



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

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

ANNUAL
REPORT
2022



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Company Profile

The Group is a leading provider of private higher education in China. Since the Group's inception in 2004, it has grown to operate four colleges in Henan Province and two colleges in Hubei Province, and participate in the operation of one college in Jiangsu province. The total student enrolment of the Group's colleges increased from 90,902 for the 2020/2021 school year to 97,685 for the 2021/2022 school year. To capture growth opportunities, each of the Group's current colleges in Henan Province has acquired or is in the process of acquiring additional land and other resources to further increase student enrolment. The Group's employment-oriented curricula are focused on equipping our students with practical skills that meet the demand of economic development in China.

The Group's revenue increased from RMB1,042 million for the year ended 31 August 2021 to RMB1,309 million for the year ended 31 August 2022.

Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Director

Mr. Hou Chunlai (侯春來) (*Chairman*)

Independent non-executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

Mr. Hou Junyu (侯俊宇) (*Chairman*)
 Dr. Jin Xiaobin (金曉斌)
 Ms. Fok, Pui Ming Joanna (霍珮鳴)

COMPANY SECRETARY

Ms. Yu Anne (余安妮)
(appointed on 30 August 2022)
 Mr. Wong Yu Kit (黃儒傑)
(resigned on 30 August 2022)

AUTHORISED REPRESENTATIVES

Mr. Hou Junyu (侯俊宇)
 Ms. Yu Anne (余安妮)
(appointed on 30 August 2022)
 Mr. Wong Yu Kit (黃儒傑)
(resigned on 30 August 2022)

AUDITOR

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

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 42/F, Edinburgh Tower
 The Landmark
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 Tian Yuan Law Firm
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As to Cayman Islands law:
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 Hong Kong

COMPLIANCE ADVISER

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

REGISTERED OFFICE

190 Elgin Avenue
 George Town
 Grand Cayman KY1-9008
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Corporate Information

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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No. 248 Queen's Road East
Wanchai
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HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN CHINA

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PRC

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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HONG KONG SHARE REGISTRAR

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PRINCIPAL BANKERS

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Shangqiu Development District Sub-branch
Northeast Corner, Intersection of Yuyuan Road
and Beihai Road, Development District
Shangqiu City
Henan Province
PRC

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

COMPANY WEBSITE

www.chunlaiedu.com

STOCK CODE

1969

Financial Summary

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

RESULTS	2018	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	487,791	559,380	702,493	1,041,999	1,309,197
Cost of revenue	(204,363)	(265,730)	(332,916)	(410,560)	(482,494)
Gross profit	283,428	293,650	369,577	631,439	826,703
Profit before taxation	119,773	169,310	148,205	609,951	555,451
Profit and total comprehensive income for the year	118,948	164,734	141,332	606,925	552,260
Adjusted net profit ⁽¹⁾	143,144	159,463	173,186	396,109	537,630
Profitability Margins					
Gross profit margin	58.1%	52.5%	52.6%	60.6%	63.1%
Adjusted net profit margin ⁽¹⁾	29.3%	28.5%	24.7%	38.0%	41.1%
ASSETS AND LIABILITIES					
Non-current assets	1,474,688	2,472,356	3,325,399	4,492,955	4,754,364
Current assets	600,457	980,728	428,119	561,245	1,116,073
Current liabilities	790,975	1,931,054	1,810,469	2,215,211	2,883,954
Net current (liabilities)	(190,518)	(950,326)	(1,382,350)	(1,653,966)	(1,767,881)
Total assets less current liabilities	1,284,170	1,522,030	1,943,049	2,838,989	2,986,483
Total equity	594,834	1,287,363	1,441,449	2,059,444	2,615,690
Non-current liabilities	689,336	234,667	501,600	779,545	370,793
Total equity and non-current liabilities	1,284,170	1,522,030	1,943,049	2,838,989	2,986,483
Selected Major Items					
Property, plant and equipment	878,131	1,390,998	1,928,004	2,780,754	2,797,921
Bank balances and cash	544,620	473,619	204,011	399,603	630,927
Borrowings	952,106	1,520,111	1,793,011	2,368,232	2,392,639
Deferred revenue	358,366	8,595	5,666	8,329	6,622
Contract liabilities	–	447,130	89,902	219,419	533,118
Liquidity					
Gearing ratio ⁽²⁾	160.1%	118.1%	124.4%	115.0%	91.4%

Notes:

- (1) Adjusted net profit is calculated as profit for the year excluding (i) share-based compensation, and (ii) foreign exchange (gain)/loss. For details of the reconciliation of the profit for the year to the adjusted net profit of the Group, please refer to the section headed "Financial Review" in this annual report.
- (2) The gearing ratio was calculated as total borrowings divided by total equity as at the end of the relevant financial year.

Financial Highlights

	Year ended 31 August		
	2022	2021	Change (%)
	(RMB in thousands, except percentages)		
Revenue	1,309,197	1,041,999	+25.6%
Gross Profit	826,703	631,439	+30.9%
Profit before taxation	555,451	609,951	-8.9%
Profit for the year	552,260	606,925	-9.0%
Non-IFRS Measure:			
Adjusted net profit ¹	537,630	396,109	+35.7%

Note:

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

The Board has recommended the payment of a final dividend of RMB0.1 (equivalent to approximately HK\$0.1095) per Share for the year ended 31 August 2022, subject to the approval of the Shareholders at the forthcoming annual general meeting.

NON-IFRS MEASURE

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

Management Discussion and Analysis

MARKET OVERVIEW

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

The Private Higher Education Industry in China

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

BUSINESS REVIEW

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

Since 2020, the outbreak of COVID-19 has certain impact on the education business of the Group, mainly due to domestic travel restrictions and various precautionary measures undertaken by respective local authorities which, inter alia, include closure of schools and delays in class commencement during the outbreak period. The Group has put in place certain alternative action plans for the students during the schools' closure period, which include implementation of online modules and website distance learning activities.

In view of the implementation of the above mentioned action plans, the management of the Group has assessed and preliminarily concluded that at this stage, there was no significant impact on the financial position of the Group as at 31 August 2022. The Company is of the view that the business of the Group remained relatively stable for the year ended 31 August 2022, notwithstanding the impact of COVID-19.

Our employment-oriented curricula are focused on equipping our students with practicable skills that meet the demand of economic development in China. The effectiveness of our practical curricula and training programmes is reflected in our high graduate employment rates. For the 2020/2021 and 2021/2022 school years, the average initial employment rate of our higher education programmes was approximately 84.9% and 76.9%, respectively.

Management Discussion and Analysis

Our Colleges

Shangqiu University

Shangqiu University is located in Shangqiu, Henan Province. The predecessor of Shangqiu University was Huayu College of Henan Agricultural University (河南農業大學華豫學院), which we co-founded with Henan Agricultural University in 2004. Shangqiu University currently offers 49 bachelor's degree programmes, 23 junior college to bachelor's degree transfer programmes, 39 junior college diploma programmes, 13 combined vocational education and junior college diploma programmes and 25 vocational education programmes. Shangqiu University has also been approved to offer double-major bachelor's degree programmes in marketing, Chinese language and literature, economics, human resources management, and international economy and trade. For the 2021/2022 school year, Shangqiu University had a total enrolment of 30,111 students.

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

Shangqiu University Kaifeng Campus

Shangqiu University Kaifeng Campus is located in Kaifeng, Henan Province. It was established in 2013 as a branch college (下屬學院) of Shangqiu University. Shangqiu University Kaifeng Campus currently offers 28 bachelor's degree programmes, 21 junior college to bachelor's degree transfer programmes and 22 junior college diploma programmes. For the 2021/2022 school year, Shangqiu University Kaifeng Campus had a total enrolment of 16,112 students.

Anyang University

Anyang University is located in Anyang, Henan Province. The predecessor of Anyang University was College of Humanities and Management of Anyang Normal University (安陽師範學院人文管理學院) (the "**College of Humanities and Management**"), which was co-founded by Anyang Normal University and Anyang Iron and Steel Group in 2003. Anyang University currently offers 44 bachelor's degree programmes, 37 junior college diploma programmes, 23 combined vocational education and junior college diploma programmes and 14 technical secondary school programmes. For the 2021/2022 school year, Anyang University had a total enrolment of 33,851 students.

Anyang University Yuanyang Campus

In April 2021, we established the new Anyang University Yuanyang Campus, which only started to enrol students for the 2021/22 school year after the year ended 31 August 2021. Anyang University Yuanyang Campus currently offers 19 bachelor's degree programmes, 15 junior college diploma programmes and 20 combined vocational education and junior college diploma programmes. For the 2021/2022 school year, Anyang University Yuanyang Campus had a total enrolment of 4,059 students.

Management Discussion and Analysis

Jiakang College

Jiakang College is located in Xianning, Hubei Province. By closely following the state's "Healthy China 2030" and "Aging Service and Industry" strategic development needs, Jiakang College has set up three departments and two divisions, including the Department of Nursing, the Department of Health Intelligent Engineering, the Department of Public Health, the Division of Basic Medicine, and the Division of Public Instruction, and offers 19 majors, namely nursing, midwifery, rehabilitation technology, dental medicine technology, health management, early childhood development and health management, and rehabilitation engineering technology. For the 2021/2022 school year, Jiakang College had a total enrolment of 1,318 students.

Jingzhou College (formerly Hubei College)

Jingzhou College is located in Jingzhou, Hubei Province. Jingzhou College currently offers 35 bachelor's degree programmes, and 19 junior college diploma programmes. For the 2021/2022 school year, Jingzhou College had a total enrolment of 12,234 students. We have completed the acquisition of sponsor interest of Jingzhou College in May 2021 and the results of operations has been consolidated into those of the Group since the year ended 31 August 2021.

Student Enrolment

The table below sets forth the enrolment statistics of our colleges for the 2020/2021 and 2021/2022 school years:

	Student enrolment ⁽¹⁾ for the school year		Change in number	Percentage change (approximately)
	2021/2022	2020/2021		
Shangqiu University				
Bachelor's degree programmes	9,999	10,366	-367	-3.5%
Junior college to bachelor's degree transfer programmes	2,399	2,539	-140	-5.5%
Junior college diploma programmes ⁽²⁾	12,663	13,039	-376	-2.9%
Vocational education programmes ⁽³⁾	5,050	4,409	641	14.5%
School subtotal	30,111	30,353	-242	-0.8%
Anyang University				
Bachelor's degree programmes	10,806	13,158	-2,352	-17.9%
Junior college to bachelor's degree transfer programmes	3,602	3,556	46	1.3%
Junior college diploma programmes ⁽²⁾	12,110	11,602	508	4.4%
Vocational education programmes ⁽³⁾⁽⁴⁾	7,333	6,408	925	14.4%
School subtotal	33,851	34,724	-873	-2.5%

Management Discussion and Analysis

	Student enrolment ⁽¹⁾ for the school year		Change in number	Percentage change (approximately)
	2021/2022	2020/2021		
Shangqiu University Kaifeng Campus				
Bachelor's degree programmes ⁽⁵⁾	7,928	7,378	550	7.5%
Junior college to bachelor's degree transfer programmes ⁽⁶⁾	2,491	1,619	872	53.9%
Junior college diploma programmes ⁽⁷⁾	5,423	5,597	-174	-3.1%
Vocational education programmes	270	–	270	–
School subtotal	16,112	14,594	1,518	10.4%
Jiankang College				
Junior college diploma programmes ⁽⁸⁾	1,318	472	846	179.2%
School subtotal	1,318	472	846	179.2%
Jingzhou College				
Bachelor's degree programmes	6,610	6,447	163	2.5%
Junior college to bachelor's degree transfer programmes	1,280	581	699	120.3%
Junior college diploma programmes	4,344	3,731	613	16.4%
School subtotal	12,234	10,759	1,475	13.7%
Anyang University Yuanyang Campus				
Bachelor's degree programmes	3,734	–	3,734	–
Vocation education programmes ⁽⁹⁾	325	–	325	–
School subtotal	4,059	–	4,059	–
Total number of students	97,685	90,902	6,783	7.5%

Notes:

- (1) As our school year typically ends in late June or early July, we present student enrolment statistics as of 30 June for the 2020/2021 and 2021/2022 school years.
- (2) Including (i) students enrolled in junior college diploma programmes and (ii) students enrolled in the last three years of combined vocational education and junior college diploma programmes.
- (3) Including (i) students enrolled in vocational education programmes and (ii) students enrolled in the first two years of combined vocational education and junior college diploma programmes.
- (4) Anyang University started its vocational education programmes and combined vocational education and junior college diploma programmes in 2016.

Management Discussion and Analysis

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

For the 2021/2022 school year, the number of students enrolled increased by 7.5% from 90,902 in the prior school year to 97,685. The increase was primarily due to the incorporation of Jingzhou college and Anyang University Yuanyang Campus into the Group's audited consolidated financial statements. We also achieved expected results through increasing our efforts and expanding our footprint, thereby driving solid momentum for future sustainable development.

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

Student Recruitment

Our new student enrolment has historically been driven primarily by word-of-mouth referrals. We believe we generally have a good reputation in providing high quality education services among our students and their parents. In addition, after over 17 years of operations, we have built a highly engaged and vibrant community of alumni, who we believe would assist us to continuously attract outstanding students. Other than referrals from alumni network, we also employ a range of marketing and recruiting methods to attract students and increase enrolment at our colleges, such as information sessions, advertisements and brochures.

Our recruitment efforts, coupled with the quality and reputation of our education programmes, have helped us achieve high admission yields in our colleges that offer bachelor's degree programmes. For example, for the 2021/2022 school year, the overall yield of our four colleges that offer bachelor's degree programmes (being Shangqiu University, Anyang University, Shangqiu University Kaifeng Campus and Jingzhou College), as defined by the number of students who enrolled in a bachelor's degree programme divided by the number of students who were admitted in that programme, was 95.9%.

Our Teachers

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

Management Discussion and Analysis

Acquisition of Sponsor Interest of Tianping College

On 19 August 2019, the School Sponsor, a consolidated affiliated entity of the Company, entered into an agreement with Suzhou University of Science and Technology (蘇州科技大學) (“**Suzhou University of Science and Technology**”) and Suzhou University of Science and Technology Education Development Foundation (蘇州科技大學教育發展基金會), which was amended by a supplemental agreement dated 20 August 2019 between the School Sponsor and Suzhou University of Science and Technology (collectively, the “**Formal Agreement**”). Pursuant to the Formal Agreement, the School Sponsor agreed to be the new school sponsor of Tianping College and to cooperate with Suzhou University of Science and Technology to jointly operate Tianping College during a certain preparatory period for converting Tianping College into a standalone private ordinary college without the name of Suzhou University of Science and Technology (the “**Preparatory Period for Conversion**”) for a total consideration of RMB800,111,100 (equivalent to approximately HK\$909,217,159). The change of school sponsor of Tianping College and the conversion of Tianping College into a standalone private ordinary college is subject to the approval of and registration by the relevant authorities in the PRC. For further details, please refer to the announcements of the Company dated 23 July 2019, 20 August 2019, 24 September 2021 and 29 October 2021, and the major transaction circular of the Company dated 18 January 2022.

FUTURE DEVELOPMENT

In order to continuously increase our total enrolment, we plan to acquire additional land use rights and construct new education and living facilities. We consider that the increase in capacity under the expansion plan is essential to accommodate our growth strategy of increasing student enrolment going forward. Each of our colleges generally requires its students to live in dormitories on campus. Therefore, a college’s student enrolment is largely limited by the capacity of its student dormitories. Taking into account the gender specificity of our student dormitories and the gender mix of our students, there is currently limited capacity for a significant growth in student enrolment. We expect to increase the capacity of our colleges progressively to strike a reasonable balance between student enrolment and utilisation. We believe the planned increase in capacity is appropriate and will enable our colleges to grow sustainably.

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

FINANCIAL REVIEW

Overview

For the year ended 31 August 2022, we recorded a revenue of RMB1,309.2 million and a gross profit of RMB826.7 million. The gross profit margin was 63.1% for the year ended 31 August 2022 as compared with 60.6% for the corresponding period in 2021.

The adjusted net profit of the Group for the year ended 31 August 2022 was RMB537.6 million, representing an increase of RMB141.5 million or 35.7% from the corresponding period in 2021. The adjusted net profit margin of the Group was 41.1% and 38.0% for the years ended 31 August 2022 and 31 August 2021, respectively. The increase in adjusted net profit was mainly due to the increase in student enrolment.

Management Discussion and Analysis

The net profit of the Group amounted to RMB552.3 million and RMB606.9 million for the years ended 31 August 2022 and 31 August 2021, respectively. The net profit margin of the Group amounted to 42.2% and 58.2% for the years ended 31 August 2022 and 31 August 2021, respectively.

Revenue

Our revenue increased by 25.6% from RMB1,042 million for the year ended 31 August 2021 to RMB1,309.2 million for the year ended 31 August 2022, primarily due to the increase of the Group's student enrollment.

Revenue from Shangqiu University Kaifeng Campus increased by 16.4% from RMB203.6 million for the year ended 31 August 2021 to RMB236.9 million for the year ended 31 August 2022. The increase was primarily due to an increase in student enrolment from 14,594 for the 2020/2021 school year to 16,112 for the 2021/2022 school year. The increase in revenue from Shangqiu University Kaifeng Campus was also due to an increase in the average tuition fee level, as Shangqiu University Kaifeng Campus increased the average tuition fee rate applicable to students newly admitted in the 2021/2022 school year.

Revenue from Shangqiu University increased by 3.8% from RMB369.2 million for the year ended 31 August 2021 to RMB383.3 million for the year ended 31 August 2022. The increase was primarily due to the increase of tuition and accommodation standards.

Revenue from Anyang University decreased by 3% from RMB425.0 million for the year ended 31 August 2021 to RMB412.2 million for the year ended 31 August 2022. The decrease was primarily due to a decrease in student enrolment from 34,724 for the 2020/2021 school year to 33,851 for the 2021/2022 school year.

Anyang University Yuanyang Campus began to have its first class of students in September 2021, with 4,059 students. Revenue from Anyang University Yuanyang Campus was RMB65.0 million for the year ended 31 August 2022.

Jiankang College increased by 190.77% from RMB6.5 million for the year ended 31 August 2021 to RMB18.9 million for the year ended 31 August 2022. The increase was primarily due to an increase in student enrolment from 472 for the 2020/2021 school year to 1,318 for the 2021/2022 school year.

Revenue from Jingzhou College increased by 413.0% from RMB37.6 million for the year ended 31 August 2021 to RMB192.9 million for the year ended 31 August 2022. The increase was primarily due to the consolidation of only three months of revenue in the previous period and an increase in student enrolment from 10,759 for the 2020/2021 school year to 12,234 for the 2021/2022 school year.

Overall, revenue from tuition fees and boarding fees increased by 26.07% and 21.57%, respectively, from the year ended 31 August 2021 to the year ended 31 August 2022.

Cost of Revenue

Our cost of revenue increased by 17.5% from RMB410.6 million for the year ended 31 August 2021 to RMB482.5 million for the year ended 31 August 2022. As a percentage of revenue, our cost of revenue decreased from 39.4% for the year ended 31 August 2021 to 36.9% for the year ended 31 August 2022. The increase in cost of revenue was primarily due to an increase in teaching staff costs and depreciation costs.

Management Discussion and Analysis

Gross Profit and Gross Margin

As a result of the foregoing, our gross profit increased by 30.9% from RMB631.4 million for the year ended 31 August 2021 to RMB826.7 million for the year ended 31 August 2022, and our gross profit margin increased from 60.6% for the year ended 31 August 2021 to 63.1% for the year ended 31 August 2022.

Other Income

Our other income increased by 18.6% from RMB43.5 million for the year ended 31 August 2021 to RMB51.6 million for the year ended 31 August 2022, primarily due to an increase in interest income and service income.

Other Gains and Losses

We recorded other gains of RMB221.9 million for the year ended 31 August 2021, while we recorded other gains of RMB16.4 million for the year ended 31 August 2022. The decrease compared to last year is due to last year's data included the gain on acquisition of Jingzhou College.

Selling Expenses

Our selling expenses increased by 27.8% from RMB3.6 million for the year ended 31 August 2021 to RMB4.6 million for the year ended 31 August 2022, primarily because the Group increased its investment in student recruitment promotion.

Administrative Expenses

Our administrative expenses increased by 5.9% from RMB187.8 million for the year ended 31 August 2021 to RMB198.9 million for the year ended 31 August 2022, primarily due to increases in depreciation and amortisation, staff costs and travelling expenses.

Finance Costs

Our finance costs increased by 42.2% from RMB95.5 million for the year ended 31 August 2021 to RMB135.8 million for the year ended 31 August 2022, primarily due to higher average borrowings from interest-bearing bank loans during the Reporting Period and interest capitalisation.

Taxation

We recorded income tax of RMB3.0 million for the year ended 31 August 2021 as compared to income tax of RMB3.2 million for the year ended 31 August 2022 due to service revenue and other income.

Profit for the Year

As a result of the foregoing, our profit for the year decreased by 9.0% from RMB606.9 million for the year ended 31 August 2021 to RMB552.3 million for the year ended 31 August 2022.

Management Discussion and Analysis

Non-IFRS Measure – Adjusted Net Profit

Our adjusted net profit increased by 35.7% from RMB396.1 million for the year ended 31 August 2021 to RMB537.6 million for the year ended 31 August 2022. Adjusted net profit (as a non-IFRS measure) was calculated as profit for the year excluding (i) share-based compensation, and (ii) foreign exchange (gain)/loss. The following table reconciles profit for the year to adjusted net profit for both years:

	For the year ended 31 August	
	2022	2021
	(RMB in thousands)	
Profit for the year	552,260	606,925
Add:		
Share-based compensation	3,986	11,070
Foreign exchange (gain)/loss	(18,616)	24,927
Less:		
Gain on acquisition of Jingzhou College	–	246,813
Adjusted net profit	537,630	396,109

Liquidity and Source of Funding and Borrowing

During the year ended 31 August 2022, the Company had funded the Group's cash requirements principally from cash generated from its operation and external borrowings. The Company had cash and cash equivalents of RMB399.6 million and RMB630.9 million as at 31 August 2021 and 2022, respectively. The Company generally deposits the Group's excess cash in interest-bearing bank accounts and current accounts.

As of 31 August 2022, the Group's principal uses of cash had been for funding of the acquisition of Tianping College (details of which are set out under the heading "Acquisition of Sponsor Interest of Tianping College" in this annual report and the announcements of the Company dated 23 July 2019 and 20 August 2019 respectively, and the major transaction circular dated 18 January 2022), funding of required working capital, capital expenditures and other recurring expenses to support the expansion of the Group's operations. Going forward, the Company believes the Group's liquidity requirements will be satisfied by using funds from a combination of internally generated cash, external borrowings, proceeds from the Global Offering (as defined below) and other funds raised from the capital markets from time to time. Any significant decrease in student enrolment, or our tuition fees and boarding fees, or a significant decrease in the availability of bank loans or other financing may adversely impact the Group's liquidity.

Gearing Ratio

As at 31 August 2022, the gearing ratio of the Group, which was calculated as total borrowings divided by total equity as of the end of the year, was approximately 91.4%, representing a decrease of 23.6% percentage point(s) as compared with 115.0% as at 31 August 2021. The decrease was due to the repayment of certain interest-bearing bank loans and the increase of equity.

Significant Investments

Save as disclosed in this annual report, the Group did not make or hold any significant investments (including any investment in an investee company with a value of 5% or more of the Company's total assets as at 31 August 2022) during the year ended 31 August 2022.

Management Discussion and Analysis

Material Acquisitions and Disposals

On 15 December 2021, Tianping College entered into an asset transfer agreement with the Gaochun Bureau of the Nanjing Bureau of Planning and Natural Resources* (南京市規劃和自然資源局高淳分局), pursuant to which Tianping College shall acquire the land use right of a piece of land (the “**Acquisition of Land Use Right**”) situated east of Ninggao New Channel, Higher Vocational Education Innovation and Innovation Park (高職園寧高新通道以東) and north of Weier Road (緯二路北側) with a total land use right area of 315,732.18 sq m. for education purposes and for the construction and development of a new school campus at a consideration of RMB180 million (equivalent to approximately HK\$220 million). Further details of the Acquisition of Land Use Right are set out the announcement of the Company dated 16 December 2021.

Save as disclosed in this annual report, the Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities or associated companies during the year ended 31 August 2022.

Pledge of Assets

- On 9 September 2021, Jingzhou College (as borrower) entered into a loan agreement (the “**Jingzhou College Loan Agreement**”) with China Everbright Bank Co. Ltd., Jingzhou Branch* (中國光大銀行股份有限公司荊州分行) (“**China Everbright Bank**”) in relation to a revolving loan facility with a principal amount of up to RMB30,000,000 (the “**Jingzhou College Loan**”) for a term of one year with an interest rate to be separately agreed by Jingzhou College and China Everbright Bank. On 10 September 2021, each of the Company, the PRC Holdco, the School Sponsor, Hubei Chunlai, WFOE entered into a guarantee agreement with China Everbright Bank (collectively, the “**Company Guarantee Agreements**”), and each of Mr. Hou Junyu (“**Mr. Hou**”), Ms. Song Mengmeng (“**Ms. Song**”) and Ms. Jiang Shuqin (“**Ms. Jiang**”) entered into a guarantee agreement with China Everbright Bank (collectively, the “**Personal Guarantee Agreements**” and together with the Company Guarantee Agreements, the “**Guarantee Agreements**”). Pursuant to the Guarantee Agreements, each of the Company, PRC Holdco, School Sponsor, Hubei Chunlai, WFOE, Mr. Hou, Ms. Song and Ms. Jiang shall provide a guarantee in favour of China Everbright Bank for Jingzhou College’s liabilities under the Jingzhou College Loan Agreement (including but not limited to the principal amount of the Jingzhou College Loan, interest, damages, compensation, and fees incurred by China Everbright Bank in connection with any enforcement actions).

Further details of the Jingzhou College Loan and the related security agreements are set out in the announcement of the Company dated 24 September 2021.

- On 20 December 2021, the School Sponsor entered into a loan agreement (the “**School Sponsor Loan Agreement**”) with Zhongyuan Bank Co. Ltd., Shangqiu Branch* (中原銀行股份有限公司商丘分行) (“**Zhongyuan Bank**”) in relation to a term loan facility with a principal amount of up to RMB90,000,000 (the “**School Sponsor Loan**”) for a term of one year commencing on 5 January 2022, at an annual interest rate of 6.00%, being 2.15% above the latest one-year loan prime rate (being 3.85%) promulgated by the National Interbank Funding Center under the authority of the People’s Bank of China (“**PBOC**”) before the date of the First Loan Agreement (as defined below). On the same day, each of Anyang University, Shangqiu University and Jiankang College entered into an account receivables pledge agreement with Zhongyuan Bank, pursuant to which each of Anyang University, Shangqiu University and Jiankang College agreed to pledge its account receivables in favour of Zhongyuan Bank for the School Sponsor’s liabilities under the School Sponsor Loan Agreement (including but not limited to the School Sponsor Loan, interest, damages, compensation, and fees incurred by Zhongyuan Bank in connection with any enforcement actions).

Management Discussion and Analysis

Further details of the School Sponsor Loan Agreement and the related security agreements are set out in the announcement of the Company dated 20 December 2021.

3. Reference is made to the announcement of the Company dated 20 December 2021 in respect of the loan agreement (the “**December Agreement**”) entered into between Anyang University and Zhongyuan Bank. Pursuant to the December Agreement, Zhongyuan Bank agreed to make available a term loan facility with a principal amount of up to RMB300,000,000 to Anyang University. The Company would like to clarify that the December Agreement was subsequently cancelled.

Following the cancellation of the December Agreement, Anyang University entered into the following loan agreements (the “**Anyang University Loan Agreements**”) with Zhongyuan Bank:

- (a) a loan agreement dated 20 December 2021 in relation to a term loan facility with a principal amount of up to RMB45,000,000 (the “**First Loan**”) for a term of two years commencing on 21 December 2021, at an annual interest rate of 6.00%, being 2.15% above the latest one-year loan prime rate (being 3.85%) promulgated by the National Interbank Funding Center under the authority of the PBOC before the date of the Second Loan Agreement;
- (b) a loan agreement dated 11 February 2022 in relation to a term loan facility with a principal amount of up to RMB130,000,000 (the “**Second Loan**”) for a term of two years commencing on 16 February 2022, at an annual interest rate of 6.00%, being 2.30% above the latest one-year loan prime rate (being 3.70%) promulgated by the National Interbank Funding Center under the authority of the PBOC before the date of the Third Loan Agreement; and
- (c) a loan agreement dated 11 February 2022 in relation to a term loan facility with a principal amount of up to RMB125,000,000 (the “**Third Loan**”, together with the First Loan and the Second Loan, the “**Anyang University Loans**”) for a term of two years commencing on 23 February 2022, at an annual interest rate of 6.00%, being 2.30% above the latest one-year loan prime rate (being 3.70%) promulgated by the National Interbank Funding Center under the authority of the PBOC before the date of the Third Loan Agreement.

In respect of the Anyang University Loan Agreements, Anyang University entered into an account receivables pledge agreement with Zhongyuan Bank, pursuant to which Anyang University agreed to pledge its account receivables in favour of Zhongyuan Bank for Anyang University’s liabilities under the Anyang University Loan Agreements (including but not limited to the Anyang University Loans, interest, damages, compensation, and fees incurred by Zhongyuan Bank in connection with any enforcement actions).

Further details of the Anyang University Loan Agreements and the related security agreements are set out in the announcement of the Company dated 11 February 2022.

Management Discussion and Analysis

- On 14 April 2022, Shangqiu University (as borrower) entered into a loan agreement (the “**Shangqiu University Loan Agreement**”) with Zhongyuan Bank in relation to a term loan facility with a principal amount of up to RMB180,000,000 (the “**Shangqiu University Loan**”) for a term of one year commencing on 19 April 2022, at an annual interest rate of 5%, being 1.30% above the latest one-year loan prime rate (being 3.70%) promulgated by the National Interbank Funding Center under the authority of the PBOC before the date of the Shangqiu University Loan Agreement. On the same day, Shangqiu University entered into an account receivables pledge agreement with Zhongyuan Bank, pursuant to which Shangqiu University agreed to pledge its account receivables in favour of Zhongyuan Bank for Shangqiu University’s liabilities under the Shangqiu University Loan Agreement (including but not limited to the Shangqiu University Loan, interest, damages, compensation, and fees incurred by Zhongyuan Bank in connection with any enforcement actions).

Further details of the Shangqiu University Loan Agreement and the related security agreements are set out in the announcement of the Company dated 18 April 2022.

Contingent Liabilities

The Group had no material contingent liabilities as at 31 August 2022.

Foreign Exchange Exposure

During the year ended 31 August 2022, the Group mainly operated in the PRC and the majority of the transactions were settled in RMB, the functional currency of the Group’s PRC subsidiaries and consolidated affiliated entities. The Group has certain exposure to foreign currency risk as part of its business transactions, assets and liabilities are denominated in United States dollars and Hong Kong dollars. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Future Plans for Material Investments or Capital Assets

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

Management Discussion and Analysis

Employee and Remuneration Policy

As at 31 August 2021 and 2022, we had 4,926 and 5,763 employees, respectively.

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

Compensation of key executives of the Group is reviewed by the Company's remuneration committee based on the Group's performance and the executives' respective contributions to the Group.

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

The total remuneration cost incurred by the Group for the Reporting Period was RMB272.9 million (for the year ended 31 August 2021: RMB234.4 million).

EVENTS AFTER THE REPORTING PERIOD

On 25 November 2022, the Company announced that the Board recommended the payment of a final dividend of RMB0.1 (equivalent to approximately HK\$0.1095) per Share for the year ended 31 August 2022, subject to the approval of the Shareholders at the forthcoming annual general meeting. On 20 December 2022, Chunlai Investment, a company wholly-owned by Mr. Hou, a Director and Controlling Shareholder, consented to and irrevocably waived all rights to receive such dividend in respect of the Shares it holds. Details of the proposed final dividend are set out in the paragraph headed "Dividends" in the Report of Directors in this annual report.

Save as disclosed in this annual report, there were no other significant events that might affect the Group since the end of the year ended 31 August 2022.

Directors and Senior Management

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

EXECUTIVE DIRECTORS

Mr. Hou Junyu (侯俊宇), aged 31, was appointed as an executive Director on 15 November 2017 and the chairman of the nomination committee on 12 February 2018. Mr. Hou was the chief executive officer of the Company from 12 February 2018 until he relinquished his role on 25 September 2020. Mr. Hou has served as the vice chairman of the Board and chief executive officer of the School Sponsor since February 2014 and leads the day-to-day operation of the Group as well as spearheading the Group's key decisions. Since August 2012, Mr. Hou has been the associate dean of Shangqiu University, where he is responsible for managing human resources, finance and student affairs. From February 2013, he has also served as the associate dean of Anyang University, where he is responsible for student admissions and enrolment, human resources and the academy's financial affairs.

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

Ms. Jiang Shuqin (蔣淑琴), aged 56, was appointed as an executive Director and a member of the remuneration committee on 12 February 2018. Ms. Jiang has served as an executive director of the School Sponsor since the establishment of the Group and has been the financial controller of each of the PRC Operating Schools since their establishment. Ms. Jiang is primarily responsible for the strategic development, daily management and overseeing financial operations of the Group. Ms. Jiang has over 13 years of experience in the education industry and financial management. Ms. Jiang attended senior secondary education in the PRC. She is the spouse of Chairman Hou, mother of Mr. Hou and sister-in-law of Mr. Yang Xinzhong.

Ms. Zhang Jie (張潔), aged 53, was the vice chief executive officer of the Company from 30 April 2019 until her appointment as an executive Director and chief executive officer of the Company on 25 September 2020. Ms. Zhang was the vice chairman of Henan Shangqiu Chunlai Education Corporation from October 2018 to 30 April 2019. Ms. Zhang obtained a bachelor's degree from Wuhan University of Technology (formerly known as Wuhan Automotive Polytechnic University (武漢汽車工業大學)) and an EMBA degree from Xi'an Jiaotong University thereafter. In November 1993, she joined the Shengda College of Economics, Business & Management of Zhengzhou University (now known as Zhengzhou Shengda University of Economics, Business & Management), and served as the chief accounting officer from November 1994 to July 1998 and director of the accounting function from August 1998 to January 2004. In February 2004, she served as the director of the preparatory office of Chenggong College of Henan University of Economics and Law (now known as Zhengzhou Business University), responsible for overall preparation of the establishment of the college. In February 2007, she served as the vice president of Shengda College of Economics, Business & Management of Zhengzhou University (now known as Zhengzhou Shengda University of Economics, Business & Management), in charge of finance, enrollment, employment, modern education technology center, laboratory construction, equipment management office and related executive functions. In 2010, she was fully responsible for and successfully completed the separation and independent operation of the decoupling between Shengda College of Economics, Business & Management of Zhengzhou University and Zhengzhou University. In March 2016, she was responsible for and successfully completed the set-up and the fulfilment of the teaching conditions for the teaching evaluation of Zhengzhou Shengda University of Economics, Business & Management required by the Ministry of Education. She has been engaged in private HEI for 28 years and has considerable experience in private HEI management.

Directors and Senior Management

NON-EXECUTIVE DIRECTOR

Mr. Hou Chunlai (侯春來), aged 53, is the founder of the Group. Chairman Hou was appointed as a non-executive Director and chairman of the Board on 12 February 2018. He is responsible for overseeing the corporate development and strategic planning of the Group. Mr. Hou is also concerned with the following positions:

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

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

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

Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Jin Xiaobin (金曉斌), aged 68, was appointed as an independent non-executive Director, a member of the audit committee and a member of the nomination committee on 12 February 2018, taking effect on 31 August 2018. Dr. Jin is primarily responsible for supervising and providing independent judgement to the Board.

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

Dr. Jin has more than 20 years of operating and management experience in securities industry. Dr. Jin joined Haitong Securities Co., Ltd. (海通證券股份有限公司) (“**Haitong**”), a company listed on the Stock Exchange (stock code: 6837) and the Shanghai Stock Exchange (stock code: 600837) in 1998 and had held several positions in Haitong and its subsidiaries from December 1998 to August 2015, including head of research institute of Haitong, general manager of brokerage business headquarters, assistant to the general manager of Haitong, general manager of M&A financing department, secretary to Board of Directors of Haitong, deputy director of the investment banking committee of Haitong, joint company secretary and the authorised representative of Haitong, vice president of Haitong, the chairman of Haitong Jihe Equity Investment Fund Management Co. Ltd. (海通吉禾股權投資基金管理公司) and the chairman of Haitong New Energy Equity Investment Fund Management Co. Ltd. (海通新能源股權投資基金管理公司). Dr. Jin was appointed as a director of A-Jex Investment Limited (愛建(香港)有限公司), a wholly-owned subsidiary of a company listed on the Shanghai Stock Exchange, Shanghai AJ Group Co., Ltd (上海愛建集團股份有限公司) (stock code: 600643), in April 2018.

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

Directors and Senior Management

Ms. Fok, Pui Ming Joanna (霍珮鳴), aged 43, was appointed as an independent non-executive Director, chairman of the remuneration committee, member of the audit committee and member of the nomination committee on 12 February 2018, taking effect on 31 August 2018. Ms. Fok is primarily responsible for supervising and providing independent judgement to the Board.

Ms. Fok has more than 13 years of experience in business development and recruitment planning. From October 2004 to October 2006, Ms. Fok was a manager of Servcorp Limited (世服宏圖商務服務(北京)有限公司), where she was responsible for the sales, marketing, recruitment and training. Ms. Fok worked at different offices of PageGroup (米高蒲志國際顧問公司), an international recruitment firm listed on the London Stock Exchange (LSE: PAGE), from 2007 to 2019. From April 2007 to October 2009, Ms. Fok served as a recruitment consultant of Michael Page International (Japan) K.K. (東京米高蒲志國際顧問公司), where she was responsible for the planning of the recruitment projects in relation to human resources and information technology. From December 2009 to September 2012, Ms. Fok served as a senior recruitment consultant of Michael Page (Shanghai) Recruitment Co., Limited (上海米高蒲志國際顧問公司), where she was responsible for the planning of the recruitment projects in relation to accounting and finance. From November 2012 to August 2014, Ms. Fok served as the associate director of Michael Page International (Hong Kong) Limited (香港米高蒲志國際顧問公司), where she was responsible for the planning of recruitment projects across sectors including business services, information technology, medical, electronics, manufacturing and retail. From June 2017 to 14 April 2019, Ms. Fok was the associate director of the human resources department of Michael Page International (Hong Kong) Limited (香港米高蒲志國際顧問公司), where she was responsible for the design and implementation of training programmes for the recruiting consultants. Ms. Fok was appointed as an associate director of the talent acquisition department of Colliers International Pacific Limited with effect from 29 April 2019.

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

Mr. Lau, Tsz Man (劉子文), aged 39, was appointed as an independent non-executive Director, chairman of the audit committee and a member of the remuneration committee on 12 February 2018, taking effect on 31 August 2018. Mr. Lau is primarily responsible for supervising and providing independent judgement to the Board.

Mr. Lau has more than 11 years of experience in accounting and finance. Since August 2016, Mr. Lau has been a director of Wincy Education Holdings Limited (凱晴教育控股有限公司), and since April 2017, Mr. Lau has been the chief financial officer of Nobao Energy Holdings (China) Limited (挪寶能源控股(中國)有限公司).

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

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

Directors and Senior Management

SENIOR MANAGEMENT

Mr. Yang Xinzong (楊新忠), aged 53, was appointed as the general manager of the Company on 12 February 2018 and has been the vice chairman of the School Sponsor since September 2013. Mr. Yang is responsible for overseeing external relations and coordinating processes and operating across our organisation. Mr. Yang has over 12 years of experience in the education industry. Mr. Yang worked at Shangqiu University between September 2005 and September 2009, where he served as the vice principal.

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

Mr. Wang Jie (王傑), aged 38, was appointed as the office manager of the Company on 12 February 2018 and has been the office manager of the School Sponsor since 18 December, 2012. Mr. Wang is responsible for overseeing our daily general office operations. Mr. Wang has over 11 years of experience in the education industry. From August 2006 to September 2007, Mr. Wang worked as an ideological and political instructor at Shangqiu University. Mr. Wang then served between September 2007 and February 2008 as the deputy office manager of Shangqiu University. From February 2008 to June 2015, Mr. Wang served as office manager of Shangqiu University. In addition to these positions, between March 2012 and December 2013, Mr. Wang also assumed the role of Head of Propaganda for the United Front Work Department of the CPC Central Committee at Shangqiu College (中共商丘學院黨委宣傳統一戰線工作部).

Mr. Wang graduated from Henan Agriculture University in 2006 with a bachelor's degree of agriculture, majoring in forestry.

Mr. Ma Shaoshuai (馬紹帥), aged 37, has been the director of human resources department of the Company since October 2020. From October 2018 to October 2019, he was the vice director of the logistics insurance and operation department of Henan Shangqiu Chunlai Education Corporation (河南商丘春來教育集團). Mr. Ma obtained his bachelor's degree from Henan University and master's degree in Education from Henan Normal University and he was rated as an associate professor. Mr. Ma joined Shangqiu University in August 2011, and consecutively held positions including director of the logistics department in June 2014, person in charge of the overall administrative matters in March 2016 and vice president of Shangqiu University from 2017 to 2019, responsible for the management of, among others, logistics, assets, infrastructure construction and security of the school. He took part in Shangqiu University's preparation work for the assessment from the Ministry of Education on the teaching of bachelor degree courses and passed. In 2020, he played a role in the conversion of Hubei College into Jingzhou College.

Directors and Senior Management

Mr. Liu Wei (劉偉), aged 41, was appointed as the head of the business support services department of the Company on 12 February 2018 and has been the general manager of the business support services department of the School Sponsor since 16 April 2013. Mr. Liu is responsible for overseeing our general business support services. Mr. Liu has over 12 years of experience in administration and business support. Prior to joining of the Group, Mr. Liu worked in the Chengguan Town, Yucheng County municipal government. Between September 2005 and March 2006, Mr. Liu worked in the business support services department at Shangqiu University. From April 2006 to March 2013, Mr. Liu served as the head of the general affairs department at Shangqiu University. Mr. Liu graduated with a professional certification in financial management from Open University of China (國家開放大學) in January 2018, through long distance learning.

Mr. Sheng Yiming (盛一名), aged 32, was appointed as the chief financial officer of the Company on 25 September 2020. Mr. Sheng is primarily responsible for overseeing the daily operations of the finance department and internal compliance department of the Company. Mr. Sheng is also the chief accountant of Tianping College of Suzhou University of Science and Technology since September 2019. From September 2012 to June 2018, he served as an audit manager at Deloitte Touche Tohmatsu and gained extensive experience in annual audit and listing related matters. From June 2015 to February 2016, Mr. Sheng was a senior manager at Everbright Securities Company Limited, investment banking department. Mr. Sheng received his postgraduate degree in finance and business management from the Shanghai Advanced Institute of Finance, Shanghai Jiao Tong University in 2018. Mr. Sheng is a certified public accountant and a qualified lawyer in the PRC.

COMPANY SECRETARY

Ms. Yu Anne (余安妮) was appointed as the company secretary of the Company on 30 August 2022. Ms. Yu was the corporate secretarial executive and has become an assistant manager of SWCS Corporate Services Group (Hong Kong) Limited since October 2022 and has over 20 years experiences in corporate secretarial field. Ms. Yu holds a bachelor's degree from University of Huddersfield in the United Kingdom and a master of law degree from The University of Law in the United Kingdom and she is also an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

CHANGES TO DIRECTORS' INFORMATION

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

Report of Directors

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

DIRECTORS

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

Executive Directors

Mr. Hou Junyu (侯俊宇)

Ms. Jiang Shuqin (蔣淑琴)

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

Non-executive Director

Mr. Hou Chunlai (侯春來) (*Chairman*)

Independent Non-executive Directors

Dr. Jin Xiaobin (金曉斌)

Ms. Fok, Pui Ming Joanna (霍珮鳴)

Mr. Lau, Tsz Man (劉子文)

Biographical details of the Directors and senior management of the Group are set out in the section headed "Directors and Senior Management" on pages 20 to 25 of this annual report.

PRINCIPAL ACTIVITIES

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

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

BUSINESS REVIEW

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

Report of Directors

FIVE YEAR FINANCIAL SUMMARY

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

SHARE CAPITAL AND SHARES ISSUED

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

SUBSIDIARIES

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

KEY RELATIONSHIP WITH STAKEHOLDERS

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

ENVIRONMENTAL POLICIES AND PERFORMANCE

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

During the year, the Group has complied with the 'comply or explain' provisions set out in the Environmental, Social and Governance ("ESG") Reporting Guide. The Company's environmental policies and performance, compliance with relevant laws and regulations that have a significant impact on the Company and the Company's key relationships with its employees, customers and suppliers and others that have a significant impact on the Company and on which the Company's success depends are discussed in the ESG Report on pages 60 to 117 of this annual report.

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

PRINCIPAL RISKS AND UNCERTAINTIES

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

- our operations and business prospects;

Report of Directors

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

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

PRE-EMPTIVE RIGHTS

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

ANTI-CORRUPTION AND WHISTLEBLOWING POLICIES

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

The Group has established a whistleblowing policy and communicated to its employees and those who deal with the Company (e.g. customers and suppliers) to raise concerns, in confidence and anonymity, about possible improprieties in any matter related to the Company.

Report of Directors

PROPERTY, PLANT AND EQUIPMENT

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

The book value of the properties held by the Group for owner occupation at 31 August 2022 as included in the consolidated financial statements in this annual report was RMB2,797.9 million.

DONATIONS

During the Reporting Period, the Group made charitable donations of approximately RMB nil (2021: nil).

DEBENTURES ISSUED

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

EQUITY-LINKED AGREEMENTS

Save for the Pre-IPO Share Option Scheme and the Share Award Scheme of the Group as set out in this section, no equity-linked agreements were entered into by the Group, or existed during the Reporting Period.

DIVIDENDS

The Board has recommended the payment of a final dividend of RMB0.1 (equivalent to approximately HK\$0.1095) per share for the year ended 31 August 2022, subject to the approval of the Shareholders at the Company's forthcoming annual general meeting. The final dividend will be declared in Renminbi and paid in Hong Kong dollars. The exchange rate adopted for conversion was the average middle exchange rate published by the People's Bank of China of the five business days prior to the declaration of the final dividend (i.e. 21 November 2022 to 25 November 2022) (RMB1.0 to HK\$1.09519). Such proposed dividend will be payable on or around Friday, 24 February 2023 to the Shareholders whose names appear on the register of members of the Company on Friday, 10 February 2023.

PERMITTED INDEMNITY

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

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

DISTRIBUTABLE RESERVES

Details of the movements in the reserves of the Company during the Reporting Period are set out in Note 34 to the consolidated financial statements. The distributable reserves of the Company as at 31 August 2022 were RMB nil.

Report of Directors

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at 31 August 2022 are set out in the section headed “Management Discussion and Analysis” in this annual report and in Note 26 to the consolidated financial statements.

TAX RELIEF AND EXEMPTION

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

MAJOR CUSTOMERS AND SUPPLIERS

Our customers primarily are our students. Our five largest customers accounted for less than 30% of our revenue for each of the years ended 31 August 2021 and 2022. We did not have any single customer who accounted for more than 5% of our revenue for each of the years ended 31 August 2021 and 2022.

Our suppliers primarily comprise suppliers of textbooks, uniforms and teaching equipment, and construction companies for building campus facilities. For the years ended 31 August 2021 and 2022, purchases from our five largest suppliers amounted to RMB251.5 million and RMB145.1 million, respectively, which represented 60% and 59% of our total purchases in the respective periods. During the same periods, purchases from our largest supplier amounted to RMB66.6 million and RMB46.7 million, respectively, which represented 22.4% and 19% of our total purchases in the respective periods. Our largest supplier during the Reporting Period is a construction company that we engaged to construct campus facilities.

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

PRE-IPO SHARE OPTION SCHEME

In order to incentivize the Directors, senior management and other employees for their contribution to the Group and to attract and retain suitable personnel to the Group, the Company adopted the Pre-IPO Share Option Scheme effective from 9 August 2018. The purpose of the Pre-IPO Share Option Scheme is to provide selected participants with the opportunity to acquire proprietary interests in the Company and to encourage selected participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole. The Pre-IPO Share Option Scheme provides the Company with a flexible means of retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to selected participants.

As at 31 August 2022, share options for 35,950,000 Shares were granted to 27 participants under the Pre-IPO Share Option Scheme. No further options will be granted under the Pre-IPO Share Option Scheme subsequent to the Listing Date.

Report of Directors

A summary of the terms of the Pre-IPO Share Option Scheme is set out below:

Maximum Number of Shares Available for Issue under the Pre-IPO Share Option Scheme

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

Exercise Period

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

Payment on Acceptance of Share Option

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

Determination of Exercise Price

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

Remaining Life of the Pre-IPO Share Option Scheme

The Pre-IPO Share Option Scheme is valid and effective for a period of 20 years from 9 August 2018 until 9 August 2038. The remaining life of the Pre-IPO Share Option Scheme is approximately 16 years.

Outstanding Share Options

The table below shows details of the outstanding share options granted to all grantees under the Pre-IPO Share Option Scheme. For further details on the movement of the options during the Reporting Period, please see Note 28 to the consolidated financial statements.

Grantee	Position held with the Group	Date of Grant	Option period	Exercise price	Outstanding as at 1 September 2021	Exercised during the Reporting Period	Forfeited/Cancelled/Lapsed during the Reporting Period	Outstanding as at 31 August 2022
Director								
Chairman Hou	Non-executive Director and chairman of the Board	9 August 2018	20 years from the date of grant	HK\$0.00001	8,000,000	-	-	8,000,000
Ms. Jiang	Executive Director	9 August 2018	20 years from the date of grant	HK\$0.00001	8,000,000	-	-	8,000,000

Report of Directors

Grantee	Position held with the Group	Date of Grant	Option period	Exercise price	Outstanding as at 1 September 2021	Exercised during the Reporting Period	Forfeited/ Cancelled/ Lapsed during the Reporting Period	Outstanding as at 31 August 2022
Mr. Hou	Executive Director and chief executive officer	9 August 2018	20 years from the date of grant	HK\$0.00001	6,000,000	-	-	6,000,000
Other grantees in aggregate		9 August 2018	20 years from the date of grant	HK\$0.00001	13,950,000	-	(2,400,000)	11,550,000
TOTAL					35,950,000	-	(2,400,000)	33,550,000

Further details of the Pre-IPO Share Option Scheme can be found in the Prospectus.

SHARE AWARD SCHEME

The Company adopted the Share Award Scheme by the resolutions in writing of the Shareholders on 24 August 2018. The Share Award Scheme is not a share option scheme and is not subject to the provisions of Chapter 17 of the Listing Rules.

The purpose of the Share Award Scheme is to align the interests of eligible persons with those of the Group through ownership of Shares, dividend and other distributions paid on Shares and/or the increase in value of the Shares, and to encourage and retain eligible persons to make contributions to the long term growth and profits of the Group. Eligible persons include any individual, being an employee, director, officer, consultant, adviser, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of the Group or any affiliate (including nominees and/or trustees of any employee benefit trust established for them) who the Board or its delegate(s) considers, in its sole discretion, to have contributed or will contribute to the Group is eligible to receive an award.

Number of Shares Available under the Share Award Scheme

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

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

Maximum Entitlement of Participant

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

Report of Directors

Duration and Termination

The Share Award Scheme shall be valid and effective for a period of 10 years (after which no Awards will be granted), and thereafter for so long as there are any non-vested Shares granted prior to the expiration of the Share Award Scheme, in order to give effect to the vesting of such Shares or otherwise as may be required in accordance with the rules of the Share Award Scheme. The remaining life of the Share Award Scheme is approximately 7 years.

Restrictions

No Award shall be made to selected participants with respect to a grant of an Award under the Share Award Scheme: (i) where any director of the Company is in possession of unpublished inside information in relation to the Company or where dealings by directors of the Company are prohibited under any code or requirement of the Listing Rules or any applicable laws, rules or regulations; (ii) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and (iii) during the period of 30 days immediately preceding the publication date of the half-year results or, if shorter, the period from the end of the relevant half-year period up to the publication date of the results.

Vesting and Lapse

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

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

Share Award Grants

As at 31 August 2022, no Shares had been granted or agreed to be granted under the Share Award Scheme.

Further details of the Share Award Scheme can be found in the Prospectus.

EMOLUMENT POLICY AND DIRECTORS' REMUNERATION

In compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, the Company has established the remuneration committee of the Company to formulate remuneration policies. The remuneration is determined and recommended based on each Director's and senior management personnel's qualification, position and seniority. As for the independent non-executive Directors, their remuneration is determined by the Board upon recommendation from the remuneration committee. The Directors and the senior management personnel are eligible participants of the Pre-IPO Share Option Scheme and the senior management personnel are eligible participants of the Share Award Scheme.

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

Report of Directors

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

As at 31 August 2022, the interests and short positions of our Directors or chief executives of our Company in the Shares, underlying Shares and debentures of our Company or its associated corporation (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO (including the interests and short positions which the Director or chief executives of our Company is taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange, were as follows:

Interest in the Company

Name of Director	Capacity/Nature of Interest	Relevant Company	Number of Shares ⁽⁴⁾	Approximate Percentage of Shareholding in the Company ⁽¹⁾
Mr. Hou	Interest in a controlled corporation	Chunlai Investment ⁽²⁾	900,000,000 (L)	75%
	Share options granted under the Pre-IPO Share Option Scheme	N/A	6,000,000 (L)	0.50%
Chairman Hou	Share options granted under the Pre-IPO Share Option Scheme	N/A	8,000,000 (L)	0.67%
	Interest of spouse ⁽³⁾	N/A	8,000,000 (L)	0.67%
Ms. Jiang	Share options granted under the Pre-IPO Share Option Scheme	N/A	8,000,000 (L)	0.67%
	Interest of spouse ⁽³⁾	N/A	8,000,000 (L)	0.67%

Notes:

- (1) The calculation is based on the total number of 1,200,000,000 Shares in issue as at 31 August 2022.
- (2) Chunlai Investment is wholly-owned by Mr. Hou. Thus, Mr. Hou is deemed to be interested in the Shares in which Chunlai Investment is interested by virtue of the SFO.
- (3) As Chairman Hou and Ms. Jiang are husband and wife, each of them is deemed to be interested in the interest held by them by virtue of the SFO.
- (4) The Letter "L" denotes the person's long position (as defined under Part XV of the SFO) in the Shares.

Report of Directors

Interest in Associated Corporations

Name of Director	Capacity/Nature of Interest	Name of associated corporation	Amount of issued share capital/registered capital/sponsor capital in the associated corporation	Percentage of holding in the associated corporation
Mr. Hou	Beneficial owner	Chunlai Investment	US\$1	100%
	Beneficial owner	The PRC Holdco	RMB30,000,000	100%
	Beneficial owner ⁽¹⁾	The School Sponsor	RMB113,740,000	100%
Chairman Hou	Beneficial owner ⁽¹⁾ and interest of spouse ⁽²⁾	The School Sponsor	RMB33,780,000	29.7%
Ms. Jiang	Beneficial owner ⁽¹⁾ and interest of spouse ⁽²⁾	The School Sponsor	RMB33,780,000	29.7%

Notes:

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

Save as disclosed above, as at 31 August 2022, so far as is known to the Directors or the chief executives of the Company, none of the Directors nor the chief executives of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO (including the interests and short positions which the Director is taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

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

As at 31 August 2022, so far as the Directors are aware, the following persons (other than our Directors or chief executives of our Company) had interests or short positions in the Shares or underlying Shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Capacity/Nature of Interest	Number of Shares ⁽³⁾	Approximate Percentage of Shareholding ⁽¹⁾
Mr. Hou ⁽²⁾	Interest in a controlled corporation	900,000,000(L)	75%
	Share options granted under the Pre-IPO Share Option Scheme	6,000,000(L)	0.50%
Chunlai Investment	Beneficial owner	900,000,000(L)	75%
Xiang Rong International Limited	Beneficial owner	66,037,000(L)	5.50%

Report of Directors

Notes:

- (1) The percentages are calculated on the basis of 1,200,000,000 Shares in issue as at 31 August 2022.
- (2) Chunlai Investment is wholly-owned by Mr. Hou. Thus, Mr. Hou is deemed to be interested in the same number of shares in which Chunlai Investment is interested by virtue of the SFO.
- (3) The Letter "L" denotes the person's long position (as defined under Part XV of the SFO) in the Shares.

Save as disclosed above, the Directors are not aware of any other person (other than the Directors or chief executives of the Company) who had an interest or short position in the shares, underlying Shares or debentures of the Company as at 31 August 2022 as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

DIRECTORS' SERVICE CONTRACTS

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

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

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

DIRECTORS' RETIREMENT BENEFITS

During the Reporting Period, no retirement benefits were paid to or receivable by the Directors in respect of their services as Directors of the Company and its subsidiaries or other services in connection with the management of the affairs of the Company or its subsidiary undertaking (2021: nil).

Report of Directors

DIRECTORS' TERMINATION BENEFITS

During the Reporting Period, no payments or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the Directors, nor are any payable (2021: nil).

CONSIDERATION PROVIDED TO THIRD PARTIES FOR MAKING AVAILABLE DIRECTORS' SERVICES

During the Reporting Period, no consideration was provided to or receivable by third parties for making available Directors' services (2021: nil).

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

During the Reporting Period, there were no loans, quasi-loans and other dealings in favor of the Directors, controlled bodies corporate by and connected entities with such Directors (2021: nil).

CONTROLLING SHAREHOLDERS' AND DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

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

CONTRACTS WITH CONTROLLING SHAREHOLDERS

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

MANAGEMENT CONTRACTS

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

CONNECTED TRANSACTIONS

Non-Exempt Continuing Connected Transactions

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

Report of Directors

Contractual Arrangements

Reasons for the Contractual Arrangements

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

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

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

Risks relating to the Contractual Arrangements

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

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

Report of Directors

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

Contractual Arrangements in Place

The Contractual Arrangements that were in place as at 31 August 2022 are as follows:

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

Report of Directors

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

Report of Directors

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

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

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

Mitigation actions taken by the Company

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

Revenue and Assets subject to the Contractual Arrangements

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

	Year ended 31 August 2022 <i>RMB'000</i>	Year ended 31 August 2021 <i>RMB'000</i>
Revenue	1,309,197	1,041,999
Profit before tax	557,859	411,838
	As at 31 August 2022 <i>RMB'000</i>	As at 31 August 2021 <i>RMB'000</i>
Total assets	5,514,941	4,634,719

For the year ended 31 August 2022, the revenue and profit before tax subject to the Contractual Arrangements amounted to approximately 100% (2021: 100%) and 100% (2021: 68%) of the revenue and profit before tax of the Group.

As at 31 August 2022, the total assets subject to the Contractual Arrangements amounted to approximately 94% (2021: 92%) of the total assets of the Group.

Listing Rule Implications

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

Report of Directors

Waiver from the Stock Exchange and Annual Review

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

Confirmation from Independent Non-executive Directors

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

Confirmations from the Company's Independent Auditor

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

Zhonghui Anda has confirmed in a letter to the Board that, with respect to the aforesaid continuing connected transactions entered into in the year ended 31 August 2022:

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

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

Report of Directors

QUALIFICATION REQUIREMENT

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

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

Updates in Relation to the Qualification Requirement

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

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

Our PRC Legal Adviser has advised that it is currently uncertain as to what specific criteria must be met by a foreign investor (such as length of experience and form and extent of ownership in the foreign jurisdiction) in order to demonstrate to the relevant education authority that it meets the Qualification Requirement.

Report of Directors

Efforts and Actions Undertaken to Comply with the Qualification Requirement

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

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

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

REGULATORY UPDATE

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

Under the 2016 Decision, private schools established prior to the publication date of the 2016 Decision can elect to register as for-profit or non-profit, and a private school electing to re-register as a for-profit school must carry out financial settlement procedures, clarify property ownership, pay relevant taxes and fees, and re-apply for registration. The specific registration requirements for existing private schools shall be formulated by the provincial governments. Pursuant to the Henan Implementation Opinions, Private HEIs in Henan Province shall complete the re-registration procedures by the end of year 2022. Despite the issuance of the Henan Implementation Opinions, the Hubei Implementation Opinions, Implementation Opinions of Jiangsu Government on Encouraging Social Groups to Engage in Education and Promoting the Healthy Development of Private Education (江蘇省政府關於鼓勵社會力量興辦教育促進民辦教育健康發展的實施意見) and Implementation Rules for Classification and Registration of Private Schools in Jiangsu Province (江蘇省民辦學校分類登記實施細則), the specific requirements, policies and procedures for re-registration as for-profit or non-profit private schools remain unclear in Henan, Hubei and Jiangsu provinces. As such, we are unable to quantify the impact that the 2016 Decision may have on our business operations.

As of 31 August 2022, there is no update in relation to the Group's re-registration as a for-profit or non-profit private school.

Report of Directors

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

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

UPDATE ON NON-COMPLIANCE MATTERS

Buildings

As of 31 August 2022, we owned buildings with a total ground floor area of approximately 0.66 million square metres. We have not obtained building ownership certificates for a substantial portion of our buildings primarily because they were not constructed in full compliance with applicable rules and regulations in the PRC. We commenced construction of these buildings on land when the relevant land use right certificates were still under application, as our management believed that it was a practice acceptable to the relevant local authorities and in compliance with local policies.

We are proactively liaising with the relevant government authorities with a view to complying with the relevant requirements as soon as practicable. As of 31 August 2022, we were in the process of applying for the relevant construction land use planning permits (建設用地規劃許可) and construction planning permits (建設工程規劃許可) for our non-compliant buildings.

Report of Directors

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

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

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange during the Reporting Period.

MATERIAL LITIGATION

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

USE OF NET PROCEEDS FROM LISTING

Our Shares were listed on the Stock Exchange on 13 September 2018. The net proceeds from the Listing amounted to approximately RMB489.8 million (equivalent to approximately HK\$552.6 million). As of 31 August 2022, the utilization breakdown of the net proceeds is set out below:

	Net proceeds from the Global Offering <i>RMB million</i>	Unutilised amount as at 1 September 2021 <i>RMB million</i>	Utilisation during the year ended 31 August 2022 <i>RMB million</i>	Unutilised amount as at 31 August 2022 <i>RMB million^(Note)</i>
Acquisition of land use rights and building education and living facilities of our current colleges	244.9	104.1	39.0	65.1
Acquisition of or cooperation with other universities in China	146.9	0.0	0.0	0.0
Repayment of loans	49.0	0.0	0.0	0.0
Working capital and general corporate purposes	49.0	20.3	14.0	6.3
Total	489.8	124.4	53.0	71.4

Report of Directors

The remaining balance of the net proceeds (approximately RMB71.4 million) is held as short-term deposits. The Company expects to gradually apply the remaining unutilised net proceeds in the manner set out below:

- RMB65.1 million for the acquisition of land use rights and building education and living facilities of our current colleges by September 2024; and
- RMB6.3 million for working capital and general corporate purposes by September 2023.

Note:

The Group maintains its net proceeds from the Global Offering mostly in Hong Kong dollars or United States dollars and for the purpose of disclosure in financial results announcements and reports, the movements in the use of proceeds are expressed in RMB, being currency in which the majority of the Group's transactions were settled and the functional currency of the Group's PRC subsidiaries and consolidated affiliated entities, using the currency exchange rates between RMB and HK dollars or US dollars at the relevant time. It should be noted that the unutilised amount as at 31 August 2022 is based on the foreign currency exchange rates as at 31 August 2022, which is different to the foreign currency exchange rate applied in respect of the unutilised amount as at 1 September 2021. These changes in foreign currency exchange rates on different dates are treated as income and charged to gain on foreign currency exchange account, which will ultimately be charged to profit and loss account.

PUBLIC FLOAT

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

AUDITOR

The Company had appointed ZHONGHUI ANDA CPA Limited as the auditor of the Group with effect from 12 January 2020 to fill the vacancy which arose from the resignation of Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong.

The consolidated financial statements of the Group for the Reporting Period have been audited by ZHONGHUI ANDA CPA Limited, who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company.

By the order of the Board

Mr. Hou Chunlai

Chairman

Hong Kong
25 November 2022

Corporate Governance Report

The Board is pleased to present the corporate governance report for the Company for the year ended 31 August 2022.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high corporate governance standards to fulfilling its responsibilities to its Shareholders and protecting and enhancing Shareholders' value through good corporate governance. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of Shareholders and to enhance corporate value and accountability.

The Company has adopted and complied with the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules before the amendments to the Corporate Governance Code (the "New CG Code") came into effect on 1 January 2022. The requirements under the New CG Code would apply to corporate governance reports for financial year commencing on or after 1 January 2022. The Board will continue to review and enhance its corporate governance practice of the Company to ensure compliance and alignment with the latest measures and standards set out in the New CG Code.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct regarding the Directors' dealings in the securities of the Company.

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

BOARD OF DIRECTORS

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

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

Executive Directors

Mr. Hou Junyu (侯俊宇)

Ms. Jiang Shuqin (蔣淑琴)

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

Non-executive Director

Mr. Hou Chunlai (侯春來) (*Chairman*)

Independent non-executive Directors

Dr. Jin Xiaobin (金曉斌)

Ms. Fok, Pui Ming Joanna (霍珮鳴)

Mr. Lau, Tsz Man (劉子文)

Corporate Governance Report

The biographical details of the Directors are set out in the section headed “Directors and Senior Management” on pages 20 to 25 of this annual report.

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

BOARD MEETINGS

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

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

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

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

Name of Director	Number of meeting(s) attended/number of meeting(s) held during the year ended 31 August 2022 and up to the Latest Practicable Date				
	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	General Meeting
Executive Directors					
Mr. Hou Junyu	4/4	-/-	-/-	2/2	1/1
Ms. Jiang Shuqin	4/4	-/-	2/2	-/-	1/1
Ms. Zhang Jie	4/4	-/-	-/-	-/-	1/1
Non-executive Director					
Mr. Hou Chunlai	4/4	-/-	-/-	-/-	1/1
Independent Non-executive Directors					
Dr. Jin Xiaobin	4/4	2/2	-/-	2/2	1/1
Ms. Fok, Pui Ming Joanna	4/4	2/2	2/2	2/2	1/1
Mr. Lau, Tsz Man	4/4	2/2	2/2	-/-	1/1

Corporate Governance Report

According to code provision C.2.7 of the corporate governance Code, the Chairman should at least annually hold meetings with the Independent non-executive Directors without the presence of the other Directors. During the Reporting Period, the Chairman has held such meeting with the Independent non-executive Directors.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Board at all times during the Reporting Period met the requirements 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 Board has received from each of the independent non-executive Directors a written annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules and considers each of them to be independent. Each of our independent non-executive Directors has entered into an appointment letter with our Company for a period of three years, subject to renewal after the expiry of the then current term.

The independent non-executive Directors bring a wide range of business and financial expertise, experiences and independent judgement to the Board. Through serving on Board committees and active participation in Board meetings, taking the lead in managing issues involving potential conflicts of interest, all independent non-executive Directors make various contributions to the effective direction of the Company.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

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

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

Corporate Governance Report

RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS OF THE BOARD AND MANAGEMENT

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

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

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

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 their responsibilities to the Company.

BOARD COMMITTEES

The Board has established three committees, namely, the audit committee, the remuneration committee and the nomination committee for overseeing particular aspects of the Company's affairs. Each of these committees are established with defined written terms of reference. The terms of reference of the Board committees are available on the websites of the Company and the Stock Exchange.

Audit Committee

The Company has established an audit committee in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix 14 of the Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal controls system of the Group, review and approve connected transactions and to advise the Board.

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

During the Reporting Period, the audit committee met two times with the auditors to review, among others, the annual results for the year ended 31 August 2021 and the interim results for the six months ended 28 February 2022 in accordance to code provision D.3.3(e)(i) of the Corporate Governance Code and the terms of the Audit Committee of the Company.

The audit committee has reviewed the financial reporting system, compliance procedures, internal control (including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function and risk management and internal control systems and processes) for the Reporting Period.

Corporate Governance Report

Remuneration Committee

The Company has established a remuneration committee in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code set out in Appendix 14 of the Listing Rules. The primary duties of the remuneration committee is to review and make recommendations to the Board regarding the terms of remuneration packages, bonuses and other compensation payable to the Directors and other senior management.

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

During the Reporting Period, the remuneration committee met two times with all members of the committee attended (i) to review the annual director's fee; and (ii) to assess the performance and review the remuneration policy and package of the executive Directors and senior management of the Group, and to review the remuneration of the non-executive Directors.

Details of the remuneration payable to each Director of the Company for the year ended 31 August 2022 are set out in Note 13 to the consolidated financial statements.

The remuneration of the members of senior management by band for the year ended 31 August 2022 is set out below:

Remuneration bands (RMB)	Number of persons
Nil – HK\$1,000,000	1

Nomination Committee

The Company has established a nomination committee in compliance with the Corporate Governance Code set out in Appendix 14 to the Listing Rules. The primary duties of the nomination committee are to make recommendations to the Board on the appointment of Directors and management of Board succession.

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

During the Reporting Period and up to the Latest Practicable Date, the nomination committee met two times with all members of the committee attended to review the structure, size and composition of the Board and the independence of the independent non-executive Directors and to consider the qualifications of the directors standing for re-election at the annual general meeting of the Company held in 2022.

Corporate Governance Report

Nomination Policy

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

The Nomination Policy aims to:

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

Nomination Procedures

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

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

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

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

- Reputation and integrity;
- Experience in the directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas;

Corporate Governance Report

- Commitment in performing the duties as a director and a member of the Board committees (if applicable); and
- Board diversity, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge, relationship with other Board members and length of service, and the potential contributions can be brought to the Board.

Board Diversity Policy

The Company has adopted a board diversity policy which sets out the approach to achieve diversity of the Board. The Company embraces the benefits of having a diverse Board to enhance the quality of its performance.

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

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

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

CORPORATE GOVERNANCE FUNCTION

The Board is responsible for performing the functions set out in code provision D.3.1 of the Corporate Governance Code.

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

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

Corporate Governance Report

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 August 2022.

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

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

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

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

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for the Directors would be arranged and reading material on relevant topics would be provided to the Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the year ended 31 August 2022, the key methods of attaining continuous professional development by each of the Directors are summarized as follows:

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

During the Reporting Period, all of the Directors also participated in a training session conducted by Skadden, Arps, Slate, Meagher & Flom, our legal adviser as to Hong Kong law, on directors' duties, responsibilities and obligations under the Listing Rules and the SFO.

Corporate Governance Report

DIVIDEND POLICY

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

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

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

AUDITOR'S RESPONSIBILITY AND REMUNERATION

The Company appointed Zhonghui Anda as the external auditor for the year ended 31 August 2022. A statement by Zhonghui Anda about their reporting responsibilities for the financial statements is included in the Independent Auditor's Report on pages 118 to 177.

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

Services rendered for the Company	Fees paid and payable
	<i>RMB '000</i>
Audit services:	
Audit services	1,627
Non-audit services:	
Interim review services	553
Total	2,180

Corporate Governance Report

RISK MANAGEMENT AND INTERNAL CONTROLS

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

The Board has delegated its responsibilities (with relevant authorities) of risk management and internal control to the audit committee, who oversees management in the design, implementation and monitoring of the risk management and internal control systems, and management has provided a confirmation to the audit committee (and the Board) on the effectiveness of these systems for the year ended 31 August 2022. The Board had conducted a review of the effectiveness of the risk management and internal control system of the Company in respect of the year ended 31 August 2022 and considered the system effective and adequate. The Board will conduct a review of the effectiveness of the risk management and internal control system of the Company on an annual basis.

The Group has established an internal control department and maintain an internal audit function for the year ended 31 August 2022. Each of its schools has designated the relevant personnel who will be responsible for identifying and monitoring the Group's risks and internal control issues and reports directly to the Board of any findings and follow-up actions. Each of the Group's schools is required to adhere strictly to the Group's internal control procedures and report to the internal control team of any risks or internal control measures.

The Company has also established an investment committee as part of its internal control measure to exercise authority delegated from the Board to handle any issues or affairs related to the investment aspects of the Company. The investment committee provides additional oversight over, and professional support to, the investment matters of the Group, and then reports back to the full Board on a regular basis. The investment committee also reviews the investment performance from time to time and advises the Board on how the Company's funds (including surplus funds, funds not designated for specific purpose, or funds designated for specific purpose but application of which is not immediately required) are to be used to enhance the Company's investment returns, preserve the value of the Company's funds and/or achieve capital appreciation. The investment committee currently comprises Mr. Hou Junyu (an executive Director), Mr. Lau Tsz Man (an independent non-executive Director and chairman of the audit committee of the Company) and Dr. Jin Xiaobin (an independent non-executive Director). As of the Latest Practicable Date, the investment committee was also identifying suitable candidates with extensive experience in investment and finance to support the intended functions of the investment committee.

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

Corporate Governance Report

COMPANY SECRETARY

Mr. Wong Yu Kit (“**Mr. Wong**”) was the company secretary of the Company from the Listing Date until his resignation with effect on 30 August 2022.

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

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

For the year ended 31 August 2022, Ms. Yu has undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS’ RIGHTS

Convening of Extraordinary General Meetings (“EGM”) by Shareholders

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

Putting Forward Enquiries to the Board and Contact Details

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

Contact Details

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

Email : IR@chunlaiedu.com

Corporate Governance Report

SHAREHOLDERS' COMMUNICATION POLICY

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

As part of its regular review, the Board has reviewed its policies in regard to the shareholders' communication for the year ended 31 August 2022 and is of the view that they are effective and adequately implemented.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS RELATIONS

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

CHANGES IN CONSTITUTIONAL DOCUMENTS

The Company has not made any changes to its Articles of Association during the Reporting Period and up to the Latest Practicable Date. An up to date version of the Company's Articles of Association is also available on the Company's website (www.chunlaiedu.com) and the Stock Exchange's website (www.hkexnews.hk).

Environmental, Social and Governance Report

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Environmental, Social and Governance Report

1. ABOUT THIS REPORT

China Chunlai Education Group Co., Ltd. (“Chunlai Education”) and its subsidiaries (“Group”, “our Group”, “the Group”, “we”, “us” or “our”) are pleased to present our fifth Environmental, Social and Governance Report (“ESG Report” or “this Report”), which summarises our initiatives, strategies and objectives relating to environmental, social and governance (or “ESG”) issues, and describes our vision and commitment to the fulfilment of sustainable development philosophy, as well as our corporate social responsibilities.

Reporting Standard

This Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “Guide”) set out in Appendix 27 to the Listing Rules issued by the Stock Exchange. The contents covered herein are in compliance with the “comply or explain” provision required in the Guide and the requirements of the four reporting principles (materiality, quantitative, balance and consistency). An index of the Guide prepared in accordance with the contents of this Report is inserted in the last chapter of this Report for readers’ easy reference. You should read this Report together with the section headed “Corporate Governance Report” in this annual report to have a comprehensive understanding of the Group’s ESG performance.

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

Reporting Scope

This Report describes the sustainable development related to core businesses and the overall performance of performing corporate social responsibility from 1 September 2021 to 31 August 2022 (the “Year” or “Reporting Period”). Unless otherwise specified, this Report covers the businesses directly controlled by Chunlai Education, and the data collection of the KPIs under the Environmental Subject Area covering Shangqiu University, Anyang University, Anyang University Yuanyang Campus¹, Shangqiu University Kaifeng Campus, Jingzhou College and Hubei Health Vocational College.

¹ Anyang University Yuanyang Campus is a new campus for this year

Environmental, Social and Governance Report

Reporting Language

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

Approval of this Report

This Report was approved by the Board on 25 November 2022 after being confirmed by the management.

Feedback on this Report

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

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

E-mail: cljyt@chunlaiedu.com

2. ABOUT CHUNLAI EDUCATION

As a distinguished organisation of private general higher education in China, Chunlai Education has been adhering to its education mission of "taking the fostering of integrity as the fundamental task, and relying on scientific development, reform, innovation, and law-based governance of education to bring out the full potential of higher education with innovation and characteristics so that we could cultivate in higher-quality professionals, thus improving our capability to serve the society". We have been running our colleges and universities under the philosophy of "putting students into first place, focusing on moral education, prioritising capacity enhancement, taking quality as foundation, carrying on good existing practices while implementing innovative practices, serving the society and striving for excellence". We have fully implemented the development strategy of "Relying on teaching quality, excellent talents, characteristics and rule of law for survival, development, rejuvenation and governance of our colleges and universities". Based on the above, we have been attracting outstanding teachers to pursue the essence of education as we are committed to developing Chunlai Education into a well-known private education brand at home and abroad. Colleges and universities of the Group have been cultivating in technical professionals for the country and community.

Established in 2004, the Group includes Shangqiu University, Anyang University, Shangqiu University Kaifeng Campus, Jingzhou College, Hubei Health Vocational College and Tianping College of Suzhou University of Science and Technology (a cooperating school). We fully implement the education policy of the Communist Party of China (CPC), adhere to the direction of socialist schooling, and always adhere to the original intention of running education and cultivating talents.

Environmental, Social and Governance Report

2.1 Overview of our Colleges

Shangqiu University

In line with the school motto of “Upholding morality, fortifying our dreams and behaving in conformity with truth” and the idea of “putting students into first place, focusing on moral education, prioritising capacity enhancement and taking quality as foundation”, Shangqiu University has been always adhering to the mode of cultivating practical talents, and focusing on developing students’ capacities of innovation and practice. Shangqiu University has 49 bachelor’s degree majors and 39 junior college diploma majors, shaping a pattern in which engineering, agriculture, management, art, literature, education, science, economics and other disciplines develop in a coordinated manner, with engineering as the mainstay. It adheres to the mode of cultivating practical talents, and focuses on cultivating students’ capacities of innovation and practice. It has developed 236 practice and training bases inside and outside the campus to strengthen practical teaching, therefore, laying a solid foundation for improving the education and teaching quality.

Through its rigorous education, stable teaching order and sound environment, Shangqiu University has ensured the quality of talent training. Extensive praise has been won from all walks of life, thanks to its strength and level of education. In recent years, Shangqiu University has won the titles of “China’s Most Influential Private School”, “Henan Civilised School”, etc., and its strength has been highly recognised.

Anyang University

In line with the idea of “Fostering virtue through education, behaving in conformity with truth, establishing with unique features and strengthening through connotation”, Anyang University implements the adaption to the economic transition and social development on the basis of business-education collaboration and with the aim of comprehensively improving talent training ability. It offers 44 bachelor’s degree majors, 37 junior college diploma majors, 3 double bachelor’s degree majors, 17 certificate-oriented adult education majors, 23 combined vocational education and junior college diploma majors and 14 technical secondary school majors, covering eight disciplines including literature, science, engineering, law, economics, management, education and art.

Taking quality development as its mainstay, Anyang University has carried out in-depth education and teaching reform, with 7 majors selected as the brand majors of private colleges and universities in Henan Province, 6 majors listed as the funded projects for discipline and specialty development in Henan Province, 6 courses rated as first-class undergraduate courses in Henan Province, and 3 courses as outstanding online teaching courses for undergraduate education in Henan Province. Extensive praise has been won from all walks of life, thanks to its strength and level of education and the University has been awarded the honorary title of “Advanced Unit of Private Education in Henan Province”.

Environmental, Social and Governance Report

Anyang University Yuanyang Campus

Anyang University Yuanyang Campus takes comprehensive improvement of talent cultivation ability as its core. The Campus actively explores the talent training mode of “government, institution, education, and business collaboration”, and has signed agreements on business-education collaboration and joint development of practical education bases with various units, forming a mutually beneficial collaboration mechanism.

The Campus has established “Shengde Academy” and “Rixin Academy”, as well as Computer Department, Civil Architecture Department, Economics and Management Department, Literature and Education Department, Foreign Language Department, Ideological and Political Theory Teaching Department, Public Education Department, and Technical Secondary School Department. It offers 19 bachelor’s degree majors, 15 junior college diploma majors, and 20 combined vocational education and junior college diploma majors, covering six disciplines including literature, science, engineering, economics, management and education.

Shangqiu University Kaifeng Campus

Shangqiu University Kaifeng Campus focuses on engineering and management and develops engineering, management, literature, art and education in a coordinated manner. It enjoys outstanding advantages and features to cultivate high quality practical talents. It offers 28 bachelor’s degree majors, including accounting, financial management, civil engineering, mechanical design, manufacturing and automation, and 22 junior college diploma majors.

Hubei Health Vocational College

Hubei Health Vocational College is the first health vocational college in Hubei Province. Adhering to the fundamental education task of fostering virtue through education and the school motto of “hard work and self-improvement”, Hubei Health Vocational College cultivates innovative high-quality technical talents required by the times, with its goal of becoming a high-level vocational major group of nursing plus health intelligence with distinctive health features. The College constantly optimises the major structure it established. It has established Nursing Department, Health Department, Medical Technology Department, Basic Medicine Department, Public Education Department, Training Department, and Experimental Training Centre. The College has furthered international education exchanges and collaboration and established amicable cooperation with Washington Technology University, New York College of Health professionals, and other universities and educational institutions in Japan. It has introduced BSB education model of “Dual System” Teaching Mode of Germany, and trained international nursing talents that meet the market demand.

Environmental, Social and Governance Report

Jingzhou College

Jingzhou College takes fostering virtue through education as the utmost fundamental task, and actively develops high-quality practical talents with sound adaptability, innovation spirit and entrepreneurial skills. Application education oriented, the College adheres to the approach of engineering as the mainstay, literature, management, science, education, art and medical science develop in a coordinated manner. With the goal of developing a high-level application-oriented regional college with distinctive characteristics, Jingzhou College continuously advance the “Four New” Development driven by the “New Engineering” and implements the discipline development plan to promote the continuous improvement of education and teaching quality.

It now has 14 teaching and research institutions, namely, School of Information Engineering, School of Mechanical Engineering, School of Urban Construction, School of Management, School of Foreign Languages, School of Petroleum and Chemical Engineering, School of Resource Exploration Engineering, School of Mathematics and Physics, School of Health, School of Marxism, Sports Teaching Department, Institute of New Petroleum Technology, Institute of Information Technology and Institute of Applied Chemistry and offers 35 bachelor’s degree majors and 19 junior college diploma majors. Of which, Computer Science and Technology, Mechanical Design, Manufacturing and Automation, and Business English have been admitted as first-class undergraduate major development sites in Hubei universities, and the major of Mechanical Design, Manufacturing and Automation is a key professional subject in Hubei undergraduate universities. The College keeps improving the employment rate and quality of the graduates, as well.

2.2 Awards and Honours

We have been working hard in the management of higher education institutions, taking the fostering of integrity as the fundamental task, and keeping firm exploration in innovative education models. We are committed to improving the teaching quality of our schools. Through years of educational practice and exploration, we have achieved outstanding results this year. The following are the ESG related honours we won this year:

Chunlai Education Awards and Honours	Hosting/Issuing Agency
Provincial Advanced Collective of Private Education in 2021	Henan Private Education Research Association
Shangqiu University Awards and Honours	Hosting/Issuing Agency
Advanced Research Institute	Henan Private Education Association
Provincial Advanced Collective of Private Education	Henan Private Education Association
Advanced Unit in Theory Publicity of “CPC’s Innovation Theory Publicity” Theme Publicity and Education Practice Activity in 2021	Propaganda Department of the CPC Shangqiu Municipal Committee
Leading Brand in Development of Private Education in Central Plains	Henan Daily Newspaper Group Dahe.cn

Environmental, Social and Governance Report

Anyang University

Awards and Honours

Hosting/Issuing Agency

Provincial Advanced Collective of Private Education in 2021	Henan Private Education Research Association
Competitive Brand in Employment of Private Education in Central Plains	Henan Daily Newspaper Group Dahe.cn
Excellent Organization Award for “Meet New Generation in Henan” themed educational practice activities	Education Working Committee of the CPC Henan Provincial Committee and Office of Henan Provincial Department of Education

Shangqiu University Kaifeng Campus

Awards and Honours

Hosting/Issuing Agency

Municipal Advanced Unit of Social Science Work in 2021	Kaifeng Federation of Social Science Circles
Advanced Unit of Conscript in 2021	CPC Kaifeng Urban Rural Integration Demonstration Zone Party Working Committee, Kaifeng Urban Rural Integration Demonstration Zone Management Committee and Kaifeng Longting District People’s Armed Forces Department
Innovative Development Brand of Private Education in Central Plains	Henan Daily Newspaper Group Dahe.cn
Excellent Organization Award of the 2nd ZX Cup College Information Literacy Challenges	Henan Academic Library and Information Work Committee
Excellent Organization Unit of the 5th Entrepreneurship and Innovation Competition in Kaifeng, Henan	Kaifeng Human Resources and Social Security Bureau, etc
Excellent Organization Award of the First “RoyalFlush” Cup University Financial Anti-fraud Knowledge Competition	China Supervision Network China Youth Research Association
Outstanding University in Contribution to Public Good in Campus of Central Area in 2021	Beijing Weimengchuangke Network Technology Co., Ltd

Environmental, Social and Governance Report

Jingzhou College

Awards and Honours

Hosting/Issuing Agency

Advanced Grassroots Party Organization Directly Under CPC Jingzhou Municipal Committee in 2022	Work Committee of Organizations Directly under the CPC Jingzhou Municipal Committee
Outstanding Achievement Award of Provincial Party Development Research Project in 2021	Hubei Provincial Party Development Research Association
Provincial First-class Undergraduate Major Development site in 2021 – Business English	Ministry of Education
The second prize of the 18th Hubei University Student Marketing Competition & the 2nd Public Good Agriculture Entrepreneurship Competition	CPC Hubei Entrepreneurship Promotion Association Committee
Third Place of the 24th China University Basketball League (Hubei Division)	Hubei University Sports Association
The Second Prize of the 3rd National College Students' Chemical Experiment Innovation Design Competition & "Weirui Cup" in Central China	Chinese Chemical Society
The first, second and third prizes of the 15th National College Students Advanced Mapping Technology and Product Information Modelling Innovation Competition (Hubei Division)	Former Engineering Graphics Teaching Steering Committee of Colleges and Universities of the Ministry of Education
The first, second and third prizes of the 10th National Undergraduate Mechanical Design Innovation Design (Hubei Division)	Sub-committee, Teaching Steering Committee of Mechanical Basic Courses in Colleges and Universities of the Ministry of Education
Silver Award of the 12th Challenge Cup Undergraduate Entrepreneurship Plan Competition of Hubei Province in 2022	Hubei Provincial Department of Education
National Excellent Organization Award of the National Finals of the 13th "Sware" National BIM-CIM Competition	China Association of Construction Education

Hubei Health Vocational College

Awards and Honours

Hosting/Issuing Agency

May 4th Red Flag Youth League Committee	Communist Youth League Xiangning Municipal Committee
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Environmental, Social and Governance Report

3. SUSTAINABILITY GOVERNANCE

3.1 Statement of the Board

The Board believes that a good ESG governance is essential to the success of the Group and to the enhancement of stakeholders' value. The Board has overall responsibility for the Group's ESG matters, and is responsible for determining the Group's overall ESG strategy and understanding relevant risks, and has established an effective sustainable development governance structure to review the Group's ESG performance. The Board has approved the Group to establish an ESG Committee and to authorise it to supervise and promote the implementation of various ESG issues, discuss and determine the Group's ESG risks and opportunities. The ESG Committee regularly organises the updates of ESG-related policies and systems annually to track the performance of ESG practises. The Board reviews and confirms the results of the materiality assessment, takes the key issues as part of the Group's overall strategy formulation, to understand the concerns and requirements of various stakeholders, thus determining the Group's ESG management policies, strategies, priorities and goals. Meanwhile, the Board supervises the management and performance of these issues, so as to determine the Group's sustainability focus and priorities. The Board is committed to integrating ESG principles into our business management practises.

During the Year, the Group has set environmental-related targets, which demonstrate the effectiveness of the Group's ESG policies and various ESG management systems. The Board will continue to review the ESG-related performance and review the progress based on the ESG-related targets in the future, and will improve relevant ESG policies according to the target progress, so as to supervise and improve sustainability efforts.

3.2 Sustainability Governance Structure

Chunlai Education adheres to the concept of "contributing to the society and making the society better", continuously improves the ESG management system, and has established an ESG governance structure led by the Board. Under the authorization of the Board, the ESG Committee is led by the Chief Executive Officer and consists of the Board Office and the leaders of various departments of the Group. It is responsible for formulating and improving the sustainable development strategies and policies applicable to the entire Group, mainly in the fields of environmental protection, employment, operational responsibility and social investment.

The primary duties of the Board are as follows:

- to delegate authority to the ESG Committee
- to resolve and approve the Group's ESG management approach, strategy and annual work, including the assessment, priorities and management of significant ESG issues
- to regularly review and monitor ESG performance and progress towards goals

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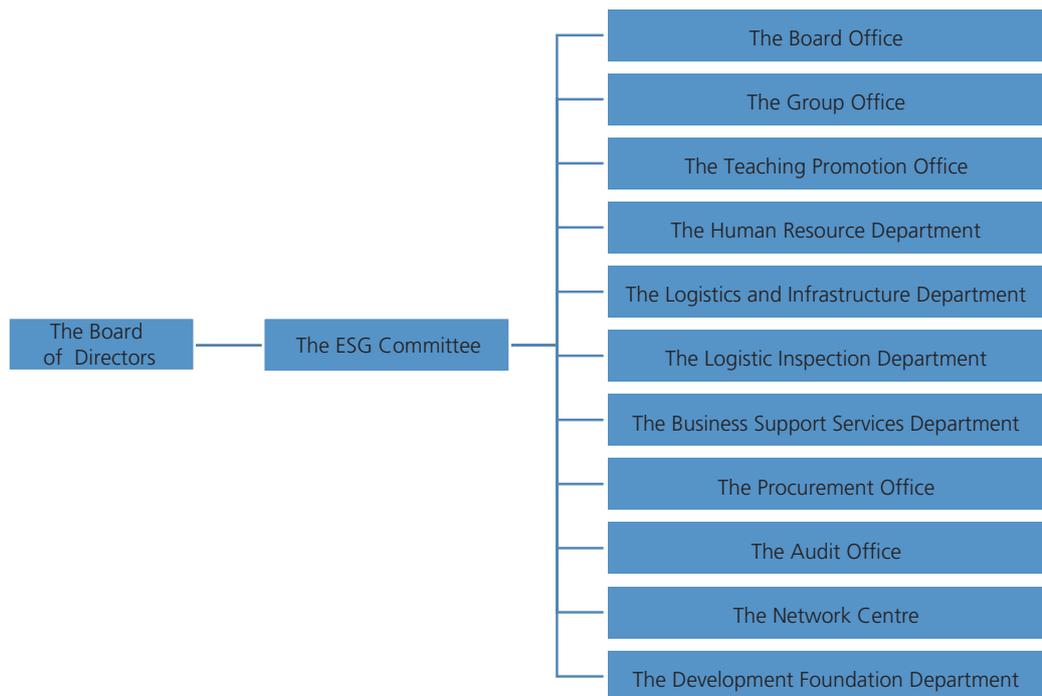
The primary duties of the ESG Committee are as follows:

- to report regularly to the Board
- to identify, assess, review and manage significant ESG issues, risks and opportunities
- to formulate ESG management approach, strategy, annual work and objectives for approval by the Board, and drive the implementation of such efforts

The primary duties of the performance department are as follows:

- to organise and execute ESG-related works in accordance with the Group's ESG management approach, strategy and annual work
- to organise and execute ESG-related works in accordance with the Group's ESG management approach, strategy and annual work
- to comply with all ESG-related policies and systems

ESG Governance Structure



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3.3 Communication with Stakeholders

Chunlai Education communicates with various stakeholders to drive sustainability efforts. Amidst the continuous promotion of our ESG efforts, we established a mechanism to communicate with various stakeholders. During the Reporting Period, the Group communicated and contacted with stakeholders through appropriate channels to enhance stakeholders' understanding of the strategies and initiatives we promoted, listened to their expectations and needs, and actively responded to their concerns through ESG business operations, collected and collated feedback from all parties, and took responsive measures in the hope of promoting mutual growth with the stakeholders.

Key Stakeholders and Communication and Response Channels

Stakeholders	Main concerns	Main methods for communication and response
Investors/shareholders	<ul style="list-style-type: none"> • Business growth • Investment return • Steady operation • Information transparency • Corporate governance 	<ul style="list-style-type: none"> • Result announcements • Senior management meetings • Meetings of investors • Annual general meeting and other general meetings • Interim report and annual report • Corporate communications, such as letters/circulars to shareholders and meeting notices
Teachers/other employees	<ul style="list-style-type: none"> • Sense of belonging of employees • Salary and benefits of employees • Health and safety of employees • Channels for employees to express their opinions • Education service quality 	<ul style="list-style-type: none"> • Employee opinion surveys • Channels for employees to express their opinions (forms, suggestion boxes, etc.) • Work performance assessments • Meetings and interviews • Training courses • Business briefing • Volunteer activities • Panels • Publications (such as employees communications) • Employee communication meetings • Employee intranet • Conference/workshops/seminars

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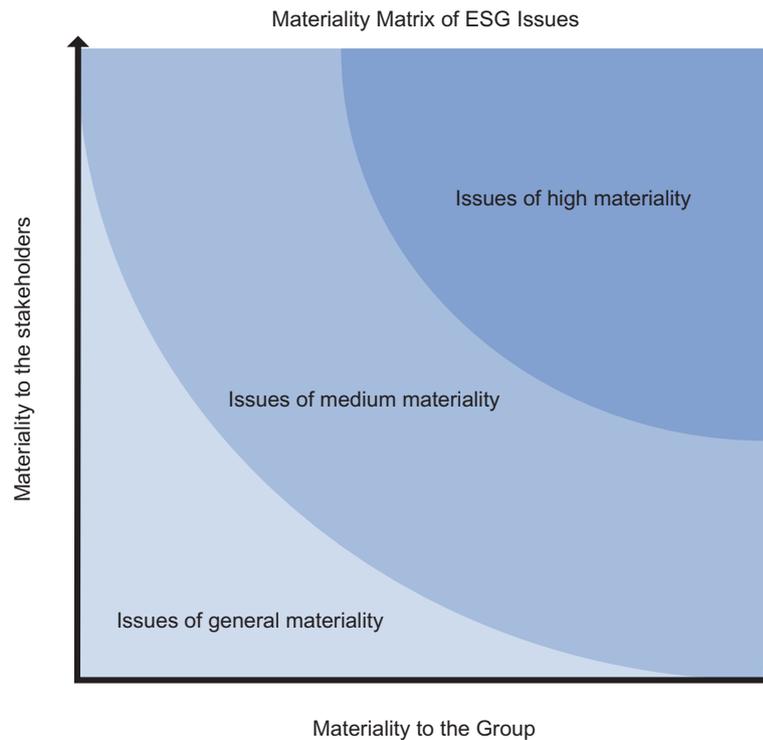
Stakeholders	Main concerns	Main methods for communication and response
Students/parents	<ul style="list-style-type: none"> • Education service quality • Education resources • Qualification of teachers • Healthy and safe learning environment 	<ul style="list-style-type: none"> • Feedback in the class • Satisfaction survey • Regular visits • Online platforms
Graduated students	<ul style="list-style-type: none"> • The development of the school • The platform that the school can provide 	<ul style="list-style-type: none"> • Media information • School website • Graduated student reunions • Graduated students activities organised by the school
Government/ regulatory authorities	<ul style="list-style-type: none"> • Compliant and sound operation • Education service quality 	<ul style="list-style-type: none"> • Consultation • Seminars • Rating of the schools • Visiting the schools • Meetings • Compliance report
Suppliers	<ul style="list-style-type: none"> • Fair and unbiased procurement • Business growth • Investment return 	<ul style="list-style-type: none"> • Supplier management procedures • Supplier/contractor evaluation system • On-site visits
Business partners	<ul style="list-style-type: none"> • Corporate governance • Investment return • Business growth 	<ul style="list-style-type: none"> • Strategic partnership projects • Meetings
Community/ Non-governmental organisations	<ul style="list-style-type: none"> • Promotion of community development • Participation in social benefit activities 	<ul style="list-style-type: none"> • Meetings • Donations • Volunteer activities
Public	<ul style="list-style-type: none"> • Information transparency • Education service quality • Sound operation 	<ul style="list-style-type: none"> • Media information • School website • Activities organised by the school
Media	<ul style="list-style-type: none"> • Enterprise performance • Corporate image • Education services quality assurance • Compliance operation 	<ul style="list-style-type: none"> • Press release • Result announcements

Environmental, Social and Governance Report

3.4 Materiality Assessment

During the Reporting Period, we collected opinions from stakeholders to understand their expectations on ESG, and conducted the Group's materiality assessment in combination with the Group's operations and objectives. We determined the material issues of the Group's business this year with reference to the disclosure responsibilities covered by the Guide issued by the Stock Exchange, the important issues database of the Education Industry of the Sustainability Accounting Standards Board (SASB) and MSCI ESG and the ESG issues concerned by peer companies, and then submitted to the Board for approval.

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



Environmental, Social and Governance Report

Based on the results of the importance matrix, we have identified the direction of important ESG issues of this year, including “Excellent Education Services”, “Stable Business Operation”, “Caring for Employment Development”, “Building a Green Campus” and “Giving back to Society”. This Report will focus on these five areas to reflect the focus and contribution of our ESG efforts.

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

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4. SUPERIOR EDUCATION SERVICE

Consistently adhering to the educational philosophy of “putting students into first place, focusing on moral education, prioritising capacity enhancement, taking quality as foundation, carrying on good existing practices while implementing innovative practices, serving the society and striving for excellence”, Chunlai Education implements the development strategy of “Relying on teaching quality, excellent talents, characteristics and rule of law for survival, development, rejuvenation and governance of our colleges and universities” in an all-round way. Based on the above, we have been attracting outstanding teachers to pursue the essence of education as we are committed to developing Chunlai Education into a renowned private education brand at home and abroad. Over the years, schools under our Group have supplied tens of thousands of graduates and talents for the development of our socialist country. The Group attaches great importance to the improvement of the education and teaching quality, and pays attention to the development of students’ hands-on and practical abilities, in particular, the development of their sound habits and personality. Superior professional ethics and teaching quality of the teachers are the foundation for our established schools. Therefore, we have attached importance to the development of professional ethics and teaching quality of our colleges, and put the physical and mental health and safety of all teachers and students at our top priority.

4.1 Safe and Healthy Campus

To strengthen campus safety, create a sound and warm working and learning environment for teachers and students, and help them solve their concerns in life while working and studying, we have been in strict compliance with relevant laws and regulations on health and safety, including but not limited to the Food Safety Law of the People’s Republic of China, the Law of the People’s Republic of China on the Prevention and Treatment of Infectious Diseases, the Fire Protection Law of the People’s Republic of China, the Guidelines for the Prevention and Control of Infectious Diseases in Colleges and Universities, and the School Health Work Regulations. We have also actively supervised the campus food safety and fire protection, paid attention to the psychological and physical health of teachers and students, and established reasonable processes to respond to emergencies, such as epidemic outbreaks, to create a safe and healthy campus environment in all aspects.

During the reporting period, the Group did not experience any complaints or litigations regarding violation of laws relating to health and safety, nor had it experienced any work-related fatality cases over the past three years.

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Food safety on campus

To strengthen the food safety on campus, we have developed and strictly implemented the Food Safety Management System, the Food Safety Rapid Detection Management System, the Food Safety Self inspection and Reporting System and the Principal Accountability System on Food Safety. The school leaders should lead a team to inspect the food safety in the campus dining halls to ensure the meal quality and food safety for our teachers and students. The supervisor of the dining halls conducted day-to-day inspections, shared the inspection results to the person in charge of the dining hall, and demanded improvements on inadequacies within a time limit. The food safety department and the centre director would pay a revisit after the improvement. Meanwhile, we have launched several food safety related trainings for employees in the dining halls, enhanced their food safety awareness, and standardised the operation process to better provide safe food for teachers and students. What's more, we have actively launched the "Internet+ Bright Kitchen and Stove" Campaign where teachers and students could supervise all aspects of food processing, including food processing operation, warehouse, food sample reservation, sales area and other areas through video monitoring to fully promote the level of food safety on campus.



Food Management Committee's regular inspection

As an important part of the dining hall's safety efforts, the safety management department would further strengthen the daily supervision and inspection, uphold the principle of precaution crucial, timely investigate and rectify various potential safety hazards to put an end to safety accidents. At the same time, we must strengthen the fire safety knowledge and skills training of employees, continuously enhance their fire safety awareness, and further improve their ability to respond to emergencies to ensure the safety and stability of the dining halls.

Environmental, Social and Governance Report

Fire safety on campus

To strengthen the fire safety management and better ensure a safe campus, we have conscientiously implemented the principle of "precaution crucial, prevention and elimination combined" to build a harmonious and safe campus, create a more agreeable study environment, and improve the quick emergency response capabilities of school staff in dining halls, supermarkets, businesses, etc. There are many electric and gas equipment in the college dining halls, and as an important part of the dining hall's safety work, the safety management department would further strengthen the daily supervision and inspection, uphold the principle of precaution crucial, timely investigate and rectify various potential safety hazards to put an end to safety accidents. At the same time, we must strengthen the fire safety knowledge and skills training of employees, continuously enhance their fire safety awareness, and further improve their ability to respond to emergencies to ensure the safety and stability of the dining halls.

Case: Fire safety knowledge training and fire drill in Shangqiu University Kaifeng Campus

Fire safety knowledge training and fire drill in Shangqiu University Kaifeng Campus were conducted at Classroom 111 of Teaching Building A2 and south gate on the afternoon of 2 May 2022. The head of the Comprehensive Service Centre trained the dining hall staff on firefighting knowledge against the accident of "the gas stove catches fire", which mainly explained the possible causes of fire and its prevention plan, with a focus on explanation to the participants about several issues that they should look out for when closing the valve and cutting off the gas to extinguish the fire.

At the end, all of the participants watched two videos about fire education, which further enhanced their fire awareness and firefighting skills, making them fully understand the importance of fire safety, and enhancing their fire safety prevention ability.



Environmental, Social and Governance Report

Epidemic prevention and control

To effectively prevent, timely control and properly respond to public health emergencies in our schools, minimise the harms from various health emergencies to our teachers and students, protect their personal safety, maintain and ensure the stability of our schools, and ensure the normality of our education and academic profession, our Group has conscientiously implemented the principles of documents related to epidemic prevention, such as the COVID-19 Prevention and Control Scheme (Ninth Edition) and the Plan for the Normalised Prevention and Control of COVID-19 in Henan Province (3.0 Edition), adhered to the policy of precaution crucial and proper response, established and improved the rapid response mechanism, and improved the emergency management system for epidemic emergencies. And in accordance with the Law of the People's Republic of China on the Prevention and Control of Infectious Diseases, The Food Safety Law of the People's Republic of China, the Guidelines for the Prevention and Control of Infectious Diseases in Colleges and Universities, the Emergency Plan for Public Emergencies in the Education System, the Regulations on the Administration of Public Health, the Regulations on School Health Work and other regulations and systems, we have established the Emergency Plan for Epidemic Prevention and Control in light of the school conditions, which listed various measures and guidelines to respond to the epidemic.

In terms of day-to-day prevention and control, in order to strengthen the organizational leadership, we have in place an epidemic prevention and control leading group for each school with an epidemic prevention and control office and seven working teams to ensure the effectiveness of the efforts. The epidemic prevention and control leading group should participate in popularizing the knowledge of prevention and control of Covid-19, adhere to the principle of prevention and control first and strictly implement responsibility management, where illegal acts, negligence and misconducts are prohibited. In case of the epidemic emergency, we would make response and control it immediately according to the requirements of "early detection, early reporting, early isolation and early treatment". We would, together with municipal epidemic prevention and control departments and local medical institutions, build a safe line of defense for epidemic prevention and control.

Environmental, Social and Governance Report

Mental health education

Amidst the normality under the Covid-19, we attached great importance to mental health education. We have actively strengthened the mental health education for teachers, staff and students through the training seminars, aiming to guide teachers, staff and students to establish an awareness of mental health and maintain a rational and a calm state of mind in a bid to work and live happily.

Case: Anyang University carried out a mental health training for teachers and staff

Anyang University carried out a mental health training at the Academic Hall of the Comprehensive Building on the afternoon of 19 May 2022. Due to the Covid-19, this training, lectured by Deputy Director of the school's Psychological Counseling Centre, was conducted on-line and off-line and participated by all the employees of the school.

During the training, the lecturer made full use of various techniques of psychological guidance and elaborately designed various communication and interaction links to guide the employees to understand and master the correct ways of perceiving their own emotions, the effective rules of emotional management and the right way of developing optimistic attitudes. The training strengthened faculty and staff's correct understanding of mental health, and improved their ability to alleviate pressure and release emotional distress.



Environmental, Social and Governance Report

Responding to emergencies

We have proactively prevented and responded to emergencies, standardised the school's emergency responses to public emergencies to improve the ability of emergency management. In this way, we could minimise the impact of such events on school teaching, research and life, limit the damage and property loss of teachers and students, ensure the safety and stability of the campus, and promote the comprehensive, coordinated and sustainable development of the school.

Public safety emergencies are classified as below:

Natural disasters	<ul style="list-style-type: none"> • Earthquakes, floods, hails, etc
Accident disasters	<ul style="list-style-type: none"> • Building collapses, fires, major traffic accidents, etc
Public health emergencies	<ul style="list-style-type: none"> • Food poisoning, epidemic infectious diseases, mass diseases with unknown causes, etc
Social security incidents	<ul style="list-style-type: none"> • Illegal assembly, demonstration, procession, strike, terrorist attack, etc

Case: Shangqiu University held a health education lecture of the "Year of Capacity and Style Building" Campaign

The Catering Service Centre of Shangqiu University held a health education lecture of the "Year of Capacity and Style Building" Campaign in Staircase classroom 32 on 27 April 2022, aiming to improve the teachers and students' awareness of healthy life and their ability of first aid and self-rescue, and promote employees' establishment of a comprehensive health outlook.

At the lecture, the head of the Food Safety Section of the Catering Service Centre introduced a series of relevant health and safety knowledge, emphasizing the importance of the establishment of health awareness and the master of the knowledge and ability of first aid. The doctor from the school clinic provided detailed explanations on the most common knowledge on first aid and prevent of infectious diseases in our daily life. In addition, he performed on-site live simulation of cardiopulmonary resuscitation, so that students could learn and understand the key points of first aid at a close distance on the site. In this way, students could better master the first aid knowledge and have a deeper understanding of the prevention of common infectious diseases.

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Occupational health of employees

In light of the characteristics of the education industry and the working environment, the majority of the Group's employees are teaching staff (such as teachers and administrators), who have a low risk of occupational hazards. A small number of employees (such as maintenance technicians and outdoor workers) may have a certain but limited occupational hazards. We have established the Safety Management System and implemented the safety responsibility system to rigorously guarantee the physical and mental health and safety of our employees at work. In case of any issues related to occupational health and safety, we require a real time rectification or solution. We would prevent any and all occupational hazard risks, and provide regular physical examination for our employees to ensure their sound physical conditions.

Case: Physical examination for employees organised by Anyang University

The clinic of Anyang University launched a publicity campaign on compulsory physical examination and measures related to occupational disease prevention for all employees, including blood pressure and blood sugar measurement, eye care and first-aid measures drill (i.e. cardiopulmonary resuscitation), on 8 April 2022. For the questions about health issues raised by employees participating in the physical examination, the medical staff provided detailed guidance and suggestions on treatment and health care, as well as tips about healthy habits and behaviours. Employees could be informed about their physical conditions in time and detect their illness as early as possible through physical examination. Targeted prevention and health interventions could be made accordingly to promote physical and mental health.



Environmental, Social and Governance Report

4.2 Superior Teaching Quality

The teaching quality is a significant indicator to measure the school running level and the foundation of our Group's development. To ensure the education and teaching quality of the Group and strengthen its control over teaching achievements, Chunlai Education has introduced a series of corresponding teaching management systems, such as the Teaching Quality Monitoring and Guarantee System of Shangqiu University, the Quality Evaluation Standards and Methods for Major Links of Undergraduate Teaching of Shangqiu University, the Regulations on the Monitoring and Guarantee of Undergraduate Teaching Quality of Anyang University, the Measures for Assessment of Classroom Teaching Quality of Jingzhou College (Trial) and other relevant systems.

Under the corresponding systems, we have further deepened the teaching reform and continuously improved the teaching quality. We have also established a teaching quality monitoring and guarantee system to ensure the classroom quality by ways of optimizing the curriculum, teaching quality evaluation, leaders' attendance and so on. We would evaluate the quality of the major links of undergraduate teaching, including lesson preparation, classroom teaching, assignment and exercise, tutoring and question answering, curriculum assessment, curriculum design, experimental teaching, probation, graduation practice, graduation thesis (design), the second classroom and other major educational and teaching links. In terms of the assessment of the curriculum quality, we grade it into levels: Superior (Level-A), Good (Level-B), Pass (Level-C) and Fail (Level-D). The goal of curriculum development is to improve the pass rate, develop a batch of high-quality and superior courses, and strive to become provincial and national level of high-quality courses.

Teaching quality monitoring

Teaching quality is the lifeline of higher education, and improving teaching quality is the core task of the development of higher education. The establishment of a teaching quality guarantee system featuring self-improving and self-restraining is the primary condition for dynamic teaching management and self-assessment of talent training, the prerequisite for achieving scientific and standardised management, and an important guarantee for improving teaching quality.

In order to further improve the teaching quality monitoring system and ensure the overall development of a complete teaching quality monitoring system, Chunlai Education has developed the Document Collection of Teaching Quality Monitoring and Supervision and the Implementation Measures for Teachers' Assessment of Learning to help teachers, in light of their teaching practice, improve the effectiveness of teaching and educating, so as to guide students to focus on learning, be willing to learn and think, and shape a sound learning atmosphere and habits. We also keep abreast of students' learning conditions, teach students in accordance with their aptitude, explore effective ways to develop talents, and provide basis for further teaching reform.

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Feedbacks from students and their parents

To protect our students' legitimate rights and interests, regulate their appeal process, and maintain regular education, teaching and living order of the school, Chunlai Education, in accordance with the Provisions on the Administration of Students in Regular Institutions of Higher Education (Order No. 41 of the Ministry of Education of the People's Republic of China) and relevant laws and regulations, and in light of the school's reality, have established the Regulations on the Administration of Students' Complaints Within School, the System for Consultation and Complaint of Student Funding. The Student Affairs Office and the Academic Affairs Office are responsible for assisting the Student Appeal Committee of the school in handling complaints about student disciplinary violations and student status management, respectively. The Information Collection and Feedback System of Student Apartments helps improve the management of student apartments and create an agreeable and comfortable living environment for students following the steps of understanding and collection, investigation and analysis, communication and feedback. To strengthen the connections between families, students and the school, we have developed the Complaint Responding System and Implementation Measures for Parents and Students to further improve the work style and unblock the complaint channels, effectively rectify the critical and tricky issues reported by them, strengthen the investigation and punishment, and actively advance the school work.

During the reporting period, the Group received zero complaint, with an average teaching positive rate of 97.51%.

Schools under Chunlai Education	Annual Teaching Positive Rate
Shangqiu University	94.47%
Anyang University	97.70%
Shangqiu University Kaifeng Campus	97.32%
Jingzhou College	100.00%
Hubei Health Vocational College	98.06%

Advantages in education and teaching

To help students develop in an all-round way and align their knowledge in the classroom with the practical application, Chunlai Education promotes the seamless integration of schools and businesses using its own resource advantages and provides opportunities for students' off campus practice. Shangqiu University has established an off campus practice base for students majoring in garden, and radio and television editing and directing; Anyang University has developed an off campus practice base for students of computer science and technology, and UAV application technology, to strengthen the development of practice education platform. At the same time, we have also established various training rooms according to the needs of different majors within the school, such as the Power System Integrated Automation Training Room, the Data Science and Big Data Lab, the Engineering Measurement Lab of the Department of Civil Engineering and Architecture, etc., which fully satisfied the needs of students who could complete the practical learning required by various majors without having to leave the school.

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**Power System Integrated
Automation Training Room**



**Data Science and
Big Data Lab**

In addition, we have also carried out industry-university-research collaborations. Anyang University, Anyang University Kaifeng Campus and Jingzhou College have reached collaborations with a number of businesses and developed off campus practice platforms to ensure that students could put into practice what they have learned. We will further advance university-business collaborations and help students to improve their practical operation ability to enable students to apply theory to practice. We will improve students' employability and entrepreneurship, and enhance their adaptability to the career life.

4.3 Delivering Educational Ideas

Teachers are our valuable resource and the cornerstone for our rapid development in all aspects. To establish fine school discipline, Chunlai Education pays close attention to the development of teachers' ethics, standardises the professional ethics of all employees, and guides teachers to be a model of virtue and morality. According to the principles of the Opinions on Comprehensively Deepening the Reform of the Development of Teachers in the New Era issued by the Central Committee of the CPC and the State Council, the Opinions on Accelerating the Development of High level Undergraduate Education and Comprehensively Improving the Ability to Develop Talents, the Guiding Opinions on Handling the Irregular Behaviours of Teachers in Colleges and Universities, the Ten Guidelines for Professional Behaviours of Teachers of Colleges and Universities in the New Era and the Opinions on Establishing and Improving a Long term Mechanism for the Development of Teachers' Morality in Colleges and Universities issued by the Ministry of Education, our Group has established the Detailed Rules for the Implementation of a Long term Mechanism for the Development of Teachers' Morality in Shangqiu University, the Document Collection of the Development of Teachers' Morality in Anyang University, the Compilation of Rules and Regulations of the Teacher Development Centre in Shangqiu University, the Scheme for the Development of Teachers' Morality of Shangqiu University Kaifeng Campus, the Implementation Plan for the Development of Teachers' Ideology, Politics and Ethics in Hubei Health Vocational College (Draft for Comments) issued by the Ministry of Education and required our teachers to follow relevant regulations rigorously.

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Meanwhile, we have set up a working group for teachers' ethics assessment and established the Assessment Method for Teachers' Ethics to assess our teachers in the school in terms of ideological quality, dedication to their jobs, teaching and educating or management services, and being a model for others. The assessment procedures include student assessment, peer assessment, unit assessment, result feedback, result review and publicity, which focuses on the political quality, moral integrity, professional quality, and their benevolence. We would improve the ethics assessment procedures to promote the improvement of their quality. The assessment results would be used as the essential elements and basis for teacher qualification registration, performance assessment, professional title review, post engagement, merit evaluation and reward, development and training. In terms of promotion, merit evaluation and other aspects, teachers who are assessed as "excellent" will be given priority.

4.4 Caring for Students' Development

The employment of graduates is an important part of our work. It is not only related to the realization of their personal ideals, but also the essential requirement for maintaining stability and building a harmonious society. Concerning the employment of graduates, we should follow the principle of the Interim Provisions on Graduation and Employment of Colleges and Universities issued by the Ministry of Education and the relevant requirements of Henan Provincial Department of Education. We would closely focus on the overall situation of promoting national economic development and social stability, and actively take effective measures to encourage graduates for the grassroots employment. Schools under the Group have also established a market-oriented employment mechanism, which combines independent career selection with school recommendation, and two-way selection between students and employers. We will spare no efforts to achieve fuller and higher quality employment for graduates.

Chunlai Education cares about the needs of students. Schools under the Group have developed various policies and system documents related to employment, such as the Implementation Opinions of Shangqiu University on Assuring the Employment of 2022 Graduates, the Relevant System of Anyang University on Promoting the Employment of Graduates, and the Notice of Shangqiu University Kaifeng Campus on Further Assuring the Employment and Entrepreneurship of 2022 Graduates, to guide the employment and entrepreneurship work of new graduates.

In the academic year of 2021 to 2022, the employment rate of graduates of Shangqiu University reached 79.12%; the employment rate of graduates of Anyang University amounted to 78.96%; the employment rate of graduates of Shangqiu University Kaifeng Campus was 75.88% and the employment rate of graduates of Jingzhou University recorded 72.27%.

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5. MAINTAINING OUR STABLE AND ROBUST BUSINESS OPERATION

The Group is committed to setting a good example for the students and society of our educational institutions, and operating business in an honest, ethical and responsible manner. The Group is fully aware that compliance operation and risk management are fundamental to enterprise operation. The Group always strictly complies with relevant laws and regulations and industrial requirements (e.g. the Listing Rules and other relevant laws and regulations issued by the Securities & Futures Commission of Hong Kong and the Stock Exchange of Hong Kong Ltd.) for the sake of complying with national and industrial regulatory requirements. We have formulated the Constitutions of the Risk Assessment Committee 《風險評估委員會章程》, the Internal Audit Regulations 《內部審計工作規定》 and the Constitutions of the Audit Committee 《審計委員會章程》. We strive to improve campus risk prevention and control by establishing a risk management system.

5.1 Perfecting Risk Management

We have integrated many risk management theories into our risk management system. The risk management system has seven stages, namely risk analysis, risk assessment, risk control, risk communication, risk comments, risk examination and risk review and re-determination. Risk reporting and regular review are effective means to ensure the regulated operation of our risk management. Continuous improvement of risk management helps to take the control and improvement of our risk management procedure to a higher level. We suggest implementing risk assessment, risk communication, risk comments, risk review and re-determination and risk reporting at least once every two years after the initial establishment of our risk management system.

Risk Management System



We have established a number of contingency plans to deal with campus security risks, teaching quality risks, health risks and other social risks, e.g. Contingency Plan for Students' Hostel (學生宿舍突發事件應急預案), Contingency Plan for Teaching (教學工作應急預案) and Contingency Plan for Public Health Emergencies (突發公共衛生事件應急預案), aiming at deal with fire, hazardous chemical accidents, medical emergencies, campus emergencies, infectious diseases and other accidents in a rapid and efficient manner. We identify major physical risks that climate changes (e.g. typhoon, rainstorm, flood and other natural disasters) may cause to our operations. We have formulated contingency plans for all branch campuses to improve the Group's overall ability to prevent floods and typhoons and resist natural disaster risks, so as to ensure that the Group can properly deal with emergencies of natural disasters in a timely and efficient manner. Some of the contingency plans that we have formulated are as follows: the Contingency Plan for Major Natural Disasters of Jingzhou College《荊州學院重大自然災害突發事件應急預案》, the Contingency Plan for Natural Disaster Public Emergencies on Anyang University Yuanyang Campus 《安陽學院原陽校區自然災害類突發公共事件應急預案》 and the Measures for Fire Safety Management of Shangqiu University Kaifeng Campus《商丘學院應用科技學院消防安全管理辦法》.

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5.2 Incorruptible Compliance Management

The Group adheres to clean and compliant operation and attaches great importance to our compliant operation. All of us have strictly implemented the Code of Integrity and Self-discipline of the Communist Party of China 《中國共產黨廉潔自律準則》, the “Ten Don’ts” on the Integrity and Self-discipline of Leading Cadres as Members of the Communist Party of China in Colleges and Universities 《高校黨員領導幹部廉潔自律“十不准”》, the Regulation of the Communist Party of China on Disciplinary Actions 《中國共產黨紀律處分條例》 and other relevant provisions on combating corruption and promoting integrity. We have also thoroughly implemented the spirit of the eight-point decision of the Central Committee, rectified the “Four Malfeasances” in a persistent way, incorporated the establishment of Party conduct and integrity into the overall work arrangement of the year, and required all units to sign a letter of responsibility for the establishment of Party conduct and integrity. A Leading Group for the Establishment of a Clean and Honest Government in the College (學院黨風廉政建設工作領導小組) has been established, which resolutely puts an end to corruption and bribery. In order to create a culture of integrity and compliance throughout the Group, we have established a responsibility system for establishing a clean and honest government, and formulated the Measures for the Implementation of the Responsibility System for Establishing a Clean and Honest Government 《黨風廉政建設責任制實施辦法》. We aim to improve employees’ awareness of the importance of clean and honest business operations, improve their ideological and moral quality, strengthen the prevention and control of integrity risks, and build a fair, clean and healthy educational environment and anti-corruption corporate culture. The Measures stipulate that the Board of Directors and the Audit Department are responsible for guiding the Company’s anti-fraud, anti-bribery and anti-corruption activities.

The Board of Directors of the Group and the cadres of the educational institutions have performed the obligation of integrity and self-discipline of the Party. During the reporting period, we provided anti-corruption training to directors and employees according to the Clean Educational Institution Establishment Implementation Plan of Jingzhou College (No. 2[2021] of the Party Committee of Jingzhou College) 《荊院黨發[2021]2號荊州學院清廉學校建設實施方案》 and the Responsibilities of the Discipline Inspection Commission of Anyang University (No. 2[2021] of the Discipline Inspection Commission of Anyang University) 《安紀字[2021]2號: 安陽學院紀委委員工作職責》 and other relevant documents, taking their anti-corruption awareness to a higher level. We will provide more anti-corruption training to all board members and employees in the future.

Case study:

On 23 March 2022, we held the 14th session of our 2022 Party Affairs Briefing (the Working Conference on Overall Strict Governance of the Party and the Promotion Meeting of the “Year of Capacity and Style Improvement”). The Secretary of the Party Committee attended the meeting and made a speech. Members of the University’s Party Committee, members of the Discipline Inspection Commission, general (deputy) secretaries of all Party branches and heads of some functional departments attended the meeting. The meeting was presided over by the President and Deputy Secretary of the Party Committee to further enhance the sense of responsibility for comprehensively and strictly governing the Party, adhere to the concept of system, and promote anti-corruption in an integrated way; We should adhere to the principle of standing up for what is right and stern discipline, and persevere in rectifying the “Four Malfeasances”.

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The directly affiliated branch committee of the Group issued the Notice of the Chunlai Education Group on the Implementation of the Spiritual Discipline Requirements of the Eight-Point Decision during the “Mid-Autumn Festival” and the “National Day” (《關於“中秋”“國慶”雙節期間落實中央八項規定精神紀律要求的通知》), the Notice of Chunlai Education Group on the Prevention and Control of the Pandemic Situation and the Establishment of a Clean and Honest Government during the Tomb Sweeping Day Holiday in 2022 (《春來教育集團關於2022年清明假期期間做好疫情疫情防控和黨風廉政建設工作的通知》), and the Notice of Chunlai Education Group on the Strict and Honest Discipline during the Spring Festival Holiday in 2022 (《春來教育集團關於2022年春節假期嚴肅廉潔紀律的通知》). We strictly implemented the Code of Clean and Honest Government (《廉政準則》), clearly put an end to all “holiday corruption” activities and malpractices, e.g. the use of public funds to purchase cigarettes, alcohol, sweets, tea and other gifts; it is strictly prohibited to accept gifts, cash, shopping cards, etc. in violation of regulations; it is strictly prohibited to take part in recreational activities using public funds or arrange banquets unrelated to official duties; it is strictly prohibited to attend banquets that violate work discipline. We strive to build a clean culture, convey the new arrangement of clean government establishment, create a clean holiday atmosphere, and eliminate holiday corruption.

In terms of the implementation of anti-corruption reporting, we have established reporting channels in accordance with the Measures for Reporting through Letters and Visits (《信訪舉報工作辦法》). We enable all employees to report misconduct through telephone, mailbox, e-mail and other channels. Once the reported case is verified, the discipline inspection and supervision authorities will handle them in accordance with the Party Constitution, national laws, regulations, policies and our rules and regulations.

During the Reporting Period, the Group was not involved in any litigation cases related to corruption, nor did it violate the relevant laws and regulations that have a significant impact on the Group relating to bribery, extortion, fraud and money laundering.

5.3 Information Privacy Protection

The Group constantly improves the student privacy protection system to ensure the privacy and personal information security of students and their parents. The Group has established an information security management system to carry out and control the management and implementation of information security within the system. The Group strictly abides by information security related laws and regulations, e.g. the Regulations of the People’s Republic of China for Safety Protection of Computer Information Systems (《中華人民共和國計算機信息系統安全保護條例》), the Measures for Security Protection Administration of the International Networking of Computer Information Networks (《計算機信息網路國際聯網安全保護管理辦法》) and the Standards of Electronic Records Filing and Management (《電子文件歸檔與管理規範》).

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We have formulated IT-based Project Management Measures (《信息化專案管理辦法》) and Information System Data Management Measures (《信息系統數據管理辦法》) to monitor and inspect according to law, achieve unified control of information system data, protect the safe operation of campus network, improve data quality and data utilization efficiency, provide safe, complete and unified data services, and provide information services and technical support for teaching, scientific research and management. We have formulated the Regulations on the Management of Campus Computer Network (《校園計算機網路管理規定》). It is not allowed to use the computer network to engage in activities that endanger national security or disclose national and college secrets. Corresponding security leading groups are required to be established within each information system, with the department leader in charge of the system as the team leader. We have set up a Leading Group for Network Security and Informationisation (網路安全與信息化領導小組) to further strengthen our information management, improve the management service and our support and protection. The group is responsible for network management. Maintenance and development personnel shall ensure the security of data information. Data and software must be kept by a designated person. It is not allowed to copy, download and lend data software without permission. It is strictly forbidden for anyone to use media (e.g. floppy disks, CDs and USB flash disks) without permission. The team prohibits anyone from installing software on the server without permission. Without permission, no one is allowed to misappropriate or lend various equipment, data and articles in the computer room. At the same time, we have established an external information security expert advisory group to keep in touch with external security experts, keep up with industrial trends, monitoring standards and evaluation methods, standardise information system licence management, maintain the security of our information system, orderly guarantee the information security of users using the information system, and ensure the normal and stable operation of the information system.

During the Reporting Period, the Group was compliant with relevant laws and regulations that had a significant impact on it relating to the advertising, labelling and privacy matters relating to services provided.

5.4 Supply Chain Management

We have established a supplier management system to review the qualification documents, performance data, samples and other documents and articles provided by suppliers in accordance with the Supplier Management System, the Bidding Process Management and the Supplier Rating Standards. With the qualification, service quality, prices, compliance and compliance of suppliers as the measurement standards, we carry out the development, supervision, evaluation and management of suppliers, coordinate supplier relations, and optimise the Group's supplier team, aiming to achieve the goal of continuously improving purchasing quality and efficiency. The Supplier Management System and the Evaluation Standard for Qualified Suppliers are applicable to all suppliers who have provided all products and services to the Group for a long time, the purchasing of external goods, supplier qualification evaluation and credit rating evaluation. We also have the List of Qualified Suppliers and the Basic Data Sheet of Suppliers to fairly, openly and impartially regulate the selection, evaluation and monitoring procedures of suppliers. Suppliers participating in the bidding shall sign the Letter of Integrity Responsibility to ensure the fairness, openness and impartiality of the bidding process.

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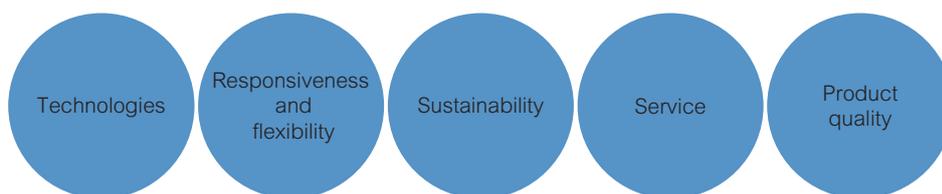
Purchasing management

The Group strictly controls the purchasing process and suppliers according to the Purchasing Management System to ensure that the purchased products and services meet the specified requirements. Unified management of purchasing is carried out. The Group clearly regulates the work ethics of purchasing related personnel, strictly selects qualified suppliers, improves the operation of bulk purchasing and routine purchasing, and clearly defines the scope of purchasing.

The supplier management and supervision procedures are as follows:



In accordance with the Supplier Management System, we stipulate that all suppliers must have the production and business premises required by relevant national laws and regulations, comply with industrial laws and regulations, have the corresponding production and enterprise business capabilities and qualifications, environmental protection, production technology level, financial status, credit status and management level to ensure that the purchased products and services meet the specified requirements. If the suppliers meet the specified requirements, they will be listed in the "List of Qualified Suppliers". We will regularly check and review the performance of the existing suppliers, conduct monthly assessment and re-evaluate the qualified suppliers quarterly to ensure orderly purchasing. We will divide the purchased items into three levels according to their impact on the demand: Critical, Important and General. Different control levels will be implemented. Our supplier evaluation criteria are as follows:



In the process of selecting suppliers, we consider the environmental and social risk factors of suppliers, and take environmental protection principles into consideration to jointly improve the performance of sustainable development. We will give priority to enterprises with emerging energy or renewable energy and suppliers that meet the national sustainable development strategy, aiming to implement green supply chain management.

During the reporting period, the Group had 2,601 major suppliers, and the regional distribution is as follows: 2,243 suppliers were in Henan, China, and 358 suppliers were in Hubei, China. The purchasing categories were mainly sports equipment and stationery, animals and plants, clothing and fabrics, building materials and furniture, books and services.

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5.5 Protecting Intellectual Property

The Group is committed to protecting its intellectual property rights and strictly abides by the following policies and practices to protect intellectual property rights: the Law of the People's Republic of China on the Protection of Intellectual Property Rights 《中華人民共和國知識產權法》, the Patent law of the People's Republic of China 《中華人民共和國專利法》, the Copyright Law of the People's Republic of China 《中華人民共和國著作權法》, the Copyright Ordinance 《版權條例》 of Hong Kong, the Genuine Software Management Guide 《正版軟件管理工作指南》 and other relevant laws. The Group respects the intellectual property rights of any third party. Employees shall not infringe or violate the patents, trademarks, copyrights or intellectual property rights of any third party. These guidelines are reviewed annually by management to ensure their effectiveness.

This year, the Group tried out the Administrative Measures for Intellectual Property Protection 《知識產權保護管理辦法》 to protect the legitimate rights and interests of the educational institutions, our faculty and students, strengthen the protection of the Group's curricula and other creative achievements, and improve the intellectual property system. The administrative measures are mainly divided into five parts, namely, general provisions, ownership of intellectual property, intellectual property management, reward and support, and legal liability. We have set up an intellectual property management committee to be responsible for the management and protection of our intellectual property rights. The committee office is responsible for the management of our science and technology project initiation, achievement registration, appraisal and award submission, the management of our science and technology project target documents, patent procurement, application, authorization and annual fees. Our teachers and students must abide by the national intellectual property laws and regulations. If the intellectual property rights of others are infringed upon, the actor shall bear corresponding civil liability, administrative liability and even criminal liability.

We have formulated the Measures for the Implementation of Chunlai Education Group's Rewards for Scientific Research Achievements of Subordinate Educational Institutions 《春來教育集團關於下屬各學校科研成果獎勵的實施辦法》 and the Measures for the Management of Intangible Assets 《無形資產管理辦法》 to strictly protect the Group's intellectual property rights, including but not limited to trade names, trademarks (logos), copyrights and confidential data, safeguard the legitimate rights and interests of the Group and researchers, encourage the enthusiasm of teachers and students for invention and creation, and promote the development and progress of the Group's scientific research.

As of 31 August 2022, we had 129 registered patents, among which, 87 patents are newly added.

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6. CARING FOR EMPLOYMENT DEVELOPMENT

6.1 Optimising Employment Management

With education as its own mission, Chunlai Education recruits talents with the standards of both morality and ability according to the construction of academic majors and team building plans and the needs of education and teaching of each college. The Group adheres to the principle of reasonable and lawful recruitment, and strictly abides by laws and regulations such as the Labour Law of the People's Republic of China 《中華人民共和國勞動法》, the Labour Contract Law of the People's Republic of China 《中華人民共和國勞動合同法》, the Implementation Regulations of the Labour Contract Law of the People's Republic of China 《中華人民共和國勞動合同法實施條例》, the Law on the Protection of Minors 《未成年人保護法》, as well as the Regulations on Prohibition of Child Labour 《禁止使用童工規定》 and the Regulation on Sanitary Work of Schools 《學校衛生工作條例》. The Group actively creates an equal and transparent working environment and builds a diversified and inclusive teaching staff team. The recruitment and promotion procedures are fair and open to all employees, and are not affected by factors such as age, gender, physical health, marriage and family status, and are monitored in accordance with the corresponding management system. The background of the employed personnel is reviewed and the employment of child labour is strictly prohibited.

The preparation of Standardised Administrative Measures on Recruitment 《招聘管理辦法》 and Handbook for Teachers and Staff 《教職工手冊》 enables the recruitment process of the Group became more rigorous, open, transparent and reliable. Adhering to the principle of "fairness and impartiality, merit-based admission, professional and morality", we have set up a recruitment leading team with a school leader of the human resources department as the team leader. Before the formal recruitment process, we conduct qualification review on the identity and education background information of the candidates, and set up written examinations and trial lectures in the first test process to examine the level of knowledge of the candidates on professional knowledge and whether they have the basic qualities of being a teacher, and then conduct re-examinations. Job opportunities will be given based on the applicant's written test interview performance and objective conditions. If any fraud is found, we will terminate the labour contract pursuant to the Labour Contract Law.

The Group has formulated internal policies such as the Regulations on the Attendance Management of Dedicated Teachers and Staff 《專任教職工考勤管理規定》 and the Interim Provisions on Overtime Work and Leave for Teachers and Staff on Duty 《教職工值班加班調休暫行規定》 to manage the working hours of faculty and staff. The Group has also established a post responsibility system to advocate the completion of corresponding work tasks during working hours. We regularly review the relevant employment system to ensure that there is no forced labour.

During the Reporting Period, the Group did not have any violation relating to employment, employment of child labour or forced labour.

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

Overview of Employees	Unit	2022
Total number of employees	person	5,763
Total number of employees (by gender)		
Female employees	person	3,332
Male employees	person	2,431
Total number of employees (by employee category)		
Short-term contract/part-time employees	person	756
Full-time junior employees	person	1,782
Full-time middle management	person	407
Full-time senior management	person	532
Other employees ²	person	2,286
Total number of employees (by age group)		
Employees under the age of 30	person	2,312
Employees aged 30-50	person	2,402
Employees over the age of 50	person	1,049
Total number of employees (by region)		
Employees from Central China region ³	person	5,763

Teaching Staff Promotion System

In order to promote the reasonable flow and effective allocation of talents within the Group, we respect the development needs and opinions of teaching staff and give them the right to choose independently. We have formulated the Staff Promotion Method (《員工晉升辦法》) and the Measures for the Quantitative Points of Qualifications for Professional and Technical Positions in Teaching Series (《教學系列專業技術職務任職資格量化積分辦法》) to carry out on-campus competition for all teaching staff. Our promotion conditions revolve around the principle of "ability and integrity, virtue first"; we select candidates based on the principle of "openness, fairness and impartiality". In addition, we adhere to the principle of meritocracy, and make promotion based on personal work performance and result, combined with written examination, interviews and qualification review.

² Other employees include staff in the logistics, catering, security, dormitory management and industrial categories

³ Employees by region during the Reporting Period are classified by location of work

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Teaching Staff Resignation Management

The resignation of teaching staff would be our loss. To attract and retain outstanding teaching staff, we have formulated the Administrative Measures for the Resignation of Teachers and Staff (《教職工離職管理辦法》). When an employee tenders its resignation request, the Human Resources Department will conduct one-on-one talking to understand the reasons for their resignation, and proposes targeted resolutions to retain such employee, helping them solve problems in work, study and life. After the resigning employee resigned, we also will actively identify and manage relevant issues caused by such resignation, and coordinate employees to take over its work, aiming to affect no impact on course and other matters related to teaching.

6.2 Warm-hearted Care for Employees

Remuneration and Benefits

Chunlai Education regards employees as our most valuable assets. We will endeavour to ease the worries of the employees in order to improve the quality of teaching. We provide each employee with benefits such as “five insurances and the housing fund”, namely medical insurance, maternity insurance, work injury insurance, unemployment insurance, pension insurance and housing provident fund, which are contributed based on specific percentage of salaries, providing life assurance for employees when needed.

In addition, we have also formulated the Administration Measures for the Distribution of Housing Subsidies (《住房補貼發放管理辦法》), in accordance with the Housing Management Regulations (《住房管理規定》) and the Notice on the Implementation of Off-campus Housing Subsidies for Teachers and Staff (《關於啓動實施教職工校外住房補貼的通知》), to provide housing subsidies for on-the-job teachers and staff who are not local residents and do not have their own houses, showing the humanistic care of the Group and the school, stimulating the work enthusiasm of teachers and staff, improving the sense of belonging of employees, and achieving the purpose of attracting and retaining talents.

For the purpose of holidays, employees of the Group are entitled to hours, maternity or paternity leave, sick leave, marriage (funeral) leave and winter holidays in addition to national statutory holidays, and breastfeeding leave for breastfeeding female employees.

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Sports Activities

In order to strengthen the exchange and cooperation among teachers and staff and enrich the leisure sports activities of teachers and staff in our school, the labour union committees of each college of the Group set up table tennis teams and basketball teams for faculty members and provide a communication platform for club friends, strengthen health and friendship between teachers and employees.



“Table Tennis Competition for Faculty Members of the Union”



“Basketball Competition for Faculty Members of the Union”

6.3 Valuing Talent Training

In order to improve the overall quality of the teacher team and the quality of education and teaching, the Group have formulated a growth assistance plan for young cadres in accordance with the Teacher Law of the People’s Republic of China 《中華人民共和國教師法》 and the Regulation on Training Work for Teachers of Higher Education Institutions 《高等學院教師培訓工作規程》 and other relevant laws and regulations. Leaders play the role of “mentoring” to build a reserve cadre team, actively encourage employees to participate in on-the-job training and learning, and comprehensively cultivate teachers and employees.

Based on the actual situation of teachers’ development in each college, we will pay attention to the cultivation of teachers’ curriculum ability, strengthen the innovation ability of teachers’ education and teaching, and effectively improve the basic quality and the level of education and teaching of teachers through various forms of training, exchange and sharing and holding competitions within and outside the school, so as to guide teachers to conduct career planning and development, and improve the standardisation and effectiveness of the training of the Group’s teacher team.

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Pre-job training for new teacher:

Types of Training	Training Content
Comprehensive quality training	Overview of history and development of the school Interpretation of rules and regulations of the school Trend of higher education development Professional ethics of higher education teacher
Teaching skills improvement	Higher education concept in the new era Information-based teaching skills Training and improvement of scientific research capabilities
Providing teaching instruction	We will provide an adviser teacher with ethics, extensive teaching experience and professional title of associate professor or above to each of the new teacher to improve its teaching practise capabilities.

Teacher development and training in 2022:

Types of Training	Training Content
On-campus training	
Pre-job training	The training is divided into on-the-job training and teacher qualification training for new teachers, which is jointly organised by the human resources department, the teacher development department and the campus department.
Mentorship training	We adopt one-to-one training of experienced teacher to provide mentoring training to new teacher, so as to help the new teacher familiarise with the teaching process, take example by their experience to improve teaching level.
Teaching training in class	The campus department organises young teachers from time to time to learn the excellent teachers in class, to learn their teaching skills. Each young teacher attends at least two times per school year.

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Teacher development and training in 2022:

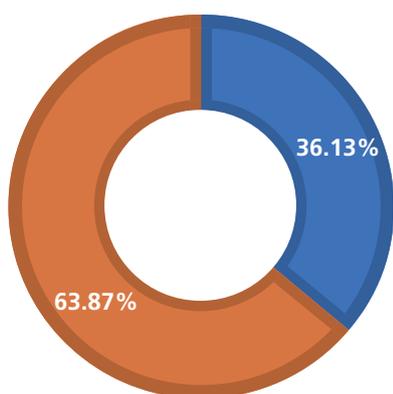
Basic skills training for classroom teaching	Through platforms such as the Young Teacher Growth Workshop, the school strengthens the basic skills training of teachers in classroom teaching and strengthens the teaching exchanges of young teachers to promote the improvement of teaching level of young teachers.
Team training	We participate in the construction of teaching teams and scientific research innovation teams at the municipal level and above, provide training to teachers' teamwork spirit, and improve their teaching and research capabilities and academic level.
Network centre training	Such training aims to master modern education skills to improve education and teaching capabilities and teaching achievements.
Off-campus training	
Visiting scholars	We select young and middle-aged backbone teachers to serve as visiting scholars in universities or scientific research institutions and large enterprises at home and abroad to participate in the scientific research of major projects, conduct academic exchanges, and improve business capabilities and scientific research level.
Advanced seminar	Teachers with titles of associate and above participate in various domestic advanced seminars to help teachers grasp the latest professional research knowledge, learn advanced experience, and encourage curriculum reform and teaching materials construction after returning to school.
Academic conferences	We develop plan for sponsoring teachers to participate in important academic conferences at home and abroad to keep them abreast of the latest professional development.
Domestic and overseas exchanges and visits	The school regularly selects outstanding backbone teachers in teaching, scientific research and management to conduct academic exchanges, visits and short-term training in universities and research institutions at home and abroad for learning advanced experience and models, and promoting the construction of professional teams.

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Training content for backbone teachers:

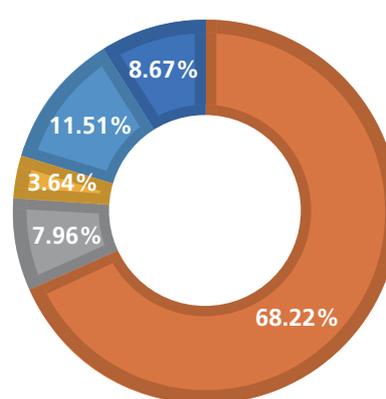
<p>General teaching ability training</p>	<p>Educational philosophy Basic teaching norms Teaching theory and technology Modern education technology Professional ethics</p>
<p>Special training for the development of new educational theory and technology at home and abroad</p>	<p>We engage experts or famous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

Percentage of training by gender



■ Male employees ■ Female employees

Percentage of training by employee category



■ Short-term contract/part-time employees
 ■ Full-time junior employees ■ Full-time middle management
 ■ Full-time senior management ■ Other employees

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Average training hours ⁴ (by gender)	Unit	2022
Female employees	hour	23.13
Male employees	hour	21.54
Average training hours ⁴ (by employee category)	Unit	2022
Short-term contract/part-time employees	hour	4.06
Full-time junior employees	hour	25.09
Full-time middle management	hour	32.51
Full-time senior management	hour	20.59
Other employees	hour	15.16

7. BUILDING A GREEN CAMPUS

As a responsible higher education group, we are fully aware that the long-term development of the enterprise is closely related to the sustainability of the environment. Chunlai Education Group is committed to making our campus green, low-carbon and pollution-free. The Group strictly complies with the relevant environmental laws and regulations, such as the Environmental Protection Law of the People's Republic of China 《中華人民共和國環境保護法》, the Energy Conservation Law of the People's Republic of China 《中華人民共和國節約能源法》, Water Pollution Prevention and Control Law of the People's Republic of China 《中華人民共和國水污染防治法》, the Solid Waste Pollution Prevention Law of the People's Republic of China 《中華人民共和國固體廢物防治法》. We have formulated the complete management system relating to energy and water consumption, emissions, disposal of wastes, and usage of other materials, such as the Regulations on Saving Electricity in Canteens 《餐廳節約用電管理制度》, the College Programme on and Prevention of Food Wastage 《餐飲浪費行為的工作方案》, and the Regulations on Disposal of Food Waste 《餐廚廢棄物處置管理制度》 to minimise the environmental footprints, optimise resource benefits, and build a green campus.

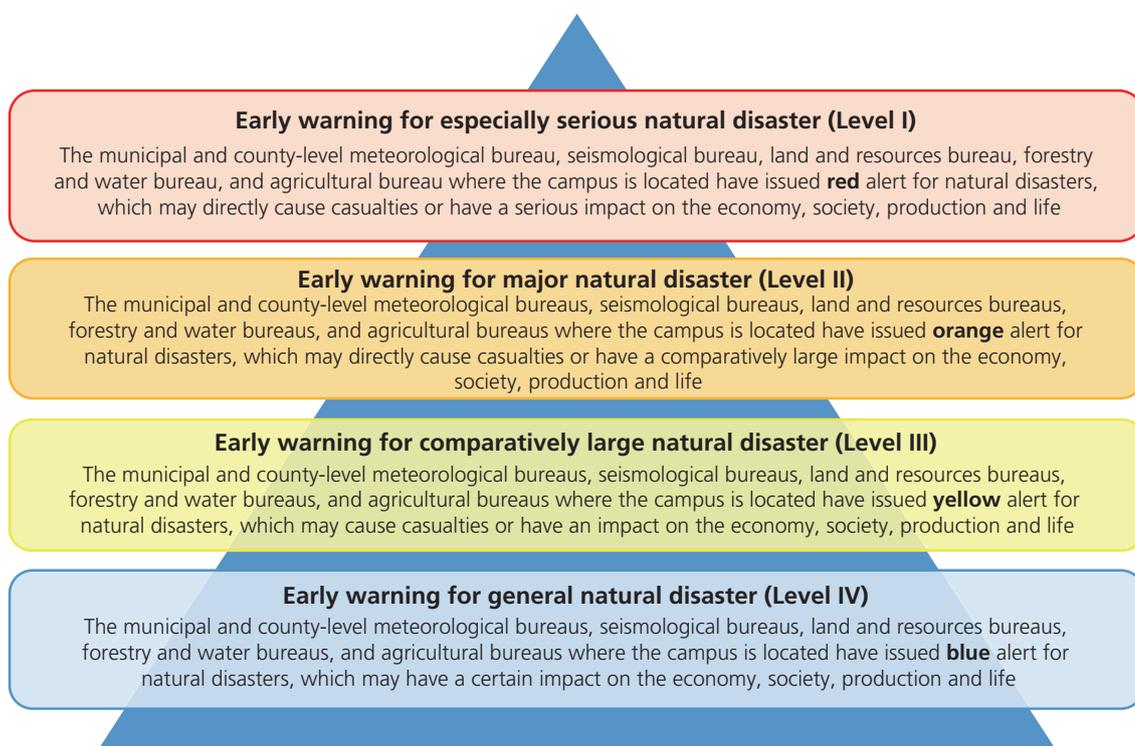
As a member of the education industry, we have a relatively small impact on the environment and natural resources. The environmental impact we have identified is mainly generated from electricity consumption, domestic water usage, school and office supplies consumption, and wastes generated by school, office, and canteen operations as well as the use of vehicles of the Group. We have strived to minimise the impact on the environment and natural resources during our daily business operations, so as to make contributions to environmental protection. During the Reporting Period, there were no irregularities related to emissions of exhaust gas and greenhouse gas, waste discharge into water and land as well as the generation of hazardous and non-hazardous wastes, nor major incidents that were related to environmental violations.

⁴ Calculation method: the total training hours of training employees of that category/the total number of training employees of that category

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7.1 Mitigating Climate Change

We will actively respond to the national green development strategy and set the long-term goal of achieving “carbon peaking and carbon neutrality” as an incorporated part of the long-term development strategy of the Group. We will formulate the relevant working mechanism and regulations to identify and mitigate climate change issues that might cause significant impacts on the education industry. We are fully aware of the large impact of climate change and we believe that the risk of climate change is an independent risk while being correlated to other significant risks of the Group. We focus on identifying, analysing, evaluating, and mitigating hazards and risks occurred in operations, namely, physical risks of climate change such as flooding, super typhoons, storm surges, and extreme rainfalls. We have established Emergency Plan for Public Emergencies of Natural Disasters 《自然災害類突發公共事件應急預案》 to regulate the task-sharing among various institutions in the school as well as the treatment and rescue measures to be taken after the occurrence of natural disasters, thus enhancing its resilience to natural disasters. We have divided the natural disasters into four levels based on the intensity and the degree of damage that may or have been caused, as shown in the following figure:



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In order to minimise the risks leading to negative impacts on our business operations, we have established the Emergency Plan for Major Natural Disasters《重大自然災害突發事件應急預案》, which enables the Group to carry out emergency responses to all kinds of natural disasters in an efficient and orderly manner. Thus, the Group can minimise the loss caused by natural disasters and ensure the property safety of teachers and students. We will continue to focus on updates in China's policies and regulations and strictly abide by all applicable laws. Meanwhile, we encourage our suppliers to focus on updates in China's policies and regulations so as to effectively monitor and manage the identified risks mentioned above.

7.2 Use of Natural Resources

Energy management

The Group strives to optimise the use of energy, reduce greenhouse gas emissions and build an energy-saving campus. The Group strictly complies with the Energy Conservation Law of the People's Republic of China《中華人民共和國節約能源法》and other relevant laws and regulations. We strive to minimise the impact on the environment and natural resources in our daily business operations. Energy consumption of the Group mainly includes the use of electricity in daily business operations, the use of natural gas in canteens, and the use of gasoline and diesel in transportation. During the Reporting Period, the Group established a leading group for energy conservation and emission reduction and formulated the Management Regulations on Water and Electricity Conservation《節水節電管理規定》to actively improve energy efficiency, reduce energy consumption and implement different energy conservation measures. In the future, the Group will maintain or gradually reduce the intensity of electricity consumption under similar operation level.

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

Electricity consumption	Unit	2022
Total electricity consumption	MWh	39,530.33
Total electricity consumption intensity	MWh/square meter	0.011
Total electricity consumption intensity	MWh/person ⁵	0.39

During the Reporting Period, the total operational electricity consumption of the six colleges of the Group decreased as compared with last year.⁶

⁵ Calculated based on the number of employees and students as at 31 August 2022.

⁶ Reasons for the decrease: 1. The scope of this report during the Reporting Period was extended to some universities such as Shangqiu University and Anyang University. Due to the epidemic, students were offered a short period of time in advance. 2. Reporting Scope All universities adopt energy saving measures to save energy and reduce emissions.

Environmental, Social and Governance Report

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

Power saving system

- When the season changes, check the temperature difference between the air-conditioning water supply and return water. When the air-conditioning load is small, slightly increase the temperature of the chilled water supply to reduce the energy consumption of the refrigeration equipment.
- Capacity and number of transformers should be reasonably configured with reference to the specifications of the electrical load, and the operating load shall be controlled at 70-90% of the rated capacity.
- Based on actual weather conditions, the number of cooling system equipment is optimised to improve the safety of the cooling and air conditioning system. At the same time, the number of cooling water system equipment can be reasonably matched to save energy in accordance with the actual weather conditions and the heat load of the canteens.
- Air conditioners in dining areas shall be turned on 5 minutes before meals, and shall not be turned on too early. The operating temperature range of air conditioners is as follows: if the temperature is lower than 28°C in summer and 10°C higher in winter, the air conditioner shall not be turned on, the cooling in summer shall not be lower than 26°C, and the heating in winter shall not be higher than 20°C.
- Reduce power consumption and standby energy consumption of electronic office equipment. Switch on and use computers, printers, copiers, scanners and other electrical equipment reasonably, and turn off the power after work to prevent standby energy consumption.

Lighting system

- Use energy-saving lighting:

Replace incandescent lamps with close-reading fluorescent lamps; replace high-pressure mercury lamps with high-pressure sodium lamps or metal halide lamps; replace ordinary inductive rectifiers with electronic rectifiers.
- It is not allowed to turn on the lights all the time and during the daytime. Try to use natural lighting in the office on sunny days. For larger office spaces, the lights should be reduced as much as possible when there are few people, and the lights should be turned off when people leave. In public places such as stairs and corridors, on the basis of ensuring appropriate illuminance, reduce the number of corridor lights as needed, or implement shunt control, turn on the lights as needed.
- Check the lighting facilities in the canteen regularly to prevent electricity leakage. In public places such as stairs and corridors, on the basis of ensuring appropriate illuminance, reduce the number of corridor lights as needed, or implement shunt control, turn on the lights as needed.

Environmental, Social and Governance Report

Water resources management

We effectively carry out water conservation management by managing water use from the source, saving water from the process and controlling wastewater discharge. We actively respond to the policy guidelines of the regulatory authorities, strictly implement the Water Pollution Prevention and Control Law of the People's Republic of China 《中華人民共和國水污染防治法》 and other relevant laws and regulations, as well as the relevant environmental laws and regulations where we operate, such as the Regulations on Water Pollution Prevention and Control of Henan Province 《河南省水污染防治條例》.

In order to achieve up-to-standard discharge of water resources, we have carefully formulated water-saving plans, implemented water-saving measures, and fulfilled our corporate social responsibility to protect the environment. During the Reporting Period, we actively implemented and will maintain or gradually reduce water consumption intensity in the future with similar operation level.

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

Water Consumption	Unit	2022
Total water consumption	tonnes	755,659.00
Total water consumption intensity	tonnes/square meter	0.21
Total water consumption intensity	tonnes/person ⁶	7.36

During the Reporting Period, the total operational water consumption of the six colleges of the Group decreased as compared with last year⁷.

We strengthened the daily maintenance and management of water equipment, and each campus actively provides teachers and students with drinking water to achieve efficient use of water resources. We have formulated the Management Regulations on Water and Electricity Conservation《節水節電管理規定》, the Appraisal System for Water-saving《節約用水考核制度》 and the Construction Plan for Water-saving Facilities《節水設施建設方案》 to reduce the water consumption of campus, mitigate the environmental pressure caused by sewage discharge, and cultivate students' awareness of conservation and environmental protection, and promote the sustainable use of water resources. The major water saving measures are as follows:

- Repair rainwater collection system for greening and irrigation to reduce the use of tap water.
- Install water meters for departments with large water consumption, use them quantitatively, and charge water fees by tonnes.

⁷ During the Reporting Period, some colleges such as Shangqiu University and Anyang University reported that 1. Due to the epidemic, students were offered a short period of time in advance. 2. Reporting Scope All colleges adopt energy-saving measures to save energy and reduce emissions.

Environmental, Social and Governance Report

- The water used by students in the dormitory buildings shall be delivered according to the regulations of the colleges, and any excess expenses shall be borne by the user himself.
- Rinse the mop in a container with water and try to avoid rinsing it directly under the tap.

7.3 Waste Management

In order to practise a low-carbon and green campus, in terms of waste management, the Group strictly follows the Solid Waste Pollution Prevention Law of the People's Republic of China 《中華人民共和國固體廢物污染環境防治法》 and the Measures for the Management of Municipal Solid Waste 《城市生活垃圾管理辦法》, formulates efficient and coordinated internal management measures, and actively implements waste treatment and disposal. All non-hazardous and hazardous wastes generated by our schools have been properly collected, classified and handed over to qualified third-party waste collectors engaged by us for further treatment. We have established a Food Waste Disposal Ledger 《餐廚廢棄物處置台賬》 to record and supervise the type, quantity, direction and usage of food waste by designated personnel. We organised various activities and adopted a series of measures to prevent food waste.

- Improve the management of low-value consumables. The consumables in the canteens shall be centrally kept by the warehouse controller, and shall not be obtained by others without the consent of the canteen management personnel. Regulations shall be formulated on the time, personnel and quantity concerning the consumables to be used, and the expenses exceeding the budget that have not been granted in accordance with the regulations shall be borne by the user himself.
- Through the campus food safety bulletin board, we carried out food safety publicity activities and advocated reducing kitchen waste.
- The publicity content includes: saving, popularisation of food safety knowledge, carrying out a series of campus cultural activities such as "Practise of Saving, Clean Plate Action, Green Catering" and "The Fourth Food Safety Publicity Activity", actively creating a good campus atmosphere of diligence and frugality, improving students' food safety awareness, reducing food waste, and advocating a positive and healthy diet concept.
- Equip with effective disinfection equipment, provide recyclable tableware, and advocate teachers and students to dine in canteens; Reduce food waste and promote a positive and healthy diet concept.
- Increase the supply of public chopsticks in canteens, promote the use of degradable disposable tableware, and reduce the use of white plastic products.

Environmental, Social and Governance Report

We cooperate with professional sewage treatment companies to extract and dispose of canteen wastewater through professional equipment, and install a fully automatic oil-water separator for catering industry wastewater treatment at the canteen sewage discharge port. Through a number of new environmental protection technologies, the mixed grease in the oily wastewater can be automatically separated and centralised to the oil gathering tank for collection and treatment.

During the Reporting Period, we have taken a number of measures in respect of waste generation, such as formulating material conservation plans and measures, and actively implemented them. In the future, we will maintain or gradually reduce waste generation while operating at a similar level. Non-hazardous waste is mainly domestic waste generated in school. The total amount of non-hazardous waste produced was 8,055.12 tonnes⁸, and the intensity was 0.08 tonnes.

7.4 Reduction of Emissions

Greenhouse Gas Emission Management

The Group carried out greenhouse gas emission inspections in our six schools, namely, Shangqiu University, Anyang University, Shangqiu University Kaifeng Campus, Yuan Yang Campus of Anyang University, Jingzhou College and Hubei Health Vocational College, in compliance with the GHG Protocol Corporate Accounting and Reporting Standard 《溫室氣體盤查議定書－企業會計及報告標準》 developed by the World Business Council for Sustainable Development and the World Resources Institute and the ISO14064-1 set by the International Organisation for Standardisation. We have formulated preliminary emission-related targets during the Reporting Period, and will maintain or reduce greenhouse gas emissions at a similar level in the future.

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

Greenhouse gas emission performance	Unit	2022
Greenhouse gas emissions		
Direct greenhouse gas emissions (Scope 1)	tonnes of carbon dioxide equivalent	19,503.72
Greenhouse gas emission removals from newly planted trees (Scope 1)	tonnes of carbon dioxide equivalent	693.98
Indirect greenhouse gas emissions (Scope 2)	tonnes of carbon dioxide equivalent	22,967.13
Total greenhouse gas emissions (Scope 1 & 2)	tonnes of carbon dioxide equivalent	41,776.87
Greenhouse gas emission intensity		
Per square metre (Scope 1 & 2)	tonnes of carbon dioxide equivalent/square metre	0.012

⁸ During the Reporting Period, the total amount of non-hazardous waste generated by the six colleges of the Group in operation increased as compared with last year. Due to the COVID-19 pandemic, Shangqiu University implemented closed-off management, with all employees staying in school, and the total amount of non-hazardous waste increased.

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

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

Our greenhouse gas emission comes from the fuel consumption of the Group's fixed equipment and vehicles, the use of refrigerants (Scope 1) and the consumption of purchased electricity (Scope 2). During the Reporting Period, the total greenhouse gas emission (Scope 1 & 2) was 41,776.87 tonnes of carbon dioxide equivalent. In the future, we will continue to monitor the greenhouse gas emission, and adopt effective low-carbon measures to mitigate climate change.

Air Emission Management

The Group has been striving for better environmental protection and implementing the concept of sustainable development. The Group strictly implements the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution 《中華人民共和國大氣污染防治法》 and other relevant laws and regulations. In the course of operation, the sources of air emissions mainly come from mobile fuel combustion of self-owned vehicles of our schools, cooking fumes discharged from school canteens and garden machinery consumption. Among them, gasoline and diesel will generate air emissions such as sulphur oxides (SO_x), nitrogen oxides (NO_x) and particulate matter (PM).

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

Type of emissions	Unit	2022
Nitrogen oxides (NO _x)	kg	409.01
Sulphur oxides (SO _x)	kg	0.90
Particulate matter (PM)	kg	30.64

We have installed fume filtering devices for all the exhaust facilities of our canteens to control the emission of fumes from the canteen kitchen. We regularly clean the flue purifiers to ensure that the emission level meets the national industry standards.

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7.5 Advocating the Green Lifestyle

The Group attaches great importance to the cultivation of students' sense of responsibility in environmental protection. We continue to carry forward the campus green education activity based on green culture to enhance students' literacy in environmental protection and green awareness. We have integrated green concepts with routine teaching to foster students' perceptions and habits of environmental protection.

Case: Campus Environmental Awareness Campaign

Hubei Health Vocational College planned the "Earth Hour" activity to foster students' good habits of "civilised acts, eco-friendly emphasis, green advocating". The activity was divided into three parts of tree planting for a greener campus, grass removal for a prettier campus, and rubbish picking for a cleaner campus. The school carried out the eco-friendly activity under the theme of "green environmental protection" to organise students to clean up the campus and maintain a sanitary learning environment. The activity aims to decontaminate the campus environment while guiding the students to build a green lifestyle.



Environmental, Social and Governance Report

Case: Tree Planting Day in Lei Feng Month

The activity was divided into three parts of tree planting for a greener campus, grass removal for a prettier campus, and rubbish picking for a cleaner campus. The activity established the environmental protection awareness of “pioneering in cherishing green campus” to encourage the students to jointly build a green campus and come up with solutions for a greener school environment. Yuanyang Campus organised all teachers and students to participate in the activity of Tree Planting Day in Lei Feng Month to experience the hardship in tree planting and the happiness of labouring.



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8. PUBLIC WELFARE ACTIVITIES TO GIVE BACK TO THE SOCIETY

Chunlai Education Group bears in mind the support given to us by all sectors of society. Therefore, we practise corporate social responsibility while vigorously supporting social welfare undertakings by utilising our advantages. During the reporting period, the Group continued to improve the volunteer service system. All branch colleges established multiple volunteer teams who participated in volunteering activities many times to give back to the society.

In 2022, the Group participated in community investment and public welfare activity donations amounting to RMB57,000. Members of the employee volunteer team and student volunteer team reached 185 and 6,117 people respectively. Employee and student participants of the activity reached 265 and 183,987 people respectively within the year.

Case: Anyang University Students Volunteer Activity in the Home for the Aged

On 3 May 2022, Anyang University student volunteers visited the Home for the Aged located at Luzhai Township, Yuanyang County to practise serving the elderly while spreading warmth and care to them. It proves that the power of volunteer role models has never diminished and the spirit of Lei Feng has been passed on to new generations continuously.



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Case: Love Donation Activity of "Great Love from Shangqiu University"

On 9 April 2022, Shangqiu University Applied Science and Technology College Youth League Committee actively responded to the Youth League Municipal Committee by organising the college-wide donation activity of "Youth-Supported Donation of One Yuan", mobilising almost 300 student leader participants. The spirit of dedication among student leaders at the college was fully presented and the harmonious atmosphere of putting enthusiasm into non-profit undertakings was cultivated. In addition, the activity enhanced students' sense of social responsibility.

Case: Blood Donation Activity for a Healthier Xianning

Hubei Health Vocational College organised the blood donation activity to promote the spirit of selfless dedication. Meanwhile, the activity spread knowledge of blood donation and encouraged students to care for society and enhance moral quality. During the blood donation activity, students in good physical condition actively participated in social medical assistance. This not only improved their sense of social responsibility but also built a harmonious campus.



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APPENDIX I: SUMMARY OF SUSTAINABLE DEVELOPMENT DATA

Environmental Area ⁹	Unit	2022
Type of emissions		
NO _x	kg	409.01
SO _x	kg	0.90
PM	kg	30.64
Amount of greenhouse gas emissions		
Direct greenhouse gas emissions (Scope 1)	tCO ₂ e	19,503.72
Greenhouse gas emissions removals from newly planted trees (Scope 1)		693.98
Indirect greenhouse gas emissions (Scope 2)	tCO ₂ e	22,967.13
Total amount of greenhouse gas emissions (Scope 1 & 2)	tCO ₂ e	41,776.87
Intensity of greenhouse gas emissions		
Per square meter of floor area (Scope 1 & 2)	tCO ₂ e/m ²	0.012
Electricity consumption		
Total electricity consumption	MWh	39,530.33
Total electricity consumption intensity (per square meter)	MWh/m ²	0.011
Total electricity consumption intensity (per person)	MWh/person ⁷	0.39
Fixed equipment fuel consumption		
Natural gas consumption	m ³	655,876.93
Liquefied natural gas consumption	m ³	14,012.00
Gasoline consumption	tonne	12.18
Diesel consumption	tonne	2.76
Liquefied petroleum gas consumption	tonne	90.90
Motor vehicle fuel consumption		
Gasoline consumption	litre	42,827.25
Diesel consumption	litre	11,838.59
Water consumption		
Total water consumption	tonne	755,659.00
Total water consumption intensity (per square meter)	tonne/m ²	0.21
Total water consumption intensity (per person)	tonne/person ⁷	7.36

⁹ The collection covers six schools under the Group: Shangqiu University, Anyang University, Shangqiu University Kaifeng Campus, Anyang University Yuanyang Campus, Jingzhou University and Hubei Health Vocational College.

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Environmental Area⁹	Unit	2022
Hazardous waste		
Batteries	piece	1,594
Used ink cartridges and used toner cartridges	piece	1,117
Non-hazardous waste		
Total non-hazardous waste production	tonne	8,055.12
Non-hazardous waste production intensity	tonne/person ⁷	0.08
Paper consumption		
Total paper consumption	kg	13,817.38
Paper consumption per capita	kg/employees	2.40
Social Area¹⁰	Unit	2022
Total number of employees	person	5,763
Total number of employees (by gender)		
Female employees	person	3,332
Male employees	person	2,341
Total number of employees (by employee category)		
Short-term contract/part-time employees	person	756
Full-time junior employees	person	1,782
Full-time middle management	person	407
Full-time senior management	person	532
Other employees	person	2,286
Total number of employees (by age group)		
Under the age of 30	person	2,312
Aged 30-50	person	2,402
Over the age of 50	person	1,049
Total number of employees (by geographical region)		
Employees from Central China region	person	5,763
Turnover rate¹¹		
Total employees turnover rate	%	7.43%

¹⁰ Social area collection covers the whole Group.

¹¹ Turnover rate equals the number of employees lost divided by the number of employees at the end of the year multiplied by 100%.

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Social Area ¹⁰	Unit	2022
Employees turnover rate (by gender)		
Female employees	%	7.65%
Male employees	%	7.12%
Employees turnover rate (by age group)		
Under the age of 30	%	7.40%
Aged 30-50	%	5.66%
Over the age of 50	%	11.53%
Employees turnover rate (by geographical region)		
Employees from Central China region	%	7.43%
Training employees percentage (by gender)		
Female employees	%	63.87%
Male employees	%	36.13%
Training employees percentage (by employees category)		
Short-term contract/part-time employees	%	8.67%
Full-time junior employees	%	68.22%
Full-time middle management	%	7.96%
Full-time senior management	%	3.64%
Other employees	%	11.51%
Average training hours⁴ (by gender)		
Female employees	hour	23.13
Male employees	hour	21.54
Average training hours⁴ (by employee category)		
Short-term contract/part-time employees	hour	4.06
Full-time junior employees	hour	25.09
Full-time middle management	hour	32.51
Full-time senior management	hour	20.59
Other employees	hour	15.16
Occupational health and safety		
Number of work-related fatalities in each of the past three years (including the Reporting Year)	person	0
Rate of work-related fatalities in each of the past three years (including the Reporting Year)	%	0
Lost days due to work injury	day	0

⁴ Calculation method: the number of training employees of that category/the total number of employees of that category.

Environmental, Social and Governance Report

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

Indicators		Related Sections	
A. Environmental Area			
A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	7. Building a Green Campus
	A1.1	The types of emissions and respective emissions data.	7.4 Reduction of Emissions Appendix I: Summary of Sustainable Development Data
	A1.2	Total greenhouse gas emissions and intensity.	7.4 Reduction of Emissions Appendix I: Summary of Sustainable Development Data
	A1.3	Total hazardous waste produced and intensity.	7.3 Waste Management Appendix I: Summary of Sustainable Development Data
	A1.4	Total non-hazardous waste produced and intensity.	7.3 Waste Management Appendix I: Summary of Sustainable Development Data
	A1.5	Description of measures to mitigate emissions and results achieved.	7. Building a Green Campus
	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	7.3 Waste Management
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	7.2 Use of Natural Resources
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total and intensity.	7.2 Use of Natural Resources Appendix I: Summary of Sustainable Development Data
	A2.2	Water consumption in total and intensity.	7.2 Use of Natural Resources Appendix I: Summary of Sustainable Development Data
	A2.3	Description of energy use efficiency plan and results achieved.	7.2 Use of Natural Resources
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water use efficiency plan and results achieved.	7. Building a Green Campus
	A2.5	Total packaging material used for finished products and per unit produced.	Not applicable to the Group's business

Environmental, Social and Governance Report

Indicators			Related Sections
A3: Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	7. Building a Green Campus
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	7. Building a Green Campus
A4: Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	7.1 Responding to Climate Change
	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	7.1 Responding to Climate Change
B. Social Area			
B1: Employment	General Disclosure	Information on the policies relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare and compliance with relevant laws and regulations that have a significant impact on the issuer.	6.1 Optimising Employment Management
	B1.1	Total workforce by gender, employee category, age group and geographical region.	6.1 Optimising Employment Management Appendix I: Summary of Sustainable Development Data
	B1.2	Employees turnover rate by gender, age group and geographical region.	Appendix I: Summary of Sustainable Development Data

Environmental, Social and Governance Report

Indicators			Related Sections
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	4.1 Safe and Healthy Campus
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	4.1 Safe and Healthy Campus Appendix I: Summary of Sustainable Development Data
	B2.2	Lost days due to work injury.	Appendix I: Summary of Sustainable Development Data
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	4.1 Safe and Healthy Campus
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	6.3 Valuing Talent Training Appendix I: Summary of Sustainable Development Data
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management and middle management).	6.3 Valuing Talent Training Appendix I: Summary of Sustainable Development Data
	B3.2	The average training hours completed per employee by gender and employee category.	6.3 Valuing Talent Training Appendix I: Summary of Sustainable Development Data
B4: Labour Standards	B4	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	6.1 Optimising Employment Management
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	6.1 Optimising Employment Management
	B4.2	Description of steps taken to eliminate such practices when discovered.	6.1 Optimising Employment Management

Environmental, Social and Governance Report

Indicators			Related Sections
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	5.4 Supply Chain Management
	B5.1	Number of suppliers by geographical region.	5.4 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.	5.4 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.	5.4 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.	5.4 Supply Chain Management
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.	5.3 Information privacy protection
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable to the Group's business
	B6.2	Number of products and service-related complaints received and how they are dealt with.	4.2 Teaching Quality Guarantee
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	5.5 Protecting intellectual property
	B6.4	Description of quality assurance process and recall procedures.	Not applicable to the Group's business
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	5.3 Information privacy protection

Environmental, Social and Governance Report

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

Independent Auditor's Report



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

中國春來教育集團有限公司

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of China Chunlai Education Group Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 123 to 177, which comprise the consolidated statement of financial position as at 31 August 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 August 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2 to the consolidated financial statements which mentions that the Group had net current liabilities of approximately RMB1,767,881,000 as at 31 August 2022. This condition indicates a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Independent Auditor's Report

KEY AUDIT MATTERS

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

Recognition of revenue from tuition fees

Refer to note 7 to the consolidated financial statements

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

Our audit procedures included, among others:

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

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

Independent Auditor's Report

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

Refer to note 16 and 18 to the consolidated financial statements

The Group tested the amount of property, plant and equipment and right-of-use assets for impairment. This impairment test is significant to our audit because the balance of property, plant and equipment of approximately RMB2,797,921,000 and right-of-use assets of approximately RMB554,923,000 as at 31 August 2022 are material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on assumptions and estimates.

Our audit procedures included, among others:

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

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

Independent Auditor's Report

Prepayment for cooperation agreements and advance to Tianping College

Refer to notes 19 and 20 to the consolidated financial statements

The Group tested the amounts of prepayment for cooperation agreement and advance to Tianping College for impairment. The impairment test is significant to our audit because the balance of prepayment for cooperation agreement and advance to Tianping College of approximately RMB800,111,000 and RMB317,900,000 respectively as at 31 August 2022 is material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on assumptions and estimates.

Our audit procedures included, among others:

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

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

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Independent Auditor's Report

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

This description forms part of our auditor's report.

ZHONGHUI ANDA CPA Limited

Certified Public Accountants

Li Shun Fai

Audit Engagement Director

Practising Certificate Number P05498

Hong Kong, 25 November 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For The Year Ended 31 August 2022

	Notes	2022 RMB'000	2021 RMB'000
Revenue	7	1,309,197	1,041,999
Cost of revenue		(482,494)	(410,560)
Gross profit		826,703	631,439
Other income	8	51,631	43,490
Other gains and losses, net	9	16,400	221,886
Selling expenses		(4,593)	(3,600)
Administrative expenses		(198,893)	(187,802)
Profit from operations		691,248	705,413
Finance costs	10	(135,797)	(95,462)
Profit before tax		555,451	609,951
Income tax expenses	11	(3,191)	(3,026)
Profit and total comprehensive income for the year	12	552,260	606,925
Earnings per share	14		
Basic (RMB cents per share)		46	51
Diluted (RMB cents per share)		45	50

Consolidated Statement of Financial Position

As At 31 August 2022

	Notes	2022 RMB'000	2021 RMB'000
Non-current assets			
Property, plant and equipment	16	2,797,921	2,780,754
Intangible asset	17	188,000	188,000
Right-of-use assets	18	554,923	541,520
Prepayment for cooperation agreements	19	800,111	640,056
Other non-current assets	20	413,409	342,625
		4,754,364	4,492,955
Current assets			
Trade and other receivables	21	485,139	161,635
Amount due from a shareholder	22	7	7
Cash and cash equivalents	23	630,927	399,603
		1,116,073	561,245
Current liabilities			
Accruals and other payables	24	304,120	383,719
Deferred revenue		2,791	3,499
Contract liabilities	25	533,118	219,419
Borrowings	26	2,025,677	1,593,517
Current tax liabilities		18,248	15,057
		2,883,954	2,215,211
Net current liabilities		(1,767,881)	(1,653,966)
Total assets less current liabilities		2,986,483	2,838,989
Non-current liabilities			
Deferred revenue		3,831	4,830
Borrowings	26	366,962	774,715
		370,793	779,545
NET ASSETS		2,615,690	2,059,444

Consolidated Statement of Financial Position

As At 31 August 2022

	<i>Notes</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Capital and reserves			
Share capital	27	10	10
Reserves		2,615,680	2,059,434
TOTAL EQUITY		2,615,690	2,059,444

The consolidated financial statements on pages 123 to 177 were approved and authorised for issue by the Board of Directors on 25 November 2022 and are signed on its behalf by:

Mr. Hou Junyu
Director

Ms. Zhang Jie
Director

Consolidated Statement of Changes in Equity

For The Year Ended 31 August 2022

	Share capital RMB'000	Share premium account RMB'000	Statutory reserve RMB'000 (note i)	Capital reserve RMB'000	Share-based payment reserve RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 September 2020	10	516,431	274,068	142,600	24,812	483,528	1,441,449
Total comprehensive income for the year	-	-	-	-	-	606,925	606,925
Recognition of equity-settled share-based payments	-	-	-	-	11,070	-	11,070
Transfer to statutory reserve	-	-	119,991	-	-	(119,991)	-
At 31 August 2021	10	516,431	394,059	142,600	35,882	970,462	2,059,444
At 1 September 2021	10	516,431	394,059	142,600	35,882	970,462	2,059,444
Total comprehensive income for the year	-	-	-	-	-	552,260	552,260
Recognition of equity-settled share-based payments	-	-	-	-	3,986	-	3,986
Transfer to statutory reserve	-	-	150,049	-	-	(150,049)	-
Forfeit of share options	-	-	-	-	(970)	970	-
At 31 August 2022	10	516,431	544,108	142,600	38,898	1,373,643	2,615,690

Note:

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

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

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

Consolidated Statement of Cash Flows

For The Year Ended 31 August 2022

	2022 RMB'000	2021 RMB'000
Cash flows from operating activities		
Profit before tax	555,451	609,951
Adjustments for:		
Depreciation of property, plant and equipment	204,025	150,233
Finance costs	135,797	95,462
Depreciation of right-of-use assets	12,497	10,376
Equity-settled share-based payments	3,986	11,070
Loss on initial recognition of advance to a third party	2,216	–
Net foreign exchange (loss)/gain	(15,507)	393
Gain on acquisition of Jingzhou College	–	(246,813)
Interest income from Tianping College	(11,857)	–
Interest income	(4,255)	(4,897)
Operating profit before working capital changes	882,353	625,775
Change in contract liabilities	313,699	91,712
Change in accruals and other payables	29,611	14,905
Change in trade and other receivables	(63,917)	6,543
Change in deferred revenue	(1,707)	2,663
Net cash generated from operating activities	1,160,039	741,598
Cash flows from investing activities		
Advance to Tianping College	(433,550)	(44,350)
Purchase of property, plant and equipment	(290,711)	(549,731)
Prepayment for cooperation agreements	(160,055)	(240,000)
Advance to Hubei College	–	(142,500)
Advance to a third party	(85,000)	(59,148)
Payment for land use rights	(25,900)	–
Payment for acquisition of Jingzhou College	(20,000)	–
Pledged deposits	(11,800)	–
Repayment from Tianping College	110,500	–
Repayment from Hubei College	–	98,500
Repayment from a third party	59,148	26,509
Acquisition of Hubei College	–	5,258
Refund of prepayment for land use right	38,643	5,001
Interest income received	4,347	2,485
Net cash used in investing activities	(814,378)	(897,976)

Consolidated Statement of Cash Flows

For The Year Ended 31 August 2022

	2022 RMB'000	2021 RMB'000
Cash flows from financing activities		
Proceeds from borrowings	1,198,400	1,173,620
Repayment of borrowings	(1,232,170)	(747,985)
Interest paid	(80,567)	(73,524)
Repayment of lease liabilities	–	(140)
Lease interests paid	–	(1)
Net cash (used in)/generated from financing activities	(114,337)	351,970
Net increase in cash and cash equivalents	231,324	195,592
Cash and cash equivalents at beginning of year	399,603	204,011
Cash and cash equivalents at end of year	630,927	399,603
Analysis of cash and cash equivalents		
Bank and cash balances	630,927	399,603

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2022

1. GENERAL INFORMATION

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

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

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

2. GOING CONCERN BASIS

The Group had net current liabilities of approximately RMB1,767,881,000 as at 31 August 2022. This condition indicates the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors have been undertaking the following plans and measures to improve the Group's liquidity and financial position:

- (i) the directors have reviewed the Group's cash flow projection prepared by management, which covered a period of not less than twelve months from 31 August 2022. In the opinion of the directors, the Group will have sufficient working capital to meet its financial obligations as and when they fall due and carry on its business without a significant curtailment of operations of not less than twelve months from 31 August 2022;
- (ii) the Group has entered into seven loan facility agreements after the reporting period, under which loan facilities up to a maximum amount of approximately RMB2,900,000,000 are available to the Group for not less than twelve months from 31 August 2022;
- (iii) the ultimate controlling shareholder has agreed to provide adequate funds for the Group to meet its liabilities as they fall due; and
- (iv) the Group shall implement cost-saving measures to maintain adequate cash flows for the Group's operations.

The directors of the Company are therefore of the opinion that it is appropriate to prepare the audited consolidated financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the audited consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2022

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”) that are relevant to its operations and effective for its accounting year beginning on 1 September 2021. IFRSs comprise International Financial Reporting Standards; International Accounting Standards (“IAS”) and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s audited consolidated financial statements and amounts reported for the current year and prior years.

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

4. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2022

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Consolidation

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

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

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2022

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combination and goodwill

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

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

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

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

Foreign currency translation

(a) Functional and presentation currency

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

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

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

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

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

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2022

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currency translation (Continued)

(c) Translation on consolidation

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

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

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

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

Property, plant and equipment

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

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

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

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

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2022

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment (Continued)

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

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

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

Leases

The Group as lessee

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

Land use rights	50 years
Buildings	over the lease term of 1 year to 2 years

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

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

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2022

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recognition and derecognition of financial instruments

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

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

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

Financial assets

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

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

- Financial assets at amortised cost

(i) Financial assets at amortised cost

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

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

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

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2022

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loss allowances for expected credit losses

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

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

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

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

Cash and cash equivalents

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

Financial liabilities and equity instruments

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

Borrowings

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

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

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2022

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities and equity instruments (Continued)

Other payables

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

Equity instruments

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

Revenue from contracts with customers

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

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

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

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

Other income

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

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2022

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employee benefits

(a) Employee leave entitlements

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

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

(b) Pension obligations

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

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

(c) Termination benefits

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

Share-based payments

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

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2022

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Borrowing costs

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

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

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

Government grants

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

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

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

Taxation

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

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

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

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2022

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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

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

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

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

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

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2022

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties

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

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

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2022

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Segment reporting

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

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

Impairment of assets

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

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

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

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

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

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2022

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provisions and contingent liabilities

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

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

Events after the reporting period

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

5. CRITICAL JUDGEMENTS AND KEY ESTIMATION

Critical judgements in applying accounting policies

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

(a) *Going concern basis*

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

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2022

5. CRITICAL JUDGEMENTS AND KEY ESTIMATION (Continued)

Critical judgements in applying accounting policies (Continued)

(b) Contractual arrangements

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

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

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2022

5. CRITICAL JUDGEMENTS AND KEY ESTIMATION (Continued)

Critical judgements in applying accounting policies (Continued)

(c) *Income taxes*

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

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

Key sources of estimation uncertainty

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

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2022

5. CRITICAL JUDGEMENTS AND KEY ESTIMATION (Continued)

Key sources of estimation uncertainty (Continued)

(a) Property, plant and equipment and depreciation

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

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

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

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

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

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2022

6. FINANCIAL AND CAPITAL RISK MANAGEMENT

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

(a) Foreign currency risk

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

Sensitivity analysis

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

	2022 RMB'000	2021 RMB'000
HK\$	1,124	4,490
USD	16,464	14,248

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2022

6. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

(b) Interest rate risk

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

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

At 31 August 2022, if interest rates at that date had been 100 basis points lower with all other variables held constant, consolidated profit after tax for the year would have been RMB844,000 (2021: RMB711,000) higher, arising mainly as a result of lower interest expense on borrowings. If interest rates had been 100 basis points higher, with all other variables held constant, consolidated profit after tax for the year would have been RMB5,002,000 (2021: RMB3,484,000) lower, arising mainly as a result of higher interest expense on borrowings.

(c) Credit risk

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

The Group has no significant concentrations of credit risk.

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

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

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2022

6. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

(c) Credit risk (Continued)

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

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

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

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

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2022

6. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

(c) Credit risk (Continued)

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

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

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

(d) Liquidity risk

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

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

	On demand or less than 1 year RMB'000	1 – 2 years RMB'000	2 – 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
As at 31 August 2022					
Accruals and other payables	290,354	–	–	290,354	290,354
Borrowings	2,052,747	271,405	138,192	2,462,344	2,392,639
	2,343,101	271,405	138,192	2,752,698	2,682,993
As at 31 August 2021					
Accruals and other payables	371,958	–	–	371,958	371,958
Borrowings	1,610,481	578,362	275,872	2,464,715	2,368,232
	1,982,439	578,362	275,872	2,836,673	2,740,190

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2022

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

	2022 RMB'000	2021 RMB'000
Financial assets		
Financial assets at amortised cost (including cash and cash equivalents)	1,523,238	879,265
Financial liabilities		
Financial liabilities at amortised cost	2,682,993	2,740,190

(f) Fair values

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

(g) Capital risk management

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

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

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

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2022

7. REVENUE AND SEGMENT INFORMATION

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

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

	2022 RMB'000	2021 RMB'000
Tuition fees	1,188,035	942,334
Boarding fees	121,162	99,665
Total revenue	1,309,197	1,041,999

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

No single customer contributes 10% or more of total revenue of the Group during the year ended 31 August 2022 (2021: nil).

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

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

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2022

8. OTHER INCOME

	2022 RMB'000	2021 RMB'000
Government grants (<i>note i</i>)	92	314
Interest income	4,255	4,897
Service income	17,453	14,623
Consultancy income from Hubei College	–	12,205
Consultancy income from Tianping College (<i>note ii</i>)	9,434	–
Interest income from Tianping College (<i>note iii</i>)	11,857	–
Others	8,540	11,451
	51,631	43,490

Notes:

- (i) Government grants mainly represent unconditional subsidies from government for recognition of the relevant academic performance of the schools of the Group.
- (ii) It represents the provision of technical and management consultancy services to Tianping College.
- (iii) It represents the interest income of 4.75% per annum from the advance to Tianping College.

9. OTHER GAINS AND LOSSES, NET

	2022 RMB'000	2021 RMB'000
Gain on acquisition of Jingzhou College	–	246,813
Net foreign exchange gain/(loss)	18,616	(24,927)
Loss on initial recognition of advance to a third party (<i>note 20(iv)</i>)	(2,216)	–
	16,400	221,886

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2022

10. FINANCE COSTS

	2022 RMB'000	2021 RMB'000
Interest expenses in relation to:		
– Bank borrowings	80,748	73,757
– Borrowings from non-banking institutions	58,177	33,472
– Lease liabilities	–	1
	138,925	107,230
Less: capitalised in construction in progress	(3,128)	(11,768)
	135,797	95,462

Borrowing costs on funds borrowed generally are capitalised at a rate of 6.5% per annum in 2022 (2021: 6.3%).

11. INCOME TAX EXPENSES

	2022 RMB'000	2021 RMB'000
Current tax – PRC Enterprise Income Tax	3,191	3,026

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

	2022 RMB'000	2021 RMB'000
Profit before tax	555,451	609,951
Tax calculated at applicable tax rate of 25% (2021: 25%)	138,863	152,488
Tax effect of tax losses not recognised	12,880	18,833
Tax effect of expenses not deductible/income not taxable for tax purpose	(331)	(50,279)
Tax effect of profit from non-profit making organisation exempted for tax purpose	(148,221)	(118,016)
Income tax expenses	3,191	3,026

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2022

11. INCOME TAX EXPENSES (Continued)

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

No provision for Hong Kong profits tax was provided as the Group did not have assessable profits arising in Hong Kong during the year ended 31 August 2022 (2021: nil).

EIT is provided on taxable profits of entities established in the PRC. Pursuant to the Enterprise Income Tax Law of the PRC (the "EIT Law"), the EIT rate was 25% during the year ended 31 August 2022 (2021: 25%).

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

At the end of the reporting period the Group has unused tax losses of RMB187,135,000 (2021: RMB135,626,000) available for offset against future profits. No deferred tax asset has been recognised (2021: RMB nil) due to the unpredictability of future profit streams. All unrecognised tax losses of RMB187,135,000 (2021: RMB135,626,000) will expire in 2027 (2021: 2026).

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is RMB2,059,158,000 (2021: RMB2,010,461,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

12. PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR

This is stated at after charging the following:

	2022 RMB'000	2021 RMB'000
Auditor's remuneration	1,627	1,601
Depreciation of property, plant and equipment	204,025	150,233
Depreciation of right-of-use assets	12,497	10,376
Staff costs (including directors' remuneration):		
– Salaries, bonuses and allowances	240,648	200,681
– Retirement benefit scheme contributions	29,459	22,622
– Equity-settled share-based payments	3,986	11,070
	274,093	234,373

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2022

13. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS AND BENEFITS

	2022 RMB'000	2021 RMB'000
Fee, salaries and allowances	5,342	5,959
Retirement benefit scheme contributions	26	22
Equity-settled share-based payments	3,449	6,826
	8,817	12,807

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

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

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

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2022

13. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS AND BENEFITS (Continued)**(a) The emoluments of each director are as follows:** (Continued)

	2021				
	Fees <i>RMB'000</i>	Salaries and allowances <i>RMB'000</i>	Retirement benefit scheme contributions <i>RMB'000</i>	Equity- settled share-based payments <i>RMB'000</i>	Total <i>RMB'000</i>
Chairman and non-executive director					
Mr. Hou Chunlai (<i>Chairman</i>)	–	962	–	2,482	3,444
Mr. Hao Xiaohui (<i>note a</i>)	393	–	–	–	393
Executive directors					
Mr. Hou (<i>note b</i>)	–	1,032	22	1,862	2,916
Ms. Jiang Shuqin	–	834	–	2,482	3,316
Ms. Zhang Jie (<i>note b, c</i>)	–	1,643	–	–	1,643
Independent non-executive directors					
Dr. Jin Xiaobin	337	–	–	–	337
Ms. Fok Pui Ming Joanna	337	–	–	–	337
Mr. Lau Tsz Man	421	–	–	–	421
Total	1,488	4,471	22	6,826	12,807

Notes:

- (a) Mr. Hao Xiaohui was appointed as a non-executive director and the vice chairman of the board on 25 September 2020 and resigned as a non-executive director and vice chairman of the board on 8 February 2021.
- (b) Mr. Hou has relinquished his role as the chief executive officer of the Company, and Ms. Zhang Jie has been appointed as the chief executive officer of the Company in place of Mr. Hou on 25 September 2020.
- (c) Ms. Zhang Jie was appointed as an executive director on 25 September 2020.

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2022

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

(b) Five highest paid individuals

The five highest paid individuals in the Group during the year included four (2021: four) directors whose emoluments are set out in note (a) above. The emoluments of the remaining one (2021: one) individuals are set out below:

	2022 RMB'000	2021 RMB'000
Salaries and other benefits	532	500
Equity-settled share-based payments	314	621
	846	1,121

The emoluments fell within the following bands:

	2022	2021
Nil – HK\$1,000,000	1	–
HK\$1,000,000 – HK\$1,500,000	–	1
	1	1

During the year ended 31 August 2022, no emoluments were paid by the Group to the directors of the Company or five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2021: nil). Neither the chief executive nor any of the directors of the Company waived any emoluments during the year ended 31 August 2022 (2021: nil).

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2022

14. EARNINGS PER SHARE

	2022	2021
Earnings:		
Earnings for the purpose of calculating basic and diluted earnings per share (Profit attributable to owners of the Company) (in RMB'000)	552,260	606,925
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	1,200,000,000	1,200,000,000
Effect of dilutive potential ordinary shares:		
Pre-IPO share options	23,775,337	16,654,734
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	1,223,775,337	1,216,654,734

The computation of diluted earnings per share assumes the exercise of the Company's share options granted under the Pre-IPO Option Scheme as defined in note 28 as the potential ordinary shares are dilutive for the year ended 31 August 2022 and 2021.

15. DIVIDENDS

	2022 RMB'000	2021 RMB'000
Proposed final dividend of RMB0.1 (2021: Nil) per ordinary share	120,000	–

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2022

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Teaching and electronic equipment RMB'000	Construction in progress RMB'000	Total RMB'000
Cost						
At 1 September 2020	1,697,847	160,149	18,449	365,762	239,759	2,481,966
Additions	24,810	31,276	–	88,076	283,554	427,716
Acquisition of a subsidiary	272,539	8,557	27	39,464	254,680	575,267
Transfer from construction in progress	505,247	732	–	700	(506,679)	–
At 31 August 2021 and 1 September 2021	2,500,443	200,714	18,476	494,002	271,314	3,484,949
Additions	15,627	25,315	656	28,383	151,211	221,192
Transfer from construction in progress	216,704	4,151	–	63	(220,918)	–
At 31 August 2022	2,732,774	230,180	19,132	522,448	201,607	3,706,141
Accumulated depreciation						
At 1 September 2020	330,973	75,645	10,342	137,002	–	553,962
Charge for the year	87,416	21,735	982	40,100	–	150,233
At 31 August 2021 and 1 September 2021	418,389	97,380	11,324	177,102	–	704,195
Charge for the year	127,274	27,582	1,673	47,496	–	204,025
At 31 August 2022	545,663	124,962	12,997	224,598	–	908,220
Carrying amount						
At 31 August 2022	2,187,111	105,218	6,135	297,850	201,607	2,797,921
At 31 August 2021	2,082,054	103,334	7,152	316,900	271,314	2,780,754

As of 31 August 2022, the Group was in the process of obtaining the property certificates for the buildings with an aggregate carrying value of approximately RMB1,149,062,000 (2021: RMB1,648,016,000) which are located in the PRC.

At 31 August 2022, the carrying amount of property, plant and equipment pledged as security for the Group's other loans amounted to RMB312,131,000 (2021: RMB310,671,000).

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2022

17. INTANGIBLE ASSET

	School operation right RMB'000
<hr/>	
Cost:	
At 1 September 2020	–
Acquisition of a subsidiary	188,000
<hr/>	
At 31 August 2021, 1 September 2021 and 31 August 2022	188,000
<hr/>	

As at 31 August 2022 and 2021, intangible asset represents a school operation right of Jingzhou College. The school operation right is stated at cost and not amortised while its useful life is assessed to be indefinite.

The recoverable amount of the intangible asset of RMB188,000,000 has been determined on the basis of value in use using discounted cash flow method (level 3 fair value measurements). The discount rate used was 15% (2021: 15%). The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the directors for the next five years with the residual period using the growth rate of 3% (2021: 2%). This rate does not exceed the average long-term growth rate for the relevant markets.

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2022

18. LEASES AND RIGHT-OF-USE ASSETS

	2022 RMB'000	2021 RMB'000
At 31 August:		
Right-of-use assets		
– Land use rights	554,923	541,520
Depreciation charge of right-of-use assets		
– Land use rights	12,497	10,239
– Buildings	–	137
	12,497	10,376
Lease interests	–	1
Expenses related to short-term leases	2,375	5,843
Total cash outflow for leases	–	(141)
Additions to right-of-use assets	25,900	–

The Group leases various land use rights.

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

As of 31 August 2022, the Group was in the process of obtaining the land certificates for the land use rights with an aggregate carrying value of approximately RMB82,271,000 (2021: RMB118,669,000) which are located in the PRC.

19. PREPAYMENT FOR COOPERATION AGREEMENTS

	2022 RMB'000	2021 RMB'000
Prepayment for cooperation agreements – Tianping College	800,111	640,056

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2022

19. PREPAYMENT FOR COOPERATION AGREEMENTS (Continued)

Tianping College of Suzhou University of Science and Technology (“Tianping College”) is an independent college and originally sponsored by Suzhou University of Science and Technology and the Foundation in Jiangsu Province. In August 2019, the Group entered into an agreement which authorised the Group the right to transfer the sponsorship of Tianping College from Suzhou University of Science and Technology and the Suzhou University of Science and Technology Education Development Foundation (the “Foundation”) at a consideration of approximately RMB800,111,000 has been fully paid as at 31 August 2022 (2021: among which RMB640,056,000 has been paid as partial consideration). Up to the date of issuance of the report, the transfer of sponsorship has not yet been completed as the transfer is still in preparatory period. Upon the completion of transfer, the payment for the agreement of RMB800,111,000 (2021: RMB640,056,000) will be treated as the consideration of the acquisition.

20. OTHER NON-CURRENT ASSETS

	2022 RMB'000	2021 RMB'000
Prepayments/deposits paid for acquisition of property, plant and equipment	4,735	16,329
Pledged deposit (note i)	17,990	276,296
Deposit paid (note ii)	50,000	50,000
Advance to Tianping College (note iii)	317,900	–
Advance to a third party (note iv)	22,784	–
	413,409	342,625

Notes:

- (i) As at 31 August 2021, Offshore foreign deposit of USD40,000,000 (equivalent to RMB260,106,000) was treated as a security to borrow an equivalent onshore loan denominated in RMB in the PRC from a third party. As at 31 August 2021, the repayment date of the onshore loan was extended to July 2023. The offshore foreign deposit was reclassified as current asset accordingly as at 31 August 2022.
- Pledged deposits of RMB17,990,000 (2021: RMB16,190,000) are secured for borrowings of RMB573,881,000 (2021: RMB484,853,000).
- (ii) Deposit paid of RMB50,000,000 represents the refundable security deposit paid to Suzhou University of Science and Technology.
- To guarantee that the Group will safeguard the school facilities and reputation of Suzhou University of Science and Technology and that the Group will operate the Tianping College properly, the Group paid RMB50 million as security deposit and provided a guarantee of RMB150 million (the “Guarantee”) to Suzhou University of Science and Technology. The Guarantee is provided by a financial institution and counter guaranteed by Mr. Hou.
- (iii) As at 31 August 2022, the advance to Tianping College with principal amount of RMB317,900,000 is unsecured, interest bearing at 4.75% per annum and repayable in August 2025.
- (iv) As at 31 August 2022, the advance to a third party with principal amount of RMB25,000,000 is unsecured, non-interest bearing, repayable in August 2024 and measured at amortised cost using effective interest rate of 4.75%.

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2022

21. TRADE AND OTHER RECEIVABLES

	2022 RMB'000	2021 RMB'000
Tuition and boarding fee receivables (<i>note i</i>)	53,555	13,920
Service income receivables	45,370	26,870
Consultancy income receivables from Tianping College	10,000	–
Interest receivables from Tianping College	11,857	–
Advance to a third party (<i>note ii</i>)	60,000	59,148
Refund of prepayment for land use right	–	38,643
Other receivables	15,645	13,096
Interest receivables	1,590	1,682
Prepaid expenses	1,509	8,276
Pledged deposit (<i>note iii</i>)	285,613	–
	485,139	161,635

Notes:

- (i) The students are required to pay tuition and boarding fees in advance for the upcoming school years, which normally commences in August and September. The outstanding receivables mainly represent amounts related to the registered students who have applied for the delayed payment of tuition fees and boarding fees. These delay payments were primarily due to the application of students' loan, which generally take a few months to be settled from governmental institutions. There is no fixed credit term for payments. The Group's tuition receivables were due to a large number of individual students, there is no significant concentration of credit risk and no impairment is considered necessary based on the historical settlement pattern from students. The Group does not hold any collateral or other credit enhancement over its tuition receivables balance.
- (ii) As at 31 August 2021, the advance with principal amount of HK\$70,000,000 is unsecured, interest bearing at 4% per annum and repayable in December 2021. During the reporting year, advance to third parties of HK\$70,000,000 was fully settled.
- As at 31 August 2022, the advance with principal amount of RMB60,000,000 is unsecured, interest bearing at 6% per annum and repayable in March 2023.
- (iii) Offshore foreign deposit of USD40,000,000 (equivalent to RMB275,613,000) is treated as a security to borrow an equivalent onshore loan denominated in RMB in the PRC from a third party. As at 31 August 2021, the repayment date of the onshore loan was extended to July 2023. The offshore foreign deposit was reclassified as current asset accordingly as at 31 August 2022.

Pledged deposits of RMB10,000,000 are secured for borrowings of RMB71,576,000.

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2022

21. TRADE AND OTHER RECEIVABLES (Continued)

An ageing analysis of tuition and boarding fee receivables as at the end of the reporting period, based on the transaction date, is as follows:

	2022 RMB'000	2021 RMB'000
0-180 days	36,185	–
181-365 days	13,912	10,829
Over 1 year	3,458	3,091
	53,555	13,920

The Group applies the simplified approach under IFRS 9 to provide for expected credit losses using the lifetime expected loss provision for all tuition and boarding fee receivables. To measure the expected credit losses, tuition and boarding fee receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

	0-180 days	181-365 days	Over 1 year	Total
At 31 August 2022				
Weighted average expected loss rate	0%	0%	0%	0%
Receivable amount (RMB'000)	36,185	13,912	3,458	53,555
Loss allowance (RMB'000)	–	–	–	–
At 31 August 2021				
Weighted average expected loss rate	0%	0%	0%	0%
Receivable amount (RMB'000)	–	10,829	3,091	13,920
Loss allowance (RMB'000)	–	–	–	–

22. AMOUNT DUE FROM A SHAREHOLDER

The amount due from a shareholder of the Company is non-trade in nature, unsecured, non-interest bearing and repayable on demand.

23. CASH AND CASH EQUIVALENTS

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

As at 31 August 2022, the cash and cash equivalents of the Group denominated in Renminbi ("RMB") amounted to RMB558,942,000 (2021: RMB297,423,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations.

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2022

24. ACCRUALS AND OTHER PAYABLES

	2022 RMB'000	2021 RMB'000
Interest payables	3,375	3,194
Accrued staff benefits and payroll	44,338	42,041
Payables for purchase of property, plant and equipment and construction	128,526	212,767
Receipt on behalf of ancillary services providers	45,777	18,542
Advance from Tianping College (note i)	–	5,150
Other payables, accruals and deposits received	68,338	70,264
Consideration payable for acquisition of Jingzhou College	–	20,000
Other taxes payables	13,766	11,761
	304,120	383,719

Note:

- (i) The amount advanced from Tianping College is non-trade in nature, unsecured, non-interest bearing and repayable on demand.

25. CONTRACT LIABILITIES

	As at 31 August 2022 RMB'000	As at 31 August 2021 RMB'000	As at 1 September 2020 RMB'000
Contract liabilities – tuition and boarding fees	533,118	219,419	89,092

	2022 RMB'000	2021 RMB'000
Revenue recognised in the year that was included in contract liabilities at beginning of year	219,419	89,092

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

	2022 RMB'000	2021 RMB'000
2022	–	219,419
2023	533,118	–
	533,118	219,419

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2022

25. CONTRACT LIABILITIES (Continued)

Significant changes in contract liabilities during the year:

	2022 RMB'000	2021 RMB'000
Increase due to operations in the year	1,622,896	1,133,711
Increase due to acquisition of a subsidiary	–	38,615
Transfer of contract liabilities to revenue	(1,309,197)	(1,041,999)

A contract liability represents the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

26. BORROWINGS

	2022 RMB'000	2021 RMB'000
Secured and guaranteed (note i)	1,664,669	1,643,735
Secured and unguaranteed (note ii)	296,370	289,497
Unsecured and guaranteed (note iii)	431,600	435,000
	2,392,639	2,368,232
The borrowings are repayable as follows:		
On demand or within one year	2,025,677	1,593,517
In the second year	255,788	543,335
In the third to fifth years, inclusive	111,174	231,380
	2,392,639	2,368,232
Less: Amount due for settlement within 12 months (shown under current liabilities)	(2,025,677)	(1,593,517)
Amount due for settlement after 12 months	366,962	774,715
The exposure of borrowings		
– Fixed rate	2,262,639	2,318,232
– Variable rate	130,000	50,000
	2,392,639	2,368,232

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2022

26. BORROWINGS (Continued)

Notes:

- (i) Certain bank borrowings of RMB964,650,000 (2021: RMB966,000,000) were secured and/or guaranteed by the followings:
- (a) secured by the rights to receive the tuition fees of Anyang University, Shangqiu University, Kaifeng Campus and Hubei Jiankang Vocational College (collectively the "Schools");
 - (b) secured by equity share of Anyang University, Shangqiu University and Kaifeng Campus;
 - (c) guaranteed by Mr. Hou, Ms. Song and Ms. Jiang Shuqin jointly and severally;
 - (d) guaranteed by the Company and several subsidiaries of the Company; and
 - (e) secured by deposits of RMB27,990,000 (2021: RMB16,190,000).

As at 31 August 2022, the Schools has receivables of tuition and boarding fees of RMB40,179,000 (2021: RMB9,563,000).

Certain borrowing with carrying amount of RMB700,019,000 (2021: RMB677,735,000) is secured by the Group's plant and equipment of RMB312,131,000 (2021: RMB310,671,000) and guaranteed by Mr. Hou, Ms. Song and Ms. Jiang Shuqin.

- (ii) A loan from a third party with carrying amount of RMB296,370,000 (2021: RMB289,487,000) is secured by a deposit of USD40,000,000 (equivalent to approximately RMB275,613,000 (2021: RMB260,106,000)) (note 20 and 21).
- (iii) Certain bank borrowing were unsecured and guaranteed by Mr. Hou, Ms. Song and Ms. Jiang Shuqin jointly and severally and guaranteed by several subsidiaries of the Company.

All borrowings are denominated in RMB. The variable-rate borrowings carry interest with reference to the benchmark borrowing rate of the People's Bank of China.

The range of effective interest rates per annum (which are also equal to contracted interest rates) on the Group's borrowings is as follows:

	2022	2021
Effective interest rate:		
Fixed-rate	2.5% – 8.1%	2.5% – 7.6%
Variable-rate	4.35% – 6.05%	5.7% – 6.525%

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2022

27. SHARE CAPITAL

	Number of shares	Amount HK\$	Amount RMB	Amount RMB'000
Ordinary shares of HK\$0.00001 each				
Authorised:				
As at 1 September 2020, 31 August 2021, 1 September 2021 and 31 August 2022	50,000,000,000	500,000	424,570	425
Issued and fully paid:				
As at 1 September 2020, 31 August 2021, 1 September 2021 and 31 August 2022	1,200,000,000	12,000	9,867	10

28. SHARE-BASED PAYMENTS

Pursuant to written resolution passed on 9 August 2018, the Company adopted a share option scheme ("Pre-IPO Share Option Scheme"), details of which are set out in "Report of the Directors – Pre-IPO Share Option Scheme" to the annual report.

Details of specific categories of Pre-IPO Share Options as at 31 August 2022 are as follows:

Tranche	Date of grant	Number of shares	Vesting period	Exercise period	Exercise price HK\$
A	9 August 2018	9,885,000	9 August 2018 – 9 August 2021	10 August 2021 – 9 August 2038	0.00001
B	9 August 2018	6,800,000	9 August 2018 – 9 August 2023	10 August 2023 – 9 August 2038	0.00001
C	9 August 2018	6,710,000	9 August 2018 – 9 August 2025	10 August 2025 – 9 August 2038	0.00001
D	9 August 2018	10,155,000	9 August 2018 – 9 August 2028	10 August 2028 – 9 August 2038	0.00001

Details of specific categories of Pre-IPO Share Options as at 31 August 2021 are as follows:

Tranche	Date of grant	Number of shares	Vesting period	Exercise period	Exercise price HK\$
A	9 August 2018	10,465,000	9 August 2018 – 9 August 2021	10 August 2021 – 9 August 2038	0.00001
B	9 August 2018	7,350,000	9 August 2018 – 9 August 2023	10 August 2023 – 9 August 2038	0.00001
C	9 August 2018	7,190,000	9 August 2018 – 9 August 2025	10 August 2025 – 9 August 2038	0.00001
D	9 August 2018	10,945,000	9 August 2018 – 9 August 2028	10 August 2028 – 9 August 2038	0.00001

Notes to the Consolidated Financial Statements

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28. SHARE-BASED PAYMENTS (Continued)

The following table discloses movements of number of share options under the Company's Pre-IPO Share Option Scheme held by the directors of the Company and employees during the year:

	2022		2021	
	Number of share options	Weighted average exercise price HK\$	Number of share options	Weighted average exercise price HK\$
Outstanding at the beginning of the year	35,950,000	0.00001	35,950,000	0.00001
Forfeited during the year	(2,400,000)	0.00001	–	–
Outstanding at the end of the year	33,550,000	0.00001	35,950,000	0.00001
Exercisable at the end of the year	9,885,000	0.00001	10,465,000	0.00001

The options outstanding at the end of the year have a weighted average remaining contractual life of 16 years (2021: 17 years) and the exercise prices were HK\$0.00001 (2021: HK\$0.00001). The share options were granted on 9 August 2018. The estimated fair value of each option on that date is RMB1.66.

The Group recognised share-based compensation expense of approximately RMB3,986,000 for the year ended 31 August 2022 (2021: RMB11,070,000).

29. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at 31 August 2022 and 2021.

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2022

30. COMMITMENTS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	35,466	1,266
Capital expenditure in respect of land use right	11,460	11,460
Capital expenditure in respect of capital contribution to Tianping College	30,000	30,000
Capital expenditure in respect of acquisition of Tianping College (<i>note 19</i>)	–	160,056
	76,926	202,782

31. RETIREMENT BENEFIT SCHEME

During the year, the employees of the PRC subsidiaries are members of the state-management retirement benefit scheme operated by the PRC government. The Group is required to contribute a specified percentage of payroll costs as determined by respective local government authority to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contribution under the scheme.

The amounts of contributions made by the Group in respect of the retirement benefit scheme during the year are disclosed in note 12.

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2022

32. RELATED PARTY TRANSACTIONS

- (a) In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following material transactions with its related parties during the year:

	2022 RMB'000	2021 RMB'000
Consultancy income from Hubei College	–	12,205
Consultancy income from Tianping College (<i>note i</i>)	9,434	–
Interest income from Tianping College (<i>note i</i>)	11,857	–
The balances with related parties at the end of the reporting period are as follows:		
Consultancy income receivables from Tianping College (<i>note i</i>)	10,000	–
Interest receivables from Tianping College (<i>note i</i>)	11,857	–
Advance to Tianping College (<i>note i</i>)	317,900	–
Advance from Tianping College (<i>note i</i>)	–	5,150

Note:

- (i) Mr. Hou is the director and ultimate controlling shareholder of the Company and director of Tianping College.

(b) Compensation of key management personnel

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and all the highest paid employees, is disclosed in note 13.

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2022

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS**(a) Major non-cash transaction**

- (i) On 31 August 2021, Tianping College, Shanghai Chunjing Investment Management Co., Ltd. (“Chunjing”), an indirectly wholly-owned subsidiary of the Company, and the Company, entered into a settlement agreement, pursuant to which the amount due from the Company to Tianping College of RMB50,000,000 are off-set with the amount due from Tianping College to the Company and Chunjing of RMB500,000 and RMB44,350,000 respectively. After such off-set, the amount due from the Group to Tianping College amounted to RMB5,150,000.
- (ii) During the year ended 31 August 2022 and 2021, Tianping College have paid security deposit of RMB50 million to Suzhou University of Science and Technology on behalf of the Group (note 20).

(b) Changes in liabilities arising from financing activities

The following table shows the Group’s changes in liabilities arising from financing activities during the year:

The table below details changes in the Group’s liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group’s consolidated statement of cash flows as cash flows from financing activities.

	Interest payables RMB'000	Borrowings RMB'000	Lease liabilities RMB'000	Total liabilities from financing activities RMB'000
At 1 September 2020	2,151	1,793,011	140	1,795,302
Changes in cash flows	(73,524)	425,635	(141)	351,970
Non-cash changes				
– interest charged	73,758	33,471	1	107,230
– acquisition of a subsidiary	809	119,939	–	120,748
– elimination of borrowings upon acquisition of a subsidiary	–	(3,824)	–	(3,824)
At 31 August 2021 and 1 September 2021	3,194	2,368,232	–	2,371,426
Changes in cash flows	(80,567)	(33,770)	–	(114,337)
Non-cash changes				
– interest charged	80,748	58,177	–	138,925
At 31 August 2022	3,375	2,392,639	–	2,396,014

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2022

34. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY**(a) Statement of financial position of the Company**

	2022 RMB'000	2021 RMB'000
Non-current assets		
Investment in a subsidiary (<i>note</i>)	–	–
Property, plant and equipment	632	633
Other non-current assets	–	260,106
	632	260,739
Current assets		
Prepayments and other receivables	283,255	67,423
Amount due from a shareholder	7	7
Amount due from subsidiaries	143,558	66,462
Bank balances	23,244	45,812
	450,064	179,704
Current liabilities		
Amounts due to subsidiaries	12,656	12,656
Accrued expenses	1,844	1,577
	14,500	14,233
Net current assets	435,564	165,471
NET ASSETS	436,196	426,210
Capital and reserves		
Share capital	10	10
Reserves	436,186	426,200
TOTAL EQUITY	436,196	426,210

Note: The investment in a subsidiary is USD1.

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2022

34. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)**(b) Reserves of the Company**

	Share premium RMB'000	Share-based payment reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 September 2020	516,431	24,812	(78,830)	462,413
Loss and total comprehensive loss for the year	–	–	(47,283)	(47,283)
Recognition of equity-settled share-based payments	–	11,070	–	11,070
At 31 August 2021	516,431	35,882	(126,113)	426,200
At 1 September 2021	516,431	35,882	(126,113)	426,200
Loss and total comprehensive loss for the year	–	–	6,000	6,000
Recognition of equity-settled share-based payments	–	3,986	–	3,986
Forfeit of share options	–	(970)	970	–
At 31 August 2022	516,431	38,898	(119,143)	436,186

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2022

35. PARTICULARS OF THE SUBSIDIARIES OF THE COMPANY

Name of the subsidiary	Date and place of incorporation/ establishment	Paid up capital	Equity interest attributable to the Company		Principal activity
			at 31 August 2022	2021	
<i>Directly owned:</i>					
Chunlai BVI	28 November 2017 BVI	US\$1	100%	100%	Investment holding
<i>Indirectly owned:</i>					
Chunlai Hong Kong	19 December 2017 Hong Kong	HK\$1	100%	100%	Investment holding
Henan Chunlai (note i)	11 April 2002 The PRC	RMB113,740,000	100%	100%	Investment holding
Chunlai Information (note ii)	19 January 2018 The PRC	USD1,000,000	100%	100%	Rendering of education services
Chunlai Technology (note i)	1 August 2017 The PRC	RMB30,000,000	100%	100%	Investment holding
Shangqiu University (note i)	21 June 2004 The PRC	RMB80,322,962	100%	100%	Rendering of education services
Anyang University (note i)	27 November 2008 The PRC	RMB80,000,000	100%	100%	Rendering of education services
Kaifeng Campus (note i)	16 May 2013 The PRC	RMB89,005,478	100%	100%	Rendering of education services
湖北春來教育科技有限公司 (note i)	11 July 2018 The PRC	RMB200,000,000	100%	100%	Investment holding
上海春景投資管理有限責任公司 (note i)	31 July 2015 The PRC	RMB200,000,000	100%	100%	Investment holding
湖北健康職業學院 (note i)	8 April 2020 The PRC	RMB30,000,000	100%	100%	Rendering of education services
蘇州春來教育科技有限公司 (note i)	12 December 2020 The PRC	RMB50,000,000	100%	100%	Investment holding
Jingzhou College (note ii)	31 May 2021 The PRC	RMB115,650,000	100%	100%	Rendering of education services

Notes to the Consolidated Financial Statements

For The Year Ended 31 August 2022

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

Notes:

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

The Company's financial year end date is 31 August, which is consistent with the school year. The subsidiaries in the PRC adopt 31 December as their financial year end date, while the other non-PRC subsidiaries adopt 31 August as their financial year end date.

36. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this Annual Report, there was no other significant events that might affect the Group since the end of the year ended 31 August 2022.

37. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 25 November 2022.

Definitions

“affiliate”	means a company that directly, indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the Company and includes any company which is (a) the holding company of the Company; or (b) a subsidiary of holding company of the Company; or (c) a subsidiary of the Company; or (d) a fellow subsidiary of the Company; or (e) the controlling shareholder of the Company; or (f) a company controlled by the controlling shareholder of the Company; or (g) a company controlled by the Company; or (h) an associated company of the holding company of the Company; or (i) an associated company of the Company; or (j) associated company of controlling shareholder of the Company
“Anyang University”	Anyang University (安陽學院), a Private HEI (formerly an independent college known as College of Humanities and Management of Anyang Normal University) (安陽師範學院人文管理學院) that obtained approval from MOE for its establishment on 25 April 2003 (excluding the Wenming Avenue (文明大道) campus of the College of Humanities and Management of Anyang Normal University, which was managed by Anyang Normal University) and one of our PRC Operating Schools. Operating and financial data stated to be of Anyang University presented in this annual report do not include contributions by Anyang University Yuanyang Campus, unless otherwise specified
“Anyang University Yuanyang Campus”	Anyang University Yuanyang Campus (安陽學院原陽校區), a branch college (下屬學院) of Anyang University located in Yuanyang, Henan Province, the PRC that obtained approval from the Education Department of Henan Province (河南省教育廳) for its establishment on April 2021
“Articles of Association”	the memorandum and articles of association of the Company adopted on 24 August 2018 with effect from the Listing Date, as amended from time to time
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Auditor”	ZHONGHUI ANDA CPA Limited
“Award”	grant of any award by the Board pursuant to the Share Award Scheme
“Board” or “Board of Directors”	the board of directors of the Company
“BVI”	the British Virgin Islands
“Chairman Hou”	Mr. Hou Chunlai (侯春來), a PRC citizen, a non-executive Director and Chairman of the Board, and spouse of Ms. Jiang and father of Mr. Hou
“China” or “PRC”	the People’s Republic of China and, except where the context requires otherwise and only for the purposes of this annual report, references to China or the PRC exclude Hong Kong, Macau and Taiwan; the term “Chinese” has a similar meaning

Definitions

“Chunlai (Hong Kong)”	China Chunlai Education (Hong Kong) Limited (中國春來教育(香港)有限公司), a company with limited liability incorporated in Hong Kong on 19 December 2017 and a wholly-owned subsidiary of our Company
“Chunlai Investment”	Chunlai Investment Co., Ltd (春來投資有限公司), a company incorporated in the BVI with limited liability on 13 July 2017 and one of the Controlling Shareholders
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) effective from 3 March 2014, as amended, supplemented or otherwise modified from time to time
“Company”, “the Company” or “our Company”	China Chunlai Education Group Co., Ltd (中國春來教育集團有限公司), an exempted company with limited liability incorporated in the Cayman Islands on 15 November 2017
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“consolidated affiliated entities” or “consolidated affiliated entity”	the entities we control through the Contractual Arrangements, being the PRC Holdco, the School Sponsor and the PRC Operating Schools
“Contractual Arrangements”	the series of contractual arrangements entered into by, among others, WFOE, Mr. Hou, Chairman Hou, Ms. Jiang and the Group’s consolidated affiliated entities, details of which are described in the section headed “Contractual Arrangements” in the Prospectus
“Controlling Shareholders”	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. Hou and Chunlai Investment
“Corporate Governance Code”, or “CG Code”	the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 of the Listing Rules
“COVID-19”	novel coronavirus
“Director(s)”	the director(s) of the Company from time to time
“Group”, “our Group”, “the Group”, “we”, “us” or “our”	the Company, its subsidiaries and the consolidated affiliated entities from time to time or, where the context so requires, in respect of the period prior to the Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of the Company at the relevant time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

Definitions

“Henan Implementation Opinions”	the Implementation Opinions of Henan Government on Encouraging the Operation of Education by Social Forces and Promoting the Healthy Development of Private Education 《河南省人民政府關於鼓勵社會力量興辦教育進一步促進民辦教育健康發展的實施意見》 promulgated by the Henan Municipal Government on 2 February 2018
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hubei Chunlai Education”	Hubei Chunlai Education Technology Corporation (湖北春來教育科技有限公司), one of our consolidated affiliated entities and the sole school sponsor of Jiangkang College and Jingzhou College
“Hubei College”	College of Engineering and Technology of Yangtze University (長江大學工程技術學院), an independent college of Yangtze University (長江大學) located in Hubei Province, the PRC that obtained approval from MOE for its establishment on 18 March 2004
“IFRS”	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
“IPO”	initial public offering of the Shares
“Jiankang College”	Hubei Jiankang Vocational College (湖北健康職業學院), a private higher education vocational school (民辦高等職業學校) in the PRC and one of our PRC Operating Schools. The school sponsor of Jiankang College is Hubei Chunlai Education
“Jingzhou College”	known as Hubei College prior to the conversion of College of Engineering and Technology of Yangtze University into a private ordinary college (民辦普通高等學校) and change of school sponsor, details of which are set out in the announcement of the Company dated 29 October 2021, one of our PRC Operating Schools. The school sponsor of Jingzhou College is Hubei Chunlai Education
“Latest Practicable Date”	20 December 2022, being the latest practicable date to ascertain certain information set out in this annual report prior to its bulk printing
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange on 13 September 2018
“Listing Date”	13 September 2018, the date the Shares were listed on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time

Definitions

“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules
“MOE”	the Ministry of Education of the PRC (中華人民共和國教育部)
“Mr. Hou”	Mr. Hou Junyu (侯俊宇), a PRC citizen, an executive Director and our controlling shareholder, and son of Chairman Hou and Ms. Jiang
“Ms. Jiang”	Ms. Jiang Shuqin (蔣淑琴), a PRC citizen and an executive Director, and spouse of Chairman Hou and mother of Mr. Hou
“PRC Holdco”	Henan Chunlai Education Technology Co., Ltd. (河南春來教育科技有限公司), a limited liability company established in the PRC on 1 August 2017 and one of our consolidated affiliated entities
“PRC Legal Adviser”	Tian Yuan Law Firm, our legal adviser as to PRC laws and regulations
“PRC Operating Schools”	Shangqiu University (including Shangqiu University Kaifeng Campus), Anyang University, Jiankang College and Jingzhou College, consolidated affiliated entities of the Company
“Pre-IPO Share Option Scheme”	the share option scheme effective from 9 August 2018, the principal terms of which are set out in the section headed “Statutory and General Information — D. Pre-IPO Share Option Scheme and Share Award Scheme — 1. Pre-IPO Share Option Scheme” in Appendix V to the Prospectus
“Prospectus”	the prospectus of the Company published on 31 August 2018
“RMB”	Renminbi, the lawful currency of PRC
“Reporting Period”	the year ended 31 August 2022
“School Sponsor”	Henan Shangqiu Chunlai Education Corporation (河南商丘春來教育集團), a private non-enterprise entity (民辦非企業單位) established in the PRC on 18 October 2004, a consolidated affiliated entity of the Company and the sole school sponsor of each of Shangqiu University (including Shangqiu University Kaifeng Campus) and Anyang University
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

Definitions

“Shangqiu University”	Shangqiu University (商丘學院), a Private HEI (formerly an independent college known as Huayu College of Henan Agricultural University (河南農業大學華豫學院) that obtained approval from MOE for its establishment on 14 July 2005) and one of our PRC Operating Schools; operating and financial data stated to be of Shangqiu University presented in this document do not include contributions by Shangqiu University Kaifeng Campus, unless otherwise specified
“Shangqiu University Kaifeng Campus”	Shangqiu University Applied Science and Technology College (商丘學院應用科技學院), a branch college (下屬學院) of Shangqiu University located in Kaifeng, Henan Province, the PRC that obtained approval from the Education Department of Henan Province (河南省教育廳) for its establishment on 16 May 2013
“Share(s)”	ordinary share(s) in the Company of par value of HK\$0.00001 each
“Share Award Scheme”	the share award scheme approved and adopted by the sole shareholder of the Company on 24 August 2018, the principal terms of which are set out in the section headed “Statutory and General Information – D. Pre-IPO Share Option Scheme and Share Award Scheme – 2. Share Award Scheme” in Appendix V to the Prospectus
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto in section 15 of the Companies Ordinance
“Substantial Shareholder”	has the meaning ascribed to it under the Listing Rules
“Tianping College”	Tianping College of Suzhou University of Science and Technology (蘇州科技大學天平學院), an independent college of Suzhou University of Science and Technology
“United States” or “U.S.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$”	United States dollars, the lawful currency of the United States
“WFOE”	Henan Chunlai Education Information Consultancy Co., Ltd. (河南春來教育信息諮詢有限公司), a company established in the PRC with limited liability on 19 January 2018 and a wholly-owned subsidiary of our Company
“%”	percent

Glossary

“college”	a higher educational institution offering bachelor’s degree programmes and junior college diploma programmes, which may be a branch college (下屬學院) and may not be a separate legal entity
“combined vocation education and junior college diploma programme”	a five-year education programme that generally enrolls middle school graduates and upon the completion of which a junior college diploma will be granted
“formal education”	education system that provides students with the opportunity to earn official certificates from the PRC government
“high school”	a school that provide education for students in grade 10 through grade 12
“higher education”	an optional final stage of formal learning that occurs after secondary education, which is often delivered at universities, academies, colleges and institutes of technologies
“independent college”	a bachelor-degree level higher education institution established by a public university that provides formal education in bachelor-degree level or above in association with individuals or social organisations other than governmental institutions using non-state funds
“initial employment rate”	the percentage of graduates who entered into full-time employment contracts, were self-employed, accepted an offer for higher degree or equivalent programmes, or accepted an offer to pursue overseas study or employment, before graduation. There may be variation to the meaning of this term depending on the relevant school and type of graduates considered
“junior college to bachelor’s degree transfer programme”	a two-year post-secondary formal education programme that generally enrolls graduates of junior college degree programmes who have taken the National Higher Education Entrance Exam, and upon completion of which a bachelor’s degree will be granted
“National Higher Education Entrance Exam”	also known as “Gaokao” (高考), an academic examination held annually in the PRC, and a prerequisite for entrance into most higher education institutions at the undergraduate level in the PRC
“one-child policy”	China’s population control policy implemented by the Population and Family Planning Law of the PRC, according to which a family can have only one child, with certain exceptions
“private HEI”, “private higher education institution” or “private university”	a PRC private higher education institution (民辦高等教育機構) not affiliated with any public universities that is operated by nongovernmental entity(ies) or individual(s) where government funding is not a major source of capital and has open admission and enrolment to the public

Glossary

“private school”	a school that is not run by local, provincial or national governments
“public school”	a school that is run by local, provincial or national governments
“school sponsor”	an individual or entity that funds or holds interests in an educational institution
“vocational education programme”	a three-year vocational education programme that generally enrolls middle school graduates or a one-year vocational education programme that generally enrolls high school graduates, and upon the completion of which a vocational high school diploma will be granted