



中國新高教集團有限公司

China New Higher Education Group Limited

The 2016 Environmental, Social and Governance Report



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1 About this Report

1.1 Reporting Guidelines

This report aims to provide the environmental and social performances of China New Higher Education Group Limited (the “Company”, and its subsidiaries, collectively, the “Group”) for the year ended 31 December 2016. This report is prepared by the Company in accordance with the “Environmental, Social and Governance Reporting Guide” under Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Main Board Listing Rules”) of The Stock Exchange of Hong Kong Limited (the “SEHK”). This is the first Environmental, Social and Governance Report (the “ESG report” or “this report”) published by the Company since its listing. The Group’s management policies, strategies, related importance and targets of environmental and social aspects was disclosed in this report.

1.2 Reporting Scope

Unless otherwise stated, the reporting scope of this report covered the Group’s headquarter, the subordinate Yunnan Technology and Business University (“Yunnan School”) and Guizhou Technology and Business Institute (“Guizhou School”), and this report aimed to report the environmental and social policies of the Group. Unless otherwise stated, the reporting period is from 1 January 2016 to 31 December 2016 (the “reporting period”).

1.3 Report Statement

This report was compiled by CECEP Environmental Consulting Group Limited as a third-party consultant which was appointed by the Company. This report paid attention to emphasizing the process management, and the materiality, substantiality, balance and readability of the contents to give a comprehensive introduction on the concepts, behaviors and commitment of the Group’s annual responsibility. The Company guarantees the reliability, authenticity and objectivity of the information contained in this report. The Company also hopes to strengthen the communication with the stakeholders and show the transparency of the Company through the publication of this report, to achieve economic, social and environmental sustainable development.

2 Company Profile

The Company has started the business since 1999. The Company is engaged in private formal higher education service and headquartered in Beijing.

As of 31 December 2016, the Company has founded the Yunnan School and Guizhou School, invested in Science and Technology College of Hubei Minzu University (pending approval) and Harbin Huade University (pending approval), and planned to establish the Northwest Technology and Business Institute. The Group provides application-oriented higher education of high quality for different fields. The curriculum arrangement aims to provide the students with practical experience and skills, and to help the students gain vocational skills. In the past three years, the graduates of the subordinate schools of the Company had an employment rate of over 97% and professional counterpart rate of over 70%.

In April 2017, the Group was listed on the Main Board of SEHK, and became a listed company that specializes in the business of higher education, and prior to its listing Ping An Insurance (Group) Company of China, Ltd. and China Construction Bank (Asia) Corporation Ltd. which are the world top five hundred enterprises became the Group's *Shareholders* through their investment holding companies. With the experience of the deep development of higher education in the past and the help of funds, the Group has entered the fast line driven by finance and education.

The Group will replicate the successful mode for the cultivation of applied talents to more fields, making efforts to provide opportunities for more students to enrich their life, and cultivating more application-oriented talents for local economic transformation and social development.

3 Participating Together

The Group pays high attention to the comments of stakeholders, and sufficiently communicates with them through different channels. At present, the main stakeholders of the Group include, amongst others, government organizations, investors (*Shareholders*), employees, industry associations, students and their parents. The Group understands their expectations and comments through different communication channels, which helps the Group to objectively inspect the issues that need to be concerned and solved during planning, managing, implementing, and estimating the corporate social responsibility and sustainable development.

Main Stakeholders	Communication Channels
Government Organization	<ul style="list-style-type: none"> • Visit the Company and schools for inspections
Investors (<i>Shareholders</i>)	<ul style="list-style-type: none"> • Hold annual and interim performance conference regularly • Organize the annual general meeting to update investors' understanding of the Group's operations • Regularly update the website to ensure that investors receive the latest company information
Employees	<ul style="list-style-type: none"> • Faculty member training, and allow new colleagues to communicate with the management of various departments • Headquarter and the subsidiaries hold annual work conference, Spring Festival meeting and so on • Estimate the performance of employees regularly • Hold different types of big and small-scale quality training or workshop • Conduct department meetings regularly
Industry Associations	<ul style="list-style-type: none"> • Actively participate in activities organized by industry associations, and served as the President of the Private Education Professional Committee under the Chinese Society of Educational Development Strategy, the Vice President of the China Association for Non-Government Education and the Vice President of the Association of

	Universities (Colleges) of Applied Science
Students	<ul style="list-style-type: none"> • Student satisfaction surveys
Parents	<ul style="list-style-type: none"> • Regularly organize parents' meetings to actively communicate with them

The stakeholder participation examples are listed as follows :



On 6 January 2016, the Dean of Guiyang Institute of Eco-Environmental Sciences, the deputy party secretary of Qingzhen, the mayor and the others came to Guizhou School to inspect the work of sewage treatment. The Dean and the others went deep into the sewage treatment station to

supervise the sewage treatment process, to inquire the technical indicators of sewage treatment, and to have detailed understanding of the building, utilization, operating cost of sewage treatment facilities and equipment, as well as the difficulties and problems existing in the utilization of reclaimed water and the construction of sewage treatment project. The Dean expressed satisfaction with the operation of the sewage treatment in Guizhou School, and fully affirmed on the work performance of sewage treatment work and project construction.

On 4 February 2016, the Chairman of the Chinese Association for Non-Government Education visited the Yunnan School accompanied by the leaders such as secretary of the school party committee and executive principal. During the visit, the Chairman went to animation design and production studio, commercial advertisement design



studio, art design studio, integrated wiring training room, Jingdong e-commerce training room etc. The Chairman affirmed the school's development achievements and recognized the school's deepening reform, the courage of trying and active exploring

of new models of educational development. He encouraged the school to learn the essence of Yunnan ethnic culture to provide a source for the development of cultural industries, and hoped that the school could seize the development opportunities of educational reform.



On 21 December 2016, the Vice-governor of Yunnan Province and the leaders of Provincial Department of Education, Provincial Department of Finance and other government departments went for investigation to Yunnan school. The investigation group conducted field investigation on the school’s teachers,

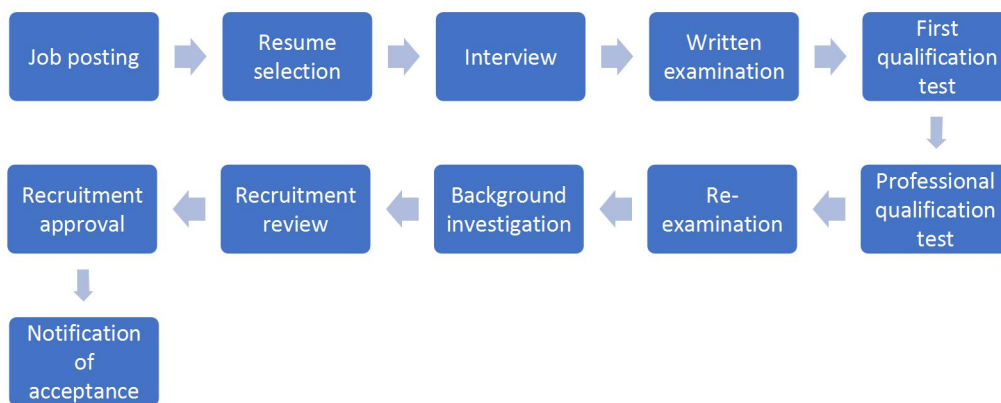
student aid, logistics services, etc. The school leaders reported to the governmental departments as well. The governmental leaders were impressed by the educational philosophy “Teach Students in Accordance with Their Aptitude, Apply What One Has Learned” of Yunnan School, and expressed appreciation for the results achieved in the development of Yunnan School. They indicated the government would continue to increase support for high-quality application-oriented universities and to provide support for making the schools bigger and stronger.

4 Working Hard Together

The Group provides fair employment opportunities and is committed to providing a high quality and diverse working environment for each employee. At the same time, the Group also actively provides employees with opportunities for learning and promotion so that personal talents of employees can be fully actualized.

4.1 Talents Selection Strategy

The strategy of talent selection of the Group is “Professional, Dedicated, Occupation”. In order to standardize the criteria and procedures for the recruitment and selection of staffs of the Group, the Group has formulated the “Recruitment Management System”. The recruitment and selection of all staffs of the Group must be carried out in accordance with the provisions of this system to ensure that the recruitment and selection work is standardized, procedural and normalized. The employment of all staffs of the Group must comply with the three principles: firstly, in terms of knowledge, morality, ability, experience and other conditions that suitable for the duties or positions as principle; secondly, in accordance with the stipulated process to conduct assessment and stick to the principle of merit first; thirdly, exceptional hiring need to meet the principles for approval of the Group. The specific recruitment process is as follows:



At the same time, the Group strictly abides by the *Labor Law of the People's Republic of China* and adopts a fair and open recruitment and dismissal policy. The Group does not discriminate against the age, gender, race, ethnicity, religion, or physical defects to protect the employment opportunities of all types of people with respect. The Group regulates the departure process for all employees. In general, the procedures are

started by the staff to apply for leave to the responsible department head for approval, verified by the staff relationship position, and then approved by the leader of division and the head of human resource department, and ultimately approved by the president. After the approval of the departure, the employee will be required to handle the work transfer to ensure that another staff would take over the work. During the reporting period, the Group strictly complied with the relevant national or regional regulations

4.2 Employment Strategy

The employment strategy of the Group is “Let Employees Fully Show Their Talents, Be Suitable in Both High and Low Positions”. For the outstanding and capable employees, the Group provides fair and impartial promotion opportunities.

The Group has a set of established selection procedure during the promotion of employees to management personnel. The internal document “Group Management Cadre Selection Process” standardizes the activities during the selection process, the responsible departments of the selection activities and the related internal documents utilized in the process. The following is the selection process for the management personnel of the Group:



During the selection process, employees with promotion opportunities will be evaluated by other employees through the “Ability Evaluation for Cadre Selection Form”. The perspectives of evaluation include business thinking, the pursuit of excellence, communication, team management, responsibility and so on to conduct talent selection through a scientific and fair approach.

The Group also believes that appropriate competition can promote the mutual development of employees and the Company. For example, Yunnan School has developed the “Yunnan Technology and Business University Competition Management Approach”, to create a fair, impartial and open occupational space and the most suitable development platform for every faculty member. Yunnan School conducts internal competition for all faculty members to reflect the management philosophy “To Help Faculty members Succeed” of the school.

The Group believes the quality of provided education is largely dependent on the quality of the faculty members. The Group offers competitive compensation and benefits to attract and retain high quality faculty members. In order to improve the quality of teaching and enhance the enthusiasm of faculty members, as well as to ensure that the remuneration of faculty members is connected with their teaching performance, the Group has formulated the “Salary Management System” for the employees in the Group's headquarter and the “Management Measures for the Salary, Promotion and Demotion of Teachers” for college teachers. All employees in the Group shall accept an annual evaluation. The salaries and ranks of employees will be adjusted according to the assessment results. The staff who is assessed with an outstanding result can get a higher level of salary and promotion, the staff with worse performance will not get the salary raise or is even demoted.

At the same time, in order to safeguard the normal working order of the Group and strengthen the discipline of employees, the Group has formulated the “Attendance Management System” in line with the actual situation of the Company. The system is applicable to all employees of the Group headquarter and the dispatched staffs of direct affiliated units. The system stipulates that the Group implements a five-day working system and promotes non-overtime work. It also regulates staff attendance management, including the handling procedure of late arrivals, early leave, off-office work, etc. In addition, the Group provides the basic benefits of employee leave, including public holiday, paid annual leave, marriage leave, maternity leave and care leave, compassionate leave, sick leave and private affair leave. Each type of leave has the appropriate management and approval procedures. The Yunnan school and Guizhou school also developed the “Salary Management and Related Measures of Yunnan Technology and Business University” and “Attendance Management System of Guizhou Technology and Business Institute” according to the actual situation of operation.

4.3 Staff Cultivation Strategy

The Group holds the employee cultivation strategy of “Help the Employees to Grow”. To ensure that the Group's subordinate schools could achieved the same teaching quality and practice a consistent educational philosophy, the Group has established a teachers professional development center at each school to provide systematic and tailored training for the teachers in order to improve their ability to design classroom instruction and implement education plans. We also collaborate with external entities in various industries to provide opportunities for the teachers to work for those

entities on a secondment basis. The Group believes this helps the teachers to keep abreast of industry developments and understand what practical skills are sought after by employers, which in turn enables them to incorporate this knowledge in the curriculums and teach the students relevant skills for success in the job market.

In order to meet the needs of the Group's strategic development and to improve the overall quality of the faculty team, the teachers professional development center conducted various forms of training to meet the requirements of talent need for the school development. The Group has formulated the “Management and Implementation Measures of the Training for the Group’s Faculty Members” and “Specification for Management and Implementation Measures of the Training for the Group’s Faculty Members” for the subordinate schools to ensure the effective implementation of the faculty member training program and to create a favorable training atmosphere. The “Management and Implementation Measures of the Training for the Group’s Faculty Members” regulates the formation procedure of training programs, training resource management (including lecturer management, training material management and training facility and equipment management), training content, training cost, faculty member training rights and obligations, teaching fee and the training incentive.

During the reporting period, Guizhou School held a total of 214 training activities, which were designed for management cadres, teachers, instructors and administrative logistics. The total training hours were 14,755.5 hours.

4.4 Protecting the Rights and Interests

The Group respects and upholds internationally recognized human rights and is consciously resisting any actions disregarding and abusing human rights. The Group strictly abides by the national laws such as the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Trade Union Law of the People's Republic of China*, the *Provisions on the Prohibition of the Use of Child Labor*, the *Special Rules on the Labor Protection of Female Employees*, prohibiting the child labor and forced labor. The Group abides by the principles of equality, consensus, etc., and signs labor contracts with the employees. The Group formulates privacy relevant management systems to protect employees' privacy. The Group pays the social insurance and provides reasonable compensation and benefits for employees. As well as the Group complies with national regulations such as holidays and paid leave system. In addition, the Group ensures the employees to have

the right to have labor safety and hygiene protection, the right to have vocational training, the right to have social insurance and welfare, the right to proposal for the handling of labor disputes, and other labor rights under the laws. Under the protection of comprehensive national regulations and the internal system of the Group, employees can be dedicated to their daily work. During the reporting period, the Group strictly complied with the relevant national or regional regulations.

4.5 Secure the Safety

As the Group's main business premises are offices and schools, fire, hygiene and health management are also the non-neglectable key concern during daily work. To this end, the Group specially formulated an internal system “Security, Fire Control Room on Duty System and Responsibilities”, which clearly stipulates the related responsibilities of on-duty staff of the security and fire control room, the management approaches for 24 hours on duty and changing shift, and the management approaches for equipment self-test and inspection.



Meanwhile, under the “Regulation on Sanitary Work of Schools”, the schools of the Group shall carry out sanitary work. The main tasks of the sanitary work include monitoring the health condition of students, carrying out health education among students, helping students to develop good health habits, improving the environment health and health conditions for teachers, strengthening the prevention and treatment of infectious diseases and common diseases among students.

In addition, the Group also provides the employees with relevant accidental protection in accordance with the requirements of the *Labor Law of the People's Republic of*

China, the *Regulation on Work-Related Injury Insurances* and other national regulations. The Group purchases the employment injury insurance and basic medical insurance for employees every year. The insurances can resolve accidental injury damage to a certain extent and create a safe and harmonious working and living environment for employees. During the reporting period, the Group strictly complied with the relevant national or regional regulations.

4.6 Care for the Employees

The Group treats employees with great care and benefits. The Group provides welfare programs for employees according to the *Social Insurance Law of the People's Republic of China*, including basic pension insurance, unemployment insurance, maternity insurance, industrial injury insurance, basic medical insurance, etc. In addition, the Group provides additional employee benefits include employee birthday benefits, annual attendance benefits, wedding gifts, child gifts, sickness relief expenses, funeral expenses, Chinese New Year benefits, Women's Day benefits, Dragon Boat Festival benefits, Children's Day benefits, winter and summer vacation benefits, Teacher's Day benefits, Mid-Autumn Festival and National Day benefits and annual medical benefits.

5 Cherish the Environment

In terms of environmental protection, the Group is committed to reducing the environmental impact of its operations, promoting environmentally responsible operations model and striving to integrate environmental awareness into the Group's daily operations, campus construction and environmental promotion activities.

5.1 Green Office

The main environmental impacts of the Group's offices during operations are energy consumption, paper consumption, stationery consumption and carbon emissions from the use of energy. In order to protect the environment and save resources, the Group has formulated and implemented various environmental protection measures for the daily operation of the office in accordance with the laws and regulations such as the *Environmental Protection Law of the People's Republic of China* and the *Energy Conservation Law of the People's Republic of China*. During the reporting period, the Group strictly complied with the relevant national or regional regulations.

The Group has formulated the “Office Savings System” that is applicable to the Group's offices and requires strict implementation by employees. The system is divided into three parts: saving electricity, saving water and saving office supplies. The following is the specific content of the system:

Office Saving System	
Saving Electricity	Only turn on necessary lighting during the day.
	The temperature of air-conditioning should not be less than 25.5°C in summer, should not be higher than 22°C in winter.
	When the computers are not in use, turn off the monitor and power, or set to energy saving / hibernation mode.
	Only use the hot water from water dispensers when need, turn off the water dispensers after work.
	Employees should switch off the computers, power sockets and lights after work.
	The employees who work overtime should open the lights by needs, one person cannot open all the lights.
	When the last person leaves the company, turn off the unnecessary electrical power.

Saving Water	Using water with a small flow whenever possible, the tap should be closed after used to avoid the waste of water resource.
	The water obtained from the water dispensers should be drunk on that day to avoid waste.
Saving Office Supplies	The Company implements paperless office.
	All document work should be carried out on computer directly, and only print once after finalized.
	When printing a document, appropriately narrow the font and margins.
	Print paper on both sides.
	Learn how to use the copier, to prevent the waste of paper caused by the incorrectly use.
	Saving the use of manuscripts, envelopes, notebooks and signature pens. Refilling the signature pens as many times as possible. Disposable cups are only used for meetings and reception.
	To ensure the good operations of copiers, printers, fax machines and other equipment, avoid the wear and tear caused by improper use.

To further develop the environmental awareness of the employees, the Group sticks resource-saving labels in the headquarter. At the same time, the Group gives priority to equipment with high energy efficiency when purchasing to maximize the energy conservation. At present, energy-saving equipment used in the Group include LED lights, energy-saving refrigerators, etc.

Resource-saving Label in the Headquarter



Energy-saving Equipment in the Headquarter



5.2 Green Campus

As schools are the major places for the Group's business operations, the Group is also highly concerned about the environmental impacts aroused by their daily operations. Yunnan School and Guizhou School have developed a series of environmental policies and implementation measures for the possible environmental impacts of the campus during the day-to-day operations in accordance with the national and regional laws and regulations, such as the *Environmental Protection Law of the People's Republic of China*, the *Energy Conservation Law of the People's Republic of China*, the *Law of the People's Republic of China on Prevention and Control of Pollution From Environmental Noise*, the *Atmospheric Pollution Prevention and Control Law of the People's Republic of China*, the *Environmental Protection Regulations of Yunnan Province* and the *Environmental Protection Regulations of Guizhou Province*.

Yunnan School and Guizhou School have formulated the “Yunnan Technology and Business University’s Green Office-related Behavior” and the “Guizhou Technology and Business Institute’s Office Daily Management Practices” for the school offices respectively. These standardize the resource conservation policies of the school offices, mainly focusing on the electrical appliances and electricity consumption of lamps, papers and the use of stationeries and water resources.

During the reporting period, Yunnan School and Guizhou School gradually replace the original lighting with LED energy-saving lamps in the campus area, in order to minimize the energy consumption within the campus and carbon emissions caused by electricity consumption. Especially, there were more than 3,000 fluorescent light tubes gradually replaced by a new type LED light source from the public buildings in Yunnan School; and there were about 80 high pressure sodium lamps gradually replaced by LED light source at the trunk road of the school. It is expected that the lighting power consumption will be reduced by 50% or more.

Yunnan School Gradually Use the LED Energy-saving Lamps



In the meantime, the air to water heat pump system is adopted in the Guizhou School’s student dormitories which consumes less energy when bathing. The heater’s refrigerant absorbs the low-temperature thermal energy and turns it into high-temperature thermal energy through compression, thus to heat the water temperature. This water heater has a feature of highly efficient energy-saving, the energy-saving effect is four times than the electric water heater.

The Air to Water Heat Pump System in Guizhou School’s Student Dormitories



As the number of students and faculty members in Yunnan and Guizhou schools is large, the discharge generated by the school during the daily operations must be properly handled. The emissions from the two schools mainly include domestic sewage and solid waste. Both schools are in strict compliance with the local government's emission standards to ensure that the operation of the schools is in compliance with the environmental regulations. For example, Yunnan school obtained the “Yunnan Province Pollutant Discharge Permit” issued by the Environmental Protection Bureau of Songming County, Yunnan Province. This license has specific emission standards for the discharge of sewage and solid waste from the campus, and the school must meet the emission standards in order to get the approval of the local environmental protection bureau.

The “Yunnan Province Pollutant Discharge Permit” of Yunnan School

许可证编号	滇昆证字第 019058C8002Y		
排污申报登记号	530127840065		
许可证有效期	2015-12-16	至	2020-12-16
联系人	李学轩		
联系电话	67972205		
单位详细地址	杨林职教园区C地块		
邮政编码	651701		
持证单位(盖章)	云南工商学院		
法定代表人	李学轩		
发证机关(盖章)	嵩明县环境保护局		
发证时间	2015-12-16		

Meanwhile, in order to avoid the sewage generated by the campus from contaminating the nearby water, Yunnan School and Guizhou School have established the campus sewage treatment system, all the domestic sewage would be collected through the sewage system to the sewage treatment station. The treated sewage should meet the discharging standards and then was released, the school pumped the reclaimed water for the greening of the campus, so that the water resources can be recycled. Yunnan school has formulated the “Yunnan Technology and Business University’s Reclaimed Water Treatment Station Management System” and “Yunnan Technology and Business University’s Reclaimed Water Treatment Operation Rules” to regulate the daily operation management of domestic sewage treatment.

Sewage Treatment Station of Guizhou School



In order to response to the drinking water shortage of schools or emergencies such as the rupture of water pipes that lead to inadequate water resources on campus, Yunnan School has built an underground storage pool with a storage capacity of 1,000 cubic meters to ensure the water supply for faculty members and students.

Underground Storage Pool in Yunnan School



In addition, Guizhou School prohibits the students and canteen using or providing disposable tableware in order to reduce the production and discharge of domestic waste. The school posts the environmental protection education columns on the campus to carry out environmental education for students, imperceptibly enhances the environmental awareness of students.

Environmental Protection Education Columns
in Guizhou School



The Group advocates the environmental protection concept of waste recycling. Papers and stationeries are the common resources used by teachers and students, which are needed to be properly handled. Thereby, Yunnan School and Guizhou School have set up 1,600 waste paper recycling stations and 4,600 abandoned stationery recycling stations on campus to enable teachers and students to effectively assist in the recycling of waste paper and stationeries. In addition, the printer cartridges in the campus will also be recycled after the ink has ran out. The collected waste papers, discarded stationeries and printer cartridges will be processed by qualified recycling company.

5.3 Environmental Performance Data

During the reporting period, the Group recorded the data on the use of resources and calculated the emissions of greenhouse gases and solid wastes. Specific information are shown as below:

	Unit	Data in 2016
Total Amounts of Resources Consumption		
Total Amount of Electricity Consumption ⁽¹⁾	kWh	7, 904, 294
Total Amount of Coal Gas Consumption ⁽²⁾	kg	40, 770
Total Amount of Unleaded Gasoline Consumption ⁽²⁾	L	48, 432
Total Amount of Water Consumption ⁽¹⁾	m ³	663, 127
Vehicle Air Pollutant Emissions		
CO Emissions ⁽²⁾	kg	166
NO _x Emissions ⁽²⁾	kg	7
SO _x Emissions ⁽²⁾	kg	1.4
PM _{2.5} Emissions ⁽²⁾	kg	0.9
PM ₁₀ Emissions ⁽²⁾	kg	0.9
Greenhouse Gas Emissions (Scope 1 and Scope 2)		
Vehicle Emissions (Scope 1) ⁽²⁾	Tonnes	129
Energy Consumption Emissions (Scope 2) ⁽¹⁾	Tonnes	2, 438
Greenhouse Gas Offset by the Group's owned trees (Scope 1) ⁽²⁾	Tonnes	349
Total Greenhouse Gas Emissions ⁽¹⁾	Tonnes	2, 218
Production of the Hazardous waste		
Modulator Tube ⁽²⁾	Number	1, 751
Lamb Bulb ⁽²⁾	Number	2, 465
Printer Cartridges ⁽¹⁾	Number	260
Recovery of Solid Waste		
Printer Cartridges ⁽¹⁾	Number	260

Remarks: 1. ⁽¹⁾ means the scope of data collection including the headquarter in Beijing, Yunnan

School and Guizhou School.

2. ⁽²⁾ means the scope of data collection including Yunnan School and Guizhou School.
3. the emission factors of the pollutants emission calculation were referring to the “Technical Guide for Air Pollutant Emission Inventory for Road Vehicles (Trial)” and the “Gasoline for Motor Vehicles” GB 17930-2016.
4. The calculation method of the greenhouse gas emissions is referring to the “Appendix II: Reporting Guidance on Environmental KPIs” of SEHK.

5.4 Making Effort on Environmental Protection

As an educational institution, the Group is committed to educating people. In addition to paying efforts on the waste generation reduction and the active recycling of various types of waste, the Group also actively promotes green lifestyle to enhance the environmental awareness of employees and students in order to promote the sustainable development of society.

During the reporting period, Yunnan School was planned to build the new student dormitories at the school to meet the student's accommodation needs. The design of the dormitories has referred to a number of related standards, including the “Yunnan Provincial Assessment Standard for Green Building” (DBJ 53/T-49-2015), the “Green Building Evaluation Technical Rules”, the “Standard for Daylighting Design of Buildings” (GB 50033-2013), the “Code for Design of Building Water Supply and Drainage” (GB50015-2003-2009 version)”, the “Engineering Technical Code for Rain Utilization in Building and Sub-district” (GB50400-2006), the “Technical Code for Solar Water Heating System of Civil Building” (GB50364-2005), the “Design Standard for Energy Efficiency of Civil Building” (DBJ 53/T-39-2011), the “Environmental Quality Standard for Noise” (GB 3096-2008), etc. Also it aims to integrate a variety of green building technologies and concepts, such as effective lighting, water recycling, the use of environmental friendly materials, to reduce the impacts of school operations on the environment from the sources.

In addition, the Group's Yunnan School was originally located in the woods, with a large number of trees in the campus. After the establishment of the school, the trees were basically preserved, and different species of trees were transplanted for campus green design and landscape design. In this regard, the Yunnan School specially formulated the “Yunnan Technology and Business University Campus Greening Management Approach” to strengthen the management of campus greening, to protect and improve the ecological environment, and to create an elegant and comfortable

education environment. Campus greening not only beautifies the campus environment, but also helps the Group to offset carbon emissions.

During the reporting period, there were approximately 15,404 trees that over 5 meters within the area of Yunnan School and Guizhou School. According to the SEHK “Appendix II: Reporting Guidance on Environmental KPIs”, a total of about 354 tonnes of carbon dioxide emissions can be offset.

The Trees in Yunnan School



6 High-quality Management

6.1 Supply Chain Management

In line with the Group's development strategy, the Group has formulated the “Procurement Management System (Trial)” and the “Tender Management System (Trial)”. The “Procurement Management System (Trial)” aims to regulate the purchasing operation of the Group to reduce the risks of procurement; it also controls the procurement cost to improve the procurement performance. In addition, the “Bidding Management System (Trial)” is to strengthen the bidding activities management and supervision of the Company, to regulate the procurement and suppliers bidding activities as a management method.

In the aspect of supplier management, the Group has established a supplier database and divided them into “qualified suppliers” and “restricted suppliers”. Amongst them, “restricted suppliers” are defined as the suppliers that with poor industry reputation in the aspect of business and judicial system, and were confirmed with seriously violation of the contract and discipline or conducting unfair means of competition during the cooperation with the Group and its subordinate units. The Group prohibits cooperation with “restricted suppliers”, and if any units of the Group have adopted their services, the Group is going to conduct accountability to the users and their supervisors.

The Group also actively explores new suppliers for more options while conducting purchasing operations. The requirements for supplier’s qualification review are as follow (based on specific project categories, including but not limited to the following information review):

Qualification Review for Suppliers
(1) To have complete information in the system of Administration for Industry and Commerce with no serious violation of the law and contract exposed;
(2) Carried out business for more than three years and being able to provide the financial statements / audit reports of the Company for the latest three years;
(3) Not less than two similar successful cases, company contact person is not affiliated;
(4) Having industry qualification in the field of supplier, such as the qualification of ISO 14001 Environmental Management System;

(5) Conducting inspection and evaluation on the undergoing construction project for large-scale construction supplier;
(6) Conducting inspection and evaluation on the production site of major production enterprises;
(7) Well performance in environmental management and social responsibility.

According to the “Procurement Management System (Trial)”, the procurement process of the Group has four parts, including “Demand Planning Process”, “Procurement Strategy Process”, “Contract Signing Process” and “Accept Payment Process”. Relevant departments need to strictly follow the process while carrying out procurement operations. In case of violation, the Group will severely deal with the situation according to the internal audit management system.

The Group currently cooperates with a number of suppliers which providing equipment, catering services, etc. By region, the number of suppliers cooperating with the Group's headquarter, Yunnan School and Guizhou School are as follows:

Number of Suppliers by Region				
Province	The Group's Headquarter	Yunnan School	Guizhou School	Total
Yunnan	1	210	5	216
Hubei	0	3	5	8
Beijing	170	5	6	181
Chongqing	0	2	2	4
Sichuan	0	2	2	4
Jiangsu	0	0	1	1
Guangdong	1	3	2	6
Jiangxi	0	2	1	3
Guizhou	0	8	120	128
Shanghai	0	3	0	3

6.2 High-quality Management and Education

The Group endeavors to help each student to maximize their potential, so the Group attaches great importance to the quality of education. As a responsible educational institution, the Group strictly abides by national and regional laws and regulations, including the *Education Law of the People's Republic of China*, the *Law for Promoting Private Education of the People's Republic of China* and the *Higher*

Education Law of the People's Republic of China, to provide students with a high-quality learning environment. During the reporting period, the Group did not receive any complaints or litigation regarding violations of national and regional laws and regulations.

In view of the advertisement of the Group's schools, the Group has formulated "Group Subordinate Institutions Advertisement Management Approach". This management approach aims to standardize the advertisements of the schools, so that the advertisement can grasp the correct direction of public opinion every moment, work around the center closely, to create a good atmosphere for the development of the Group and the schools. This management approach also aims to provide specific guidelines and handling methods for news reporting, public promotion, in-school advertisement, the report of public emergency, the control of public opinion etc. In addition, for the protection of intellectual property rights, the Company and subordinate schools are using genuine computer software and teaching materials for working and teaching, to avoid violation of intellectual property rights in a strict point of view.

The Group also attaches great importance to the comments of education services on the subordinate schools under the Group from the Group's students. During the reporting period, Yunnan School and Guizhou School both conducted two semi-annual student satisfactory surveys, which were carried out in the first and second half year respectively. The contents of the survey focused on the quality of education, campus life, campus sanitation management and other aspects, in order to fully understand the views of students about the schools. According to the survey results, faculty members of both schools conducted conclusion, reflection, communication and improvement, in order to continuously improve the Group's education services. The Group also has a "Student Complaint Handling Process" to provide students a clear channel of complaints. Their complaints will also be systematically handled.

In order to protect the personal information of the students and safeguard the security and interests of the Group, the Group has formulated the "Confidential System". The system standardizes the scope and grading of confidential items, the provisions and regulations of confidential items and the process and accountability of the loss and leakage of secrets, in order to effectively protect the privacies of students and the Group from leaking in any forms. If the secrets of the student and the Group have been leaked, the Group will take remedial measures timely, and the responsible person

will be punished depending on the severity of the leakage of secrets.

6.3 Anti-corruption

The Group firmly resists bribery, blackmail, fraud, money laundering and other illegal operations, and strictly prohibits any behavior that might damage the interests of customers and the Group. The Group strictly abides the national and regional laws and regulations on anti-corruption, including the *Criminal Law of the People's Republic of China*, the *Criminal Procedure Law of the People's Republic of China* and the *Interpretation of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues concerning the Application of Law in the Handling of Criminal Cases of Embezzlement and Bribery* and so on. The Group also formulated an internal policy “Fraud Monitoring and Management System” to standardize the professional behavior and ethics of all employees of the Group, and to establish the good atmosphere of honesty and diligence to prevent fraud.

In order to standardize the internal reporting procedures for corruption, the Group has formulated the “The Handle of Accusation, Complaint and Appeal Management System”. This system aims to strengthen the Group’s handling of accusation, complaint and appeal, and to protect the legitimate rights and interests of the parties. Meanwhile, the Group has also formulated the “Disciplinary Supervision and Inspection System”. The system aims to further strengthen the supervision and inspection of the construction of the Party style and clean governance as well as the anti-corruption work, and to establish a long-term mechanism to ensure the implementation of the tasks of the discipline inspection and supervision of the Group, in order to prevent corruption and promote the diligence of all employees. During the reporting period, the Group did not deal with any litigation-related cases about corruption.

In order to further strengthen the intensity of anti-corruption, the Group held a total of three lectures about honesty and integrity at the beginning, the middle and the end of year 2016.

Guizhou School Held a Talk about Anti-corruption for New Cadres at the Beginning of the Year 2016



Honesty Caution Education Training Session for Student Affairs Office of Guizhou School



7 Connect the Society

The Group commits to its well development with a proactive attitude on practicing corporate social responsibility. In the past year, the Group focused on the needs of people’s livelihood and undertook social responsibility actively, also practically supported the development of social charity.

The Trip for the Rest home—Enthusiastically Become the Angel of Love

On 29 May 2016, Yunnan School organized volunteers to visit the elderly at the Niulan River Rest Home in Songming County. This activity aimed to dedicate passion and blessing from the volunteers to the elderly at the rest home and brought them with care and warmth. The volunteers organized the cultural activities for the elderly in the rest home. With the company of the volunteers, all of the elderly were fulfilled with happiness and warmth.



“Bright Future” Charity Walk

On 25 June 2016, the Group held a charity walk activity under the theme of “bright future” to celebrate the 17th anniversary of the Group. The Group organized employees to visit the Light and Love School in Beijing together, and brought warm to the children to reflect the basis of education-- “Big Love”. The Light & Love School is a non-profit private school, which specially shelters the street children, orphan, disabled children and poor children from all over the country. The school practices the life education model by taking home as the entity and integrating eating, living and learning into one. The employees of the Group donated materials and money to the Light & Love School and also played with the children to bring them

with happiness.



“Three to Countryside” Social Practice Activity

In the summer holiday of 2016, Guizhou School chose 32 students to join the “Three to the Countryside” social practice activity. “Three to the Countryside” took the 95th anniversary commemoration of the founding of the Communist Party of China as an opportunity, and led young students to build and practice socialism core values, and actively participated in the charity activities aimed on the “13th Five-Year Plan” construction and poverty alleviation. The students of Guizhou School went to Jiaoxi Town in Zhenyuan County, Guizhou Province to carry out lectures about theory popularization, culture and art shows, medical assistance, the practice of beautiful China, tutorials for left-behind children, donation and other service activities with rich contents and various forms. The “Three to the Countryside” activity has achieved good social benefits and rich practice results.



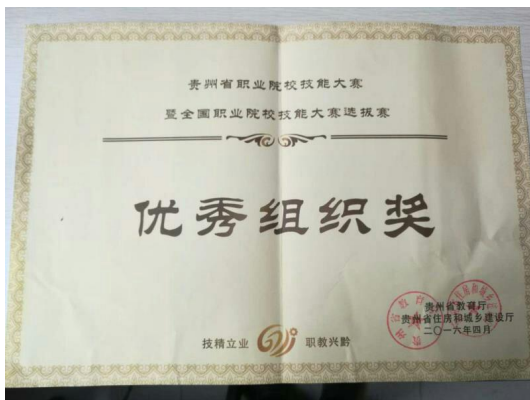
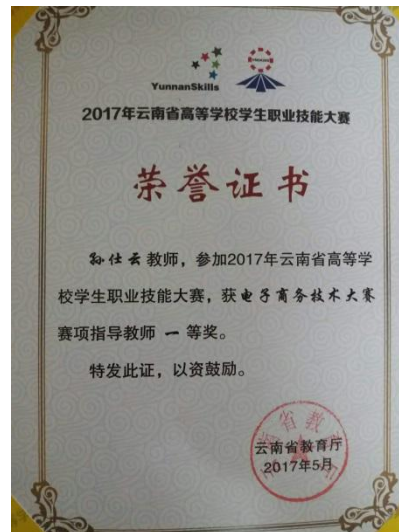
8 Enjoy the Glory

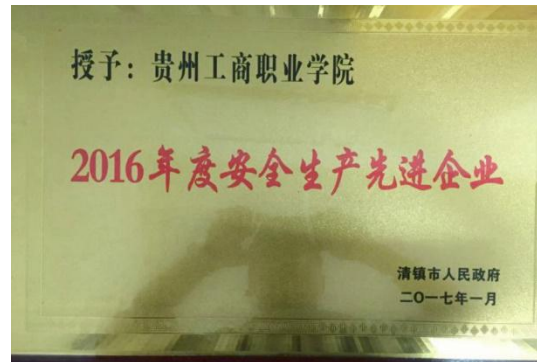
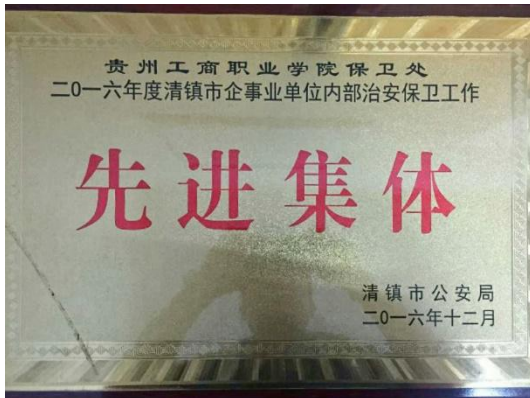
In 2016, the Group earned a number of awards from the government and different organizations by the efforts of all students and faculty members. For that, the Group is deeply honored and will continue our efforts to fulfill the expectations from all parties.

Earned Prices	Issuing Authorities
Second place in the “Group Competition of Automobile Inspection and Repairing of the Guizhou Vocational Universities Skills Competition and the National Vocational Skills Competition Selection Contest of Automobile-Related Majors”	Ministry of Education of The People’s Republic of China
Third place in the “National Vocational School Xin Dao Cup Sand Table Simulation Operation Competition”	Higher Financial and Economic Education Branch of China Higher Education Association
First place in the “Yunnan Higher Education Institution Students Vocational Skills Competition Art Professional Skills Group Contest of Interior Designs”	Education Department of Yunnan Province
First place in the “Yunnan Higher Education Institution Students Vocational Skills Group Competition of E-Commerce Skills”	Education Department of Yunnan Province
First place in the “Yunnan Higher Education Institution Students Vocational Skills Group Competition of Accounting Skills”	Education Department of Yunnan
Guizhou Province Vocational College Skills Competition and the National Vocational Skills Competition Outstanding Organization Award	Department of Education of Guizhou Province, Department of Housing and Urban-Rural Development of Guizhou Province
2016 Chinese College Students Taekwondo Championship Sports Ethics Award	Taekwondo Branch of University Sports of China

Guizhou Province Health Qigong Demonstration School	Sport Administration of Guizhou Province
2016 Best Values of Best Marketing Effect Award	IMCC of Internet Society of China, Beijing Sogou Technology Development Co., Ltd
2016 Qingzhen City Enterprises Internal Security Advanced Group	Qingzhen City Public Security Bureau
Excellent Organization Award	Center for Network Film & Television of CYLC
2016 Annual Production Safety Advanced Enterprises	People's Government of Qingzhen City

The Honor Wall of the Group





9 Content Index of the “Environmental, Social and Governance Report”

A. Environmental			
Items	Descriptions	Reference Pages	
Aspect 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	Green Office, Green Campus (p.15-21)	
Recommended Disclosures	A1.1	The types of emissions and respective emissions data	Green Office, Green Campus (p.15-21)
	A1.2	Greenhouse gas emissions in total and, where appropriate, intensity	Environmental Performance Data (p.22-23)
	A1.3	Total hazardous waste produced and, where appropriate, intensity	Environmental Performance Data (p.22-23)
	A1.4	Total non-hazardous waste produced and, where appropriate, intensity	/
	A1.5	Description of measures to mitigate emissions and results achieved	Green Office, Green Campus (p.15-21)
	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction	Green Office, Green Campus

		initiatives and results achieved	(p.15-21)
Aspect A2: Use of Resources			
General Disclosure		Policies on the efficient use of resources	Green Office, Green Campus (p.15-21)
Recommended Disclosures	A2.1	Direct and / or indirect energy consumption by type in total and intensity	Environmental Performance Data (p.22-23)
	A2.2	Water consumption in total and intensity	Environmental Performance Data (p.22-23)
	A2.3	Description of energy use efficiency initiatives and results achieved	Green Campus (p.17-18)
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	Green Campus (p.20)
	A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced	/
Aspect A3: Environmental and Natural Resources			
General Disclosure		Policies on minimising the issuer's significant impact on the environment and natural resources	Put Effort on Environmental Protection (p.23-24)
Recommended Disclosure	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Put Effort on Environmental Protection (p.23-24)

B. Social			
Items	Descriptions	Reference Pages	
Aspect B1: Employment			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	Talents Selection Strategy, Employment Strategy, Care for the Employees (p.8,9,10,13,14)	
Recommended Disclosures	B1.1	Total workforce by gender, employment type, age group and geographical region	/
	B1.2	Employee turnover rate by gender, age group and geographical region	/
Aspect 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	Secure the Safety (p.9-10)	
Recommended Disclosures	B2.1	Number and rate of work-related fatalities	/
	B2.2	Lost days due to work injury	/

	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	Secure the Safety (p.12-13)
Aspect B3: Development and Training			
General Disclosure		Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Staff Cultivation Strategy (p.10-11)
Recommended Disclosures	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	/
	B3.2	The average training hours completed per employee by gender and employee category	/
Aspect B4: Labour Standards			
General Disclosure		Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	Protecting the Rights and Interests (p.11-12)
Recommended Disclosures	B4.1	Description of measures to review employment practices to avoid child and forced labour	/
	B4.2	Description of steps taken to eliminate such practices when discovered	/
Aspect B5: Supply Chain Management			
General Disclosure		Policies on managing environmental and social risks of the supply chain	Supply Chain Management (p.25-26)
Recommended	B5.1	Number of Suppliers by geographical region	Supply Chain Management

Disclosures			(p.25-26)
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Supply Chain Management (p.25-26)
Aspect 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.	High Quality Management (p.19-20)
Recommended Disclosures	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	/
	B6.2	Number of products and service related complaints received and how they are dealt with	High Quality Management (p.26-27)
	B6.3	Description of practices relating to observing and protecting intellectual property rights	High Quality Management (p.26-27)
	B6.4	Description of quality assurance process and recall procedures	/
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	High Quality Management (p.26-27)
Aspect 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	Anti-corruption (p.28-29)
Recommended Disclosures	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	Anti-corruption (p.28-29)
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Anti-corruption (p.28-29)
Aspect 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	Connect the Society (p.30-32)
Recommended Disclosures	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	Connect the Society (p.30-32)
	B8.2	Resources contributed (e.g. money or time) to the focus area	Connect the Society (p.30-32)