

中国字华教育集团有限公司 China YuHua Education Corporation Limited

(Incorporated in the Cayman Islands with limited liability) Stock Code: 6169



Environmental, Social and Governance Report



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ABOUT THE REPORT

SUMMARY

This report is the sixth environmental, social and governance report (the "**ESG Report**" or the "**Report**") issued by the Group (as defined below). Unless otherwise stated, this Report should be read in conjunction with the Corporate Governance Report of the 2022 annual report of the Company. This Report will be published on the website of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and on the Group's website. The ESG Report will be published annually.

BASIS OF PREPARATION

This ESG Report has been prepared in accordance with the "Environmental, Social and Governance Reporting Guide" (the "**ESG Guide**") as set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). 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).

- Materiality This Report has identified and disclosed the process of significant environmental, social and governance factors and the criteria for their selection, as well as the description of significant stakeholders and the process and results of stakeholder engagement.
- Quantification 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 (as defined below) in an unbiased manner, avoiding selections, omissions or formats of presentation that might improperly influence the 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.

SCOPE AND EXTENT OF THE REPORT

The data and information referred to in this Report are derived from various files, questionnaires, records, statistics and research of the Group. This Report covers the period from 1 September 2021 to 31 August 2022 (the "**Reporting Period**"), which corresponds to the financial year covered in the 2022 annual report.

The policy document, declaration and data set out in this Report cover the Company and its subsidiaries and consolidated affiliated entities (collectively, the "**Group**").

CONTACT INFORMATION

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COMPANY PROFILE

As one of the largest private education groups in the People's Republic of China ("**China**" or the "**PRC**"), the Group has over 20 years of experience in private education operation. As of 31 August 2022, the Group currently operates 9 schools covering secondary and higher education in Central China, East China and Thailand. In providing high school and university education services, the Group not only focuses on helping students achieve excellent academic performance, but also emphasises the overall coordinated development of "body quotient, moral intelligence quotient, emotional quotient and intelligence quotient" of students, dutifully shouldering the responsibility of nurturing social pillars.

BOARD CONFIRMATION

The Board and the management have reviewed and endorsed the ESG material assessment and the ESG Report.

CORE VALUE OF THE GROUP, ESG GOVERNANCE AND APPROACH

Adhering to the core value that "the essence of education is love, the essence of love is giving, and giving is getting", the Group adheres to the educational concept aiming at "fostering modern talent with leadership and lifelong learning capabilities and nurturing great minds to contribute to the future development of the Chinese nation" and provides students with education services that are in line with the values of the Group. At the same time, the Group's teachers abide by the principle of "working hard, educating people with love, cultivating love with love, seeking truth with truth" to cultivate talented youth with well-rounded and coordinated development.

In terms of ESG, the Group aspires to deliver long-term benefits for all stakeholders by operating in a responsible and ethical manner, taking not only economic factors but also social and environmental factors into consideration. As a socially responsible company, the Board recognizes the importance of ESG in enhancing the value of the Group and its overall responsibility for our ESG strategy and reporting. The Group delivers its ESG strategy through effective management of ESG risks and the cultivation of an ESG-aware culture. the Group aligns its ESG approach with its existing risk management framework, thus ensuring that the delivery of ESG efforts are effective and are coherent with current business strategies and also reactive to changing business environment.

The Group's efforts focus on areas that are considered to be both material to the stakeholders and also to the business based on the results of the ESG material assessment. Further details of the assessment and these focused areas can be found in the later section titled "Stakeholder Engagement and Materiality Assessment". Material ESG-related issues are issues that are critical to both short-term and long-term success of the Group's business. It is those parts of the Group's business where these issues lie, the ESG impact of these issues is highly relevant. The KPIs of material ESG-related issues are regularly reviewed against goals and targets set-up by the Management and the Board throughout the process of the preparing of ESG reporting to determine progress made and adjustment are made to the original goals and targets where appropriate.

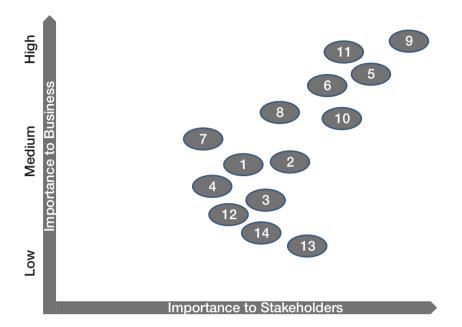
IDENTIFICATION AND COMMUNICATION WITH STAKEHOLDERS AND MATERIALITY ASSESSMENT

While managing its schools and advancing its business affairs, the Group also pays attention to the major issues of interest to shareholders, investors, staff, students, parents, governments, regulatory authorities, and communities ("**Stakeholders**"). It opens up multiple channels of communication and, through the continuous communication with the Stakeholders, is able to develop thorough understanding of the needs of different Stakeholders and provide appropriate solutions. At the same time, the Group believes that listening to the opinions of Stakeholders will help the Group to improve its environmental, social and governance performance comprehensively and objectively so as to better address the needs of different Stakeholders.

Stakeholder	Main focus	Communication channels	Corporate/Group actions
Stakeholder Shareholders/ Investors	Main focus Operating strategy; Sustainable and stable return on investment; Timely information disclosure;	Communication channels General meeting of shareholders; Information disclosure of the listed company; Roadshows/conference	Corporate/Group actions Issue of notice of annual general meeting and the resolutions as required by the Listing Rules; Timely disclosure of
	Excellent enterprise image; and Operation of enterprise in compliance with relevant laws and regulations.	calls/meetings; Media communication mechanism; Enquiries via telephone/ email; Investors' on-site visit; and Website information disclosure.	information about the Group; Issue of announcements and regular reports as required by the Listing Rules; and Provision of smooth communication channels.
Suppliers/ Business partners	Win-win cooperation; Fair competition; Long-term business relationships; and Product quality assurance.	General meeting; Online communication platform; Opinions from suppliers and business partners; and Cooperate with relevant laws and regulations.	Supplier evaluation; On-site visits; Legal compliance; and General communication.

Key Concerns of Stakeholders and the Corresponding Actions

Stakeholder	Main focus	Communication channels	Corporate/Group actions
Staff	Training and career development space; Salary and welfare; Channels for employees to express their opinions; Working environment; and Health and safety protection.	Direct communication; Physical examination; Staff activities; Performance evaluation; Opinions from staff; Seminars/Lectures; and Staff training.	Providing healthy and safe working environment; Setting up a fair promotion system; Providing staff with interactive platform; and Organising staff activities.
Students and Parents	Educational service quality; Student information protection; Student life care; Health and safety protection; Student health under the Epidemic; Teaching quality; and Student performance.	Collection of complaints and feedback; Maintaining good communication with students; Caring for student life; Timely feedback on classes; Helping families suffering from difficulties; and Parents meetings.	Establishing a parent committee; Conducting student surveys; Organizing student activities; Regular physical examination; Timely communication of prevention efforts; Regular parents meetings; and Maintaining good communications.
Government and Regulatory authorities	Operational compliance; Tax compliance; Transparent governance; and Information disclosure and reporting materials.	Compliance with laws and regulations; Routine work report; and Information disclosure.	Strict compliance with laws and regulations; Accurate disclosure of information; Tax payment by law; and Accepting government supervision.
Community/ Public	Employment opportunities; Ecological environment; Community development; and Social commonwealth.	Community engagement.	Priority hire of local staff; Preserving the environment; and Organising community activities.
Media	Corporate performance; Corporate image; Open information; and Good media relations.	Press Release; and Information disclosure.	Maintaining good communication; and Timely disclosure of information.



Low

Medium

High

Environment			ployment and our Practices	Operating Practices			Community Investment	
1.	Environment compliance	5.	Salary and welfare	9.	Anti-corruption	13.	Community development	
2.	Investment in environment protection	6.	Health and safety protection	10.	Service quality	14.	Charitable donations and community service	
3.	Greenhouse gas emissions	7.	Employee diversification	11.	Intellectual property rights			
4.	Waste management	8.	Training and career development	12.	Supply chain management			

The most material ESG aspects were Anti-corruption, Service quality, Intellectual property rights and Salary and welfare. Details of these ESG efforts during the Reporting Period are presented below in four sections, namely "Environment", "Employment and Labour Practices", "Operating Practices" and "Community Investment".

I. ENVIRONMENTAL

Strictly complying with applicable laws and regulations including the *Environmental Protection Law*, the *Atmospheric Pollution Prevention Law*, the *Water Pollution Prevention Law*, the *Solid Waste Pollution Control Law*, the *Energy Conservation Law* in China, and the *National Environmental Quality Promotion and Protection Law* in Thailand, the Group ensures that the daily operations of subordinate schools do not have a significant impact on the environment and natural resources. The Group has formulated the *Detailed Regulations for Energy Conservation Management* to effectively promote energy conservation and emission reduction in accordance with the spirit of the *Energy Conservation Management Measures of Henan Province*. The regulation aims to minimise the consumption of water, electricity and natural gas, and the emission of wastewater and gas as much as possible by management energy-saving, technical energy-saving the construction of energy-saving campus. During the Reporting Period, the Group did not violate relevant laws and regulations, and has not received any complaints regarding the emission of waste gases, greenhouse gases and pollutants.

EMISSIONS

The Group is principally engaged in education services. No substantial emissions are produced by combustion of any fuels in daily operation as the Group is not engaged in any industrial production. During the Reporting Period, the principal type of emission of the Group is exhaust generated by the Group's self-owned vehicles and the emission from the use of natural gas in restaurants. The main emission data are as follows:

Major emissions	Unit	Emission volume
Nitrogen oxide (NO _x)	Kilogram	1,810.8
Sulphur oxide (SO _x)	Kilogram	0.4
Particulate Matter	Kilogram	26.1

The direct emission of greenhouse gases is the exhaust produced by the Group's self-owned vehicles and the emission from the use of natural gas in restaurants. Indirect greenhouse gas emission was mainly generated from the use of electricity, electricity consumption for wastewater treatment and waste paper, etc. During the Reporting Period, the Group's emission type and data of major greenhouse gases are as below:

Greenhouse gases	Unit	Emission volume
Carbon dioxide	Ton	70,454.3
Methane	Ton	0.2
Nitrous oxide	Ton	9.5

No hazardous waste is produced during the daily operation of the Group. The non-hazardous wastes generated by the Group mainly include garbage generated in the daily operation of schools such as office supplies and food residues. During the Reporting Period, although the Group did not have specific statistical data on non-hazardous wastes, the Group will review and explore the systematic methods to record and collect data on non-hazardous wastes in the future.

I. ENVIRONMENTAL (CONTINUED)

During the Reporting Period, there was no significant change in the Group's treatment measures regarding non-hazardous waste compared with those in previous years. After the domestic waste produced by the Group is collected, the domestic waste is transferred by the municipal disposal company (which satisfies legal and regulatory requirements) to the garbage transfer station designated by environmental, health and other departments in line with relevant national and regional treatment standards. In the meantime, garbage collection areas of schools of the Group are disinfected at least twice daily to ensure that the waste does not substantially affect the school environment. In addition, the Group has formulated the *Regulations for the Use of Paper* to ensure the effective use of office paper and eliminate paper waste.

The Group mainly reduces the emission of waste gases and greenhouse gases based on the formulated policy of the *Detailed Regulations for Energy Conservation Management*. The Group reduces the emission of waste gases and greenhouse gas through management energy-saving, technical energy-saving, behavioral energy-saving, etc. In addition, the Group has always been focused on the classification, disposal and reuse of waste. While implementing education and guidance work, the Group advocates the concept of "turning waste into wealth and treasure". Based on the Regulations on the Management of Waste Disposal by Yuhua Education Group, the Group has established relevant waste recycling systems to further promote the construction of the conservation and environmental-friendly school community. In the meantime, the Group damage to the environment from the origin. During the reporting period, emissions and greenhouse gas emissions generated in the current fiscal year decreased significantly compared to the previous fiscal year due to the divestiture of all K-9 education from public companies for national policy reasons.

USE OF RESOURCES

Promoting the good fashion of "saving being a glory, waste being a shame", the Group regularly conducts the emission reduction training according to the *Training Program of Energy Conservation and Emission Reduction* at the beginning of each year, and actively carries out energy-saving and energy reduction actions by focusing on energy-saving, water-saving, electricity-saving and material-saving engineer and build energy-saving schools.

I. ENVIRONMENTAL (CONTINUED)

The Group has made rational use of energy and resources such as water, electricity and natural gas. At the same time, we help students develop good habits for use of energy resources in order to limit waste. During the Reporting Period, the main energy and resources consumption of the Group was as follows:

Type of energy	Unit	Consumption
Total amount of electricity consumed	Megawatt-hour	72,438.9
Intensity	Megawatt-hour/school	8,048.7
Total amount of water consumed	Thousand ton	3,407.5
Intensity	Thousand ton/school	378.6
Total natural gas consumption	Thousand m ³	2,119.2
Intensity	Thousand m ³ /school	213.5
Total gasoline consumption	Litre	27,793.7
Intensity	Litre/school	3,088.2

The Group's energy use efficiency plan is mainly carried out in accordance with the *Detailed Regulations for Energy Conservation Management* formulated by the Group, and enhances the staff's awareness of energy conservation and emission reduction by regularly training them in conjunction with the *Training Program of Energy Conservation and Emission Reduction* at the beginning of each year. The Group improves the utilisation of energy and resources by clarifying the responsibilities of various departments within the school, and through measures such as scientific management, technology upgrades, and behavioural training. For instance, we reform the water supply pipeline at campus and raise the repeated use rate of water; we reconstruct the lighting facilities at campus and vigorously promote the energy-saving lamps, as well as launching green lighting projects. The Group continuously strengthens the management of the use of water, electricity and natural gas, and cultivates students' awareness of saving energy and water.

The Group has not encountered problems in sourcing water that is fit for purpose. All of the Group's schools have stable sources of water. In accordance with the *Detailed Regulations for Energy Conservation Management*, the Group has formulated a strict water utilisation system through management, supervision and charging method to save water. Further, the Group has implemented reconstruction projects in the water supply pipeline at campus to raise the repeated use rate of water.

During the reporting period, compared to the previous financial year, the Group's emissions of key emissions decreased significantly, with total electricity consumption decreasing by 14.1% and total gasoline consumption decreasing by 55.9%. Nitrogen oxides decreased by 30.5% and carbon dioxide decreased by 13.7%. At the same time, the Group's schools reduced CO2 emissions by approximately 185 tons through tree planting.

As the Group does not manufacture any products, the Group does not use any kind of packaging materials.

I. ENVIRONMENTAL (CONTINUED)

ENVIRONMENT AND NATURAL RESOURCES

The Group's schools do not have any major impact on the environment and natural resources during daily operation. The Group advocates "low-carbon traveling" to minimise the emission of pollutants and greenhouse gases from vehicles. In the meantime, according to the formulated *Detailed Regulations for Energy Conservation Management*, the Group constantly monitors the emission of pollutants and the energy consumption of water, electricity and natural gas. The Group has formed an energy management system centred with management energy saving, technical energy saving, and behavioural energy saving to ensure that the company's business activities have created the lowest impact on the surrounding community environment and natural resources. To reduce the potential threat to natural resources caused by possibly abusive use of paper, the Group formulated the *Provisions on the Use of Paper* to reasonably regulate the use of office and teaching materials as well as promoting a paperless office environment to minimise paper consumption at best efforts, and ensuring the effective use of paper and eliminating paper waste. In addition, the Group strongly promotes afforestation activities in order to protect the environment. As of the end of the reporting period, the Group planted nearly 480 thousand trees and greened over 50 thousand square meters of lawn.

CLIMATE CHANGE AND RESPONSE ACTIONS

The Group has considered the physical risk which include acute risk like increasing heavy rainstorm, wildfire, hot weather; chronic risk including rise in sea level. Which the acute risk will post immediate safety issues to our staff and students, the Company has established emergencies and evacuations guidelines to ensure staff and students' safety. For transitional risk, the Group has considered the policy and legal risk, which the government will post more laws and regulation on the emissions and energy usage, as we have minimal usage on energy and minimal emissions due to its business nature, the Group considers the risk is relatively low, however, the Group will monitor the issuance of new laws and regulations and access the risk posted to the Group timely to mitigate the effects to the Group.

II. EMPLOYMENT AND LABOUR PRACTICES

Adhering to the teaching principle of "working hard, educating people with love, cultivating love with love, seeking truth with truth", the Group earnestly takes the responsibility of educating people and cultivating pillars for national and social development. The Group strictly obeys relevant laws and regulations to recruit and hire teachers and staff, and has established a scientific, fair and mature talent employment mechanism and human resource management system. The Group has attached great importance to the health and safety issues of staff, teachers and students, and comprehensively guarantees a safe, stable and comfortable working and learning environment. The Group has also provided a fair and scientific career development platform for teachers and employees to enhance their professionalism and teaching ability.

EMPLOYMENT

During the recruiting and hiring process, the Group strictly obeys the Labour Law, the Labour Contract Law, the Employment Promotion Law, the Education Law, the Teachers Law, the Labour Dispute Mediation and the Arbitration Law of China and the Labour Protection Act, the Labour Relations Act, the Social Security Act, the Workmen's Compensation Act of Thailand, as well as the local labour laws and regulations in the provinces of Henan, Hunan and Shandong of China. During the Reporting Period, the Group has complied with all applicable laws and regulations, and has not been subject to warnings, fines, and penalties for violations of laws or regulations. The Group has not violated laws and regulations related to recruitment and promotion, compensation and dismissal, working hours, holidays, equal opportunities, diversity, anti-discrimination and other benefits, as well as receiving any warnings, fines, penalties and other punitive events.

During the Reporting Period, there were no major updates on the human resource policies and related hiring procedures. The Group employs staff and carries out recruitment strictly based on the Personnel Business Process in the *Staff Handbook* of the Group. The Group treats every candidate fairly regardless of gender, nationality and age, and provides teachers with fair employment opportunities and a harmonious working environment. The Group starts initiating the recruitment of graduates every November by cooperating with "58.com", "Zhaopin.com" and other well-known recruitment agencies.

In addition, the termination of labour contracts can be divided into three categories: resignation, dismissal, and natural termination of labour contract. The Group has also provided detailed guidance on the termination process in the *Personnel Business Process*. The Group has the right to dismiss employees in certain circumstances. For instance, the Group may issue the *Notice of Termination of Labour Contract* to employees who seriously violated the relevant provisions in the Staff Handbook. Formal employees can submit a *Resignation Report* to the head of the department for further approval 30 days in advance.

In terms of working hours, the Group has made detailed guidelines for working hours and attendance regulations in strict accordance with the *Time Management System* in the *Staff Handbook*. The Group keeps optimising the Group's working processes and improving staff working efficiency. In the meantime, the attendance record is used as one of the important standards for staff assessment, promotion and transfers.

In terms of compensation and welfare benefits, the Group guarantees the legal benefits of staff in accordance with *Tentative Provisions on Payment of Wages, Regulations on the Administration of Housing Fund, Regulation on the Annual Leave with Pay* and other laws and regulations. The Group also aims to meet the overall local requirements of social security policies, including endowment insurance, medical insurance, maternity insurance, unemployment insurance, critical illness insurance and other social insurance. In compliance with the *Labour Law*, the Group ensures that staff can enjoy all kinds of holidays including public holidays, paid annual leave, sick leave, marriage leave, maternity leave, etc. The Group also provides relevant benefits to staff during major festivals in China. The Group also provides free accommodation for teachers and staff of all units in the Group, and regularly conducts activities to enrich daily life of employees.

Upholding the promotion assessment mechanism of "valuing abilities regardless of educational background, valuing attitudes regardless of qualification and valuing performance regardless of certificates", the Group has enacted a mature, fair and scientific promotion assessment mechanism. For a long time, the Group has been providing a fair career development platform for all staff and aims to ensure fair treatment in terms of employment, assessment, promotion, training, etc. Any discrimination related to religion, gender, age, and ethnicity is strictly forbidden in the Group. During the Reporting Period, the Group did not have any discrimination incidents.

By the end of the Reporting Period, the aggregate number of staff members in the Group was 8,355, consisting of 32.7% of men and 67.3% of women respectively. Due to the characteristics of the education industry, the Group has a higher proportion of female staff. In compliance with the law, the Group provides statutory benefits, including maternity leave, marriage leave and breast-feeding leave for female staff, to ensure that they are not discriminated against or otherwise disadvantaged. During the Reporting Period, the Group's overall turnover rate was 9.8%, including 10.1% male employees and 9.7% female employees. As for the age distribution, the turnover rate of employees aged 30 and below was 14.8%; of those who aged 31 to 40 was 9.2%; of those who aged 41 to 50 was 5.9%; of those who aged 51 to 60 was 3.1%, and of those who aged 60 and above was 8.2%. As for the geographical region, the turnover rate of employees worked in Henan province was 14.8%, of those who worked in Hunan province was 1.4%, of those who worked in Shandong province was 7.2%, and of those who worked in Thailand was 1.7%.

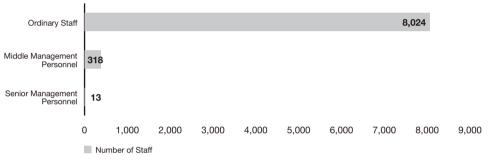
EMPLOYMENT INDICATORS

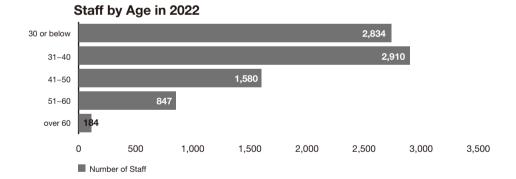
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Staff by Gender in 2022

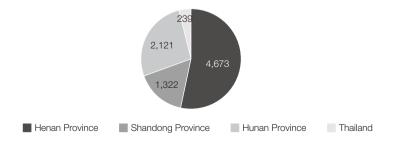
	2,735		5,620	
0	2,000	4,000	6,000	8,000
Male	Female			

Staff by Employment Type in 2022





Staff by Geographical Region in 2022



HEALTH AND SAFETY

The Group strictly obeys the Food Safety Law, the Management Regulation on Student Canteen and Student Group Meal Hygiene, the Regulations on the Administration of Sanitation in Public Places, the Law on Prevention and Treatment of Infectious Diseases, the Law on Fire Control of the PRC and the National Food Act and the Public Health Act of Thailand, as well as other relevant laws and regulations in the PRC and Thailand. The Group has not been punished by warnings, fines, and penalties for violations of laws or regulations during the Reporting Period. The Group has paid great attention to the health and safety issues of staff and students. Following the basic principle of "paying attention to prevention, self-rescue and mutual aid, ensuring safety and reducing losses", the Group has formulated the Staff Health and Safety Management System of Yuhua Education Group to ensure the health and safety of staff and students of the Group. The Group has set up strict safety management rules and guidelines in terms of fire safety, health management, facilities and equipment management, anti-smoking and other aspects to practically provide a healthy and safe working and learning environment for teachers and students.

Prevention and Control of COVID-19: Since the outbreak of COVID-19, the Group has been actively assuming its social responsibility. The Group strictly complied with the national and local government's epidemic control requirements, and actively performed epidemic prevention and education works during the epidemic. The Group has set up an anti-epidemic working group, implemented the principal responsibility system, and formulated an epidemic prevention plan before and after the beginning of schools. To make the most adequate preparation for the office start of new semester, The Group has thoroughly disinfected the offices and school buildings as soon as possible, prepared all kinds of epidemic prevention goods and materials, and trained the employees on epidemic prevention knowledge. For the students management and staff management, the Group's specific epidemic prevention measures include:

- Students Management: The Group has implemented campus closure management and prevented the importation of epidemics in strict accordance with the requirements of the provincial and municipal epidemic prevention and education departments. Moreover, the Group organized all teachers to deliver epidemic prevention knowledge to students through WeChat, telephone, online classroom, etc. The Group's subordinate schools have developed online teaching resources to guarantee the normal learning activities of schools during the epidemic in the form of live classes, recorded classes, and offline interactive tools, etc.
- Staff Management: The Group proposed the policy of "No Pay Cuts" during the epidemic. The Group conducted epidemic prevention measures to ensure the employees' safety as well as guarantee the normal employment. The Group also popularized epidemic prevention knowledge to employees and required middle management levels of the Group to communicate with employees through telephone, WeChat, etc. Besides, the Group conducted a general survey of employees' home quarantine situations in accordance with the requirements of superior authorities.



Photos for the Epidemic Prevention of COVID-19

Fire Safety: The Group has incorporated fire safety into daily management, and has formulated a fire safety system in accordance with the requirements of the Law on Fire Control. The Group has set up small fire stations in each of the campuses which are specifically responsible for fire safety matters on the campuses. In addition, the Group holds fire drills and emergency escape drills every semester, which helps teachers and students to cope with sudden fire incidents while promoting fire safety awareness. The Group's schools organise regular fire drills every year and invite local fire-fighters to go to schools to educate teachers, staff and students on fire safety knowledge and to provide guidance during fire drills. During the Reporting Period, a total of 60 fire drills were conducted at schools of the Group with the participation of a total of over 120,000 people.



Fire Drills Photos



Health Management in School Areas: In order to improve students' health standards, the Group has established and improved health management related policies and systems by clarifying responsible persons and establishing a regular working procedure. The Group's subordinate schools have set March and November as the months of the education and publicity of health, and have continuously improved the disease prevention and control system, infectious disease isolation system, physical examination system, and health file management system. In order to provide a healthy and safe campus environment, the Group has improved the health management level in school areas in all aspects by standardising the supervision and management of teaching hygiene, environmental sanitation management system. During the epidemic period, the Group has carried out thoroughly disinfection and sterilization in each campus and also enacted routine plans for disinfection to ensure a healthy and safe learning and working environment for all students and staff.

In addition, the Group has also established a complete management system for the management of facilities and equipment such as air conditioners. Through a scientific and systematic management system, the Group effectively monitors and manages the operation of facilities and equipment, as well as maintaining and checking for potential safety hazards. At the same time, the Group has established a strict anti-smoking management system to ensure a safe and civilised office environment for employees, which is expected to protect the health of employees, and to maintain a good working, studying and living environment on the campus.

In addition, the safety and health inspection projects which have been set up by the Group include: safety and health publicity and education; investigation and rectification of hidden safety hazards; management of dangerous chemicals; canteen food and boiler safety management; police and security work; medical health management; dormitory safety management; school bus safety management; and rectification of the campus and surrounding environment, among others. In response to various health and safety work arrangements, the General Affairs Department of the Group requires all units to keep relevant records and conduct regular inspections to ensure that staff and students can work in a safe environment.

There were no work-related injuries or deaths in the Group from 2020 to 2022.

DEVELOPMENT AND TRAINING

The teaching and management abilities of teachers and management staff are directly related to the teaching quality, management level and brand image of the Group's schools. Therefore, the Group has formulated detailed training programs to enhance the knowledge and professional competence of teachers and management personnel. With the aim of building and passing down experience, training activities mainly use a case analysis training model and can be divided into three categories: internal training; external training; and self-training by staff. During the Reporting Period, 100% of the Group's staff received such training. Senior and mid-level management personnel completed an average of 48 training hours while other staff members completed an average of 128 training hours.

During the Reporting Period, the major training activities organized by the Group included:

- The Group organized routine training for all teaching staff, who had completed an average of 28 learning hours.
- During the Reporting Period, the Group had organized six training activities associated with the personnel management system, education, moral education, and other business activities. Approximately 400 middle management personnel were trained and completed an average of 128 learning hours.
- > The number of employees trained according to gender were 32.7% male and 67.3% female.
- In September 2021, the Group had organized training activities for new teachers, approximately 600 new employees were trained and completed an average of 160 learning hours.
- > During the epidemic period, the Group has actively conducted epidemic prevention training activities and popularized epidemic prevention knowledge to improve employees' and students' public health and safety awareness.



Photos of Staff Training Activities



LABOUR STANDARDS

The Group strictly obeys the Labour Law, the Protection of Minors Law, the Provisions on the Prohibition of Using Child Labour, the Teachers Law, the Code of Ethics of Teachers in Primary and Secondary Schools of the PRC and the Labour Protection Act, the Act on Establishment of Labour Courts and Labour Courts Procedures of Thailand, as well as other relevant laws and regulations in the PRC and Thailand to recruit and hire staffs that protect the legitimate rights and interests of teachers and students. The Group prohibits any employment which would constitute child labour and forced labour, including compulsory labour and improper punitive measures. The Group clearly stipulates in the recruitment policy and processes that employment of child labour and forced labour are forbidden. The Group strictly implements the recruitment and hiring procedures in the Staff Handbook, and carefully checks the identity information of employees before hiring to ensure the truth and validity of personal information. During the Reporting Period, the Group did not have any form of compulsory labour or child labour incidents and related complaints. If any violations were to be detected, the Group would immediately cease any labour activities. Any false documents would be considered fraudulent and the Group would have the right to terminate the labour contract immediately.

III. OPERATING PRACTICES

SUPPLY CHAIN MANAGEMENT

During the Reporting Period, the Group's supply chain management system functioned smoothly. With a comprehensive management system in place, it ensured the procurement needs of subordinate schools were fulfilled and fully considered the environmental and social risks of suppliers. Major materials that the Group purchases are office supplies, wooden furniture, iron furniture, electronic equipment, teaching and tutoring materials, software services, school uniforms, etc. During the Reporting Period, the Group had 203 suppliers in total, with whom the Group has maintained multiple years of cooperation relationships. Out of the 203 suppliers, 6 were from Beijing, 3 were from Zhejiang Province, 2 were from Hebei Province, 2 were from Jiangsu Province, 1 was from Shanghai, 1 was from Liaoning Province, 1 was from Anhui Province, and the remaining 187 were from Henan Province.

The Group orders, purchases and distributes necessary materials for daily operations of schools according to the *Supplier Management Operation Manual*. In order to standardise material supply procedures, improve work efficiency, efficiently complete the supply of high-quality materials, and strengthen monitoring and management of suppliers, the Group has formulated the *Measures on Management of Customers of Yuhua Education Group*. This is used for conducting scientific management of the Group's suppliers, including classification and screening of suppliers, management of information databases, assessment of suppliers and other aspects. The Group conducts assessment and rating of suppliers during the annual summer and winter vacations. If suppliers were found unsuitable, cooperation would be terminated in a timely manner.

As an education service provider, the Group is dedicated to creating a safe, hygienic, comfortable and stable campus environment for teachers and students. In addition to considering the quality, brand names and qualifications of suppliers and their products, the Group also fully considers environmental and social risk factors of suppliers when screening suppliers. For example, we require suppliers to provide environmental impact assessment and quality inspection reports from Henan Province when purchasing uniforms and other materials. We check the qualification certificate on raw material for products provided by suppliers when purchasing furniture, electrical appliances, teaching equipment, etc. In terms of supply chain management, the Group also takes measures favorable to creating environmental and social benefits. Firstly, the Group includes the purchase of materials and approval process in the enterprise resource planning (ERP) system. The Group also advocates for a paperless office. In addition, the Group adopts the semi-electronic operation in the process of bidding, and all kinds of documents are presented in electronic version to reduce the use of paper.

In compliance with the requirements of the Group's supplier management system, the procurement department can select suppliers based on historical procurement experience and local market conditions. Currently, there are 26 suppliers hired in accordance with the above practice, who mainly supply daily materials procurement. Since such kinds of suppliers can meet the procurement needs of the Group's schools in the local area and emergent procurement demands, they are good supplements and good partners in the Group's supplier system. The Group can also hire suppliers based on the principle of "Priority on Efficiency and Quality" to satisfy the procurement needs with small contract value after sufficiently considering the price fluctuation, geographical location, personnel arrangement, car arrangement, delivery time and other factors. However, the procurement need with large contract value should be carried out in accordance with the *Supplier Management Operation Manual*.

The Group has established a comprehensive monitoring and supervising system for the hiring of suppliers and materials procurement. The asset management department, general affairs department and the departments who use materials can provide supervision opinions on the procurement price and the quality for the procurement department. The asset management department can check the price and quality of materials through the ERP system. Once detecting any unusual case, the procurement department should take action immediately and re-evaluate the suppliers promptly in accordance with the *Measures on Management of Customers of Yuhua Education Group*. If the supplier is responsible for the problem, the Group will never cooperate with it anymore.

SERVICE RESPONSIBILITY

The Group and its subordinate schools carry out education work in strict accordance with the *Education Law*, the *Compulsory Education Law*, the *Higher Education Law*, the *Non-state Education Promotion Law*, Several Provisions on the Administration of Non-state-operated Colleges and Universities, the Provisions on the Administration of Students in Regular Institutions of Higher Education, Kindergarten Working Regulations of the PRC and the National Education Act of Thailand as well as applicable laws suitable for different school levels, and regulations of other relevant national laws of the PRC and Thailand. Each campus of the Group has introduced a series of policies and activities to ensure teaching quality:

University education: The Group's universities, Zhengzhou Technology and Business \geq University, Hunan International Economics University and Shandong Yingcai University, have formulated scientific, systematic and well-established teaching management systems and related teaching quality supervision systems including class observation system, teaching supervision, teaching quality monitoring, course evaluation and information feedback to ensure the service quality of university education. Relevant policies and systems enacted by Zhengzhou Technology and Business University include the Teaching Quality and Monitoring Bulletin, the Teaching Inspection System, the Class Observation by Administrative Personnel System, the Two-level Supervision Work Plan, the Identifying Methods for Teaching Quality Evaluation Level, etc. Relevant policies and systems enacted by Hunan International Economics University include the Daily Teaching Inspection System, the Class Observation System, the Regulations on Teaching Supervision, the Implementation Measures for Quality Control of Practical Teaching, etc. Relevant policies and systems enacted by Shandong Yingcai University include Quality Standards for Main Teaching Processes, Evaluation Methods for Undergraduate Teaching, Regular Inspection System for Teaching, and Regulations for Experimental Teaching, etc.

All subordinate schools of the Group have enacted the policy titled "*Identification and Treatment* of *Teaching Accident*". For any teacher with deficiencies in teaching quality, schools will talk to and guide him/her to improve, while including in the relevant performance appraisal to avoid the recurrence of teaching accidents. To deal with complaints about education services, the Group has set up a special investigation team and made arrangements for the school leader to communicate with students and parents and listen carefully to the opinions of parents in order to find the shortcomings and improve supervision and inspection efforts. During the Reporting Period, the subordinate schools of the Group did not receive any complaints.

The Group has adopted reasonably effective marketing strategies to attract students and parents. Major marketing channels include Weibo, WeChat and other social media channels. During the Reporting Period, the marketing and promotion activities were all abided by the Advertising Law and other laws and regulations.

The Group has introduced a series of policies to ensure the safe, stable and healthy development of students at campus. For instance, Zhengzhou Technology and Business University has formulated the *Regulations on the Management of Students Safety*, the *Regulations on the Management of Students Safety*, the *Regulations on the Management of Student Apartments*, etc. Hunan International Economics University has formulated the *Laboratory Safety Management Measures* and organises security checks regularly. In addition, the Group mainly adopts supervision and monitoring, returning visits to parents, students' evaluation and safety education to supervise and manage regular education services in primary and secondary schools. In the meantime, the Group has obtained timely feedback information and continuously improves the quality of teaching services. Regarding kindergarten education, the Group mainly adopts supervision and monitoring, returning visits to parents, safety education and sanitation safety to guarantee the health and safety for kids during the teaching process.

In terms of knowledge copyright protection, the teaching materials used by the subordinate schools of the Group are all ordered from authorised publishers, and the Group purchases the teaching resources website accounts for teachers to ensure that schools at all levels use the educational resources with copyright. The Group has also formulated the *Measures for Morality and Talents Enhancement Teaching Material Management*, the *Measures for Intellectual Property Management of Zhengzhou Technology* and *Business University and Measures for Patent Management of Zhengzhou Technology and Business University* to ensure that the relevant intellectual property rights are protected properly.

The Group has formulated the *Student File Management Work*, the *Measures for Archive Management*, the *Measures for Student File Management of Zhengzhou Technology and Business University* and other policies to protect the security of personal information. The Group has also signed non-disclosure agreements with staff that may be involved in the student information safety and private information generally. The Group also carries out relevant training to instruct teachers and staff to strictly abide by the obligation to maintain confidentiality and respect the privacy of students.

ANTI-CORRUPTION

The Group strictly obeys the *Criminal Law*, the *Company Law*, the *Interim Provisions on the Prohibition of Commercial Bribery*, the *Anti-Money Laundering Law*, the *General Principles of Civil Law*, the *Anti-Unfair Competition Law*, the *Contract Law* of the PRC and the *New Anti-Corruption Law* and the *Criminal Code* of Thailand as well as other laws and regulations of the PRC and Thailand to prevent bribery, extortion, fraud and money laundering and other corrupted incidents.

In order to regulate the professional behaviour of staff, the Group strictly obeys the relevant laws, industry norms and standards of professional ethics, and rules and regulations of the Group. The Group has also formulated the *Measures for Anti-embezzlement and Reporting Management Mechanism* to prevent bribery, extortion, fraud, money laundering and other types of embezzlement. In addition, the Group requires any staff involved in economic activities to sign and abide by the *Letter of Commitment of Honesty and Self-discipline*. Staff members are held accountable if any violations are detected. Further, all suppliers, service providers and contractors which have business relations with the Group must also sign the *Anti-Commercial Bribery Agreement* before establishing the cooperative relations. The human resources department, legal department and internal control department of the Group also conduct training to strengthen the knowledge of staff members in relation to bribery, extortion, fraud, money laundering and other illegal activities in order to establish the correct values and strengthen the ability of staff to identify and distinguish legal and illegal, honest and dishonest, and moral act and immoral acts.

During the Reporting Period, there were no significant changes to the illegal acts and related enforcement and monitoring measures formulated by the Group. Major measures are as follows:

- setting up the reporting telephone and mailbox as the channel to report actual or suspected embezzlement cases for which the internal control department is responsible for accepting, retaining and handling reports;
- the internal control department may also carry out random checks on work procedures and results of departments engaged in economic activities;
- the finance department regularly examines economic activities and delivers suspected cases of embezzlement to the internal control department for investigation;
- the asset department checks the work of departments with the ability to purchase through market research and delivers suspected cases of embezzlement to the internal control department for investigation; and
- for any staff who engages in embezzlement, whether or not amounting to a criminal offence, the internal control department will recommend company management to impose corresponding internal economic and administrative disciplinary punishments according to the regulations, and, should the staff member possibly be in violation of the law, the internal control department will transfer the case to the relevant authorities.

During the Reporting Period, the Group did not have any bribery, extortion, fraud, money laundering or other embezzlement cases.

The Group's *Staff Handbook* strictly prohibited staff behaviours like receiving gifts and cash from students and their parents, accepting free travelling and meals, and asking for bribery and other severe violations of the Group's discipline. The Group annually organizes the board of directors and all staff to study the *Staff Handbook* to strengthen their anti-corruption awareness.

IV. COMMUNITY INVESTMENT

The Group actively fulfils its corporate social responsibility by participating in the cause of public welfare and community development. The Group gives full play to its own strengths including by actively participating in all kinds of community activities and organising teachers and students to learn through community education, humanistic care, culture and art, urban construction and other activities. Further, the Group fully reflects staff care in providing jobs and a good working environment, including providing diversified training and promotion opportunities. In addition, the Group's schools attach great importance to the ideological and moral education of students and strive to cultivate good moral character and a strong sense of social responsibility. Schools regularly communicate with parents on education methods to create a harmonious family environment.

During the Reporting Period, the Group's subordinate schools actively took social responsibility through various channels and means. Students from subordinate universities actively participated in volunteer services and public welfare activities, continuously improving their social responsibility awareness. Subordinate primary and secondary schools not only actively participated in the construction of civilised cities and volunteering activities, but also organised lectures and practical activities related to social responsibility to promote social responsibility awareness. Also, a variety of community practical activities have been carried out at subordinate kindergartens to cultivate and develop the sense of social responsibility for young children through personal experience.

PUBLIC WELFARE VOLUNTEER ACTIVITIES

In the Reporting Period, the Group's schools have made full use of their advantages and have carried out many public welfare activities. During the Reporting Period, the major social public welfare activities held by each school of the Group are:

Schools	Мај	or Social Public welfare Activities
Zhengzhou Technology and Business University	٨	From 2 November 2021 to 3 November 2021, the school started blood donation to provide support to the front line of the epidemic, to help people in distress with kindness, to give a contribution to society and to offer a love.
	4	On 11 March 2022, the school held the activity of <i>Learning from Lei Feng in March, Planting Trees First</i> . The planting activity was held in Zhengxin Park.
	•	From 21 July 2022 to 23 July 2022, the school launched a drowning prevention publicity volunteer activity to further raise awareness of drowning prevention safety among school and college students and to seriously learn drowning prevention knowledge and skills.
	~	From 30 September 2021 to 25 July 2022, the school will launch the <i>Legal Safety</i> campaign and actively carry out legal road shows and education on the dissemination of legal knowledge.
	۶	On 6 August 2022, the school held a voluntary service activity with the theme of Anti-fraud for All, Everyone Participates, Everyone Benefits.

Schools	Majo	or Social Public welfare Activities
		On 8 August 2022, the school held a volunteer service activity with the theme of Fitness for All in the village. The school taught local villagers how to play tai chi and used their classroom knowledge to help them learn tai chi.
Hunan International Economics University	>	During the reporting period, the school volunteers carried on the spirit of Lei Feng and brought warmth to the residents with various forms of volunteer services, and visited the homes of the community to conduct epidemic prevention and fraud prevention visits and publicity.
	۶	During the reporting period, the school prioritized the purchase of holiday welfare materials from poor areas.
	>	During the reporting period, the school carried out activities such as caring for autistic children, visiting orphans and widows in orphanages and homes for the elderly, and metro volunteers.
	•	During the reporting period, the school organized a series of safety education for the new students of Class 2021 to raise their awareness of safety, popularize safety knowledge, and prevent and reduce personal and property damage caused by campus telecommunication network fraud and safety accidents.
	۶	During the reporting period, the school organized an event to commemorate the 90th anniversary of the <i>September 18th</i> Incident and the National Defense Education Day.
	۶	During the reporting period, the school organized an educational seminar on the topic of <i>Prevention of Internet Fraud</i> .
	۶	During the reporting period, the school held the opening of a practical education base.
	>	During the reporting period, the school held a fire drill to further strengthen the fire safety awareness of all teachers and students.

Schools	Maj	or Social Public welfare Activities
Shandong Yingcai University	۶	During the reporting period, school leaders at all levels visited students in need to help them realize their dreams and grow up to be successful.
	>	During the reporting period, the school launched the activity of party members' dedication to love and care.
	•	During the reporting period, the school launched the blood donation activity of Welcome the 20th National Congress, Youth Donate Blood. Students volunteered to donate blood in the blood donation activity organized by the joint hospital.
	•	During the reporting period, the school participated in the volunteer service of nucleic acid testing. 17 Youth Strike Teams were formed to volunteer for nucleic acid testing during the campus circle management period to assist medical staff in completing nucleic acid testing.
	>	During the reporting period, the school held a farewell party for the volunteers of the 2022 Western University Volunteer Program and the departure ceremony for the summer <i>Three Villages</i> social practice. A total of 10 volunteers of the Western Project went to Xinjiang, Chongqing and other western regions to contribute their blood and youth.
Zhengzhou Yuhua Elite School	4	On 16 April 2022, the school organized to watch the live broadcast of <i>Shenzhou 13 Return to Earth</i> and welcomed the astronauts home with their own actions.
Jiaozuo Yuhua Elite School	>	On 8 September 2020, the school launched an educational activity on the theme of the September 18th Incident anniversary.
	*	On 29 September 2021, to celebrate the 72nd birthday of our great country, the school held a party called <i>Celebrating the Birthday of our Youth</i> in Sunshine Stadium.
	۶	On 25 May 2022, the school held a ceremony for the Class of 2020.

Schools	Мај	or Social Public welfare Activities
Xuchang Yuhua Elite School	>	In September 2021, the school started the Mid-Autumn Festival activities.
	۶	In December 2021, the school organizes psychological counseling activities.
	>	In January 2022, the school organized a tribute to the police officers of Xiguan Police Station.
	۶	In March 2022, the school held the Campus Singer Contest.
Luohe Yuhua Elite School	4	During the reporting period, the school held a series of activities to commemorate the <i>September 18th</i> anniversary.
	>	During the reporting period, the school held activities to commemorate the National Day of Public Sacrifice to guide students to remember the history, not to forget the national shame, and to strive for the glory of the country.
Jiyuan Yuhua Elite School	4	During the reporting period, the school organized fire drills to enhance teachers' and students' awareness of fire safety and their ability to save themselves in case of fire hazards.
	>	During the reporting period, the school held the 8th Reading Festival. Students experienced the fun of reading and realized the importance of reading.
Kaifeng Yuhua Elite High School	>	During the Reporting Period, the school had actively participated in the poverty alleviation activity of Xiangfu District. The school undertook assistance works for five poverty families.



Photos for Public Welfare Volunteer Activities



SOCIAL DONATION

The Group mainly focuses on social donations and sponsorship projects for local education, cultural construction, poverty alleviation, assisting women and children, and environmental welfare activities. Major projects include but are not limited to:

- According to the national funding policy, Zhengzhou Technology and Business University actively applied financial aid for poor students. For students from poor families, the counselor steadily focused on their status and ensured the living quality of poor students at school;
- Shandong Yingcai University received 3,385 students with national scholarships in 2022, and the amount of funding was RMB17,836,500. During the survey period, 609 party members and the public in 23 branches donated RMB30,315 to provide financial support for 44 students with difficult families and good academic performance;
- Zhengzhou Yuhua Elite School provided free use of teaching facilities in the common part of the school for nearby units and other friendly units; and
- In September 2021, Kaifeng Yuhua Elite School participated in the Spring Bud Program in 99 public welfare day donation activity to subsidize students from poor families. A total of RMB13,329.44 was raised.

STAFF CARE

As teaching staff are a significant asset of education providers, the Group has always shown great care for our staff. After fully understanding the actual needs of our staff, we offer various support in the form of money, materials, manpower, greetings and so on to help our staff overcome difficulties they face with in daily life, in mental life and in their jobs.

The Group's subordinate school, Zhengzhou Technology and Business University, has carried out sending warmth and assistant work for staff. A total of 15 old party members and comrades in difficulty were visited, sending them the care of party organizations and holiday greetings, and thanking them for their contributions to the party's construction and the school's business, spending more than RMB8,000 on activities.

Shandong Yingcai University, a subordinate school of the Group, implemented the warmth engineering and continuously improving the working mechanism of helping the poor. In January 2022, a total of 8 employees in difficulty were comforted with a total of RMB28,000, and 14 times of various kinds of condolences were given, with a total expenditure of RMB20,025. During the reporting period, the total amount of collective benefits paid for the year was RMB291,100,000, with more than 1,700 people paid.

In addition, primary and secondary schools and kindergartens in various districts have provided assistance to assist staffs encountering difficulties in daily life and mental life with the actual needs of staff, including funds, materials, human assistance and spiritual condolences. The Group also gives benefits to staff during holidays such as the Women's Day, the Dragon Boat Festival, the Mid-Autumn Festival, Teacher's Day, Spring Festival, as well as showing concerns to staff's daily lives.

Over the past fiscal year, subordinate schools of the Group have devoted themselves in community building and taken a good lead in their communities. During the Reporting Period, subordinate schools of the Group have won nearly 80 awards.

