AIEL

ALLIANCE INTERNATIONAL EDUCATION LEASING HOLDINGS LIMITED

友聯國際教育租賃控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code : 1563

Environmental, Social and Governance Report 2025/26

CONTENTS

1. ABOUT THE GROUP

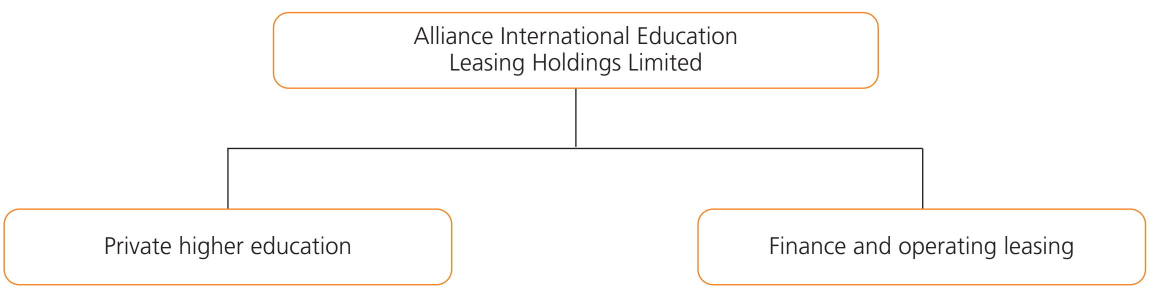
1.1 INTRODUCTION OF THE GROUP

Alliance International Education Leasing Holdings Limited (the "**Company**") and its subsidiaries (collectively known as the "**Group**" or "**we**") is a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**SEHK**") with stock code 1563. The Group operates two business segments, namely private higher education and finance and operating leasing services. To expand its finance and operating leasing business into the shipping sector, namely the vessel leasing business, the Group established Union Shipping Fund I L.P. in May 2023. The partnership principally focuses on acquiring shares and interests in special purpose vehicles that own ships or maritime vessels. The Group's management and business centre is located in Shenzhen, the People's Republic of China (the "**PRC**"), with offices in the Hong Kong Special Administrative Region ("**Hong Kong**"), Beijing, Tianjin and Yantai, the PRC.

The Group completed the acquisition of a 70% interest in Yantai Nanshan University (the "**University**") on 18 August 2022. The University is located in Longkou City, Shandong Province, the PRC, and is a private higher education institution approved by the Ministry of Education of the PRC to provide undergraduate and junior college diploma programmes. As an application-oriented higher education institution, the University works closely with enterprises across various industries to promote and implement the philosophy of "Integration of Industry and Education; School-Enterprise Cooperation". It offers 50 undergraduate programmes and 38 junior college diploma programmes through a total of 42 faculties and divisions, and strives to enhance students' practical training and employment prospects. The University seeks to provide more choices for the college-age population and graduates, and to supply enterprises with more service-oriented talent.

The Group's finance and operating leasing business mainly serves customers in the healthcare, aviation and shipping industries. In 2017, Nanshan Finance Leasing (Tianjin) Co., Ltd., a subsidiary of the Company, ranked tenth among foreign-funded medical device finance leasing companies in China and third among independent non-state-owned aircraft finance leasing companies. The Group adheres to the management philosophy of standardised operations and controllable risks, and provides customers with professional, efficient and customised finance leasing and consulting services.

The Group's business segment structure is shown below:



1.2 ENTERPRISE CULTURE

The Group strives to become an industry-leading, distinctive, international and diversified enterprise, actively fulfilling social responsibilities, creating value for shareholders, providing a development platform for employees and contributing to industrial progress. Guided by this philosophy, we are committed to creating greater value for society, growing together with our customers and employees today and in the future, and giving back to the country through outstanding performance.

- **Financing Assistance**

  Finance leasing achieves the purpose of financing through the provision of assets. It provides enterprises with a new financing avenue and broadens their financing channels.

- **Integration of Industry and Education, Collaborative Education**

  Leverage the strengths of advanced enterprises in operating educational institutions, and incorporate excellent corporate culture to promote better educational development.

- **Win-Win Cooperation**

  Bring together quality domestic and international resources to meet customers' personalised financing needs, optimise their capital structure and strive to create value for customers.

- **Putting People First**

  Drawing on extensive industry experience and professional expertise, establish a comprehensive management system connecting customers, investors and employees, and facilitate convenient, prompt, unimpeded and effective communication.

- **Giving Back to Society**

  Build harmonious investment relationships, promote industrial and economic development through value sharing, align closely with national strategies, uphold integrity and trustworthiness, and serve people's livelihoods. The Group strives to achieve harmonious development among the Group, society and the environment.

2. ABOUT THE REPORT

The Group is pleased to publish its Environmental, Social and Governance ("**ESG**") Report (the "**Report**" or the "**ESG Report**") for the period from 1 April 2025 to 31 March 2026 (the "**Reporting Period**"). The Report discloses ESG-related information for the Reporting Period, including environmental and social key performance indicators ("**KPIs**"). The ESG Report provides a comprehensive summary of the Group's achievements in practising sustainable development and fulfilling its responsibilities as a corporate citizen, and details the work undertaken to implement sustainable development principles and the Group's social governance performance during the Reporting Period.

2.1 SCOPE OF THE REPORT

The ESG Report describes the Group's overall environmental and social policies relating to its businesses in the PRC. The Group operates two business segments, namely private higher education, finance leasing and operating leasing services. To reduce business risks and expand its finance and operating leasing business, the Group extended its leasing operations to the shipping sector in May 2023 and commenced vessel leasing operations. As the vessels are entrusted to ship management companies for day-to-day management, the Group does not have operational control over the vessels. Accordingly, data on emissions, waste and other matters generated from the vessels' daily operations are not included in the Group's KPIs. However, the total greenhouse gas ("**GHG**") emissions generated by the vessels are accounted for under the Group's Scope 3 — other indirect GHG emissions.

The ESG Report and its KPIs cover the performance of the Group's offices in Beijing, Tianjin, Shenzhen and Hong Kong, as well as the relevant University operations during the Reporting Period. The reporting boundary is determined based on whether the Group has operational control over an entity and whether the entity has a material impact on the Group's performance or assets.

2.2 REPORTING STANDARD

The Group has prepared and disclosed the ESG Report in accordance with the Environmental, Social and Governance Reporting Code (the "**Code**") set out in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited issued by the SEHK, and has complied with the mandatory disclosure requirements and the "comply or explain" provisions thereunder.

2. ABOUT THE REPORT

2.3 REPORTING PRINCIPLES

The Report has been prepared in accordance with the four reporting principles of "materiality", "quantitative", "balance" and "consistency".

Materiality:

The Report follows the Code in conducting the materiality assessment, the procedures comprise: (i) identifying relevant ESG issues; (ii) assessing the materiality of the issues; and (iii) review and confirmation of the assessment process and results by the board of directors (the "**Board**") of the Company. ESG matters are reported based on the results of the materiality assessment. For details of the materiality assessment, please refer to the subsection headed "Materiality Assessment" below.

Quantitative:

The Report follows the Code and refers to applicable quantitative standards and conventions. Quantitative methods are adopted to measure and disclose applicable KPIs. The measurement standards, methods, assumptions and/or calculation tools used for the KPIs in the Report, together with the sources of the conversion factors used, are explained in the corresponding sections where applicable. The relevant environmental targets are disclosed in the section headed "Environmental Protection".

Balance:

The Group's performance during the Reporting Period is presented impartially, without selections, omissions or presentation formats that may unduly influence readers' decisions or judgements. Performance data is presented in a manner that enables information users to identify both positive and negative year-on-year trends.

Consistency:

The preparation methodology of the ESG Report for the Reporting Period is consistent with that adopted in previous years. To facilitate comparison of ESG performance across reporting periods, the Group has, where reasonably practicable, adopted consistent calculation methods. Any change that may affect meaningful comparison with previous reports is explained in the relevant section.

2.4 OPINIONS AND FEEDBACK

The Group values your opinions on the ESG Report. Should you have any comments or suggestions, please email us at IR@aiel-holdings.com.

3. ESG GOVERNANCE

3.1 BOARD STATEMENT

The Board recognises the importance of ESG to the Group's sustainable development and long-term value creation, and integrates ESG considerations into corporate governance and business management. The Board bears ultimate responsibility for the Group's ESG strategy, governance structure, risk management and information disclosure. It oversees and reviews the implementation of ESG-related work to ensure that the Group's operations comply with applicable laws, regulations and regulatory requirements, while taking into account stakeholders' expectations and concerns.

To advance ESG management effectively, the Board regularly reviews the Group's ESG policies, targets and performance, and monitors the implementation of ESG measures. Management is responsible for coordinating and implementing the relevant work, organising the collection, analysis and reporting of ESG information by business and functional departments, and reporting ESG management progress and significant matters to the Board in support of the Board's oversight responsibilities.

During the Reporting Period, the Board reviewed the Group's material environmental, social and governance issues and potential risks and opportunities through stakeholder engagement, materiality assessment and risk identification procedures. The Board reviewed and confirmed the results of the Group's materiality assessment, and uses the results as an important basis for formulating ESG management strategies, allocating resources and determining disclosure content. The Board also continues to consider stakeholders' views and recommendations to ensure that the Group responds promptly to social and market expectations regarding sustainable development.

The Board considers the Group's principal ESG issues to be closely related to the characteristics of its businesses. For the higher education business, teaching quality, student rights, the health and safety of teachers and students, talent development, information security and campus management are key areas of management. For the finance leasing and commercial services businesses, compliant operations, customer service, data protection, business ethics and supply chain management are key areas of focus. The Board also continues to monitor environmental issues such as energy use, GHG emissions, resource management and climate-related risks, and encourages each operating unit to implement energy-saving, emission-reduction and resource-conservation measures to reduce the environmental impacts of its operations.

The Board regularly reviews the Group's ESG targets and related performance, assesses the appropriateness and implementation of the targets, and makes adjustments in response to changes in business development, regulatory requirements and stakeholder expectations. During the Reporting Period, the Board reviewed the Group's management measures and performance in environmental protection, employment and labour practices, health and safety, operating practices and community investment. The Group advanced the relevant work in accordance with established policies and procedures.

Looking ahead, the Board will continue to enhance the Group's ESG governance mechanisms, deepen the integration of sustainable development into daily operations and decision-making, continuously improve ESG management and disclosure quality, and maintain effective communication with stakeholders to promote the Group's steady and sustainable development.

3. ESG GOVERNANCE

3.2 STAKEHOLDER ENGAGEMENT

The Group believes that stakeholder participation and continued support are vital to its long-term development. The Group communicates with stakeholders to improve its sustainable development strategy and achieve its sustainability objectives. Accordingly, we adopt a range of communication methods to enable stakeholders from different sectors to express their views and make recommendations. We respond to stakeholders' expectations and concerns through various channels, thereby improving our ESG performance and future development strategy.

Stakeholder	Requirements and Expectations	Communication and Response Methods
Government and Regulatory Authorities	• Compliance with national policies, laws and regulations • Promote local economic development • Drive local employment • Pay taxes on time	• Communication with local authorities • Regular information reporting • Inspection and supervision
Shareholders	• Investment returns • Compliant operations • Enhancement of corporate value • Information transparency and efficient communication	• General meetings • Company announcements • Email and telephone communications and corporate website
Business Partners	• Integrity in business • Fair competition • Performance of contracts in accordance with law • Mutual benefit and win-win cooperation	• Review and assessment meetings • Business communication • Exchange seminars • Cooperation discussions
Customers	• Quality services • Health and safety • Performance of contracts in accordance with law • Integrity in business	• Customer communication meetings
Environment	• Compliance with emission standards • Energy conservation and emission reduction • Ecological protection • Rational water use	• Report submission
Industry	• Promote industry development	• Participation in industry forums • Site visits and exchanges
Employees	• Protection of rights and interests • Occupational health and safety • Remuneration and benefits • Career development • Employee care	• Employee communication meetings • Training and workshops • Employee activities
Community and the Public	• Open and transparent information	• Company website • Company announcements

3. ESG GOVERNANCE

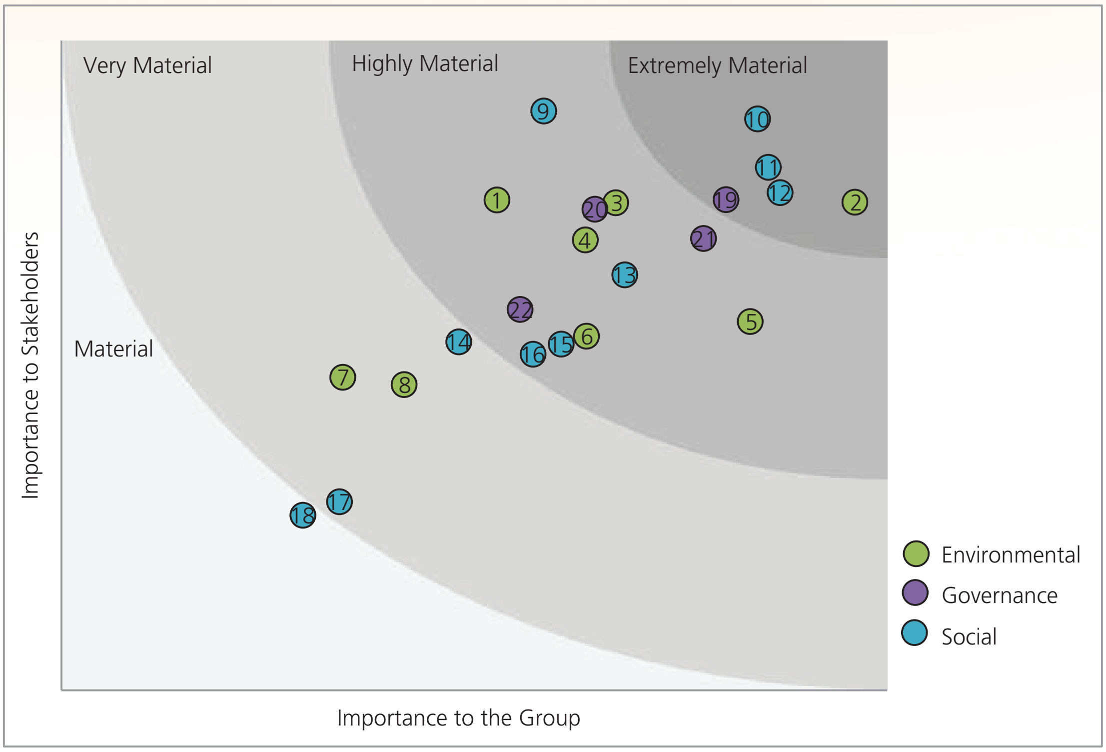
3.3 MATERIALITY ASSESSMENT

During the Reporting Period, the Group engaged an independent third-party consultant to assist in conducting an impartial and objective materiality assessment. The assessment comprised the following three principal stages:

(i) Identify potential material ESG issues that may affect the Group's business or stakeholders' interests, as set out below:

Environmental Issues		Social Issues		Governance Issues	
1	Air Emissions and Management	9	Talent Employment and Diversity	19	Corporate Governance
2	Ecological Environment and Natural Resources Protection	10	Occupational Health and Safety	20	Business Ethics
3	Water Use and Efficiency	11	Employment Compliance	21	Corporate Development Strategy
4	Wastewater Discharge and Management	12	Career Development and Training	22	Anti-corruption
5	Energy Use and Management	13	Privacy, Information and Data Security		
6	Responding to Climate Change	14	Supply Chain Management and Procurement Practices		
7	Solid Waste Discharge and Management	15	Intellectual Property Protection		
8	GHG Emissions	16	Assurance of Teaching Quality		
		17	Responsible Advertising and Promotion		
		18	Community Investment and Participation		

(ii) Conduct a questionnaire survey to understand internal and external stakeholders' views and expectations regarding the Group's management and disclosure of ESG matters. The materiality matrix below presents the results of the questionnaire survey.



(iii) Prioritise the potential material issues by reference to the questionnaire survey results and industry materiality maps developed by recognised external organisations, namely Morgan Stanley Capital International and the Sustainability Accounting Standards Board. Following analysis of the survey results and management's judgement, the Group identified the material issues for focused disclosure in the ESG Report.

Based on the survey results and consideration of actual business operations, the Group identified five issues as extremely material and has provided detailed disclosures on these issues in the Report.

No.	Extremely Material Issue	Corresponding Section
2	Ecological Environment and Natural Resources Protection	Environmental Protection
10	Occupational Health and Safety	Employment and Talent Development
11	Employment Compliance	Employment and Talent Development
12	Career Development and Training	Employment and Talent Development
19	Corporate Governance	ESG Governance

Going forward, the Group will continue to deepen its engagement with stakeholders, fully understand their concerns and expectations, incorporate relevant views into business decisions and sustainable development management, continuously improve ESG performance, and strengthen the management of ESG risks and opportunities arising from business operations.

3.4 BUSINESS ETHICS AND ANTI-CORRUPTION

Integrity is a cornerstone of the Group's operations. The Group conducts its business in accordance with the principles of integrity, honesty and compliance, and is committed to maintaining an open, fair and honest business environment. The Group strictly complies with applicable laws and regulations, including but not limited to the Criminal Law of the PRC, the Supervision Law of the PRC, the Anti-Unfair Competition Law of the PRC, the Anti-Money Laundering Law of the PRC and the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong). The Group has also formulated the Anti-Fraud Management System and related internal policies to regulate the professional conduct and business ethics requirements applicable to directors, senior management and all employees, and to prevent bribery, improper transfer of benefits, fraud, money laundering and other unlawful or non-compliant conduct. The Group regularly reviews its anti-corruption and anti-fraud measures and continues to enhance the relevant systems and internal control procedures in response to regulatory requirements and business developments, with a view to strengthening compliance management and risk prevention and control.

To enhance directors', management's and employees' understanding of business ethics, anti-corruption and corporate governance requirements, the Group arranged relevant training during the year. The training covered the code of business conduct, prevention of corruption, the Board and directors' duties, risk management, internal controls, corporate governance and ESG matters. Participants included directors, middle management, frontline and other employees, helping personnel at all levels understand their compliance responsibilities and the risk prevention requirements applicable to their daily work.

3. ESG GOVERNANCE

In addition, the Group has established a policy and procedures for reporting misconduct, with the aim of maintaining a sound ethical business environment and providing employees with appropriate channels to raise concerns and report misconduct, particularly misconduct relating to financial reporting, internal control, risk management and other matters. Employees at all levels may report conduct that violates business or professional ethics to the relevant senior management by telephone, email or letter, and the identity of the whistle-blower is kept confidential. Where a report is substantiated, the Group takes all necessary steps and reasonable remedial action. The policy also allows a committee comprising the Company's independent non-executive directors to investigate concerns raised by employees, monitor the progress of investigations and determine follow-up action.

During the Reporting Period, the Group was not involved in and did not identify any incident of non-compliance with anti-bribery or anti-corruption laws and regulations, and there were no concluded legal cases regarding corrupt practices brought against the Group or its employees.

4. ENVIRONMENTAL PROTECTION

The Group's operating facilities are principally located in the PRC. The Group strictly complies with applicable environmental laws, regulations and regulatory requirements, including but not limited to the Environmental Protection Law of the PRC, the Water Pollution Prevention and Control Law of the PRC, the Atmospheric Pollution Prevention and Control Law of the PRC, the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste, the Cleaner Production Promotion Law of the PRC, the Environmental Impact Assessment Law of the PRC and the Regulations on the Administration of Pollutant Discharge Permits.

The Group is principally engaged in higher education and finance leasing. The environmental and natural resource impacts of its business activities mainly arise from energy consumption, water use, paper and other office resource consumption at campuses and offices, as well as waste, air emissions and GHG emissions generated from daily operations. As the Group does not engage in industrial production, its direct environmental impact is relatively limited. Nevertheless, the Group places great importance on environmental protection and resource management, and continues to implement green operational measures to reduce the potential impacts of its business activities on the environment and natural resources.

The Group recognises that environmental protection and responding to climate change are important foundations for sustainable development. It is committed to integrating environmental and climate-related considerations into daily operations and business decisions, continuously improving its environmental management mechanisms, and closely monitoring activities that may affect the environment. The Group regularly identifies and assesses environmental and climate-related risks and opportunities associated with its businesses, and strengthens pollution prevention, resource management and environmental risk control through corresponding management measures and operating guidelines, thereby reducing potential impacts on the surrounding environment.

At the same time, the Group actively promotes green operations, continuously improves the efficiency of energy, water and other resource use, and encourages operating units to implement energy-saving and emission-reduction measures to reduce GHG emissions and the generation of air emissions, wastewater and solid waste. The Group also continues to monitor the potential effects of climate change, including extreme weather, resource supply and changes in regulatory policies, and progressively enhances operational resilience and risk response capabilities to support the stable long-term development of its businesses.

By continuously optimising resource management and operating processes, the Group seeks to reduce its environmental footprint, protect the natural environment and ecosystems, and contribute to coordinated economic, social and environmental development.

During the Reporting Period, the Group did not identify any case of material non-compliance with environmental laws and regulations that had a significant impact on the Group.

4.1 EMISSIONS MANAGEMENT

Air Emissions

The air pollutants generated by the Group mainly comprise nitrogen oxides ("**NOx**"), sulphur oxides ("**SOx**") and particulate matter ("**PM**"). As the Group does not have operational control over the vessels, air emissions arising from vessel operations under the vessel leasing business are not included within the Group's emissions management boundary. Excluding the vessel leasing business, the Group's air emissions mainly arise from exhaust emissions generated by the combustion of fuel in vehicles.

4. ENVIRONMENTAL PROTECTION

The Group places great importance on the management of air pollutant emissions and is committed to reducing the environmental impact of its daily operations. It actively implements various measures to reduce air emissions. To improve vehicle operating efficiency and reduce fuel consumption, the Group regularly maintains, inspects and repairs its vehicles and checks tyre pressure to ensure that the vehicles remain in good operating condition, thereby reducing additional emissions caused by deteriorating mechanical performance.

In addition, the Group actively promotes green travel and low-carbon operations. It provides drivers with training on energy-efficient and low-carbon driving, and encourages smooth driving, avoidance of rapid acceleration and sudden braking, and reduction of vehicle idling and unnecessary engine running, in order to improve fuel efficiency and reduce air pollutant emissions. The Group also encourages employees to prioritise public transport, video conferencing and other digital communication methods to reduce unnecessary travel and associated emissions.

During the Reporting Period, the Group's air pollutant emissions were as follows:

Air Pollutants *(Note (1))*	Unit	Year ended 31 March 2026	Year ended 31 March 2025
NOx	kg	**133.68**	140.36
SOx	kg	**0.40**	0.66
PM	kg	**9.50**	10.10

Note:

(1) Calculated with reference to the Guidelines for Accounting and Reporting of Greenhouse Gas Emissions provided by the National Development and Reform Commission of the PRC (the "**NDRC**") and Appendix 2, Reporting Guidance on Environmental KPIs ("**Appendix 2**"), published by the SEHK.

Wastewater Management

Wastewater generated from the Group's daily operations mainly comprises domestic sewage from offices and campus facilities. As the Group is principally engaged in higher education and finance leasing and does not conduct industrial production, it does not generate substantial quantities of industrial wastewater or other highly polluting wastewater.

The Group strictly complies with the Environmental Protection Law of the PRC, the Water Pollution Prevention and Control Law of the PRC and other applicable environmental laws and regulations. It is committed to ensuring that wastewater discharges comply with relevant regulatory requirements and to reducing potential impacts on the surrounding water environment.

Domestic sewage from offices is mainly collected through municipal sewerage networks and conveyed to local wastewater treatment facilities for centralised treatment. Domestic sewage generated on campus is treated through wastewater treatment facilities and discharged in accordance with relevant requirements, ensuring that the discharged water quality meets applicable national and local standards, including the Discharge Standard of Pollutants for Municipal Wastewater Treatment Plants (GB 18918–2002).

4.2 WASTE MANAGEMENT

The Group adheres to the waste management principles of "reduction at source, waste separation and recycling", and is committed to reducing waste generated from its business operations. Through appropriate collection, separation and disposal measures, the Group seeks to minimise the environmental impacts of waste.

As the Group is principally engaged in higher education and finance leasing, its non-hazardous waste mainly comprises general office waste, including general refuse, waste paper, plastics, metals and wooden products. Recycling facilities are provided at the Group's offices to encourage employees to separate waste and recycle resources, with waste collected and handled centrally by office property management service providers. To further reduce waste generation, the Group actively promotes paperless offices, encourages the use of electronic documents and digital communication, and reuses envelopes, folders and other office supplies. The Group also promotes the replacement of pen refills to extend the useful life of stationery and reduce the consumption and disposal of single-use stationery.

The Group recognises that improper handling of hazardous waste may adversely affect the environment and human health, and therefore seeks to reduce hazardous waste at source. For example, the Group prioritises rechargeable batteries over disposable batteries and encourages the procurement of durable and reusable office equipment and consumables to reduce hazardous waste generation.

Hazardous waste generated by the Group mainly comprises used batteries, toner cartridges and discarded electronic equipment, all of which are separately collected and properly handled in accordance with relevant requirements. Used batteries are placed in designated recycling facilities and transferred to qualified recyclers; toner cartridges are collected by printing equipment suppliers for reuse; and discarded computers and other electronic equipment are transferred to qualified electronic waste recyclers for recycling or resource recovery. The Group also prioritises recyclable or recycled toner cartridges and office consumables to further improve resource efficiency.

During the Reporting Period, the non-hazardous and hazardous waste generated from the Group's business operations was as follows:

Waste	**Unit**	**Year ended 31 March 2026**	**Year ended 31 March 2025**
Non-hazardous Waste *(Note (1))*			
Total Non-hazardous Waste Generated	tonnes	**156.19**	164.57
Non-hazardous Waste Intensity	tonnes/employee *(Note (3))*	**0.06**	0.07
Hazardous Waste *(Note (2))*			
Total Hazardous Waste Generated	kg	**594.38**	542.27
Hazardous Waste Intensity	kg/employee *(Note (3))*	**0.24**	0.25

Notes:

(1) The non-hazardous waste generated by the Group was calculated with reference to the estimated daily quantity of general office waste and the volume-to-weight conversion factors provided by the United States Environmental Protection Agency, Monitoring of Solid Waste in Hong Kong — Waste Statistics for 2023 published by the Environmental Protection Department of Hong Kong, and the Study on Countermeasures for Municipal Solid Waste in China published by the Beijing Municipal Environmental Sanitation Administration.

(2) Hazardous waste generated by the Group was calculated based on actual weight.

(3) The Group uses the total number of full-time employees to calculate the intensity of environmental indicators. The Group had 2,464 full-time employees during the Reporting Period.

4.3 USE OF RESOURCES

The Group recognises the importance of the efficient use of resources in improving operational efficiency, reducing environmental impacts and advancing sustainable development. It therefore continues to promote resource conservation and a green office culture, improve resource efficiency and reduce unnecessary consumption and waste. The Group actively raises employees' awareness of environmental protection and resource conservation, and encourages them to integrate energy conservation, consumption reduction, waste reduction at source and green and low-carbon principles into their daily work and operations, jointly supporting sustainable development.

As the Group is principally engaged in higher education and finance leasing, resource consumption mainly arises from electricity, water and paper used in daily office and teaching operations. Given the nature of its businesses, the Group does not engage in industrial production and does not use any packaging materials.

Energy Conservation

The Group actively supports national policies on energy conservation, emission reduction and green and low-carbon development. It regards improving energy efficiency as an important aspect of daily operational management and continues to implement energy-saving measures to reduce energy consumption and GHG emissions.

In office management, the Group encourages employees to develop energy-saving habits and reminds them to switch off lighting, air-conditioning systems, computers and other non-essential electrical equipment before leaving the workplace. These requirements are also incorporated into the Group's employee management systems and daily operating guidelines.

For air-conditioning systems, the Group prioritises equipment with higher energy efficiency. It maintains system performance and energy efficiency by setting appropriate temperatures, regularly inspecting and cleaning filters, maintaining fan coil units and carrying out equipment servicing. The Group also regularly inspects refrigeration systems and related components to reduce the risk of refrigerant leakage and energy loss, and installs sealing devices on doors and windows to reduce the loss of cooled air and avoid unnecessary energy waste.

For lighting management, independent lighting control switches are installed in different office areas to encourage lighting to be used only when required. The Group progressively adopts energy-efficient lighting, such as LED lamps, and regularly cleans and maintains lighting fixtures to improve illumination efficiency and reduce electricity consumption.

In addition, the Group actively promotes a green office culture and encourages employees to wear lightweight clothing at work when weather conditions are suitable, thereby reducing reliance on air-conditioning. Computers and office equipment are configured to enter automatic standby or sleep mode to avoid unnecessary energy consumption when idle.

During the Reporting Period, the Group's energy consumption was as follows:

Energy Use	Unit	Year ended 31 March 2026	Year ended 31 March 2025
Total Energy Consumption	MWh	**88,692.01**	70,490.46
Direct Energy Consumption *(Note (1))*	MWh	**261.19**	431.51
Vehicle Fuel Consumption	MWh	**261.19**	431.51
Indirect Energy Consumption *(Note (2))*	MWh	**88,430.82**	70,058.95
Purchased Electricity	MWh	**25,362.92**	24,224.28
Purchased Steam	MWh	**30,139.45**	21,167.65
Purchased Heating	MWh	**32,928.45**	24,667.02
Energy Consumption Intensity	MWh/employee	**36.00**	31.95

Notes:

(1) The Group's direct energy consumption mainly arose from vehicles used by the University. Fossil fuel energy consumption from vehicles was calculated with reference to Appendix 2 published by the SEHK. Emission factors for different types of vehicles were calculated with reference to the Guidelines for Accounting and Reporting of Greenhouse Gas Emissions provided by the NDRC.

(2) The Group's indirect energy consumption mainly arose from purchased electricity, purchased steam and purchased heating. Purchased electricity was calculated based on the Group's actual electricity consumption; purchased steam was calculated with reference to the Guidelines for Accounting and Reporting of Greenhouse Gas Emissions provided by the NDRC; and purchased heating was calculated with reference to the Code for Design of City Heating Network (CJJ34–2010) published by the Ministry of Housing and Urban-Rural Development of the PRC.

Water Conservation

Water is an important resource for daily operations and campus activities. The Group recognises the value of water resources and is committed to improving water efficiency. Through daily management and employee education, it seeks to foster a culture of water conservation and reduce unnecessary water consumption.

The Group continues to promote water-saving measures at offices and campuses. Water supply facilities, meter readings and pipelines are regularly inspected to identify potential leakage. Any abnormality or leakage is promptly inspected and repaired to reduce water loss. The Group also encourages the recycling of water for cleaning and landscaping, where hygiene and safety requirements permit, to increase water reuse. To further improve water conservation, the Group promotes water-saving awareness among employees, teachers and students, reminds users to turn off taps when not in use, and displays water-saving signs in washrooms and public areas. The Group also prioritises water-efficient equipment and fixtures, such as sensor-operated taps, water-saving sanitary ware and dual-flush systems, to reduce daily water use.

During the Reporting Period, the Group's water consumption mainly arose from daily campus operations at the University, including teaching, office and catering activities. Water supply and drainage at the properties housing the Group's offices in Beijing, Tianjin, Shenzhen and Hong Kong are managed centrally by property management companies. As water use is not separately metered or billed, the Group is currently unable to collect water consumption data for these offices. The Group's water consumption during the Reporting Period was as follows:

Water Use	Unit	Year ended 31 March 2026	Year ended 31 March 2025
Total Water Consumption *(Note (1))*	thousand m^3	**1,437.53**	1,197.25
Water Consumption Intensity	thousand m^3/ employee	**0.58**	0.54

Note:

(1) The increase in the Group's total water consumption was mainly attributable to an increase in the number of students at the University and higher water consumption by tenants in the catering service area during the Reporting Period.

Paper and Office Resource Management

The Group actively promotes green office practices and a resource-conservation culture, and is committed to improving the efficiency of paper and office resource use and reducing unnecessary resource consumption and waste generation. As the Group is principally engaged in higher education and finance leasing, the office resources consumed in daily operations mainly comprise paper, stationery and other office supplies.

To reduce paper consumption, the Group continues to implement paperless office measures and encourages employees to prioritise email, electronic document management systems, electronic approval and online meetings for daily communication and document processing, thereby reducing the need to print hard-copy documents. The Group also promotes printing only when necessary and double-sided printing, and encourages the reuse of single-sided printed paper for drafts or internal documents to improve paper utilisation.

In managing office supplies, the Group encourages employees to use and reuse office resources appropriately, including reusing envelopes, folders and packaging materials and using writing instruments with replaceable refills, thereby extending the useful life of stationery and reducing the consumption of disposable items. When procuring office supplies, the Group also gives priority to products with environmental certifications, products that can be recycled, or products made from materials from sustainable sources, in support of green procurement.

The Group also raises employees' awareness of resource conservation and recycling through training, internal communications and daily reminders, and encourages employees to practise waste reduction at source and resource conservation in their daily work. Going forward, the Group will continue to advance digitalisation and green office development, further improve resource efficiency, and reduce paper and office resource consumption, thereby lowering the environmental footprint of its operations.

4.4 RESPONDING TO CLIMATE CHANGE

Governance

The Group places great importance on the potential impacts of climate change on its operations and long-term development, and incorporates climate-related risks and opportunities into its corporate governance and sustainable development management framework. As the Group's highest governance and decision-making body for climate-related matters, the Board is responsible for overseeing the identification, assessment and management of climate-related risks and opportunities, and for ensuring that climate-related issues are aligned with the Group's overall development strategy, risk management and business planning.

The Board regularly reviews the progress of the Group's ESG and climate-related work, including the results of assessments of climate-related risks and opportunities, performance against key environmental indicators, implementation of climate-related policies and measures, and progress towards relevant targets. The Board is also responsible for reviewing and approving climate-related disclosures to ensure that the information disclosed is true, accurate and complete. To ensure orderly oversight of climate-related matters, the Board considers such matters at a regular meeting at least once a year. In overseeing the Group's strategy, significant transaction decisions, risk management processes and related policies, the Board proactively takes identified climate-related risks and opportunities into account and considers the relevant trade-offs.

Under the Board's oversight, management is responsible for the day-to-day management and implementation of climate-related work, including collecting and analysing climate-related data, identifying and assessing climate-related risks and opportunities, formulating and implementing relevant management measures, and regularly reporting implementation progress to the Board. Through internal communication, data collection, risk assessment and progress monitoring, management monitors the management of climate-related risks and opportunities and coordinates the integration of climate-related considerations into daily operations, risk management and decision-making by each business department, thereby enhancing the Group's ability and resilience in responding to climate change.

During the Reporting Period, the Group engaged an independent third-party consultant to assist in assessing climate-related risks and opportunities. With reference to publicly available climate scenarios, industry trends and regulatory requirements, the assessment identified climate-related risks and opportunities that may affect the Group's finance leasing and education services businesses. The assessment results were reviewed by management and submitted to the Board for discussion, serving as an important basis for formulating climate-related strategies and management measures.

The Group also attaches importance to building the climate-related capabilities of its directors and management. Through participation in external training and professional seminars and continuous monitoring of the latest guidance and requirements issued by regulators, the Group seeks to deepen their understanding of climate-related risks, opportunities and disclosure requirements and thereby strengthen oversight and management of climate-related matters.

During the Reporting Period, the Group did not apply an internal carbon price in its decision-making, including investment decisions, transfer pricing or climate-related scenario analysis. Accordingly, the Group did not use any price per metric tonne of greenhouse gas emissions to assess the costs of its greenhouse gas emissions. The Group also did not factor climate-related considerations into its remuneration policy.

4. ENVIRONMENTAL PROTECTION

As the Group is still progressively enhancing its climate management capabilities and related data foundation, the application of internal carbon pricing and the incorporation of climate-related considerations into its remuneration policy require further assessment. Going forward, the Group will continue to monitor climate-related regulatory trends, market developments and industry best practices, and will review the feasibility of relevant arrangements as appropriate, taking into account its business characteristics, data maturity and management needs, with a view to continuously enhancing its climate management capabilities and operational resilience.

Strategy

The Group is committed to enhancing the resilience of its businesses to climate change and continues to improve the mechanisms for identifying, assessing and responding to climate-related risks and opportunities. As an enterprise operating both finance leasing and higher education businesses, the Group continues to monitor the potential impacts of climate change on asset management, campus operations, customer demand and long-term development strategy, and progressively integrates related considerations into business planning and daily management.

To strengthen its ability to identify climate-related risks and opportunities, the Group conducted its first climate-related risk and opportunity assessment during the Reporting Period and analysed the physical risks, transition risks and development opportunities that climate change may present, taking into account the characteristics of its businesses.

- **Physical risks:** These principally refer to the impacts of extreme weather events and long-term changes in climate. Extreme rainfall, typhoons, floods, high temperatures and cold waves may disrupt normal teaching activities, student accommodation and logistical support on campus. They may also affect lease assets managed by or involving the Group, the production and operating activities of lessees, and supply chain stability.

- **Transition risks:** As the national "dual-carbon" goals continue to advance and climate-related policies are progressively enhanced, environmental compliance requirements and market expectations for enterprises continue to rise. For the finance leasing business, customers in certain energy-intensive or high-emission industries may face greater transition pressure, which may affect their operating capacity and financing needs. For the education business, the Group must continue to monitor policy requirements relating to green campus development, energy-saving management and sustainable development education in order to maintain long-term competitiveness and compliant operations.

- **Climate-related opportunities:** The accelerating green and low-carbon transition is increasing financing demand in areas such as new energy, energy conservation and environmental protection, advanced manufacturing and green infrastructure, creating new market opportunities for the finance leasing business. The Group may also improve resource efficiency, reduce operating costs and cultivate talent with sustainability awareness by promoting green campus development, energy-saving facility upgrades and environmental education activities.

4. ENVIRONMENTAL PROTECTION

To conduct a more comprehensive analysis of climate-related risks and opportunities that may arise during business development, under the oversight of the Board and coordination of management, the Group considered factors including global temperature pathways, policy development and the relevant time horizons. It referred to scenario assumptions and parameters in the Sixth Assessment Report of the Intergovernmental Panel on Climate Change ("**IPCC**") and public information from the Network for Greening the Financial System ("**NGFS**"), and conducted its analysis with reference to the characteristics of the industries in which it operates, its business footprint and development plans. The Group divides the assessment time horizons for climate-related risks and opportunities as follows to align with its operational planning and strategic review cycles:

- Short term: up to 2030
- Medium term: 2031 to 2040
- Long term: 2041 to 2050

For the scenario analysis, the Group assumed that emission-reduction policies and the reporting boundary would remain unchanged over the period in which the potential impacts of the risks may arise. The following table sets out the climate scenario models selected for the analysis, covering both low-emission and high-emission scenarios, to provide a more comprehensive understanding of the potential impacts of climate change on the Group.

Scope	The assessment scope of this climate scenario analysis is aligned with the reporting boundary of this Report and covers the Group's higher education, finance and operating leasing, vessel investment and related asset management businesses. It encompasses teaching, research, student services and campus facilities at Yantai Nanshan University, as well as finance leasing project assessment, customer service, lease asset management, vessel investment and related value chain activities.
Scenario Analysis Models Adopted	Physical risk analysis adopts the IPCC scenario framework: • **Shared Socioeconomic Pathway ("SSP") 1–2.6:** Global warming is relatively contained (to approximately below 2.0°C), with national policies, economies and clean-energy transition progressing broadly in line with historical trends. • **SSP 5–8.5:** Global warming rises significantly (to above 4.0°C), climate action is delayed, mitigation and adaptation efforts are insufficient, and the frequency and intensity of extreme weather events increase.

4. ENVIRONMENTAL PROTECTION

Transition risk and opportunity analysis adopts the NGFS scenario framework:

- **Net Zero 2050:** Countries introduce more stringent climate policies at an early stage and seek to limit global warming to within 1.5°C and achieve global net-zero carbon dioxide emissions by 2050 through measures such as reducing energy demand, improving energy efficiency and developing low-carbon technologies.

- **Current Policies:** Only currently implemented climate policies are maintained, GHG emissions continue to grow and global warming is expected to exceed 3°C. Under this scenario, short-term transition pressure is relatively low, but physical risks may increase significantly over the medium to long term.

The Group recognises that integrating quantitative and qualitative analysis would enable a more comprehensive assessment of climate-related risks and opportunities. However, relevant operational data is dispersed across different business units and there is currently no recognised and industry-wide uniform calculation standard. The Group is therefore unable to reliably prepare various cross-industry climate metrics in a manner that is reasonable and cost-effective. In addition, the Group's climate-related actions form part of its ordinary business activities, such as monitoring emerging climate regulations, and no separately identifiable component is dedicated to addressing climate-related risks and opportunities. Accordingly, the Group is also unable to provide quantitative data on current and anticipated financial effects.

Although the Group has not yet completed comprehensive quantitative disclosures of climate-related impacts, it has identified the principal financial effects associated with major climate-related risks and opportunities and provides detailed qualitative descriptions in the table below. The Group is also continuing to improve its internal data integration mechanisms and scenario-analysis modelling capabilities, with a view to progressively enhancing the completeness and granularity of climate-related quantitative disclosures. If there are material changes to the Group's operating strategy in the future, it will disclose the quantitative impacts on its financial position, operating results and cash flows as appropriate.

Based on the selected high-carbon and low-carbon scenarios and the assessment period from 2030 to 2050, the Group identified five principal climate-related risks and opportunities. Detailed qualitative assessment results and descriptions are set out in the tables below. The materiality level of each risk is represented by the following colour definitions:

Colour	Description
	Light colour: can be addressed through existing standard processes
	Medium colour: requires continuous monitoring
	Dark colour: requires development of management strategies and tracking of implementation

4. ENVIRONMENTAL PROTECTION

1. Acute Physical Risk

Risk Category		Extreme climate events (e.g. typhoons, rainstorms, floods and high temperatures)
Principal Areas Affected		Yantai Nanshan University campus, leasing business operating locations, vessels and related shipping assets
Materiality of Impact on the Group	**Short term**	
	Medium term	
	Long term	
Impact on Business		**Business model:** Extreme weather may result in class suspensions, interruptions to teaching activities and disruption to travel by students and faculty and staff. It may also affect the normal operation of offices and the efficiency of leasing project management. For the vessel investment business, adverse weather may cause vessel delays, port closures or route adjustments, affecting asset operating efficiency. **Value chain:** Extreme weather may affect the operating stability of equipment suppliers, logistics service providers, ship management companies and lessees, resulting in delays in project execution, asset delivery or leasing arrangements.
Impact on Financial Performance		**Cost increases:** Higher expenditure on facility repairs, emergency management and insurance. **Revenue impact:** Project delays, lower asset utilisation or postponed leasing arrangements may affect revenue recognition and investment returns.

2. Chronic Physical Risk

Risk Category		Long-term climate changes such as rising temperatures, changing rainfall patterns and sea-level rise
Principal Areas Affected		Yantai Nanshan University campus, campus facilities, offices, lease assets and vessel investment assets
Materiality of Impact on the Group	**Short Term**	
	Medium Term	
	Long Term	

Impact on Business	**Business model:** Long-term climate change may increase demand for air conditioning, ventilation and facility maintenance at campuses and offices, thereby increasing operational resource consumption. Certain lease assets and vessel assets may also face higher maintenance and management requirements. **Value chain:** Changes in climate conditions may increase the operating costs of suppliers and customers, affect equipment procurement, logistics and customers' operating stability, and consequently increase the complexity of value chain management.
Impact on Financial Performance	**Operating cost increases:** Higher energy and facility maintenance expenditure. **Capital expenditure increases:** Continued investment may be required to enhance the climate resilience of campuses and assets.

3. Policy and Regulatory Risk

Risk Category		Climate-related policies, energy efficiency requirements and enhanced ESG disclosure requirements
Principal Areas Affected		The Group's overall operations and finance leasing business
Materiality of Impact on the Group	**Short term**	
	Medium term	
	Long term	
Impact on Business		**Business model:** As Mainland China and Hong Kong continue to advance carbon peaking, carbon neutrality and climate information disclosure requirements, the Group needs to strengthen climate governance, data management and compliance work. **Value chain:** Certain lessees may face more stringent environmental regulation and emission-reduction requirements, increasing demand for equipment replacement and technological upgrades and affecting leasing demand and asset allocation strategies.
Impact on Financial Performance		**Compliance cost increases:** Higher ESG management, data collection and disclosure costs. **Potential asset risk:** Customers in certain carbon-intensive industries may face operating pressure, which may affect returns from the relevant assets.

4. *Market and Transition Risk*

Risk Category		Customers' low-carbon transition, market preferences and technological changes
Principal Areas Affected		Finance leasing and vessel investment businesses
Materiality of Impact on the Group	**Short term**	
	Medium term	
	Long term	
Impact on Business		**Business model:** Customers in aviation, shipping, construction machinery and other sectors face low-carbon transition requirements, which may accelerate equipment replacement and technological upgrades. The Group needs to adjust its asset portfolio and investment strategy in a timely manner to respond to market changes. **Value chain:** The pace of transition among customers, equipment suppliers and business partners may affect demand for lease assets and the competitive landscape.
Impact on Financial Performance		**Asset value risk:** Certain traditional carbon-intensive assets may face declining demand or impairment risk. **Investment expenditure increases:** Resources may be required to develop new business opportunities aligned with low-carbon trends.

5. Climate-related Opportunity

Opportunity Category	Green finance, low-carbon assets and green campus development
Principal Areas Affected	Finance leasing, higher education and vessel investment businesses
Materiality of Impact on the Group — **Short term**	
Medium term	
Long term	
Impact on Business	**Business model:** As the low-carbon economy develops, demand relating to green finance, green vessels, energy-efficient equipment and sustainable infrastructure continues to grow. The Group may capture opportunities in green leasing and sustainable investment while promoting energy-efficient campus development to enhance its brand image and market competitiveness. **Value chain:** Stronger cooperation with green suppliers, low-carbon customers and sustainable financial institutions can enhance value chain resilience and create long-term value.
Impact on Financial Performance	**Revenue growth:** Supports expansion of green leasing and sustainable investment businesses. **Cost savings:** Energy-saving measures and energy management may reduce long-term operating costs. **Financing advantages:** Enhances recognition of the Group among investors and financial institutions.

4. ENVIRONMENTAL PROTECTION

Mitigation and response measures for the assessed risks and opportunities:

Risk/Opportunity Category	Mitigation/Response Measures
Acute Physical Risk	• Establish emergency management mechanisms for extreme weather and emergencies, and formulate contingency plans for rainstorms, typhoons, high temperatures and other natural disasters. • Regularly review the safety condition of facilities at campuses, offices and lease assets to enhance disaster prevention and emergency response capabilities. • Establish business continuity arrangements and, where necessary, adopt online teaching, remote working and flexible work arrangements to reduce the risk of operational interruption.
Chronic Physical Risk	• Continuously monitor the potential impacts of temperature, rainfall patterns and other climate trends on campus facilities, lease assets and vessel investments. • Promote energy conservation and emission reduction, improve energy efficiency and reduce long-term operating costs. • Regularly assess the climate resilience of assets and facilities and carry out maintenance, upgrades and improvement works as appropriate.
Policy and Regulatory Risk	• Continue to monitor laws, regulations and regulatory requirements relating to climate change, environmental protection, energy management and ESG disclosure in Mainland China and Hong Kong. • Establish policy-monitoring and internal communication mechanisms to assess promptly the potential impacts of policy changes on the business. • Strengthen ESG and climate-related data management capabilities to improve disclosure quality and compliance.
Market and Transition Risk	• Incorporate climate-related factors into leasing project assessment and investment decision-making, and optimise asset portfolio management. • Strengthen communication with customers, suppliers and business partners to understand their transition plans and changing needs. • Regularly review business strategies and market positioning to enhance adaptability to market transition.
Low-carbon Transition and Green Development Opportunities	• Actively explore opportunities in green finance, green leasing and sustainable investment. • Promote energy management and green campus development to improve resource efficiency. • Continue to monitor low-carbon technologies and green industry trends and identify potential business growth opportunities.

The Group has not yet formulated a standalone climate transition plan. Nevertheless, based on its business characteristics and development needs, it is progressively incorporating the management of climate-related risks and opportunities into corporate governance and daily operational management. At the current stage, its principal decarbonisation pathway comprises operational optimisation, enhanced resource efficiency and environmental management measures. By continuing to conduct climate risk identification, materiality assessment and scenario analysis, the Group deepens its understanding of the potential impacts of climate change and implements resource management, energy-saving, emission-reduction and risk-control measures across its higher education, finance and operating leasing, and vessel investment businesses to enhance operational stability and climate resilience.

During the Reporting Period, the Group did not incur any material dedicated capital expenditure, financing arrangements or investment deployment specifically for responding to climate-related risks and opportunities. Nevertheless, the Group continued to implement energy and resource-use management measures in campus management, office operations, lease asset management and vessel investment management, and incorporated climate factors into certain operational and investment decisions to reduce the potential impacts of relevant risks on its businesses.

Despite the management measures adopted, the development of climate-related risks and opportunities remains subject to a range of external factors, including changes in global and regional climate policies and regulatory requirements, the pace of transition to a low-carbon economy, trends in green finance and sustainable investment markets, the level of attention paid by customers and stakeholders to sustainability issues, and the frequency and severity of extreme weather events. Market conditions and technological developments in the industries served by the Group, including aviation, healthcare, public infrastructure, shipping and education, may also affect the future manifestation of climate-related risks and opportunities and the effective implementation of climate-resilience plans.

In view of these uncertainties, the Group has progressively incorporated climate-related issues into business planning and risk management processes. It continues to assess the potential impacts of climate-related risks and opportunities on operations, asset values and development strategy across short-, medium- and long-term horizons, and adjusts management measures and business arrangements as appropriate to enhance overall response capability and value chain resilience.

Looking ahead, the Group will continue to monitor changes in climate-related policies, market trends and stakeholder expectations, and regularly review the results of climate risk and opportunity assessments and the implementation and effectiveness of existing management measures. The Board and management will progressively improve climate-related governance and management mechanisms with reference to the Group's business development direction, asset allocation strategy and operational needs, thereby strengthening its adaptability to climate change and its long-term sustainable development capabilities.

Risk Management

The Group has progressively incorporated the identification, assessment, prioritisation and management of climate-related risks and opportunities into its overall risk management and ESG management mechanisms. Through regular reviews of their potential impacts on business operations, the Group seeks to strengthen its ability to respond to climate change and enhance business resilience.

4. ENVIRONMENTAL PROTECTION

As the Reporting Period was the first year in which the Group systematically identified and assessed climate-related risks and opportunities, the work during the period focused on establishing a climate risk management framework, identifying and assessing the materiality of risks and opportunities, and clarifying the relevant management and reporting processes. At the current stage, the Group has progressively incorporated climate-related issues into its existing risk management and decision-making mechanisms, but has not made material changes to its overall risk management structure in response to climate-related factors.

In managing climate-related risks and opportunities, the Group conducts analysis with reference to its business model and operating characteristics. For the higher education business, the Group focuses on the potential impacts of extreme weather on campus facilities, teaching activities, the safety of students and staff, and daily campus operations. For the finance and operating leasing business, it focuses on the effects of climate change on the operating stability of lessees, lease asset management, asset values and market demand. For the vessel investment business, it considers the potential impacts of extreme weather, changes in the shipping market and low-carbon transition trends on vessel operations and asset values.

In the risk assessment process, the Group refers to publicly available climate scenario information, policy and regulatory information and industry trends, and considers parameters including asset locations and types, historical impacts of extreme weather and energy consumption patterns. It also uses public climate scenario data and internal data such as operating logs. The Group's process for managing climate-related risks and opportunities is set out below:

1. Identification	The Group identifies climate-related risks and opportunities relevant to it by monitoring climate change trends, policy and regulatory developments, industry developments, technological changes and changes in market demand, and by considering peer benchmarking, stakeholder concerns and the characteristics of the Group's businesses. The identification scope covers the Group's principal operating activities to ensure that the register of climate-related risks and opportunities encompasses the main business processes.
2. Assessment	The Group assesses identified climate-related risks and opportunities by analysing their potential impacts on its business model, value chain and financial performance, as well as their likelihood and magnitude. Where practicable, the assessment uses data and parameters consistent with those adopted at the identification stage and considers short-, medium- and long-term time horizons to improve consistency and comparability. As the current data foundation and quantitative methodologies are still being developed, the Group's assessment is primarily qualitative at this stage.
3. Prioritisation	Based on the assessment results, the Group prioritises identified items with reference to the likelihood, magnitude and timing of risks and opportunities and their relevance to the Group's strategy, thereby forming a list of key climate-related risks and opportunities. This prioritisation approach is aligned with the Group's overall risk management approach and supports subsequent resource allocation and the formulation of response measures.

4. Monitoring	Management coordinates the day-to-day follow-up of climate-related risks and opportunities, coordinates the relevant departments in advancing identification, assessment and implementation of response measures, and continuously monitors the potential impacts of changes in policies, regulations and the market environment on the Group. Management regularly reports to the Board on progress in managing climate-related risks and opportunities, key matters and implementation of response measures. The Board oversees the direction of climate-related risk and opportunity management and decisions on significant matters, ensuring alignment with the Group's overall strategy and risk management requirements.

Metrics and Targets

The Group regards enhancing climate resilience and promoting a sustainable operating model as important management priorities. It continues to advance initiatives relating to energy conservation and emission reduction, resource efficiency and operational optimisation, and progressively improves its climate-related management mechanisms in response to regulatory requirements and stakeholder expectations. In formulating relevant arrangements, the Group gives priority to the national "dual-carbon" strategy and applicable environmental and energy-saving policies in the jurisdictions where it operates, while also taking into account the climate-related disclosure framework of the SEHK.

To align with these priorities, the Group continues to advance decarbonisation by optimising operating processes, promoting green office practices and improving resource efficiency. At the current stage, taking into account the nature of its businesses, operating characteristics and management foundation, the Group has established climate-related management targets and phased directions to guide its decarbonisation and climate management work. In terms of the implementation pathway, the Group does not currently use carbon credits for offsetting and will prioritise operational improvements, enhanced resource efficiency and management optimisation to achieve emission reductions.

Area	Target
GHG Emissions	By 2030/31, the Group will reduce average Scope 1 and Scope 2 GHG emissions per employee by 5% compared with 2025/26.
Waste Management	By 2030/31, the Group will reduce average non-hazardous waste generated per employee by 5% compared with 2025/26, while continuing to promote waste reduction at source, resource recycling and paperless office measures.
Energy Consumption	By 2030/31, the Group will reduce average energy consumption per employee by 5% compared with 2025/26, supported by the use of energy-efficient equipment, optimised energy management and improved energy efficiency.
Water Consumption	By 2030/31, the Group will reduce average water consumption per employee by 5% compared with 2025/26, while continuing to strengthen water conservation management and improve water efficiency.

4. ENVIRONMENTAL PROTECTION

The above targets were formulated with reference to the Group's current business development, operating model, resource use and data availability. They are intended to support environmental management and the implementation of emission-reduction measures through continuous improvements in operational efficiency and resource management. Unless otherwise stated, the targets use 2025/26 as the base year and 2030/31 as the target year, and apply to the principal operating locations and business segments within the reporting boundary. The Group will monitor progress against these climate-related targets annually and disclose actual performance, achievement status and trends relative to the base year in subsequent reports. As the current year is the base year for these targets, no comparable annual trend is yet available. The Group will continue to analyse performance changes and the principal reasons after obtaining data for subsequent years.

The GHG emissions target is measured by average Scope 1 and Scope 2 GHG emissions per employee; the energy consumption target by average energy consumption per employee; the water consumption target by average water consumption per employee; and the waste management target by average non-hazardous waste generated per employee. These intensity indicators enable the Group to assess resource efficiency and environmental management performance more effectively and reduce the effect of changes in business scale on target assessment.

The Board will regularly review implementation of the Group's environmental targets and related environmental performance, and will review the targets and relevant management measures as appropriate with reference to business development, regulatory requirements, stakeholder expectations and management needs, thereby continuously improving environmental management and the implementability of the targets.

At the current stage, the Group has progressively incorporated climate-related risks and opportunities into its overall risk management and ESG management framework, and continues to improve the associated data collection, monitoring and analysis mechanisms. However, the progress and effectiveness of the Group's climate management work may still be affected by changes in the external environment, including updates to climate and environmental regulatory requirements, changes in market demand for green finance and sustainable development, fluctuations in energy prices, and changes in the frequency and severity of extreme weather events.

In addition, during the Reporting Period, the Group conducted GHG identification, assessment and inventory work to manage its own GHG emissions effectively. The work covered the Group's operations in Hong Kong. Scope 1 and Scope 2 emissions were accounted for in accordance with the GHG Protocol: A Corporate Accounting and Reporting Standard (2004). The Group also referred to the GHG Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011) in reviewing data on Scope 3 emission sources. The GHG inventory covered carbon dioxide, methane and nitrous oxide. To improve readability, emissions are uniformly presented in tonnes of carbon dioxide equivalent ("**tCO_2e**").

Taking into account the Group's core operations, estimated emission scale, data availability and peer research, the following categories were included in the Group's Scope 3 emissions accounting boundary:

- Category 1: Purchased goods and services
- Category 5: Waste generated in operations
- Category 6: Business travel
- Category 13: Downstream leased assets

4. ENVIRONMENTAL PROTECTION

During the Reporting Period, the Group's GHG emissions were as follows:

GHG Emissions *(Note (1))*	Unit	Year ended 31 March 2026	Year ended 31 March 2025
Total GHG Emissions	tCO_2e	**467,986.54**	265,100.89
Scope 1 — Direct GHG Emissions *(Note (2))*	tCO_2e	**66.16**	107.90
Scope 2 — Energy Indirect GHG Emissions *(Note (3))*	tCO_2e	**38,432.70**	31,639.00
Scope 3 — Other Indirect GHG Emissions *(Note (4))*	tCO_2e	**429,487.68**	233,353.99
GHG Emissions Intensity	tCO_2e/employee	**189.93**	120.17

Notes:

(1) The Group adopts the operational control approach for calculating GHG emissions. Under this approach, the accounting boundary is determined based on the Group's authority to implement operating policies for the relevant business activities. This more accurately reflects the Group's actual responsibility for carbon management and supports stronger monitoring and governance of GHG emissions, ensuring consistency between the calculation results and the Group's sustainable development objectives.

(2) Scope 1 — direct GHG emissions refer to emissions generated directly from operations owned or controlled by the Group. The Group's direct GHG emissions mainly arise from vehicle fuel combustion. Emission factors for different types of vehicles were calculated with reference to the Guidelines for Accounting and Reporting of Greenhouse Gas Emissions provided by the NDRC.

(3) Scope 2 — energy indirect GHG emissions refer to indirect emissions generated from energy purchased or acquired by the Group. The Group's energy indirect GHG emissions arise from purchased electricity, purchased heating and purchased steam. Electricity emissions were calculated with reference to the Announcement on the Release of 2023 Electricity Carbon Dioxide Emission Factors published in 2025 by the Ministry of Ecology and Environment of the PRC and the National Bureau of Statistics of China. Heating emissions were calculated with reference to the Guidelines for Accounting and Reporting of Greenhouse Gas Emissions for Public Building Operators (Trial) provided by the NDRC. Steam emissions were calculated with reference to the Guidelines for Accounting and Reporting of Greenhouse Gas Emissions provided by the NDRC.

(4) Scope 3 — other indirect GHG emissions cover other indirect emissions occurring outside the Group, including: (i) methane generated from the disposal of waste paper; (ii) electricity used for water treatment; (iii) GHG emissions from air travel by employees on business trips; and (iv) GHG emissions from fuel combustion by vessels classified as downstream leased assets. Methane from disposed waste paper was calculated with reference to Appendix 2 published by the SEHK. Electricity used for water treatment was calculated with reference to standards of the Water Supplies Department and the Drainage Services Department of Hong Kong. Emissions from employee business air travel were calculated using the carbon emissions calculator of the International Civil Aviation Organization. GHG emissions from vessel fuel combustion were calculated with reference to the Fourth IMO GHG Study 2020 published by the International Maritime Organization. Scope 3 — other indirect GHG emissions increased significantly year on year, mainly because higher business volume and related operational demand led to increases in vessel usage frequency, sailing distance and/or operating hours, resulting in higher vessel fuel consumption. As emissions from vessel fuel combustion represent the principal component of the Group's Scope 3 emissions, the increase in fuel consumption drove the rise in total Scope 3 emissions during the year.

5. EMPLOYMENT AND TALENT DEVELOPMENT

5.1 EMPLOYMENT AND LABOUR PRACTICES

The Group regards employees as an important asset in driving sustainable business development. It is committed to providing a safe, healthy, equal and inclusive working environment, safeguarding employees' lawful rights and interests, and supporting their career development and personal growth. The Group believes that talent is key to corporate success and therefore continues to enhance its human resources management system to attract, develop and retain outstanding talent and grow together with employees.

The Group strictly complies with applicable employment and labour laws and regulations in the jurisdictions where it operates, including but not limited to the Labour Law of the PRC, the Labour Contract Law of the PRC, the Social Insurance Law of the PRC, the Law of the PRC on the Protection of Women's Rights and Interests, the Teachers Law of the PRC and the Employment Ordinance (Cap. 57 of the Laws of Hong Kong). It continuously improves its human resources management system to safeguard employees' lawful rights and interests and promote harmonious and stable labour relations.

As at 31 March 2026, the Group had a total of 2,464 full-time and part-time employees (as at 31 March 2025: 2,703 full-time and part-time employees). The composition of the Group's full-time workforce was as follows:

Employment Indicators	Year ended 31 March 2026 Number of employees (Percentage)	Year ended 31 March 2025 Number of employees (Percentage)
By Gender		
Female	**1,571 (63.8%)**	1,410 (63.9%)
Male	**893 (36.2%)**	796 (36.1%)
By Employee Category		
Senior Management	**378 (15.4%)**	369 (16.7%)
Middle Management	**856 (34.7%)**	677 (30.7%)
Frontline and Other Employees	**924 (37.5%)**	645 (29.2%)
Other	**306 (12.4%)**	515 (23.4%)
By Geographical Region		
Mainland China	**2,454 (99.6%)**	2,197 (99.5%)
Hong Kong	**8 (0.3%)**	8 (0.4%)
Japan	**1 (<0.1%)**	1 (0.1%)
Other Regions	**1 (<0.1%)**	0 (0%)
By Age Group		
18–25	**44 (1.8%)**	76 (3.4%)
26–35	**1,162 (47.2%)**	1,171 (53.1%)
36–45	**563 (22.8%)**	491 (22.3%)
46–55	**485 (19.7%)**	267 (12.1%)
56 or above	**210 (8.5%)**	201 (9.1%)

5. EMPLOYMENT AND TALENT DEVELOPMENT

Recruitment Practices

The Group follows the recruitment principles of openness, fairness, impartiality and merit-based selection. Based on business development and talent needs, it attracts outstanding candidates through diverse channels, including campus recruitment, social recruitment and talent introduction programmes. Candidates are primarily assessed on professional competence, work experience, qualifications and suitability for the position, and the Group is committed to providing equal employment opportunities to people from different backgrounds.

The Group strictly complies with the Labour Law of the PRC, the Labour Contract Law of the PRC, the Law of the PRC on the Protection of Minors, the Provisions on the Prohibition of Using Child Labour, the Employment Ordinance (Cap. 57 of the Laws of Hong Kong) and the Employment of Children Regulations (Cap. 57B of the Laws of Hong Kong), and firmly prohibits child labour and all forms of forced labour. During recruitment and onboarding, candidates are required to submit identity documents, academic certificates, professional qualification certificates and other relevant documents. The Group verifies identity and age information through document verification, background checks and onboarding data reviews to prevent the employment of persons below the statutory working age.

New employees are required to complete onboarding procedures in accordance with established requirements, including submitting supporting documents, establishing personnel files, attending induction training and signing employment contracts. Where a position is subject to probation, the Group assesses the employee against job requirements and work performance as an important basis for confirmation of employment. If an employee is found to have provided false information, forged documents or otherwise breached recruitment requirements, the Group will handle the matter in accordance with relevant policies, laws and regulations.

The Group enters into employment contracts with all employees in accordance with law. The contracts clearly set out job duties, working hours, remuneration, rest days and leave, social insurance and other rights and obligations, thereby safeguarding employees' lawful rights and interests. The Group has also established resignation management procedures and handover arrangements to regulate resignations, termination of employment and work handovers. Exit interviews are conducted to understand reasons for departure and collect views and recommendations, supporting continuous improvement of human resources management.

During the Reporting Period, the Group did not identify any case involving child labour, forced labour or material non-compliance with employment and labour laws and regulations.

Employee Turnover and Talent Retention

The Group firmly believes that outstanding talent is fundamental to sustainable business development and enhanced core competitiveness. It therefore seeks to build a stable, diverse and dynamic workforce and to attract and retain outstanding talent through sound human resources management systems and employee care measures.

5. EMPLOYMENT AND TALENT DEVELOPMENT

The Group continues to optimise employee management and talent retention mechanisms. Competitive remuneration and benefits, fair and transparent promotion mechanisms, diverse training and development opportunities, a positive working environment and corporate culture are used to enhance job satisfaction, employees' sense of belonging and their willingness to pursue long-term development with the Group. The Group also values employee views and communication. Through daily exchanges, employee forums and exit interviews, it seeks to understand employee needs and concerns and reviews and improves relevant management measures as appropriate.

During the Reporting Period, a total of 271 full-time employees left the Group, representing a turnover rate of 12% (as at 31 March 2025: a total of 199 full-time employees in Mainland China and Hong Kong left the Group, representing a turnover rate of 10%). The turnover rates of the Group's full-time employees by category were as follows:

Turnover Rate Indicators *(Note (1))*	Year ended 31 March 2026	Year ended 31 March 2025
By Gender		
Female	**12%**	10%
Male	**13%**	8%
By Age Group		
18–25	**33%**	31%
26–35	**16%**	11%
36–45	**5%**	3%
46–55	**9%**	4%
56 or above	**11%**	14%
By Geographical Region		
Mainland China	**12%**	10%
Hong Kong	**27%**	0%
Japan	**0%**	0%
Other Regions	**0%**	0%
Overall	**12%**	10%

Note:

(1) The full-time employee turnover rate is calculated as: the percentage of number of full-time employees who left during the year/((number of full-time employees at the beginning of the year + number of full-time employees at the end of the year)/2. The Group conducted separate statistical analyses for different categories, including gender, age group and geographical region.

Remuneration and Promotion Practices

The Group is committed to establishing a fair, transparent and competitive human resources management mechanism to attract, motivate and retain outstanding talent. To promote employees' career development, the Group has established job management and performance appraisal systems that provide clear career development pathways and promotion opportunities.

5. EMPLOYMENT AND TALENT DEVELOPMENT

The Group regularly conducts comprehensive assessments of employees' work performance, professional competence, work attitude, management capability and teamwork. Performance appraisal results, job requirements, development potential and work experience are important considerations for promotion, transfer and remuneration adjustments. When vacancies arise, the Group gives priority to internal promotion and transfer, encouraging employees to realise career development through continuous learning and capability enhancement.

In remuneration management, the Group regularly reviews its remuneration structure and market levels and makes adjustments with reference to business development needs, operating performance and labour market conditions to maintain competitiveness. By linking remuneration to work performance and performance outcomes, the Group seeks to unlock employees' potential, enhance motivation and improve overall operational efficiency.

Employee Rights and Benefits

The Group values employee well-being and is committed to providing market-competitive remuneration and diverse benefits to help employees achieve work-life balance and enhance their sense of belonging and satisfaction.

The Group strictly complies with applicable laws and regulations on remuneration and benefits in the jurisdictions where it operates, including but not limited to the Labour Law of the PRC, the Social Insurance Law of the PRC, the Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong) and the Minimum Wage Ordinance (Cap. 608 of the Laws of Hong Kong). It makes social insurance and housing provident fund contributions for eligible employees in accordance with law and makes mandatory provident fund contributions for Hong Kong employees.

The Group regulates working hours and rest and leave arrangements through relevant systems and provides annual leave, marriage leave, maternity leave, paternity leave, sick leave and other statutory leave in accordance with law. Where overtime is required for work, compensatory leave or overtime pay is provided in accordance with applicable laws, regulations and internal requirements to safeguard employees' lawful rights and interests.

In addition to statutory benefits, the Group provides a range of supplementary benefits and employee care measures, including festive gifts, employee activities, birthday care, meal allowances, accommodation arrangements, transport allowances and other employee benefit programmes. As an education institution, the Group also provides Teachers' Day recognition and related benefits to teaching staff as appropriate, in recognition of their contribution to education.

Vocational Training and Development

The Group believes that talent is a cornerstone of sustainable business development and enhanced core competitiveness. It therefore seeks to establish a systematic and diversified talent development mechanism, continuously improve employees' professional, management and comprehensive capabilities, and support personal development and career growth.

The Group formulates annual training plans based on the needs of different business segments and positions. It provides continuous learning and development opportunities through internal and external training, professional seminars, experience-sharing sessions and online learning platforms. Training covers professional skills, teaching capabilities, management skills, legal compliance, risk management, information technology applications and corporate culture, with a view to enhancing employees' ability to perform their duties and improving work efficiency.

5. EMPLOYMENT AND TALENT DEVELOPMENT

As a higher education institution, the Group places great importance on developing its teaching workforce and young teachers. It has established training and mentorship mechanisms for newly recruited teachers to help them adapt quickly to the working environment and understand teaching requirements. Training covers professional ethics and conduct, educational theory, teaching skills, research service management, talent policy interpretation, campus safety education and institutional development. Teaching observation, simulated teaching, group discussions and guidance by professional mentors are also used to strengthen new teachers' teaching competence and professional capabilities.

For the finance leasing business segment, the Group also arranges training in response to business development needs. Topics include finance leasing knowledge, laws and regulations, risk management, compliance management, financial management and market trends, helping employees understand the latest industry developments and professional knowledge and enhance service capability and risk management standards.

In addition to internal training, the Group encourages employees to participate in external professional training, qualification programmes, industry forums and exchange activities. Education and training support and learning resources are provided in accordance with relevant systems to encourage continuing education and lifelong learning and promote personal capability enhancement and career development.

Yantai Nanshan University Conducts 2025 Summer Training for Young Teachers

In August 2025, Yantai Nanshan University organised summer training for young teachers. The training covered the president's first lesson, the spirit of educators, professional ethics and conduct, interpretation of personnel systems and talent policies, research service management and policies, teaching research management and policies, enhancement of teaching skills and simulated teaching. The programme combined centralised training, specialised training, online learning and mentorship, with no fewer than 120 cumulative training hours. It helped new teachers enhance their teaching capabilities, research literacy and career development planning, laying a foundation for their prompt integration into the University's teaching and research work.

During the Reporting Period, 2,464 full-time employees received a total of 291,728 hours of training (as at 31 March 2025: 1,642 full-time employees received a total of 7,405 hours of training). The Group's training data was as follows:

Training	Year ended 31 March 2026		Year ended 31 March 2025	
	Average Training Hours per Employee (hours) *(Note (1))*	Percentage of Employees Trained (%)	Average Training Hours per Employee (hours)	Percentage of Employees Trained (%)
By Gender				
Male	**130.87**	**61**	3.53	75
Female	**111.30**	**71**	3.26	74
By Employee Category				
Senior Management	**86.35**	**85**	3.34	81
Middle Management	**150.52**	**69**	3.48	90
Frontline and Other Employees	**136.63**	**74**	4.81	91
Other	**13.08**	**21**	1.38	29

Note:

(1) The basis for calculating training hours was adjusted this year to include both online and offline training hours, providing more comprehensive coverage than in previous years. Accordingly, the average training hours per employee increased compared with previous years.

5.2 HEALTH AND SAFETY

As a responsible employer and education institution, the Group places great importance on the health and safety of employees, students and other stakeholders and is committed to maintaining a safe, healthy and sustainable campus environment. It strictly complies with applicable health and safety laws and regulations, including but not limited to the Work Safety Law of the PRC, the Law of the PRC on the Prevention and Control of Occupational Diseases, the Fire Protection Law of the PRC, the Food Safety Law of the PRC and the Shandong Province School Safety Regulations. The Group has established a comprehensive safety management system and emergency management framework and continues to improve campus safety management.

The Group has established a safety management structure covering all levels of the campus, with the Safety Management Office coordinating safety management work. It regularly identifies and assesses safety risks in campus operations and formulates corresponding preventive and control measures. The Group has formulated the Major Emergency Support System and Comprehensive Emergency Response Plan, which covers dedicated response plans for fires, food poisoning, laboratory safety incidents, crowd crushes on campus, natural disasters, counter-terrorism and violence prevention, and emergency evacuation. The plan clarifies emergency responsibilities and response procedures at each level and enhances the campus's ability to respond to emergencies.

The Group continues to foster a safety culture and incorporates safety training into induction programmes for new employees and newly recruited teachers. During the Reporting Period, the Group organised company-level safety education for new employees and campus safety training for newly recruited teachers. Topics included basic work safety knowledge, fire safety, emergency response, anti-fraud education, campus safety management and fire prevention, further enhancing the safety awareness and risk prevention capabilities of faculty and staff.

In fire safety, the Group regularly organises fire safety education and emergency drills to enhance fire safety awareness and emergency response capabilities among teachers, students and relevant management personnel. During the Reporting Period, the University organised dedicated fire safety training for student residence management personnel, systematically explaining the use of fire equipment, fire emergency procedures and evacuation knowledge, with practical exercises used to reinforce the training outcomes.

5. EMPLOYMENT AND TALENT DEVELOPMENT

Enhancing Campus Emergency First-aid Capabilities — School of Physical Education Conducts First-aid Skills Training

To further enhance teachers' emergency first-aid capabilities and safeguard students during physical education classes and activities, the School of Physical Education organised specialised first-aid skills training during the Reporting Period. Professional rescue instructors from the Longkou Red Cross Society were invited to provide systematic explanations and practical demonstrations on cardiopulmonary resuscitation, use of automated external defibrillators and the Heimlich manoeuvre.

Combining theoretical instruction with practical exercises, the training enabled participating teachers to practise first-aid techniques under professional guidance and further understand emergency response procedures and first-aid skills. The programme further strengthened teachers' risk prevention awareness and emergency response capabilities, providing strong support for a safe campus and the healthy development of students.

The Group also places great importance on student mental health and food safety management. The University has established mental health education and crisis intervention mechanisms, continues to conduct mental health education activities, and has implemented a psychological crisis identification and early-warning system to monitor students requiring support. At the same time, the Group has established food safety management systems and working mechanisms, regularly organises training for personnel in key food safety positions, and strengthens food procurement, preparation, tableware disinfection and daily supervision to safeguard the dietary safety of teachers and students.

In accordance with the Social Insurance Law of the PRC, the Group provides work-related injury insurance for all employees. The Group has also formulated an office health and safety plan and adopted measures including regular cleaning and disinfection of office areas and the promotion of flexible working methods such as online meetings, thereby maintaining a safe and efficient office environment.

During the Reporting Period, the Group recorded no work-related fatalities. The Group also did not identify any case of material non-compliance with occupational health and safety laws and regulations that had a significant impact on the Group.

Health and Safety	Year ended 31 March 2026	Year ended 31 March 2025	Fifteen months ended 31 March 2024
Work-related Fatalities (cases)	**0**	0	1
Work-related Fatality Rate	**0**	0	0.04%
Employees Injured at Work (persons) *(Note (1))*	**5**	3	4
Lost Days Due to Work Injury (days)	**232**	76	7.5

Note:

(1) To improve comparability of annual data, the Group has, from the current year, standardised the disclosure of work injury data based on the number of employees sustaining work injuries. Data for the preceding two reporting years has been consolidated and reclassified on the same basis.

6. RESPONSIBLE OPERATIONS

6.1 SUPPLY CHAIN MANAGEMENT

The Group places great importance on supply chain management and food safety risk control and is committed to establishing a transparent, standardised and traceable procurement management system. To ensure that suppliers meet the Group's quality, safety and compliance requirements, the Group has formulated relevant management systems in accordance with the Food Safety Law of the PRC, the Provisions on the Administration of Food Safety and Nutrition and Health in Schools, and the Code of Practice for Food Safety in Catering Services, regulating supplier admission, assessment and supervision processes.

The Group applies centralised management to suppliers. Procurement follows the principles of openness, fairness, impartiality and integrity, supported by supplier admission and assessment mechanisms. When selecting suppliers, the Group considers product or service quality, food safety management, compliance, performance capability and environmental and social risk management. Food and catering suppliers are required to provide valid business licences, food operation permits, product qualification certificates and other relevant qualification documents, which are periodically reviewed to ensure compliance with applicable laws and regulations.

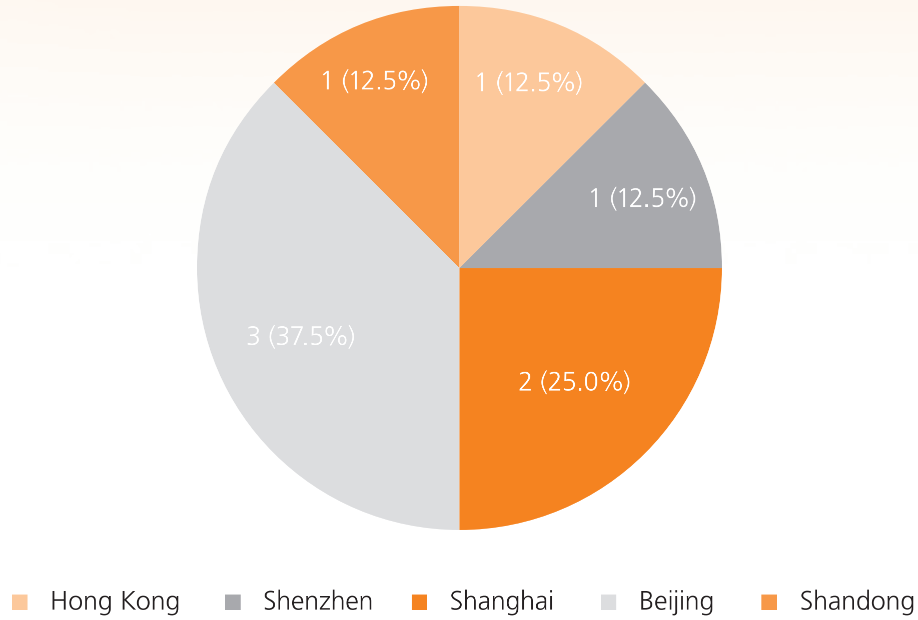
For the University's catering supply chain, the Group strictly implements supplier admission, incoming goods inspection and food traceability systems. All food ingredients must undergo acceptance procedures, including verification of supplier qualifications, review of accompanying documents, inspection of product packaging and sensory quality, and checking of transport temperatures for chilled and frozen food. Suppliers of meat products must provide relevant quarantine and inspection certificates to ensure that the food is legally sourced and safe.

If a supplier is found to have significant quality defects, food safety risks or breaches of laws and regulations, the Group will require rectification within a specified period. If rectification is unsatisfactory or the matter is serious, cooperation will be suspended or the supplier's qualification will be revoked to reduce supply chain risks.

During the Reporting Period, the Group had eight suppliers, principally located in Shandong Province, Beijing, Shanghai, Shenzhen and Hong Kong (as at 31 March 2025: 14 suppliers).

The chart below shows the number of suppliers by geographical location:

The number of suppliers by geographical location



6.2 SERVICE QUALITY

Finance Leasing and Operating Leasing Services

The Group is committed to providing professional, efficient and compliant finance leasing and operating leasing services. It strictly complies with the Interim Measures for the Supervision and Administration of Finance Leasing Companies, the Civil Code of the PRC and other applicable laws and regulations. To safeguard service quality and reduce operational risks, the Group has established management systems covering customer due diligence, project approval, contract management and risk monitoring to regulate business processes.

The Group continues to improve its risk management mechanisms and regularly reviews customers' credit status and project risks to safeguard lease assets and support stable business operations. It also values the customer service experience and seeks to provide appropriate and reliable financing solutions through continuous optimisation of service processes and enhancement of professional capabilities.

Education Service Quality Management

Guided by the educational philosophy of "fostering virtue through education", the Group continuously improves its education and teaching management system and is committed to providing students with high-quality, diversified and advanced education services. It strictly complies with the Education Law of the PRC, the Higher Education Law of the PRC, the Teachers Law of the PRC, the Law of the PRC on the Promotion of Privately-run Schools and its implementing regulations, and other relevant laws and regulations.

To safeguard teaching quality, the Group has formulated the Teaching Work Standards for Teachers of Yantai Nanshan University, which set out clear requirements for teacher admission qualifications, classroom teaching, laboratory and practical training, teaching discipline and professional development. Newly recruited teachers must complete pre-service training and teaching capability development programmes and pass relevant assessments before undertaking teaching duties.

The Group also continues to advance education and teaching reform and encourages teachers to adopt modern teaching tools and innovative methods to improve classroom outcomes and students' learning experience. Teaching evaluations are conducted regularly across multiple dimensions, including curriculum-based ideological and political education, teaching attitude, teaching content, teaching methods and student participation, and the results are used to continuously improve teaching management.

6.3 CUSTOMER AND STUDENT COMMUNICATION

The Group values effective communication with customers, students and other stakeholders and is committed to establishing an open, transparent and efficient feedback mechanism to continuously improve service quality and management standards.

For the finance leasing and operating leasing businesses, the Group understands customer needs and views through regular visits, business exchanges and customer service channels. Customer enquiries and complaints are followed up promptly, supporting continuous improvement of service processes and customer experience.

For the education business, the Group has established diversified feedback and complaint handling mechanisms under the Yantai Nanshan University Immediate Complaint Handling Work Plan. Views and recommendations from teachers and students are collected through the "Campus Information Link" platform, the president's mailbox, president's reception days, the 12345 government service hotline and other online and offline channels. Matters raised are accepted, assigned, followed up and responded to in accordance with established procedures, creating a closed-loop management mechanism to ensure timely resolution and improvement.

The Group regularly analyses feedback from customers, teachers and students to identify opportunities for service improvement, and enhances customer, teacher and student satisfaction through continuous optimisation of management processes and service measures.

During the Reporting Period, the Group did not receive any material complaint relating to finance leasing and operating leasing services. It received a total of 120 comments and complaints relating to education services, all of which were properly followed up and handled in accordance with established procedures.

6.4 ADVERTISING AND PROMOTION MANAGEMENT

The Group places great importance on the truthfulness, accuracy and compliance of student recruitment publicity and information disclosure. It is committed to safeguarding the right to information of students, parents and other stakeholders and avoiding any effect on education decisions arising from inaccurate or misleading information. The Group strictly complies with the Education Law of the PRC, the Higher Education Law of the PRC, the Advertising Law of the PRC, the Law of the PRC on the Promotion of Privately-run Schools and its implementing regulations, student recruitment management requirements issued by education authorities, and other applicable laws and regulations.

To regulate student recruitment and publicity activities, the Group has established a student recruitment leadership group to coordinate recruitment planning, preparation of admission rules, review of publicity materials and publication of recruitment information. Content published in admission prospectuses, brochures, recruitment websites, WeChat official accounts and other publicity channels is reviewed under internal approval procedures to ensure that it is true, accurate, complete and compliant with regulatory requirements.

In its finance leasing and operating leasing businesses, the Group also upholds the principle of integrity and ensures that product and service information provided to customers is true, accurate and complete. Service content, fee arrangements and risk warnings are disclosed in accordance with applicable laws, regulations and contractual requirements to safeguard customers' lawful rights and interests.

6.5 RESPECT FOR INTELLECTUAL PROPERTY RIGHTS AND PRIVACY PROTECTION

The Group places great importance on intellectual property protection, management of commercial confidential information and personal data protection. It is committed to safeguarding the lawful rights and interests of teachers, students, customers, business partners and the Group. The Group strictly complies with the Patent Law of the PRC, the Trademark Law of the PRC, the Copyright Law of the PRC, the Cybersecurity Law of the PRC, the Data Security Law of the PRC, the Personal Information Protection Law of the PRC and other applicable laws and regulations. It has established relevant management systems and internal controls and continues to enhance intellectual property, information security and privacy protection management.

For the higher education business, the Group values the management of research outcomes and intellectual property rights. It has established intellectual property declaration and filing mechanisms and regulates the application, review and management of patents and other research outcomes. Research outcomes and intellectual property created by faculty and staff in the course of their duties are managed in accordance with relevant systems to protect the lawful rights in innovations and facilitate the effective commercialisation of research outcomes.

For the finance and operating leasing businesses, the Group places great importance on protecting customer information and commercial confidential information. Employees must comply with confidentiality agreements and internal confidentiality requirements and may not disclose, use or transfer customer data, contracts, financial data, transaction information or other commercially sensitive information without authorisation. Employees are also required to continue to observe confidentiality obligations after leaving the Group, thereby safeguarding the lawful rights and interests of customers and the Group.

The Group also continues to enhance information security awareness among teachers, students and employees, and regularly conducts cybersecurity publicity, anti-fraud education and data security training to promote a culture of safe internet use. During the Reporting Period, the Group organised activities for National Cybersecurity Awareness Week, promoting the Cybersecurity Law, the Data Security Law and the Personal Information Protection Law to teachers and students and strengthening cybersecurity risk prevention capabilities. The Group also strengthens the management of high-risk software and unauthorised tools and strictly prohibits the unauthorised use of software that may affect network security, reducing the risks of data leakage and cyberattacks.

7. COMMUNITY INVESTMENT

Guided by the philosophy of "fostering virtue through education and serving society", the Group fully leverages the talent development and social service functions of an education institution. It actively responds to national policy initiatives relating to rural revitalisation, educational equity and volunteer service, and encourages teachers and students to participate in public welfare activities and contribute to social development.

During the Reporting Period, the Group continued to promote volunteer service, social practice, charitable activities, voluntary blood donation, student assistance and poverty alleviation. Through diverse public welfare activities involving community service, care for disadvantaged groups and support for educational equity, the Group seeks to foster social responsibility and civic awareness among young students and promote the joint development of the campus and society.

YOUTH VOLUNTEERS SERVING SOCIAL DEVELOPMENT

The Group actively develops its youth volunteer service system and encourages students to leave the campus and serve society. During the Reporting Period, the University organised more than 30 community service and public welfare activities, with over 4,000 student participations in volunteer service.

The University also actively supports students' participation in national and local volunteer service programmes. Under the 2025 Western China College Student Volunteer Service Plan, a record-high 323 students registered, and 11 students passed the assessment and commenced volunteer service at community level.

During the summer holiday, the University organised 14 key university-level teams and 132 faculty-level and self-organised teams. A total of 146 social practice teams comprising 2,011 students conducted activities relating to rural revitalisation, elderly care, care for children, cultural heritage and Party history education. Two teams were recognised as provincial-level key teams.

SHARING COMPASSION THROUGH VOLUNTARY BLOOD DONATION

The Group has long supported voluntary blood donation and public welfare initiatives relating to care for life, and encourages teachers and students to give back to society through concrete action. During the Reporting Period, the University organised more than ten voluntary blood donation activities. A total of 362 teachers and students participated and donated 112,900 millilitres of blood, placing the University among the leading higher education institutions in Yantai in terms of voluntary blood donation.

In recognition of its sustained efforts in voluntary blood donation, the University's Youth Volunteer Association received the title of "Outstanding Collective for Voluntary Blood Donation Service in Shandong Province" for the third consecutive year. A number of teachers and students were also recognised as "Outstanding Individuals in Voluntary Blood Donation Work", "Outstanding University Students in Voluntary Blood Donation Service" and "Caring University Students in Voluntary Blood Donation".

In addition, in recognition of its long-standing contribution to volunteer service, the University became a principal member of the Longkou Volunteer Service Federation in 2025 and continues to support local public welfare and community development.

7. COMMUNITY INVESTMENT

PROMOTING EDUCATIONAL EQUITY AND SUPPORTING STUDENT DEVELOPMENT

The Group is committed to promoting educational equity and continuously improves its student financial assistance and award systems to provide students from different backgrounds with equal opportunities for educational development.

During the Reporting Period, the Group provided support to academically outstanding students and students from families with financial difficulties through scholarships, grants and work-study programmes, helping them alleviate financial pressure and focus on their studies. The University also continued to expand work-study positions to provide students in need with practical opportunities and enhance their vocational skills and capacity for self-development.

Going forward, the Group will continue to leverage its educational resources, deepen volunteer service and public welfare practices, support young people's development, promote educational equity and community development, and contribute to building a harmonious society.

CONTENT INDEX OF THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING CODE

ESG Indicators	Summary	Sections	Page(s)/Remarks
Environmental			
A1: Emissions			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions Management Waste Management Responding to Climate Change	12–13 13–14 18–29
A1.1	The types of emissions and respective emissions data.	Emissions Management	13
A1.3	Total hazardous waste produced and intensity.	Waste Management	14
A1.4	Total non-hazardous waste produced and intensity.	Waste Management	14
A1.5	Description of emissions target(s) set and steps taken to achieve them.	Emissions Management	27–29
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Waste Management	13–14, 27–29
A2: Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources	15–17
A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Use of Resources	16
A2.2	Water consumption in total and intensity.	Use of Resources	17
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources	15–16, 27–29
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of Resources	17, 27–29
A2.5	Total packaging material used for finished products and, with reference to per unit produced.	Not applicable	The Group's operations do not involve the use of any packaging materials.

CONTENT INDEX OF THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING CODE

ESG Indicators	Summary	Sections	Page(s)/Remarks
A3: The Environment and Natural Resources			
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Use of Resources Responsible Operations	15–17 39–42
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Use of Resources Responsible Operations	15–17 39–42
Social			
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.	Employment and Labour Practices	32–36
B1.1	Total workforce by gender, employment type, age group and geographical region.	Employment and Labour Practices	32
B1.2	Employee turnover rate by gender, age group and geographical region.	Employment and Labour Practices	34
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.	Health and Safety	37–38
B2.1	Number and rate of work-related fatalities occurring in each of the past three years including the reporting year.	Health and Safety	38
B2.2	Lost days due to work injury.	Health and Safety	38
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety	37–38

CONTENT INDEX OF THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING CODE

ESG Indicators	Summary	Sections	Page(s)/Remarks
B3: Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Employment and Labour Practices	35–36
B3.1	The percentage of employees trained by gender and employee category.	Employment and Labour Practices	36
B3.2	The average training hours completed per employee by gender and employee category.	Employment and Labour Practices	36
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.	Employment and Labour Practices	33
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employment and Labour Practices	33
B4.2	Description of steps taken to eliminate such practices when discovered.	Employment and Labour Practices	33
B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management	39
B5.1	Number of suppliers by geographical region.	Supply Chain Management	39–40
B5.2	Description of practices relating to engaging suppliers, the number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management	39
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management	39
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management	39

CONTENT INDEX OF THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING CODE

ESG Indicators	Summary	Sections	Page(s)/Remarks
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.	Service Quality Customer and Student Communication Respect for Intellectual Property Rights and Privacy Protection	40–41 41 42
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable	The Group's operations do not involve products.
B6.2	Number of products and service-related complaints received and how they are dealt with.	Customer and Student Communication	41
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Respect for Intellectual Property Rights and Privacy Protection	42
B6.4	Description of quality assurance process and recall procedures.	Not applicable	The Group's operations do not involve products.
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Respect for Intellectual Property Rights and Privacy Protection	42
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.	Business Ethics and Anti-corruption	10–11
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.	Business Ethics and Anti-corruption	11
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Business Ethics and Anti-corruption	11
B7.3	Description of anti-corruption training provided to directors and staff.	Business Ethics and Anti-corruption	10

CONTENT INDEX OF THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING CODE

ESG Indicators	Summary	Sections	Page(s)/Remarks
B8: Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure that its activities take into consideration the communities' interests.	Community Investment	43–44
B8.1	Focus areas of contribution.	Community Investment	43–44
B8.2	Resources contributed to the focus areas.	Community Investment	43–44
Climate-related Disclosures			
Part D	(I) Governance (II) Strategy (III) Risk Management (IV) Metrics and Targets	Responding to Climate Change	18–31