21	209,906	201,709
Lease liabilities	15(b)	249	403
Contract liabilities	5	528,383	521,624
Deferred income	22	6,156	4,934
Tax payable		84,781	1,275
Total current liabilities		829,475	729,945
NET CURRENT ASSETS		1,378,896	1,404,155
TOTAL ASSETS LESS CURRENT LIABILITIES		3,876,758	3,433,744

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
NON-CURRENT LIABILITIES			
Lease liabilities	15(b)	–	244
Deferred income	22	35,443	30,297
Other liabilities		315	108
Total non-current liabilities		35,758	30,649
Net assets		3,841,000	3,403,095
EQUITY			
Equity attributable to owners of the parent			
Share capital	23	110,362	110,362
Reserves	24	2,902,464	2,590,173
		3,012,826	2,700,535
Non-controlling interests	25	828,174	702,560
Total equity		3,841,000	3,403,095

CHEN YUGUO
Director

CHEN LINGFENG
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024

		Attributable to owners of the parent									
	Notes	Share capital RMB'000 (note 23)	Share premium* RMB'000 (note 24)	Capital reserve* RMB'000 (note 24)	Statutory surplus reserve* RMB'000 (note 24)	Other reserve* RMB'000 (note 24)	Exchange fluctuation reserve* RMB'000	Retained profits* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2023		110,362	21,790	51,000	363,945	70,536	228	1,714,386	2,332,247	587,945	2,920,192
Profit for the year		–	–	–	–	–	–	388,196	388,196	114,615	502,811
Other comprehensive income for the year:											
Exchange differences on translation of financial statements		–	–	–	–	–	1,694	–	1,694	–	1,694
Total comprehensive income for the year		–	–	–	–	–	1,694	388,196	389,890	114,615	504,505
Final 2022 dividend declared and paid	11	–	(21,602)	–	–	–	–	–	(21,602)	–	(21,602)
Transfer from retained profits	24	–	–	–	44,651	–	–	(44,651)	–	–	–
At 31 December 2023		110,362	188	51,000	408,596	70,536	1,922	2,057,931	2,700,535	702,560	3,403,095

	Note	Attributable to owners of the parent								Non-controlling interests RMB'000	Total equity RMB'000
		Share capital RMB'000 (note 23)	Share premium* RMB'000 (note 24)	Capital reserve* RMB'000 (note 24)	Statutory surplus reserve* RMB'000 (note 24)	Other reserve* RMB'000 (note 24)	Exchange fluctuation reserve* RMB'000	Retained profits* RMB'000	Total RMB'000		
At 1 January 2024		110,362	188	51,000	408,596	70,536	1,922	2,057,931	2,700,535	702,560	3,403,095
Profit for the year		–	–	–	–	–	–	312,822	312,822	125,614	438,436
Other comprehensive loss for the year:											
Exchange differences on translation of financial statements		–	–	–	–	–	(531)	–	(531)	–	(531)
Total comprehensive income for the year		–	–	–	–	–	(531)	312,822	312,291	125,614	437,905
Transfer from retained profits	24	–	–	–	67,617	–	–	(67,617)	–	–	–
At 31 December 2024		110,362	188	51,000	476,213	70,536	1,391	2,303,136	3,012,826	828,174	3,841,000

* These reserve accounts comprise the consolidated reserves of RMB2,902,464,000 (2023: RMB2,590,173,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		522,945	504,330
Adjustments for:			
Finance costs	7	22	18
Interest income	5	(47,974)	(52,929)
Loss on disposal of items of property, plant and equipment	6	1,983	1,408
Government grants released	6	(13,094)	(13,921)
Depreciation of property, plant and equipment	6	65,261	61,841
Changes in fair value of investment properties	6	35,018	2,450
Depreciation of right-of-use assets	6	9,439	8,394
Amortisation of other intangible assets	6	2,409	1,600
Impairment of trade receivables	6	551	331
Impairment of other receivables	6	6,000	–
		582,560	513,522
(Increase)/decrease in other current assets		(63)	68
Increase in trade receivables		(827)	(159)
Increase in amount due from a related party		(40)	–
(Increase)/decrease in prepayments, deposits and other receivables		(2,448)	8,883
Increase in other payables and accruals		14,493	62,479
Increase in contract liabilities		6,759	85,546
Increase in government grants	22	19,462	17,557
Cash generated from operations		619,896	687,896
Interest received		40,105	48,869
Income tax paid		(1,003)	(3,021)
Net cash flows from operating activities		658,998	733,744

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Net cash flows from operating activities		**658,998**	733,744
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**5,343**	1,270
Purchases of items of property, plant and equipment		**(118,785)**	(74,061)
Proceeds from disposal of items of property, plant and equipment		**153**	–
Prepayment for purchase of a land use right	19	**(27,200)**	–
Deposit for purchase of a land use right	19	**(75,000)**	–
Deposit for business acquisition	19	**(15,242)**	–
Purchase of investment properties	14	**(57,924)**	–
Additions to right-of-use assets	15(a)	**(369,787)**	–
Refund for purchase of a land use right	15(a)	**25,600**	–
Additions to other intangible assets	17	**(12,831)**	(2,481)
Business combination	26	**(19,198)**	–
Loans to a shareholder	29(b)	**(35,500)**	–
Repayment of loan from a shareholder	29(b)	**10,500**	–
Loans to third parties		**–**	(92,000)
Repayment of loans from third parties		**–**	60,000
Increase in non-pledged time deposits with original maturity of more than three months when acquired	20	**(367,859)**	(111,141)
Net cash flows used in investing activities		**(1,057,730)**	(218,413)
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal portion of lease payments	27(b)	**(398)**	(402)
Interest portion of lease payments	27(b)	**(22)**	(18)
Dividend paid	27(b)	**–**	(21,602)
Net cash flows used in financing activities		**(420)**	(22,022)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(399,152)**	493,309
Cash and cash equivalents at beginning of year		**1,995,904**	1,500,901
Effect of foreign exchange rate changes, net		**(531)**	1,694
CASH AND CASH EQUIVALENTS AT END OF YEAR		**1,596,221**	1,995,904
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	20	**1,502,752**	1,995,904
Non-pledged time deposits with original maturity of less than three months when acquired	20	**93,469**	–
Cash and cash equivalents as stated in the consolidated statement of financial position and consolidated statement of cash flows		**1,596,221**	1,995,904

1. CORPORATE AND GROUP INFORMATION

JH Educational Technology INC. (the "Company") was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 23 June 2017. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 18 June 2019.

The Company is an investment holding company. During the year, the Company and its subsidiaries (collectively referred to as the "Group") were principally engaged in the provision of higher and secondary education services and the related management services in the People's Republic of China (the "PRC").

The ultimate controlling shareholders of the Group are Mr. Chen Yuguo, Mr. Chen Shu, Mr. Chen Lingfeng, Mr. Chen Yuchun, Ms. Zhang Xuli, Mr. Chen Yucao and Mr. Chen Nansun who have entered into the acting-in-concert agreement.

Information about subsidiaries

Particulars of the Company's subsidiaries are as follows:

Entity name	Place and date of incorporation/ registration and place of business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct %	Indirect %	
JH Educational Technology Holdings Limited ("JH BVI")	British Virgin Islands 8 June 2018	US$50,000	100	–	Investment holding
JH Educational Technology HK Limited ("JH HK")	Hong Kong 19 July 2017	HK$10,000	–	100	Investment holding
JH Investment (Hong Kong) Limited ("JH Investment")	Hong Kong 15 November 2019	HK$10,000	–	100	Investment holding
Jiaren Technologies, Inc. ("Jiaren US")	United States 27 August 2018	US$49,700	–	100	Investment holding
Wenzhou Jia Xin Hao Educational Technology Co., Ltd.* 溫州嘉信好教育科技有限責任公司 ("Wenzhou Jiaxinhao")^	PRC/Mainland China 5 December 2019	US$2,000,000	–	100	Provision of technical and management consultancy services
Wenzhou Jia Yao Educational Technology Co., Ltd.* 溫州嘉耀教育科技有限責任公司 ("Wenzhou Jiayao")^	PRC/Mainland China 5 December 2019	US$2,000,000	–	100	Provision of technical and management consultancy services
JH Holdings Group Company Limited* 嘉宏控股集團有限公司 ("JH Holdings Group")#	PRC/Mainland China 17 June 2003	RMB50,000,000	–	100	Investment holding

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's subsidiaries are as follows: (Continued)

Entity name	Place and date of incorporation/ registration and place of business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct %	Indirect %	
Zhejiang Changzheng Vocational & Technical College* 浙江長征職業技術學院 ("Changzheng College")#	PRC/Mainland China 18 November 2005	RMB21,930,000	–	53.62	Provision of higher education services
Yueqing Jingyi Secondary School Company Limited* 樂清市精益中學有限公司#	PRC/Mainland China 13 March 2023	RMB1,000,000	–	100	Provision of secondary education services
Zhengzhou College of Economics and Business* 鄭州經貿學院 ("College of Economics and Business")#	PRC/Mainland China December 2003	RMB10,000,000	–	100	Provision of higher education services
Wenzhou Jiaren Investment Company Limited* 溫州嘉仁投資有限公司 ("Wenzhou Jiaren")#	PRC/Mainland China 5 December 2007	RMB20,000,000	–	100	Investment holding
Yueqing Jiahong Investment Company Limited* 樂清嘉宏投資有限公司 ("Yueqing JH Investment")#	PRC/Mainland China 26 May 2017	RMB9,000,000	–	100	Investment holding
Yueqing Jialuo Investment Company Limited* 樂清嘉洛投資有限公司 ("Yueqing Jialuo")#	PRC/Mainland China 26 May 2017	RMB5,000,000	–	100	Investment holding
Yueqing Jiazheng Investment Company Limited* 樂清嘉正投資有限公司 ("Yueqing Jiazheng")#	PRC/Mainland China 2 July 2018	RMB12,000,000	–	100	Investment holding
Yueqing Jiayan Educational Technology Co., Ltd.* 樂清嘉言教育科技有限公司 ("Yueqing Jiayan")	PRC/Mainland China 7 November 2018	RMB50,000	–	100	Provision of training services
Yueqing Jiasheng Investment Company Limited* 樂清嘉勝投資有限公司 ("Yueqing Jiasheng")#	PRC/Mainland China 26 May 2017	RMB5,000,000	–	100	Investment holding

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's subsidiaries are as follows: (Continued)

Entity name	Place and date of incorporation/ registration and place of business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct %	Indirect %	
Zhengzhou Jiahong Logistics Service Co., Ltd.* 鄭州嘉宏後勤服務有限公司 ("Zhengzhou Jiahong Houqin")	PRC/Mainland China 29 March 2021	RMB1,000,000	–	100	Logistics management service
Hangzhou Woli Logistics Service Co., Ltd.* 杭州沃立後勤服務有限公司 ("Woli Houqin")	PRC/Mainland China 7 January 2022	RMB2,000,000	–	100	Logistics management service
Yueqing Boda Business Managing Corporation Limited* 樂清市博達企業管理有限公司 ("Yueqing Boda")	PRC/Mainland China 16 December 2022	RMB1,000,000	–	100	Business management service
Yueqing Juyi Business Managing Corporation Limited* 樂清市聚億企業管理有限公司 ("Yueqing Juyi")	PRC/Mainland China 16 December 2022	RMB1,000,000	–	100	Business management service
Zhenzghou Jiaxuan Business Managing Corporation Limited* 鄭州嘉炫企業管理有限責任公司 ("Zhengzhou Jiaxuan")	PRC/Mainland China 28 December 2022	RMB500,000	–	100	Business management service
Hangzhou Guangyi Logistics Service Co., Ltd.* 杭州廣億後勤服務有限公司 ("Hangzhou Guangyi")	PRC/Mainland China 2 November 2023	RMB2,800,000	–	100	Logistics management service
Hangzhou Muteng Logistics Service Co., Ltd.* 杭州慕騰後勤服務有限公司 ("Hangzhou Muteng")	PRC/Mainland China 2 November 2023	RMB3,000,000	–	100	Logistics management service
Chongqing Thomson Business Management Co., Ltd.* 重慶湯姆森企業管理有限公司 ("Thomson")	PRC/Mainland China 13 October 2023	RMB1,000,000	–	100	Business management service
Chongqing Shengshifan Business Management Co., Ltd.* 重慶勝詩梵企業管理有限公司 ("Shengshifan")	PRC/Mainland China 15 January 2024	RMB1,000,000	–	100	Business management service

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's subsidiaries are as follows: (Continued)

Entity name	Place and date of incorporation/ registration and place of business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct %	Indirect %	
Jheduaus Pty Ltd ("Jheduaus")	Australia 18 December 2023	AU$1,000	–	100	Investment holding
Twinklem New St Pty Ltd ("New St")	Australia 9 September 2024	AU$100	–	100	Investment holding
Twinklem Murray St Pty Ltd ("Murray St")	Australia 9 September 2024	AU$100	–	100	Investment holding
Twinkle Minds Early Learning Pty Ltd ("Twinkle Minds")	Australia 9 September 2024	AU$100	–	100	Provision of early learning services
Jhedunz Pty Limited ("Jhedunz")	New Zealand 27 November 2024	NZ$100	–	100	Investment holding
JH Early Learning Pty Limited ("JH Early Learning")	New Zealand 19 December 2024	NZ$100	–	100	Provision of early learning services

* The English names of these companies or schools established in the PRC represent the best effort made by management of the Company to directly translate the Chinese names as they have not registered any official English names.

^ Wenzhou Jiaxinhao and Wenzhou Jiayao are registered as wholly-foreign-owned enterprises under PRC law.

\# These entities are owned through contractual arrangements.

2. ACCOUNTING POLICIES

2.1 Basis of Preparation

These financial statements have been prepared in accordance with IFRS Accounting Standards (which include all IFRS Accounting Standards, International Accounting Standards ("IASs") and interpretations) as issued by the International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and certain financial instruments which have been measured at fair value. These financial statements are presented in Renminbi ("RMB"), and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2. ACCOUNTING POLICIES (Continued)

2.1 Basis of Preparation (Continued)

Basis of consolidation (Continued)

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 Changes in Accounting Policies and Disclosures

The Group has adopted the following revised IFRS Accounting Standards for the first time for the current year's financial statements.

Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")
Amendments to IAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments")
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*

The nature and the impact of the revised IFRS Accounting Standards that are applicable to the Group are described below:

(a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

2. ACCOUNTING POLICIES (Continued)

2.2 Changes in Accounting Policies and Disclosures (Continued)

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

2. ACCOUNTING POLICIES (Continued)

2.3 Issued But Not Yet Effective IFRS Accounting Standards

The Group has not applied the following new and revised IFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in Financial Statements*[3]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*[2]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to IAS 21	*Lack of Exchangeability*[1]
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[2]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual/reporting periods beginning on or after 1 January 2027
4 No mandatory effective date yet determined but available for adoption

Further information about those IFRS Accounting Standards that are expected to be applicable to the Group is described below:

IFRS 18 replaces IAS 1 Presentation of Financial Statements. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the consolidated statement of profit or loss and other comprehensive income, including specified totals and subtotals. Entities are required to classify all income and expenses within the consolidated statement of profit or loss and other comprehensive income into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which is renamed as IAS 8 Basis of Preparation of Financial Statements. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 Statement of Cash Flows, IAS 33 Earnings per Share and IAS 34 Interim Financial Reporting. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements.

2. ACCOUNTING POLICIES (Continued)

2.3 Issued But Not Yet Effective IFRS Accounting Standards (Continued)

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 Consolidated Financial Statements, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRS Accounting Standards. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply IFRS 19. Some of the Company's subsidiaries are considering the application of IFRS 19 in their specified financial statements.

Amendments to IFRS 9 and IFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 9 and IFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of initial application. Earlier application is permitted. The amendments to IFRS 9 and IFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group's financial statements.

2. ACCOUNTING POLICIES (Continued)

2.3 Issued But Not Yet Effective IFRS Accounting Standards (Continued)

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB. However, the amendments are available for adoption now.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to IFRS Accounting Standards – Volume 11 set out amendments to IFRS 1, IFRS 7 (and the accompanying *Guidance on implementing IFRS 7*), IFRS 9, IFRS 10 and IAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 7 *Financial Instruments: Disclosures:* The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IFRS 9 *Financial Instruments:* The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2. ACCOUNTING POLICIES (Continued)

2.3 Issued But Not Yet Effective IFRS Accounting Standards (Continued)

- IFRS 10 *Consolidated Financial Statements:* The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IAS 7 *Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

2.4 Material Accounting Policies

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

2. ACCOUNTING POLICIES (Continued)

2.4 Material Accounting Policies (Continued)

Business combinations and goodwill (Continued)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Fair value measurement

The Group measures its investment properties at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2. ACCOUNTING POLICIES (Continued)

2.4 Material Accounting Policies (Continued)

Fair value measurement (Continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets, investment properties and non-current assets classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to the consolidated statement of profit or loss and other comprehensive income in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

2. ACCOUNTING POLICIES (Continued)

2.4 Material Accounting Policies (Continued)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and 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 Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group 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;

(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); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2. ACCOUNTING POLICIES (Continued)

2.4 Material Accounting Policies (Continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Freehold land	Not depreciated
Property and buildings	1.46% to 3.51%
Leasehold improvements	4.75%
Electronic equipment	11.88%
Motor vehicles	19.00%
Furniture, fixtures and others	9.50%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least as at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2. ACCOUNTING POLICIES (Continued)

2.4 Material Accounting Policies (Continued)

Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the consolidated statement of profit or loss and other comprehensive income in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the consolidated statement of profit or loss and other comprehensive income in the year of the retirement or disposal.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least as at each financial year end.

Software

Purchased computer software is stated at cost less any impairment losses and is amortised on a straight-line basis over its estimated useful life. Useful lives of the computer software were assessed by the Group considering the purposes and usage of the software. The software for the basement IT system or teaching platform system is amortised over a period of 10 years.

Student base

The student base refers to registered and existing students of College of Economics and Business and kids of Murray Street Early Learning Centre, who will pay tuition fees and/or boarding fees until their education period is over. Consequently, the student base through the acquisition of College of Economics and Business and Murray Street Early Learning Centre is identified as an intangible asset and was initially measured at fair value. The student base is subsequently amortised over the education period of 3 to 4 years and deducted by any impairment losses.

2. ACCOUNTING POLICIES (Continued)

2.4 Material Accounting Policies (Continued)

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At inception or on reassessment of a contract that contains a lease component and non-lease component, the Group adopts the practical expedient not to separate non-lease component and to account for the lease component and the associated non-lease component (e.g., property management services for leases of properties) as a single lease component.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	50 years
Car park	27 years
Property and buildings	2 years

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

2. ACCOUNTING POLICIES (Continued)

2.4 Material Accounting Policies (Continued)

Leases (Continued)

Group as a lessee (Continued)

(b) Lease liabilities (Continued)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, are accounted for as finance leases.

2. ACCOUNTING POLICIES (Continued)

2.4 Material Accounting Policies (Continued)

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the consolidated statement of profit or loss and other comprehensive income when the asset is derecognised, modified or impaired.

2. ACCOUNTING POLICIES (Continued)

2.4 Material Accounting Policies (Continued)

Investments and other financial assets (Continued)

Subsequent measurement (Continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss and other comprehensive income.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the consolidated statement of profit or loss and other comprehensive income when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the consolidated statement of profit or loss and other comprehensive income. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2. ACCOUNTING POLICIES (Continued)

2.4 Material Accounting Policies (Continued)

Derecognition of financial assets (Continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2. ACCOUNTING POLICIES (Continued)

2.4 Material Accounting Policies (Continued)

Impairment of financial assets (Continued)

General approach (Continued)

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include financial liabilities included in other payables and accruals, lease liabilities and other liabilities.

2. ACCOUNTING POLICIES (Continued)

2.4 Material Accounting Policies (Continued)

Financial liabilities (Continued)

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost

After initial recognition, financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the consolidated statement of profit or loss and other comprehensive income when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the consolidated statement of profit or loss and other comprehensive income.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

2. ACCOUNTING POLICIES (Continued)

2.4 Material Accounting Policies (Continued)

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period, taking into consideration interpretations and practises prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences as at the end of each reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2. ACCOUNTING POLICIES (Continued)

2.4 Material Accounting Policies (Continued)

Income tax (Continued)

The carrying amount of deferred tax assets is reviewed as at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed as at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised to depict the transfer of promised services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services. Specifically, the Group uses a 5-step approach for revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

2. ACCOUNTING POLICIES (Continued)

2.4 Material Accounting Policies (Continued)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the services underlying the particular performance obligation is transferred to customers.

If control of the services transfers over time, revenue is recognised over the period of the contract 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 services. The Group recognises revenue when the specific criteria have been met for the following activities:

Tuition and boarding fees received from students are generally paid in advance prior to the beginning of each academic year, and are initially recorded as contract liabilities. Tuition and boarding fees are recognised proportionately over the periods of the relevant programs. The portion of tuition and boarding payments received from students but not earned is recorded as a contract liability and is reflected as a current liability as such amounts represent revenue that the Group expects to earn within one year. The academic year of the Group's schools is generally from September to August of the following year.

Tuition fees from the provision of other education services to students are collected in advance on a lump sum basis. Revenue is recognised proportionately over the periods of the relevant programs.

The Group does not expect to have any contracts where the period between the transfer of the promised services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Other income

Rental income is recognised on a time proportion basis over the lease terms.

Interest income from a financial asset is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

2. ACCOUNTING POLICIES (Continued)

2.4 Material Accounting Policies (Continued)

Contract liability

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Employee benefits

Pension scheme

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries operating in Mainland China are required to contribute certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., 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. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2. ACCOUNTING POLICIES (Continued)

2.4 Material Accounting Policies (Continued)

Foreign currencies

These financial statements are presented in RMB. The functional currency of the Company is Hong Kong dollars ("HK$"). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of each reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of each reporting period and profit or loss and other comprehensive income are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the consolidated statement of profit or loss and other comprehensive income.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Contractual arrangements

The Group exercises control over JH Holdings Group, College of Economics and Business, Changzheng College, Wenzhou Jiaren, Yueqing JH Investment, Yueqing Jialuo, Yueqing Jiazheng, Yueqing Jiasheng and Yueqing Jingyi Secondary School Company Limited (the "Structured Entities") and enjoys economic benefits of the Structured Entities through a series of contractual arrangements.

The Group considers that it controls the Structured Entities notwithstanding the fact that it does not hold direct equity interests in the Structured Entities, as it has power over the financial and operating policies of the Structured Entities and receives substantially all of the economic benefits from the business activities of the Structured Entities through the contractual arrangements. Accordingly, the Structured Entities have been accounted for as subsidiaries during the year.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group has tax losses of RMB10,864,000 (2023: RMB63,216,000) carried forward. These losses related to subsidiaries that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

If the Group had been able to recognise all unrecognised deferred tax assets, the profit and equity would have increased by RMB2,734,000.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each 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.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) as at the end of each reporting period. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. Impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Useful lives and residual values of items of property, plant and equipment

In determining the useful lives and residual values of items of property, plant and equipment, the Group has to consider various factors, such as expected usage of the asset, expected physical wear and tear, care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives and/or residual values of items of property, plant and equipment are different from previous estimation. Useful lives and residual values are reviewed as at the end of each reporting period. Further details of the property, plant and equipment are set out in note 13 to the financial statements.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis as at the end of each financial year. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units based on key assumptions including revenue growth, gross margins and long term growth rate, and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2024 was RMB110,995,000 (2023: RMB110,995,000). Further details are set out in note 16 to the financial statements.

Provision for expected credit losses on accounts and other receivables

The provision rate of receivables is made based on assessment of their recoverability and ageing analysis of receivables as well as other quantitative and qualitative information and on management's judgement and assessment of the forward-looking information. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Provision for expected credit losses on accounts and other receivables (Continued)

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a debtor's actual default in the future. The information about the ECLs on the Group's trade receivables and other receivables is disclosed in notes 18 and 19 to the financial statements, respectively.

Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the dates of the transactions that occurred at those prices; and discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The carrying amount of investment properties at 31 December 2024 was RMB205,874,000 (2023: RMB182,968,000). Further details are set out in note 14 to the financial statements.

4. OPERATING SEGMENT INFORMATION

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

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

4. OPERATING SEGMENT INFORMATION (Continued)

Geographical information

During the year, the Group operated within one geographical location because all of its revenue was generated in the PRC and 98% of its long-term assets/capital expenditure were located/incurred in the PRC. Accordingly, no further geographical information is presented.

Information about major customers

No revenue from services provided to a single customer accounted for 10% or more of total revenue of the Group during the reporting period (2023: Nil).

5. REVENUE, OTHER INCOME AND GAINS

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

	Notes	2024 RMB'000	2023 RMB'000
Revenue			
Tuition fees		894,298	794,061
Boarding fees		69,008	64,272
Other education service fees	(i)	17,535	15,012
Total revenue from contracts with customers		980,841	873,345
Other income and gains			
Bank interest income		47,565	51,659
Other interest income		409	1,270
Rental income		14,423	14,491
Government grants	(ii)		
– related to expenses		7,432	9,444
– related to assets		5,662	4,477
Gains on foreign exchange differences		–	345
Donation income		–	13
Others		2,197	2,267
Total other income and gains		77,688	83,966

Notes:

(i) Revenue from other education services mainly represents fees received for training services to the students, which was amortised over the training periods of the services rendered.

(ii) Government grants are related to subsidies received from the local government for the purpose of compensating the operating expenses arising from the Group's teaching activities and expenditures on teaching facilities. There were no unfulfilled conditions or contingencies relating to these grants.

5. REVENUE, OTHER INCOME AND GAINS (Continued)

The Group recognised the following revenue-related contract liabilities, which represented the unsatisfied performance obligations as at 31 December 2024 and 2023 and are expected to be recognised as revenue within one year:

	2024 RMB'000	2023 RMB'000
Tuition fees	486,296	478,081
Boarding fees	42,087	43,543
Total contract liabilities	528,383	521,624

The Group receives tuition fees and boarding fees from students in advance prior to the beginning of each academic year. Tuition and boarding fees are recognised proportionately over the periods of the relevant programs. Students are entitled to the refund of payments in relation to the proportionate services not yet rendered.

The transaction price associated with unsatisfied or partially unsatisfied performance obligations does not include variable consideration that is constrained.

Significant changes in the contract liabilities balance during the year are as follows:

	2024 RMB'000	2023 RMB'000
At the beginning of the year	521,624	436,078
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	(521,624)	(436,078)
Increases due to cash received, excluding amounts recognised as revenue during the year	528,383	521,624
At the end of the year	528,383	521,624

6. PROFIT BEFORE TAX

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

	Notes	2024 RMB'000	2023 RMB'000
Employee benefit expense (excluding directors' remuneration) (note 8):			
Wages and salaries		**245,219**	206,488
Pension scheme contributions (defined contribution scheme)		**49,801**	40,201
Other welfare expenses		**4,684**	4,653
Subtotal		**299,704**	251,342
Cost of services provided*		**353,616**	305,376
Depreciation of property, plant and equipment	13	**65,261**	61,841
Depreciation of right-of-use assets	15(a)	**9,439**	8,394
Amortisation of other intangible assets	17	**2,409**	1,600
Impairment of trade receivables**	18	**551**	331
Impairment of other receivables**	19	**6,000**	–
Bank interest income	5	**(47,565)**	(51,659)
Other interest income	5	**(409)**	(1,270)
Changes in fair value of investment properties**	14	**35,018**	2,450
Government grants			
– related to expenses	5	**(7,432)**	(9,444)
– related to assets	5	**(5,662)**	(4,477)
Loss on disposal of items of property, plant and equipment**		**1,983**	1,408
Auditor's remuneration		**2,300**	2,430
Costs for the conversion of Jingyi Secondary School into a for-profit private school**		**–**	18,801
Foreign exchange differences, net		**601**	(345)

* The staff costs of RMB233,099,000 (2023: RMB195,863,000) and the depreciation and amortisation of RMB66,683,000 (2023: RMB63,281,000) were included in "Cost of sales" in the consolidated statement of profit or loss and other comprehensive income.

** Included in "Other expenses" in the consolidated statement of profit or loss and other comprehensive income.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 RMB'000	2023 RMB'000
Interest on lease liabilities	**22**	18

8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2024 RMB'000	2023 RMB'000
Fees	**411**	391
Other emoluments:		
Salaries, allowances and benefits in kind	**32,034**	26,320
Pension scheme contributions	**231**	123
Subtotal	**32,265**	26,443
Total	**32,676**	26,834

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2024 RMB'000	2023 RMB'000
Fung Nam Shan	**137**	135
Wang Yuqing	**137**	128
Bi Hui	**137**	128
Total	**411**	391

There were no other emoluments payable to the independent non-executive directors during the year (2023: Nil).

8. DIRECTORS' REMUNERATION (Continued)

(b) Executive directors, a non-executive director and the chief executive

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
2024				
Executive directors:				
Chen Yuguo (the chief executive)	–	8,577	–	8,577
Chen Yuchun	–	5,871	–	5,871
Chen Shu	–	5,861	105	5,966
Chen Nansun	–	5,860	19	5,879
Chen Lingfeng	–	5,865	107	5,972
Subtotal	–	32,034	231	32,265
Non-executive director:				
Zhang Xuli	–	–	–	–
Total	–	32,034	231	32,265

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
2023				
Executive directors:				
Chen Yuguo (the chief executive)	–	6,880	–	6,880
Chen Yuchun	–	4,860	–	4,860
Chen Shu	–	4,860	94	4,954
Chen Nansun	–	4,860	17	4,877
Chen Lingfeng	–	4,860	12	4,872
Subtotal	–	26,320	123	26,443
Non-executive director:				
Zhang Xuli	–	–	–	–
Total	–	26,320	123	26,443

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included five directors (2023: five directors), details of whose remuneration are set out in note 8 above.

During the year, no highest paid employees waived or agreed to waive any remuneration and no remuneration was paid by the Group to any of the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

10. INCOME TAX

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

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

JH Educational Technology HK Limited and JH Investment (Hong Kong) Limited, the subsidiaries incorporated in Hong Kong, are subject to income tax at the rate of 16.5%. No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year.

Jheduaus Pty Ltd, Twinklem New St Pty Ltd, Twinklem Murray St Pty Ltd and Twinkle Minds Early Learning Pty Ltd, the subsidiaries incorporated in Australia, are subject to income tax at the rate of 30%.

Jhedunz Pty Limited and JH Early Learning Pty Limited, the subsidiaries incorporated in New Zealand, are subject to income tax at the rate of 28%. No provision for New Zealand profits tax has been made as the Group did not generate any assessable profits arising in New Zealand during the year.

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

On 14 May 2021, the State Council released the Implementation Rules for the Private Schools Promotion Law of the PRC (《中華人民共和國民辦教育促進法實施條例》) with an effective date of 1 September 2021 (the "2021 Implementation Rules"). The 2021 Implementation Rules are the detailed implementation rules of the Private Schools Promotion Law of the PRC. Pursuant to the 2016 Decision and the 2021 Implementation Rules, a private school may enjoy the preferential tax policies, which are not defined under neither the 2016 Decision nor the 2021 Implementation Rules, as stipulated by the related government authorities and a non-profit school may enjoy the same tax policies as enjoyed by a public school.

10. INCOME TAX (Continued)

The local governments of Henan and Zhejiang, in which the Group's schools in the People's Republic of China registered, have promulgated the implementation opinions on encouraging private entities and individuals to operate schools and promote healthy development of private education (the "Local Implementation Opinions"), according to which the Group's schools are required to complete classification registration as a for-profit private school or a non-profit private school by 31 December 2022. As at the date of approval of these financial statements, College of Economics and Business and Changzheng College have not yet registered as for-profit private schools or non-profit private schools and remain as private non-enterprise units as local governments have not started the registration work.

During the year of 2023, Jingyi Secondary School has completed the registration of conversion into a for-profit private school to comply with the 2021 Implementation Rules. The Group has established Yueqing Jingyi Secondary School Company Limited on 13 March 2023 as a for-profit private school. Therefore, Yueqing Jingyi Secondary School Company Limited, which is running a for-profit private school business, is subject to PRC corporate income tax at a rate of 25% from 2023 onward.

Considering that the relevant taxation policy regarding schools for which the school sponsor(s) require reasonable returns or schools for which the school sponsor(s) do not require reasonable returns remains unchanged and College of Economics and Business and Changzheng College remain as private non-enterprise units during the year and, in accordance with the tax compliance confirmations obtained from the local tax authorities and the Group's external legal advisor's comments on the preferential tax treatments for the current year, College of Economics and Business and Changzheng College treated their academic education income as non-taxable income and as such there was no corporate income tax provided for the academic education income during the year. In the event College of Economics and Business and Changzheng College elect to register as for-profit private schools, they may be subject to corporate income tax at a rate of 25% in respect of service fees they receive from the provision of academic educational services going forward, if they do not enjoy any preferential tax treatment.

Pursuant to the PRC Corporate Income Tax Law and the respective regulations, the non-academic education services provided by the schools are subject to corporate income tax at a rate of 25%.

Except for College of Economics and Business and Changzheng College, all of the Group's subsidiaries established in the PRC were subject to corporate income tax at a rate of 25% during the year.

10. INCOME TAX (Continued)

Corporate income tax of the Group has been provided at the applicable tax rate on the estimated taxable profits arising in Mainland China during the year. The major components of income tax expense of the Group are as follows:

	2024 RMB'000	2023 RMB'000
Current – Mainland China		
Charge for the year	84,040	771
(Overprovision)/underprovision in prior years	(34)	748
Current – Elsewhere	503	–
Total tax charge for the year	84,509	1,519

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the jurisdictions/countries in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rate is as follows:

	2024 RMB'000	2023 RMB'000
Profit before tax	522,945	504,330
Tax at the respective statutory tax rates:		
– PRC subsidiaries, at 25%	130,170	125,178
– Hong Kong subsidiary, at 16.5%	429	597
– Australia subsidiaries, at 30%	(100)	–
– New Zealand subsidiaries, at 28%	–	–
Lower tax rate for specific province or enacted by local authority	(897)	(574)
Adjustments in respect of current tax of the previous year	(34)	748
Income not subject to tax	(154,734)	(138,540)
Expenses not deductible for tax	511	766
Income tax of JH Holdings Group for withdrawal of past profits from College of Economics and Business*	118,211	–
Temporary differences not recognised	12,351	734
Temporary differences utilised from previous periods	(3,005)	–
Tax losses not recognised	1,510	13,045
Tax losses utilised from previous periods	(19,903)	(435)
Tax charge at the Group's effective rate of 16.2% (2023: 0.3%)	84,509	1,519

* *During the year, JH Holdings Group withdrew profits for the period from 1 September 2007 to 31 July 2017 of RMB472,844,000 from College of Economics and Business, which is subject to income tax rate of 25%.*

10. INCOME TAX (Continued)

Pursuant to the PRC Corporate Income Tax Law, a 10% (or a lower rate if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors) withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

As at 31 December 2024 and 2023, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors of the Company, the Group's earnings will be retained in Mainland China, there is currently no plan that these subsidiaries will distribute such earnings in the foreseeable future. As at 31 December 2024 and 2023, the aggregate amounts of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB2,303,136,000 and RMB2,057,931,000, respectively.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

As at 31 December 2024, the Group had no (2023: Nil) tax losses arising in Hong Kong and New Zealand. The Group has tax losses arising in Australia of RMB358,000 (2023: Nil), that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The Group had tax losses arising in Mainland China of RMB10,506,000 (2023: RMB63,216,000), that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

11. DIVIDENDS

No interim or final dividend was declared during the years ended 31 December 2024 and 2023.

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent of RMB312,822,000 (2023: RMB388,196,000), and the weighted average number of 1,600,830,000 ordinary shares outstanding during the year.

The Group had no potentially dilutive ordinary shares outstanding during the years ended 31 December 2024 and 2023.

The calculation of basic earnings per share is based on:

	2024 RMB'000	2023 RMB'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**312,822**	388,196

	Number of shares	
	2024	2023
Shares		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation	**1,600,830,000**	1,600,830,000
Earnings per share attributable to ordinary equity holders of the parent		
Basic and diluted	**RMB19.54 cents**	RMB24.25 cents

13. PROPERTY, PLANT AND EQUIPMENT

31 December 2024

	Freehold Land RMB'000	Property and buildings RMB'000	Leasehold improvements RMB'000	Electronic equipment RMB'000	Motor vehicles RMB'000	Furniture, fixtures and others RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2024:								
Cost	–	1,352,633	150,492	166,484	39,667	118,394	6,115	1,833,785
Accumulated depreciation	–	(188,221)	(30,627)	(93,784)	(29,502)	(54,459)	–	(396,593)
Net carrying amount	–	1,164,412	119,865	72,700	10,165	63,935	6,115	1,437,192
At 1 January 2024, net of accumulated depreciation	–	1,164,412	119,865	72,700	10,165	63,935	6,115	1,437,192
Additions	–	27,714	5	10,983	3,773	11,162	59,059	112,696
Business combination (note 26)	5,544	9,551	–	–	–	–	–	15,095
Disposals	–	–	–	(1,780)	(10)	(346)	–	(2,136)
Depreciation provided during the year (note 6)	–	(28,262)	(8,724)	(16,741)	(2,683)	(8,851)	–	(65,261)
Transfers	–	–	32,203	2,039	1,159	–	(35,401)	–
At 31 December 2024, net of accumulated depreciation	5,544	1,173,415	143,349	67,201	12,404	65,900	29,773	1,497,586
At 31 December 2024:								
Cost	5,544	1,389,898	182,700	164,970	44,407	125,491	29,773	1,942,783
Accumulated depreciation	–	(216,483)	(39,351)	(97,769)	(32,003)	(59,591)	–	(445,197)
Net carrying amount	5,544	1,173,415	143,349	67,201	12,404	65,900	29,773	1,497,586

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

31 December 2023

	Property and buildings RMB'000	Leasehold improvements RMB'000	Electronic equipment RMB'000	Motor vehicles RMB'000	Furniture, fixtures and others RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2023:							
Cost	1,352,781	108,259	155,162	35,114	102,156	5,568	1,759,040
Accumulated depreciation	(160,749)	(23,700)	(77,867)	(27,397)	(47,112)	–	(336,825)
Net carrying amount	1,192,032	84,559	77,295	7,717	55,044	5,568	1,422,215
At 1 January 2023, net of accumulated depreciation	1,192,032	84,559	77,295	7,717	55,044	5,568	1,422,215
Additions	–	13,259	12,710	5,101	17,736	29,430	78,236
Disposals	(39)	(18)	(578)	(72)	(711)	–	(1,418)
Depreciation provided during the year (note 6)	(27,472)	(6,927)	(16,727)	(2,581)	(8,134)	–	(61,841)
Transfers	(109)	28,992	–	–	–	(28,883)	–
At 31 December 2023, net of accumulated depreciation	1,164,412	119,865	72,700	10,165	63,935	6,115	1,437,192
At 31 December 2023:							
Cost	1,352,633	150,492	166,484	39,667	118,394	6,115	1,833,785
Accumulated depreciation	(188,221)	(30,627)	(93,784)	(29,502)	(54,459)	–	(396,593)
Net carrying amount	1,164,412	119,865	72,700	10,165	63,935	6,115	1,437,192

As at 31 December 2024, the Group was in the customary process of obtaining the relevant property ownership certificates for certain buildings with an aggregate net carrying amount of approximately RMB455,176,000 (2023: RMB586,532,000).

14. INVESTMENT PROPERTIES

	2024 RMB'000	2023 RMB'000
Carrying amount at 1 January	**182,968**	185,418
Additions	**57,924**	–
Net loss from a fair value adjustment (note 6)	**(35,018)**	(2,450)
Carrying amount at 31 December	**205,874**	182,968

The Group's investment properties consist of commercial properties in Binzhou City, Shandong Province ("Binzhou") and Hangzhou City, Zhejiang Province ("Hangzhou"), the PRC and commercial property (including a freehold land) in Australia.

14. INVESTMENT PROPERTIES (Continued)

In January 2024, the Group entered into agreements with an independent third party to acquire commercial properties in Hangzhou with an aggregate cash consideration of RMB26,190,000. In October 2024, the Group entered into an agreement with an independent third party to acquire a commercial property (including a freehold land) in Australia with an aggregate cash consideration of RMB31,734,000.

The directors of the Company have determined that the investment properties consist of one class of asset, which is commercial properties, based on the nature, characteristics and risks of each property. The Group's commercial properties in Binzhou were revalued on 31 December 2024 based on valuations performed by Shandong Shengxin Real Estate Appraisal Co., Ltd, independent professionally qualified valuers, at RMB150,638,000. The Group's commercial properties in Hangzhou were revalued on 31 December 2024 based on the valuations performed by Zhejiang Hengxin Real Estate Appraisal Co., Ltd, independent professionally qualified valuers, at RMB25,490,000. The Group's freehold land in Australia was revalued on 31 December 2024 based on valuations performed by CBRE Valuations Pty Limited, independent professionally qualified valuers, at AU$6,600,000 (approximately RMB29,746,000). Each year, the Group's property manager and the chief financial officer decide, after approval from the audit committee, to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's property manager and the chief financial officer have discussions with the valuer on the valuation assumptions and valuation results when the valuation is performed for annual financial reporting.

At the end of the reporting period, the Group's investment properties were within Level 3 of the fair value hierarchy as their valuations were arrived at by reference to certain significant unobservable inputs. There were no transfers into or out of Level 3.

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	Commercial properties RMB'000
Carrying amount at 1 January 2023	**185,418**
Net loss from a fair value adjustment recognised in profit or loss	**(2,450)**
Carrying amount at 31 December 2023 and 1 January 2024	**182,968**
Additions	**57,924**
Net loss from a fair value adjustment recognised in profit or loss	**(35,018)**
Carrying amount at 31 December 2024	**205,874**

14. INVESTMENT PROPERTIES (Continued)

Below is a summary of the valuation technique used and the key input to the valuation of investment properties:

	Valuation technique	**Significant unobservable input**
Commercial properties	Direct/sales comparison approach	Premium (discount) in quality of properties

As at 31 December 2024, the property titles of investment properties of RMB150,637,000 (2023: RMB182,968,000) have not been officially transferred to the Group by Binzhou Yilingyi Properties Co., Ltd. (as the seller). As at 31 December 2024, certain properties of Binzhou Yilingyi Properties Co., Ltd. were seized by the court due to a legal case, including properties of RMB11,508,000 (2023: Nil) that are beneficially owned by the Group but whose titles remain untransferred. In January 2025, Binzhou Yilingyi Properties Co., Ltd. filed an application with the court to substitute the currently preserved properties owned by the Group with other properties owned by Binzhou Yilingyi Properties Co., Ltd., which is awaiting for the count's decision.

Except for the investment properties under preservation, the directors of the Company, based on the advice from the Group's external legal advisor, the Group has the right to use, lease, transfer or mortgage (supported by Binzhou Yilingyi Properties Co., Ltd.) the properties and generate profits from such uses.

15. LEASES

The Group as a lessee

The Group has lease contracts for property and buildings land and car park used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Lump sum payments were made upfront to acquire the leased car park with lease periods of 27 years, and no ongoing payments will be made under the terms of these car park leases. Lease of property and buildings generally has lease terms for two years.

15. LEASES (Continued)

The Group as a lessee (Continued)

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Property and buildings RMB'000	Car park RMB'000	Leasehold land RMB'000	Total RMB'000
As at 1 January 2023	227	–	278,554	278,781
Addition	815	–	–	815
Depreciation charge (note 6)	(399)	–	(7,995)	(8,394)
As at 31 December 2023 and 1 January 2024	643	–	270,559	271,202
Addition	–	3,750	366,037	369,787
Refund for purchase of a land use right	–	–	(25,600)	(25,600)
Depreciation charge (note 6)	(400)	(121)	(8,918)	(9,439)
As at 31 December 2024	243	3,629	602,078	605,950

On 13 August 2024, the College of Economics and Business entered into a land use right grant contract with Zhengzhou City Xinzheng District Natural Resources Bureau to acquire the land use right of the administratively allocated land which it currently uses at a consideration of RMB59,665,000.

On 24 December 2024, the College of Economics and Business entered into a land use rights grant contract with Zhengzhou City Shangjie District Natural Resources Bureau to acquire the land use right for the new campus at a consideration of RMB305,980,000. The acquisition of land use right constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. Further details of such acquisition are disclosed in the Company's announcement and circular dated 13 December 2024 and 11 February 2025, respectively.

During the year, the Group incurred stamp duty and other expenses of RMB392,000 for above-mentioned purchases of land use rights.

15. LEASES (Continued)

The Group as a lessee (Continued)

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2024 RMB'000	2023 RMB'000
Carrying amount at 1 January	**647**	234
New lease	**–**	815
Accretion of interest recognised during the year	**22**	18
Payments	**(420)**	(420)
Carrying amount at 31 December	**249**	647
Analysed into:		
Current portion	**249**	403
Non-current portion	**–**	244

The maturity analysis of lease liabilities is disclosed in note 32 to the financial statements.

The Group has not received eligible rent concessions granted by the lessors during the year.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2024 RMB'000	2023 RMB'000
Interest on lease liabilities	**22**	18
Depreciation charge of right-of-use assets	**9,439**	8,394
Total amount recognised in profit or loss	**9,461**	8,412

The Group as a lessor

The Group leases certain of its properties and buildings under operating lease arrangements. Leases for properties are negotiated for terms of three years. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was RMB14,423,000 (2023: RMB14,491,000), details of which are included in note 5 to the financial statements.

15. LEASES (Continued)

The Group as a lessor (Continued)

At 31 December 2024, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2024 **RMB'000**	2023 RMB'000
Within one year	**5,251**	5,428
After one year but within two years	**2,431**	2,902
After two years but within three years	**2,112**	2,118
After three years	**8,933**	8,900
Total	**18,727**	19,348

16. GOODWILL

	2024 **RMB'000**	2023 RMB'000
Cost:		
At 1 January and 31 December	**110,995**	110,995
Accumulated impairment:		
At beginning and end of year	**–**	–
Net carrying amount:		
At 1 January	**110,995**	110,995
At 31 December	**110,995**	110,995

Impairment testing of goodwill

The recoverable amount of College of Economics and Business as a cash-generating unit ("CGU") has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by management. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

	2024	2023
Revenue growth (% annual growth rate)	**0%-3%**	3%-9%
Gross margins (% of revenue)	**65%**	67%
Long term growth rate	**2%**	3%
Pre-tax discount rate	**18%**	18%

16. GOODWILL (Continued)

Impairment testing of goodwill (Continued)

Budgeted sales amounts – The budgeted sales amounts are based on the historical data and management's expectation on the future market.

Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

Long term growth rate – The long term growth rate is based on the historical data and management's expectation on the future market.

Pre-tax discount rate – The pre-tax discount rate used is before tax and reflects specific risks relating to College of Economics and Business.

The values assigned to the key assumptions on market development of College of Economics and Business and discount rate are consistent with external information sources.

The most key assumption on which management has based when determining the recoverable amount of goodwill is budgeted sales amounts, which are dependent on the number of students and unit tuition and boarding fees.

Management has estimated the reasonably possible changes in those factors and acknowledged that, even if the most unfavourable possible values were assigned to those factors, the recoverable amount of the CGU then calculated, after incorporating any consequential effects of such assignments on the other variables used to measure the recoverable amount of the CGU, would still exceed its carrying amount.

Management did not identify any significant adverse changes in the operating results and macro environment as at 31 December 2024. No impairment loss was provided as at 31 December 2024 (2023: Nil).

17. OTHER INTANGIBLE ASSETS

	Software RMB'000	Student base RMB'000	Total RMB'000
31 December 2024			
Cost at 1 January 2024, net of accumulated amortisation	**10,732**	**–**	**10,732**
Additions	**12,831**	**–**	**12,831**
Business combination (note 26)	**–**	**4,103**	**4,103**
Amortisation provided during the year (note 6)	**(2,409)**	**–**	**(2,409)**
At 31 December 2024	**21,154**	**4,103**	**25,257**
At 31 December 2024			
Cost	**30,837**	**19,103**	**49,940**
Accumulated amortisation	**(9,683)**	**(15,000)**	**(24,683)**
Net carrying amount	**21,154**	**4,103**	**25,257**

	Software RMB'000	Student base RMB'000	Total RMB'000
31 December 2023			
Cost at 1 January 2023, net of accumulated amortisation	9,851	–	9,851
Additions	2,481	–	2,481
Amortisation provided during the year (note 6)	(1,600)	–	(1,600)
At 31 December 2023	10,732	–	10,732
At 31 December 2023			
Cost	18,043	15,000	33,043
Accumulated amortisation	(7,311)	(15,000)	(22,311)
Net carrying amount	10,732	–	10,732

18. TRADE RECEIVABLES

	2024 RMB'000	2023 RMB'000
Tuition and boarding fees receivables	**5,136**	4,309
Impairment	**(3,285)**	(2,734)
Net carrying amount	**1,851**	1,575

18. TRADE RECEIVABLES (Continued)

The Group's students are required to pay tuition fees and boarding fees in advance for the upcoming school year, which normally commences in September. Trade receivables represent amounts due from students whose families were in financial difficulties. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables are related to a number of individual students, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing and repayable on demand.

An ageing analysis of the trade receivables as at the end of the year, based on the transaction date and net of provisions, is as follows:

	2024 RMB'000	2023 RMB'000
Within 1 year	1,544	1,452
1 to 2 years	222	106
2 to 3 years	69	2
Over 3 years	16	15
Total	1,851	1,575

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The Group considers the credit risk and days past due of the trade receivables in measuring the expected credit losses. During the year, the expected credit loss rates are determined as follows:

Days past due	Expected credit loss rate %	2024 Estimated total gross carrying amount at default RMB'000	2024 Expected credit losses RMB'000	2023 Estimated total gross carrying amount at default RMB'000	2023 Expected credit losses RMB'000
Not past due	0	1,793	–	1,540	–
Within 1 year	90	574	516	344	309
Over 1 year	100	2,769	2,769	2,425	2,425
Total		5,136	3,285	4,309	2,734

18. TRADE RECEIVABLES (Continued)

As no significant changes in the historical default rates of trade receivables, economic conditions and performance, and behaviour of the students were noted, there was no change in the ECL rates during the year based on which the ECL rates are determined.

The movements in the allowance for expected credit losses on trade receivables are as follows:

	2024 RMB'000	2023 RMB'000
At beginning of year	2,734	2,403
Provision for expected credit losses (note 6)	551	331
At end of year	3,285	2,734

The individually impaired trade receivables relate to students that were in financial difficulties or were in default in payments and only a portion of the receivables is expected to be recovered.

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	2024 RMB'000	2023 RMB'000
Non-current			
Prepayment for purchase of a land use right		27,200	–
Loan to a third party	(i)	–	12,000
Total		27,200	12,000
Current			
Deposit for purchase of a land use right		75,000	–
Deposit for business acquisition		15,242	–
Loans to third parties	(i)/(ii)	32,000	20,000
Interest receivables		6,391	4,272
Other deposits		2,024	1,774
Prepaid expenses		2,547	986
Rental receivable		591	612
Staff advances		156	248
Other receivables		1,959	1,209
Impairment allowance	(i)	(6,000)	–
Total		129,910	29,101

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (Continued)

Notes:

(i) The loan to a third party of RMB12,000,000 is unsecured, bearing an interest rate at 3.6% per annum and was due on 8 January 2025. As at 31 December 2024, due to the default of the third party, an impairment provision of RMB6,000,000 (2023: Nil) (note 6) was made.

(ii) The loan to a third party of RMB20,000,000 is unsecured, bearing an interest rate at 6.0% per annum and is repayable on 31 December 2024. In January 2025, the Group entered into a supplemental agreement with the borrower to extend the maturity date of the loan to 31 December 2025, bearing an interest rate at 3.0% per annum. The loan of RMB10,000,000 was repaid on 18 February 2025.

As at 31 December 2024 and 2023, except for loans to third parties disclosed above, the provisions for impairment of financial assets included in prepayments, deposits and other receivables above were assessed to be minimal based on 12-month ECLs. The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 December 2024 and 2023, the loss allowance was assessed to be minimal.

The financial assets included in prepayments, deposits and other receivables except for loans to third parties above are interest-free and are not secured with collateral.

20. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS

	2024 **RMB'000**	2023 RMB'000
Cash and bank balances	**1,502,752**	1,995,904
Time deposits	**572,469**	111,141
Subtotal	**2,075,221**	2,107,045
Less: Non-pledged time deposits with original maturity:		
more than three months but less than one year	**475,000**	106,141
more than one year	**4,000**	5,000
Cash and cash equivalents	**1,596,221**	1,995,904
Time deposits with original maturity of more than three months:		
Current portion	**479,000**	106,641
Non-current portion	**–**	4,500

20. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS (Continued)

The cash and cash equivalents and time deposits were denominated in the following currencies:

	2024 RMB'000	2023 RMB'000
RMB	**1,960,902**	1,999,372
HK$	**185**	52
US$	**98,209**	107,621
AU$	**15,925**	–
Cash and cash equivalents	**2,075,221**	2,107,045

As at 31 December 2024, the provisions for impairment of cash and cash equivalents and time deposits were assessed to be minimal based on 12-month ECLs.

At the end of the year, the cash and cash equivalents and time deposits of the Group denominated in RMB amounted to RMB1,960,902,000 (2023: RMB1,999,372,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods of between three months and three years depending on the immediate cash requirements of the Group, and earn interest at the respective time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

21. OTHER PAYABLES AND ACCRUALS

	2024 RMB'000	2023 RMB'000
Payables for salaries and welfares	**59,514**	59,658
Miscellaneous advances received from students	**47,692**	45,063
Other tax payables	**26,903**	22,921
Receipt on behalf of ancillary service providers	**14,685**	15,626
Payables for textbooks	**12,451**	9,373
Payables for purchase of property, plant and equipment	**3,928**	10,224
Payables for accommodation service	**3,511**	3,511
Payables for north campus co-operation costs to Zhongyuan University of Technology	**–**	1,230
Other payables	**41,222**	34,103
Total	**209,906**	201,709

The above balances are unsecured and non-interest-bearing and repayable on demand.

22. DEFERRED INCOME

	2024 RMB'000	2023 RMB'000
Government grants		
At beginning of year	**35,231**	31,595
Additions during the year	**19,462**	17,557
Released to profit or loss (note 5)	**(13,094)**	(13,921)
At the end of year	**41,599**	35,231
Current portion	**6,156**	4,934
Non-current portion	**35,443**	30,297
Total	**41,599**	35,231

Deferred income represents the government grants received for subsidies in connection with the construction of certain property, plant and equipment and compensation for future cost or expense. The grants related to assets are released to profit or loss over the expected useful lives of the relevant assets.

23. SHARE CAPITAL

Shares

	2024 RMB'000	2023 RMB'000
Authorised:		
30,000,000,000 ordinary shares of US$0.01 each as at 31 December 2024 and 2023	**2,069,700**	2,069,700
Issued and fully paid:		
1,600,830,000 ordinary shares as at 31 December 2024 and 2023	**110,362**	110,362

24. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the financial statements.

Share premium

The application of the share premium account is governed by the Companies Law of the Cayman Islands. Under the constitutional documents and the Companies Law of the Cayman Islands, the share premium is distributable as dividend on the condition that the Company is able to pay its debts when they fall due in the ordinary course of business at the time the proposed dividend is to be paid.

Capital reserve

The capital reserve of the Group represents the capital contribution from the then equity holders of the Group's subsidiaries, after the elimination of investments in subsidiaries.

Other reserve

The equity interests in the Company held by persons other than Mr. Chen Yuguo, Mr. Chen Yucao, Mr. Chen Yuchun and Mr. Chen Yutian (collectively, the "Controlling Parties") were deemed to be recognised as non-controlling interests until completion of the reorganisation when the equity interests held by persons other than the Controlling Parties were deemed to be acquired by the Company with the corresponding amount transferred to nil consideration and the entire balance of non-controlling interests have been transferred to other reserve by applying the principles of merger accounting.

On 12 April 2018, the Group acquired 40% equity interests in Wenzhou Jiaren Investment Company Limited ("Wenzhou Jiaren") from the non-controlling shareholders at a consideration of RMB8,000,000. Upon completion of the acquisition, Wenzhou Jiaren became a wholly-owned subsidiary of the Group.

Statutory surplus reserves

Pursuant to the relevant laws in 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) statutory surplus reserve of the limited liability companies and (ii) the development fund of schools.

(i) In accordance with the Company Law of the PRC, certain subsidiaries of the Group which are domestic enterprises are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to their respective statutory surplus reserves until the reserves reach 50% of their respective registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the statutory surplus reserve may be converted to share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

(ii) According to the relevant PRC laws and regulations, since 1 September 2021, a for-profit private school is required to appropriate to the development fund of not less than 10% of the audited annual net income of the relevant school, while a non-profit private school is required to appropriate to the development fund of not less than 10% of audited annual increase in non-restricted net assets of the relevant school. The development fund is for the construction or maintenance of the school, or procurement or upgrading of educational equipment.

25. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiary that has material non-controlling interests are set out below:

	2024	2023
Percentage of equity interest held by non-controlling interests:		
Changzheng College	46.38%	46.38%

	2024 RMB'000	2023 RMB'000
Profit for the year allocated to non-controlling interests:		
Changzheng College	125,614	114,615
Accumulated balances of non-controlling interests at the reporting date:		
Changzheng College	828,174	702,560

The following tables illustrate the summarised financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

	2024 RMB'000	2023 RMB'000
Revenue	370,947	323,697
Other income and gains	45,370	53,435
Total expenses	(145,482)	(130,010)
Profit for the year	270,835	247,122
Total comprehensive income for the year	270,835	247,122
Current assets	1,581,157	1,315,339
Non-current assets	526,437	507,601
Current liabilities	(293,080)	(286,124)
Non-current liabilities	(28,887)	(22,025)
Net cash flows from operating activities	300,799	323,013
Net cash flows used in investing activities	(518,371)	(22,538)
Net (decrease)/increase in cash and cash equivalents	(217,572)	300,475

26. BUSINESS COMBINATION

On 16 December 2024, the Group acquired a 100% interest in Murray Street Early Learning Centre and the land it leased for operation (the "Early Learning Business") from Australian Early Learning Centres Pty Ltd and Wilson Family Commercial Property Pty Ltd, third parties which were under common control, respectively. Murray Street Early Learning Centre is located in Melbourne, Australia and engaged in rendering early learning service. The acquisition was made as part of the Group's strategy to expand its business operations and school network. The purchase consideration for the acquisition was in the form of cash, with RMB19,198,000 paid at the acquisition date.

The fair values of the identifiable assets and liabilities of the Early Learning Business as at the date of acquisition were as follows:

	Notes	**Fair value recognised on acquisition RMB'000**
Property, plant and equipment	13	**15,095**
Other intangible assets	17	**4,103**
Total identifiable net assets at fair value		**19,198**
Goodwill on acquisition		**–**
Satisfied by cash		**19,198**

An analysis of the cash flows in respect of the business combination is as follows:

	RMB'000
Cash consideration	**(19,198)**
Net outflow of cash and cash equivalents included in cash flows from investing activities	**(19,198)**
Total net cash outflow	**(19,198)**

Had the combination taken place at the beginning of the year, the revenue from continuing operations of the Group and the profit of the Group for the year would have been RMB985,773,000 and RMB438,696,000, respectively.

27. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had no non-cash additions to right-of-use asset or lease liability (2023: RMB815,000 and RMB815,000, respectively), in respect of lease arrangement for property and buildings.

(b) Changes in liabilities arising from financing activities

2024

	Lease liabilities RMB'000	Total RMB'000
As at 1 January 2024	647	647
Changes from financing cash flows	(420)	(420)
Interest expenses	22	22
As at 31 December 2024	249	249

2023

	Lease liabilities RMB'000	Dividends payable RMB'000	Total RMB'000
As at 1 January 2023	234	–	234
Dividends declared	–	21,602	21,602
Changes from financing cash flows	(420)	(21,602)	(22,022)
New lease	815	–	815
Interest expenses	18	–	18
As at 31 December 2023	647	–	647

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	2024 RMB'000	2023 RMB'000
Within financing activities	420	420

28. COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

	2024 RMB'000	2023 RMB'000
Prepaid land lease payments	108,770	–
Property and buildings	47,163	371
Furniture, fixtures and others	3,083	694
Total	159,016	1,065

29. RELATED PARTY TRANSACTIONS AND BALANCES

The directors are of the view that the following individuals/companies are related parties that had material transactions or balances with the Group during the year.

(a) Names and relationships of related parties

Name	Relationship
Chen Yuguo 陳餘國	One of the controlling shareholders
Chen Yuchun 陳餘春	One of the controlling shareholders
Chen Yucao 陳餘曹	One of the controlling shareholders
Chen Lingfeng 陳淩峰	One of the controlling shareholders
Chen Shu 陳澍	One of the controlling shareholders
Zhang Xuli 張旭麗	One of the controlling shareholders
Chen Nansun 陳南菍	One of the controlling shareholders
Zhao Xiaojun 趙曉俊	Close family member of one of the controlling shareholders
Zhao Zhangxing 趙章興	Cousin of each Chen Yuguo and Chen Yuchun
Wenzhou Jia Jia Network Technology Co., Ltd. 溫州嘉嘉網絡科技有限公司 ("Wenzhou Jiajia")	Company controlled by Zhao Xiaojun
Binzhou Yilingyi Properties Co., Ltd. 濱州市一零一置業有限公司	Company controlled by Zhao Zhangxing
Guo's Investment Holdings Limited	Company controlled by Chen Yuguo
Shu's Investment Holdings Limited	Company controlled by Chen Shu
Feng's Investment Holdings Limited	Company controlled by Chen Lingfeng
Cao's Investment Holdings Limited	Company controlled by Chen Yucao
Chun's Investment Holdings Limited	Company controlled by Chen Yuchun
CNS Investment Holdings Limited	Company controlled by Chen Nansun
ZXL Investment Holdings Limited	Company controlled by Zhang Xuli

29. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(b) The Group had the following transaction with a related party during the year:

	2024 RMB'000	2023 RMB'000
Loan to a shareholder	35,500	–
Repayment of loan from a shareholder	10,500	–
Interest income from a shareholder	407	–

In June 2024, JH Holdings Group entered into a loan agreement with Mr. Chen Yuguo, an executive director and a controlling shareholder of the Company, pursuant to which JH Holdings Group agreed to lend to Mr. Chen Yuguo an RMB loan facility (excluding the accrued interest) of RMB55,000,000, at an interest rate of 3.1% per annum for a term of two years commencing from 17 June 2024 and ending on 16 June 2026. During the year, a loan of RMB35,500,000 was drawn down, of which RMB10,500,000 was repaid by the end of the reporting period.

Mr. Chen Yuguo, as the borrower, has made an undertaking to authorise the Company to deduct the dividends payable to Guo's Investment Holdings Limited, which is wholly owned by Mr. Chen Yuguo, and/or the remuneration payable to Mr. Chen Yuguo as a director to repay the outstanding loan and accrued interest owed by the borrower in the event that the borrower does not repay any loan and/or accrued interest according to the terms of the loan agreement.

The above loan agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Further details of such loan agreement are disclosed in the Company's announcement dated 17 June 2024.

(c) Outstanding balances with related parties

The Group had outstanding balances due from Mr. Chen Yuguo of RMB25,000,000 (loan principal) (31 December 2023: Nil) and RMB407,000 (accrued interest) (31 December 2023: Nil) as at the end of the reporting period.

The Group had outstanding balance due from a related party, Wenzhou JiaJia Network Technology Co., Ltd., of RMB40,000 (31 December 2023: Nil) as at the end of the reporting period. This balance is unsecured, interest-free and has no fixed terms of repayment.

29. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(d) Compensation of key management personnel of the Group

	2024 RMB'000	2023 RMB'000
Salaries, allowances and benefits in kind	39,102	32,266
Pension scheme contributions	426	418
Total	39,528	32,684

Further details of directors' and the chief executive's emoluments are included in note 8 to the financial statements.

30. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments of the Group as at the end of the year are as follows:

2024

Financial assets

	Financial assets at amortised cost RMB'000
Trade receivables	1,851
Financial assets included in prepayments, deposits and other receivables	127,207
Amount due from a shareholder	25,407
Amount due from a related party	40
Time deposits	479,000
Cash and cash equivalents	1,596,221
Total	2,229,726

30. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Financial liabilities included in other payables and accruals	**123,489**
Lease liabilities	**249**
Other liabilities	**315**
Total	**124,053**

2023

Financial assets

	Financial assets at amortised cost RMB'000
Trade receivables	1,575
Financial assets included in prepayments, deposits and other receivables	39,867
Time deposits	111,141
Cash and cash equivalents	1,995,904
Total	2,148,487

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Financial liabilities included in other payables and accruals	119,130
Lease liabilities	647
Other liabilities	108
Total	119,885

31. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of trade receivables, amounts due from a shareholder and a related party, financial assets included in prepayments, deposits and other receivables, time deposits, cash and cash equivalents and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee once a year for annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Group did not have any financial assets measured at fair value as at 31 December 2024 (2023: Nil).

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents and time deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables, other receivables and other payables and accruals, which arise directly from its operations and fund transfer.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. The directors of the Company review and agree policies for managing each of these risks which are summarised below.

Credit risk

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet its contractual obligation. The Group has no concentration of credit risk from third party debtors. The Group's maximum exposure to credit risk is the carrying amounts of cash and cash equivalents, time deposits, trade and other receivables, amounts due from a shareholder and a related party.

As of 31 December 2024 and 2023, all of the bank deposits were deposited with creditworthy banks with no recent history of default. The expected credit loss was assessed to be minimal.

All of the trade receivables have not been pledged with. The Group assessed the credit quality of the counterparties by taking into account their financial positions, credit history of failure to make payments on their contractually due dates, the existence of forecast changes in market or environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group and other factors. Management also regularly reviews the recoverability of these receivables and follow on the disputes or amounts overdue, if any. Management is of the opinion that the risk of default by counterparties is low.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk (Continued)

The Group considers the probability of default upon initial recognition of assets and whether there has been a significant increase in credit risk on an ongoing basis throughout the reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as of the reporting date with the risk of default as of the date of initial recognition. It considers available reasonable and supportive forward-looking information.

The Group applies the simplified approach for measuring the expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables.

As at 31 December 2024 and 2023, an analysis of credit rate for other receivables had been performed by the Group. The Group assessed that the expected credit losses for these receivables are not material under the 12-month expected credit loss method. Thus, no loss allowance provision was recognised during the reporting period.

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December.

The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	–	–	–	5,136	5,136
Financial assets included in prepayments, deposits and other receivables					
– Normal**	127,207	–	–	–	127,207
– Doubtful**	–	–	6,000	–	6,000
Amount due from a shareholder	25,407	–	–	–	25,407
Amount due from a related party	40	–	–	–	40
Time deposits					
– Not yet past due	479,000	–	–	–	479,000
Cash and cash equivalents					
– Not yet past due	1,596,221	–	–	–	1,596,221
Total	2,227,875	–	6,000	5,136	2,239,011

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk (Continued)

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	–	–	–	4,309	4,309
Financial assets included in prepayments, deposits and other receivables – Normal**	39,867	–	–	–	39,867
Time deposits – Not yet past due	111,141	–	–	–	111,141
Cash and cash equivalents – Not yet past due	1,995,904	–	–	–	1,995,904
Total	2,146,912	–	–	4,309	2,151,221

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 18 to the financial statements.

** The credit quality of financial assets included in prepayments, deposits and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and lease liabilities.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk (Continued)

The maturity profile of the Group's financial liabilities at the end of the reporting period, based on contractual undiscounted payments, was as follows:

	As at 31 December 2024			
	On demand	**Within 1 year**	**1 to 2 years**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Financial liabilities included in other payables and accruals	**123,489**	**–**	**–**	**123,489**
Lease liabilities	**–**	**253**	**–**	**253**
Other liabilities	**–**	**–**	**315**	**315**
Total	**123,489**	**253**	**315**	**124,057**

	As at 31 December 2023			
	On demand	Within 1 year	1 to 2 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities included in other payables and accruals	119,130	–	–	119,130
Lease liabilities	–	425	248	673
Other liabilities	–	–	108	108
Total	119,130	425	356	119,911

Capital management

The Group's policy is to maintain a strong capital base so as to maintain market confidence and to sustain the future development of the Group's business.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the reporting period.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Capital management (Continued)

The Group monitors capital using a debt-to-asset ratio which is total liabilities divided by total assets. The debt-to-asset ratios as at the end of the reporting periods were as follows:

	2024 RMB'000	2023 RMB'000
Total liabilities	865,233	760,594
Total assets	4,706,233	4,163,689
Debt-to-asset ratios	18%	18%

33. EVENT AFTER THE REPORTING PERIOD

On 10 March 2025, the Group entered into construction contracts with an independent third party for the construction projects of College of Economics and Business for teaching and training buildings, public buildings and faculty apartments and dormitory buildings with an aggregate consideration of RMB825,632,000, which constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. Further details of such transaction are disclosed in the Company's announcement dated 10 March 2025.

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	33	37
Right-of-use assets	242	643
Investment in a subsidiary	320	320
Total non-current assets	595	1,000
CURRENT ASSETS		
Prepayments, deposits and other receivables	16,545	2,430
Amount due from a subsidiary	796	–
Time deposits	–	106,141
Cash and cash equivalents	97,791	1,532
Total current assets	115,132	110,103
CURRENT LIABILITIES		
Other payables and accruals	6	31
Amounts due to subsidiaries	390	381
Lease liabilities	249	403
Total current liabilities	645	815
NET CURRENT ASSETS	114,487	109,288
TOTAL ASSETS LESS CURRENT LIABILITIES	115,082	110,288
NON-CURRENT LIABILITIES		
Lease liabilities	–	244
Total non-current liabilities	–	244
Net assets	115,082	110,044
EQUITY		
Share capital	110,362	110,362
Reserves (note)	4,720	(318)
Total equity	115,082	110,044

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium RMB'000	Accumulated losses RMB'000	Exchange fluctuation reserve RMB'000	Total reserves RMB'000
Balance at 1 January 2023	21,790	(5,940)	200	16,050
Profit for the year	–	3,544	–	3,544
Other comprehensive income for the year:				
Exchange differences on translation of financial statements	–	–	1,690	1,690
Total comprehensive income for the year	–	3,544	1,690	5,234
Final 2022 dividend declared and paid	(21,602)	–	–	(21,602)
At 31 December 2023	188	(2,396)	1,890	(318)

	Share premium RMB'000	**Accumulated losses RMB'000**	**Exchange fluctuation reserve RMB'000**	**Total reserves RMB'000**
Balance at 1 January 2024	**188**	**(2,396)**	**1,890**	**(318)**
Profit for the year	**–**	**2,599**	**–**	**2,599**
Other comprehensive income for the year:				
Exchange differences on translation of financial statements	**–**	**–**	**2,439**	**2,439**
At 31 December 2024	**188**	**203**	**4,329**	**4,720**

35. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 March 2025.

"Articles of Association"	the articles of association of the Company, as amended from time to time
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board" or "Board of Directors"	the board of Directors of our Company
"Business Day" or "business day"	a day on which banks in Hong Kong are generally open for business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"California School"	California Business School, a school to be established in the State of California, the United States
"CG Code"	the code provision in Part 2 of Appendix C1 Corporate Governance Code to the Listing Rules
"Changzheng College"	Zhejiang Changzheng Vocational & Technical College*（浙江長征職業技術學院）, a private higher education institution established under the laws of the PRC on 18 November 2005, of which the school capital contributor's interest is owned as to 53.62% by JH Holdings Group and 46.38% by Hangzhou Changzheng Vocational School*（杭州長征業餘學校）, and a consolidated affiliated entity of our Company
"China" or "the PRC"	the People's Republic of China excluding, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"College of Economics and Business"	Zhengzhou College of Economics and Business, a wholly-privately owned undergraduate college approved by the Ministry of Education in June 2020, of which the school capital contributor's interest is owned as to 100% by JH Holdings Group, and a consolidated affiliated entity of our Company
"Company" or "our Company"	JH Educational Technology INC. 嘉宏教育科技有限公司, an exempted company incorporated in the Cayman Islands with limited liability on 23 June 2017
"connected person(s)"	has the meaning ascribed to it under the Listing Rules

"Controlling Shareholder(s)"	has the meaning ascribed to it in the Listing Rules and unless the context otherwise requires, refers to the controlling shareholders of our Company, namely Mr. Chen Yuguo, Mr. Chen Yuchun, Mr. Chen Yucao, Mr. Chen Yutian, Mr. Chen Shu, Mr. Chen Lingfeng, Mr. Chen Nansun, Ms. Zhang Xuli, Guo's Investment Holdings Limited, Chun's Investment Holdings Limited, Cao's Investment Holdings Limited, Shu's Investment Holdings Limited, Feng's Investment Holdings Limited, CNS Investment Holdings Limited and ZXL Investment Holdings Limited
"Director(s)"	the directors of our Company
"Group", "our Group", "we" or "us"	our Company, its subsidiaries and the consolidated affiliated entities from time to time
"HK$", "Hong Kong dollar(s)"	Hong Kong dollars and cents, respectively, the lawful currency for the time being of Hong Kong
"Hong Kong Share Registrar"	Computershare Hong Kong Investor Services Limited
"IFRS"	IFRS Accounting Standards
"JH Holdings Group"	JH Holdings Group Company Limited*（嘉宏控股集團有限公司）, a limited liability company established under the laws of the PRC on 17 June 2003, which is owned as to 31.5% by Mr. Chen Yuguo（陳餘國）, as to 18% by Mr. Chen Shu（陳澍）, as to 18% by Mr. Chen Lingfeng（陳凌峰）, as to 10% by Mr. Chen Yuchun（陳餘春）, as to 10% by Ms. Zhang Xuli（張旭麗）, as to 7.5% by Mr. Chen Yucao（陳餘曹）and as to 5% by Mr. Chen Nansun（陳南孫）
"Jingyi Secondary School"	Yueqing Jingyi Secondary School Company Limited, a limited liability company established under the Laws of the PRC on 13 March 2023 as a result of conversion of Yueqing Jingyi Secondary School*（樂清市精益中學）, a private formal high school education institution established under the laws of the PRC on 25 September 1997, into a for-profit private school. Yueqing Jingyi Secondary School Company Limited is owned as to 45% by Mr. Chen Yuguo（陳餘國）, as to 25% by Mr. Chen Yucao（陳餘曹）, as to 15% by Mr. Chen Yuchun（陳餘春）and as to 15% by Mr. Chen Yutian（陳餘鈿）as of the Latest Practicable Date, and a consolidated affiliated entity of our Company
"Listing"	listing of the Shares on the Main Board of the Stock Exchange on 18 June 2019

"Listing Date"	being 18 June 2019
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
"Model Code"	Appendix C3 Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules
"MOE"	the Ministry of Education of the PRC (中華人民共和國教育部)
"PRC Consolidated Affiliated Entities"	entities consolidated into our Group from time to time
"PRC government" or "State"	the central government of the PRC, including all governmental sub-divisions (such as provincial, municipal and other regional or local government entities)
"PRC Operating Schools"	namely, Changzheng College, College of Economics and Business and Jingyi Secondary School
"Prospectus"	the prospectus of the Company dated 4 June 2019
"RMB" or "Renminbi"	Renminbi, the lawful currency for the time being of the PRC
"Share(s)"	ordinary share(s) of US$0.01 each in the share capital of our Company
"Share Option Scheme"	the share option scheme conditionally adopted by our Company on 30 May 2019
"Shareholder(s)"	holder(s) of the Share(s)
"sq. m."	square meters
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Structured Contracts"	collectively, the Structured Contracts I and the Structured Contracts II
"US$" or "U.S. dollar(s)"	United States dollars and cents, respectively, the lawful currency for the time being of the United States
"WFOE 1"	Wenzhou Jia Xin Hao Educational Technology Co., Ltd.* (溫州嘉信好教育科技有限責任公司), a limited liability company established under the laws of the PRC on 10 January 2018, which is a wholly-owned subsidiary of our Company

"WFOE 2"	Wenzhou Jia Yao Educational Technology Co., Ltd.* (溫州嘉耀教育科技有限責任公司), a limited liability company established under the laws of the PRC on 14 September 2018, which is a wholly-owned subsidiary of our Company
"WFOEs"	WFOE 1 and WFOE 2 collectively
"Year"	year ended 31 December 2024
"%"	per cent