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## 東軟教育科技有限公司

Neusoft Education Technology Co. Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 9616)

### INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021

The Board of the Company is pleased to announce the interim results of the Group for the six months ended 30 June 2021.

<b>HIGHLIGHTS</b>	<b>For the six months ended 30 June</b>			
	<b>2021</b>	<b>2020</b>	<b>Change</b>	<b>Percentage</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>of change</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>		
<b>Revenue</b>	<b>597,891</b>	439,604	158,287	36.0%
<b>Gross profit</b>	<b>257,492</b>	156,965	100,527	64.0%
<b>Profit for the period</b>	<b>126,886</b>	90,114	36,772	40.8%
Profit for the period attributable to owners of the Company	<b>108,587</b>	72,366	36,221	50.1%
<b>Adjusted net profit (Note 1)</b>	<b>142,521</b>	100,707	41,814	41.5%
Adjusted net profit attributable to owners of the Company	<b>122,374</b>	82,959	39,415	47.5%
<b>Gross profit margin</b>	<b>43.1%</b>	35.7%	7.4%	20.7%
<b>Adjusted net profit margin</b>	<b>23.8%</b>	22.9%	0.9%	3.9%
<b>Basic earnings per share (in RMB)</b>	<b>0.16</b>	0.14	0.02	14.3%

*Note 1:*

For the six months ended 30 June 2021, the Adjusted Net Profit represents profit for the period after deducting the impact of share-based compensation expense of RMB10,937,000 and net exchange loss of RMB4,698,000.

For the six months ended 30 June 2020, the Adjusted Net Profit represents profit for the period after deducting the impact of listing expense of RMB10,593,000.

The Board is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries for the six months ended 30 June 2021 together with the comparative figures as follows:

## INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	<i>Note</i>	Six months ended 30 June	
		2021 <i>RMB'000</i> <i>(Unaudited)</i>	2020 <i>RMB'000</i> <i>(Unaudited)</i>
<b>Revenue</b>	4	<b>597,891</b>	439,604
Cost of revenue	7	<b>(340,399)</b>	(282,639)
<b>Gross profit</b>		<b>257,492</b>	156,965
Selling expenses	7	<b>(16,031)</b>	(10,736)
Administrative expenses	7	<b>(68,473)</b>	(50,541)
Research and development expenses	7	<b>(21,755)</b>	(9,520)
Net impairment losses on financial assets		<b>(752)</b>	—
Other income	5	<b>46,751</b>	40,897
Other expense	6	<b>(12,174)</b>	(8,252)
Other gains		<b>1,903</b>	1,783
<b>Operating profit</b>		<b>186,961</b>	120,596
Finance income	8	<b>4,270</b>	1,820
Finance expenses	8	<b>(32,060)</b>	(18,886)
Finance expenses — net	8	<b>(27,790)</b>	(17,066)
<b>Profit before income tax</b>		<b>159,171</b>	103,530
Income tax expense	9	<b>(32,285)</b>	(13,416)
<b>Profit for the period</b>		<b>126,886</b>	90,114
<b>Profit attributable to:</b>			
— Owners of the Company		<b>108,587</b>	72,366
— Non-controlling interests		<b>18,299</b>	17,748
		<b>126,886</b>	90,114
<b>Earnings per share attributable to owners of the Company (expressed in RMB per share)</b>			
Basic earnings per share	11	<b>0.16</b>	0.14
Diluted earnings per share	11	<b>0.16</b>	0.14

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<b>Profit for the period</b>	<b>126,886</b>	90,114
<b>Other comprehensive income/(loss)</b>		
<i>Items that will not be reclassified to profit or loss</i>		
Exchange differences on translation	<u>(157)</u>	<u>(47)</u>
<b>Total comprehensive income for the period</b>	<b><u>126,729</u></b>	<b><u>90,067</u></b>
<b>Total comprehensive income attributable to:</b>		
— Owners of the Company	<b>108,430</b>	72,319
— Non-controlling interests	<b><u>18,299</u></b>	<u>17,748</u>
	<b><u>126,729</u></b>	<b><u>90,067</u></b>

## INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	<i>Note</i>	As at <b>30 June</b> <b>2021</b> <i>RMB'000</i> <i>(Unaudited)</i>	As at 31 December 2020 <i>RMB'000</i> <i>(Audited)</i>
<b>Assets</b>			
<b>Non-current assets</b>			
Right-of-use assets		648,486	663,286
Property, plant and equipment	12	1,940,554	1,543,474
Intangible assets		297,465	300,828
Deferred income tax assets		32,685	33,353
Prepayments, deposits and other receivables		61,500	11,500
<b>Total non-current assets</b>		<b>2,980,690</b>	2,552,441
<b>Current assets</b>			
Inventories		10,308	8,449
Trade and notes receivables	13	31,110	23,333
Prepayments, deposits and other receivables		46,495	57,442
Financial assets at fair value through profit or loss		64,858	35,233
Restricted cash		6,418	4,119
Cash and cash equivalents		878,861	1,426,063
<b>Total current assets</b>		<b>1,038,050</b>	1,554,639
<b>Total assets</b>		<b>4,018,740</b>	4,107,080
<b>Equity and liabilities</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		117	117
Share premium		2,904,127	2,919,030
Reserves		(1,986,769)	(1,598,071)
Retained earnings		385,758	277,171
<b>Subtotal</b>		<b>1,303,233</b>	1,598,247
Non-controlling interest		9,959	193,045
<b>Total equity</b>		<b>1,313,192</b>	1,791,292

	<i>Note</i>	<b>As at 30 June 2021 RMB'000 (Unaudited)</b>	As at 31 December 2020 RMB'000 (Audited)
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Trade and other payables	<i>14</i>	<b>675</b>	675
Borrowings	<i>15</i>	<b>1,618,168</b>	504,881
Deferred tax liabilities		<b>40,518</b>	42,408
Lease liabilities		<b>39,634</b>	46,302
Deferred income		<b>27,524</b>	27,517
		<hr/>	<hr/>
<b>Total non-current liabilities</b>		<b>1,726,519</b>	621,783
<b>Current liabilities</b>			
Trade and other payables	<i>14</i>	<b>381,164</b>	341,540
Current income tax liabilities		<b>28,217</b>	26,407
Contract liabilities	<i>16</i>	<b>125,442</b>	619,510
Borrowings	<i>15</i>	<b>382,033</b>	648,383
Lease liabilities		<b>8,667</b>	10,131
Deferred income		<b>53,506</b>	48,034
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>979,029</b>	1,694,005
		<hr/>	<hr/>
<b>Total liabilities</b>		<b>2,705,548</b>	2,315,788
		<hr/>	<hr/>
<b>Total equity and liabilities</b>		<b>4,018,740</b>	4,107,080
		<hr/>	<hr/>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 1. GENERAL INFORMATION

Neusoft Education Technology Co. Limited (“**the Company**” or “**Neusoft Education Technology**”) was incorporated in the Cayman Islands on 20 August 2018 as an exempted company with limited liability under the Companies Law, (Cap.22, Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is at 89 Nexus Way, Camana Bay, Grand Cayman, KY1-9009, Cayman Islands.

The Company is an investment holding company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in providing full-time formal higher education services, continuing education services, and education resources and apprenticeship programme in the People’s Republic of China (the “**PRC**”) (collectively referred to as the “**Business**”).

### 2. BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2021 has been prepared in accordance with International Accounting Standard (“**IAS**”) 34, “Interim Financial Reporting”. The interim condensed consolidated financial information should be read in conjunction with the annual audited financial statements of the Group for the year ended 31 December 2020 which have been prepared in accordance with the International Financial Reporting Standards (“**IFRS**”) by the Group as set out in the 2020 annual report of the Company dated 29 March 2021 (the “**2020 Financial Statements**”).

### 3. ACCOUNTING POLICIES

The accounting policies applied are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2020, as described in the 2020 Financial Statements, except for the adoption of new and amended standards as set out below.

#### (a) New and amended standards adopted by the Group

The following new and amended standards, and annual improvements are mandatory for the first time for the Group’s financial year beginning on January 1, 2021 and are applicable for the Group:

- Amendments to IFRS 3 — Definition of a Business
- Amendments to IAS1 and IAS8 — Definition of Material
- Amendments to IFRS 9, IAS39 and IFRS7 — Interest Rate Benchmark Reform — Phase 1
- Amendments to IFRS 16 — Covid-19 Related Rent Concessions

The adoption of these interpretation and amendments to standards has had no significant impact on the results and the financial position of the Group.

**(b) New standards and interpretations not yet adopted**

		<b>Effective for accounting periods beginning on</b>
Amendment to IFRS 16	Leases-Covid-19 related rent concessions Extension of the practical expedient.	1 April 2021
Amendments to IFRS7, IFRS4 and IFRS16	Interest Rate Benchmark Reform — Phase 2	1 January 2021
Amendments to IFRS 3	Reference to Conceptual Framework	1 January 2022
Amendments to IFRS 16	Property, plant and equipment: Proceeds before Intended Use	1 January 2022
Amendments to IFRS 37	Cost of Fulfilling a Contract	1 January 2022
Annual improvements to IFRS standards 2018–2020	IFRS 1, IFRS 9, IFRS 16, and IAS 41	1 January 2022
IFRS 17	Insurance Contracts	1 January 2023
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or Joint Venture	To be determined

The Directors of the Company have already commenced an assessment of the impact of these new or revised standard, certain of which is relevant to the Group's operation. According to the preliminary assessment made by the Directors, no significant impact on the financial performance and positions of the Group is expected when they become effective.

#### 4. REVENUE

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Full-time formal higher education services</b>	<b>470,188</b>	343,226
— Tuition fees	<b>427,792</b>	331,433
— Boarding fees	<b>42,165</b>	11,232
— Rental income of telecommunication device	<b>231</b>	561
<b>Continuing education services</b>	<b>58,255</b>	43,679
<b>Education resources and apprenticeship programme</b>	<b>69,448</b>	52,699
— Education resources	<b>31,915</b>	15,617
— Apprenticeship programme	<b>37,533</b>	37,082
	<b>597,891</b>	439,604

#### 5. OTHER INCOME

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Rental income from properties	<b>16,468</b>	14,928
Property service and management income	<b>11,081</b>	9,665
Government grants and subsidies	<b>13,537</b>	13,952
Development of software system technology	<b>4,970</b>	2,320
Others	<b>695</b>	32
	<b>46,751</b>	40,897

#### 6. OTHER EXPENSES

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Depreciation of property, plant and equipment	<b>3,796</b>	3,308
Property maintenance and fire protection expenses	<b>2,249</b>	2,073
Development of software system technology expenses	<b>3,321</b>	1,853
Utilities expenses	<b>1,605</b>	311
Employee benefit expenses	<b>407</b>	256
Amortization of land use rights and intangible assets	<b>761</b>	359
Others	<b>35</b>	92
	<b>12,174</b>	8,252



## 7. EXPENSES BY NATURE

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Employee benefit expenses	267,720	190,325
Depreciation and amortization expenses	66,885	63,507
Property management, landscaping and maintenance expenses	17,351	18,718
Office and utilities expenses	35,671	21,957
Rental expense	21,693	22,973
Cost of goods sold	1,870	768
Subcontract cost	14,647	13,416
Taxes and fees	3,577	3,063
Consulting and professional fees	2,971	236
Listing expenses	—	10,593
Others	14,273	7,880
	<u>446,658</u>	<u>353,436</u>

## 8. FINANCE INCOME AND EXPENSES

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Finance income</b>		
Interest income from deposits	<u>4,270</u>	<u>1,820</u>

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Finance expenses</b>		
Interest expenses from borrowings	(36,683)	(26,347)
Interest expenses from leasing	(1,300)	(1,313)
Interest expenses from related party borrowings	(836)	—
Other charges	(159)	(120)
Net foreign exchange (losses)/gains	(4,698)	25
Less: Amount capitalized	<u>11,616</u>	<u>8,869</u>
	<u>(32,060)</u>	<u>(18,886)</u>
Finance expenses — net	<u>(27,790)</u>	<u>(17,066)</u>

## 9. INCOME TAX EXPENSE

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax on profits for the period	33,507	14,405
Deferred income tax	(1,222)	(989)
	<u>32,285</u>	<u>13,416</u>

### (i) Cayman Islands profits tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

### (ii) British Virgin Islands profit tax

The Company's direct subsidiary in the British Virgin Islands was incorporated under the BVI Companies Act, 2004 and accordingly, is exempted from British Virgin Islands income tax.

### (iii) Hong Kong profit tax

No provision for Hong Kong profit tax was provided as the Company and the Group did not have assessable profits in Hong Kong during the six months ended 30 June 2021 and 2020.

### (iv) PRC corporate income tax ("CIT")

CIT is provided on assessable profits of entities incorporated in the PRC. Pursuant to the Corporate Income Tax Law of the PRC (the "CIT Law"), which was effective from 1 January 2008, the CIT was 25% during the six months ended 30 June 2021 and 2020.

### (v) PRC Withholding Tax ("WHT")

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after 1 January 2008 are generally subject to a 10% WHT. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5%.

In the foreseeable future, the Group does not have any plan to require its subsidiaries in mainland China to distribute their retained earnings but intends to retain them to operate and expand its business in mainland China. Accordingly, no deferred income tax liability related to WHT on undistributed earnings was accrued as at the end of each reporting period.

**(vi) Preferential EIT rate**

Certain subsidiaries are entitled to preferential tax rates ranging from 0% to 20%, which are:

- Dalian Yunguan Information Technology Co., Ltd (“**Dalian Yunguan**”) is qualified as a high-tech enterprise and entitled to a preferential tax rate of 15% for the period ended 30 June 2021 and 2020.
- Shanghai Ruixiang Information Technology Co., Ltd (“**Shanghai Ruixiang**”) is exempt from EIT for two years since 2017, followed by a 50% reduction in the statutory income tax rate of 25% for the next three years from 2019 to 2021. It is subject to an EIT rate of 12.5% for the six months ended 30 June 2021 and 2020.
- Dalian Neusoft Education Technology Group Co. Limited (“**Dalian Education**”) is exempt from EIT for two years since 2019, followed by a 50% reduction in the statutory income tax rate of 25% for the next three years from 2021 to 2023. It is subject to an EIT rate of 12.5% and 0% for the six months ended 30 June 2021 and 2020.
- The subsidiaries of Tianjin Neusoft Ruidao Education Information Technology Co., Ltd are small low-profit enterprises, followed by a reduced tax rate of 20% for the period ended 30 June 2021 and 2020.
- Suzhou Neusoft Technology Development Co., Ltd. is a small low-profit enterprise, followed by a reduced tax rate of 20% for the period ended 30 June 2021 and 2020.

**(vii) Deferred tax assets not recognised**

For the period ended 30 June 2021, the Group has unused tax losses RMB84,685,000 (31 December 2020: RMB66,854,000), which will be expired in one to five years for offsetting against future profits. Deferred tax assets have not been recognised in respect of these tax losses as they have arisen in subsidiaries that have been loss-making for recent years and it is not considered probable that future taxable profits will be available against which the tax losses can be utilised.

**10. DIVIDENDS**

Each of the subsidiaries of the Company who had declared and paid dividends to its shareholders had sufficient retained earnings available for distribution when it declared and paid such dividends, which was in compliance with the PRC Company Law.

A dividend in respect of the year ended 31 December 2020 of HK\$0.027 per share, in an aggregate amount of HK\$18,000,000 (equivalent to RMB14,903,000) (six months ended 30 June 2020: Nil) was approved at the annual general meeting held on 25 May 2021 and declared to the owners of the Company. For the six months ended 30 June 2021, dividend paid amounted to HK\$15,238,000 (equivalent to RMB12,605,000) (six months ended 30 June 2020: Nil).

No interim dividend has been declared or paid by the Company for the six months ended 30 June 2021 and 2020.

## 11. EARNINGS PER SHARE

### (a) Basic

Basic earnings per share for the six months ended 30 June 2021 and 2020 are calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the periods.

	Six months ended 30 June	
	2021 <i>(Unaudited)</i>	2020 <i>(Unaudited)</i>
Profit attributable to owners of the Company <i>(RMB'000)</i>	108,587	72,366
Weighted average number of ordinary shares in issue <i>(thousands)</i>	666,667	500,000
Basic earnings per share <i>(in RMB)</i>	0.16	0.14

### (b) Diluted

Diluted earnings per share is calculated based on the profit attributable to owners of the Company after adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares during the period.

	Six months ended 30 June	
	2021 <i>(Unaudited)</i>	2020 <i>(Unaudited)</i>
Profit attributable to owners of the Company <i>(RMB'000)</i>	108,587	72,366
Weighted average number of ordinary shares in issue <i>(thousands)</i>	666,667	500,000
Adjustments for share options granted to employees <i>(thousands)</i>	16,217	—
Weighted average number of ordinary shares for calculation of diluted earnings per share <i>(thousands)</i>	682,884	500,000
Diluted earnings per share <i>(in RMB)</i>	0.16	0.14

## 12. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Renovation	Motor	Electronic	Furniture and fixtures	Others	Construction in progress	Total
	RMB'000	RMB'000	vehicles	equipment	RMB'000	RMB'000	RMB'000	RMB'000
<b>(Unaudited)</b>								
<b>Six months ended</b>								
<b>30 June 2021</b>								
Opening net book amount	1,008,401	41,922	608	56,585	35,328	6,437	394,193	1,543,474
Additions	579	172	421	5,776	132	146	444,719	451,945
Transfer upon completion	2,565	—	—	—	—	—	(2,565)	—
Disposals	—	—	(21)	(2,063)	(164)	(7)	—	(2,255)
Depreciation charge	(27,906)	(6,641)	(82)	(11,809)	(5,493)	(679)	—	(52,610)
Closing net book amount	<u>983,639</u>	<u>35,453</u>	<u>926</u>	<u>48,489</u>	<u>29,803</u>	<u>5,897</u>	<u>836,347</u>	<u>1,940,554</u>
<b>At 30 June 2021</b>								
Cost	1,532,707	68,657	5,195	233,684	149,343	20,598	836,347	2,846,531
Accumulated depreciation	(549,068)	(33,204)	(4,269)	(185,195)	(119,540)	(14,701)	—	(905,977)
Net book amount	<u>983,639</u>	<u>35,453</u>	<u>926</u>	<u>48,489</u>	<u>29,803</u>	<u>5,897</u>	<u>836,347</u>	<u>1,940,554</u>
<b>(Unaudited)</b>								
<b>Six months ended</b>								
<b>30 June 2020</b>								
Opening net book amount	934,999	38,576	784	45,963	37,498	6,015	138,532	1,202,367
Acquisition of a subsidiary	—	4,983	—	14,447	1,081	608	—	21,119
Additions	—	157	—	7,196	106	181	98,463	106,103
Transfer upon completion	1,144	—	—	—	—	—	(1,144)	—
Disposals	—	—	—	(1,709)	(26)	(16)	—	(1,751)
Depreciation charge	(26,177)	(4,795)	(89)	(14,129)	(5,354)	(1,670)	—	(52,214)
Closing net book amount	<u>909,966</u>	<u>38,921</u>	<u>695</u>	<u>51,768</u>	<u>33,305</u>	<u>5,118</u>	<u>235,851</u>	<u>1,275,624</u>
<b>At 30 June 2020</b>								
Cost	1,403,848	64,032	4,795	232,450	144,938	18,967	235,851	2,104,881
Accumulated depreciation	(493,882)	(25,111)	(4,100)	(180,682)	(111,633)	(13,849)	—	(829,257)
Net book amount	<u>909,966</u>	<u>38,921</u>	<u>695</u>	<u>51,768</u>	<u>33,305</u>	<u>5,118</u>	<u>235,851</u>	<u>1,275,624</u>

### 13. TRADE AND NOTES RECEIVABLES

	As at 30 June 2021 <i>RMB'000</i> <i>(Unaudited)</i>	As at 31 December 2020 <i>RMB'000</i> <i>(Audited)</i>
Due from related parties	2,676	3,564
Receivables from continuing education services	7,481	5,164
Receivables from education resources services	16,583	11,734
Receivables from development of software system technology	225	200
Others	172	349
	<u>27,137</u>	<u>21,011</u>
Less: Provision for impairment of trade receivables	(1,156)	(728)
Trade receivables — net	25,981	20,283
Notes receivables	5,129	3,050
	<u>31,110</u>	<u>23,333</u>

The Group's trade receivables were denominated in RMB and the carrying amounts approximated their fair values.

- (a) The credit terms of trade receivables granted by the Group are generally no more than 180 days after the invoice date. As at 30 June 2021 and 31 December 2020, the ageing analysis of the trade receivable was as follows:

	As at 30 June 2021 <i>RMB'000</i> <i>(Unaudited)</i>	As at 31 December 2020 <i>RMB'000</i> <i>(Audited)</i>
Less than 6 months	19,391	18,634
6 months to 1 year	5,970	591
1 to 2 years	1,580	1,222
More than 2 years	196	564
	<u>27,137</u>	<u>21,011</u>

#### 14. TRADE AND OTHER PAYABLES

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
<b>Trade payables</b>		
Amount due to third parties	2,558	4,133
<b>Other payables</b>		
Borrowings from a related party	100,836	—
Amount due to related parties	1,129	1,336
Miscellaneous expenses received from students	51,170	50,567
Payables in relation to the Listing	—	216
Salary and welfare payables	51,673	81,729
Deposits	34,625	30,424
Government subsidies payable to students	13,231	7,901
Payables for purchases of property, plant and equipment	43,296	82,022
Payables for administrative cost	22,200	14,317
Tax payables	9,051	11,742
Interest payables to bank	2,055	7,786
Interest payables to third parties	530	—
Redemption liability	36,274	36,274
Dividends payable	2,298	—
Others	10,913	13,768
Less: non-current portion		
— Amount due to a third party	(675)	(675)
<b>Other payables — current portion</b>	<b>378,606</b>	<b>337,407</b>
<b>Total trade and other payables</b>	<b>381,164</b>	<b>341,540</b>

The Group's trade payables were denominated in RMB and the carrying amounts approximated their fair values.

- (a) The credit terms of trade payables granted to the Group are generally no more than 180 days. As at 30 June 2021 and 31 December 2020, the aging analysis of the trade payable based on invoice dates was as follows:

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Less than 6 months	2,558	4,133
6 months to 1 year	—	—
1 to 2 years	—	—
2 to 3 years	—	—
More than 3 years	—	—
	<b>2,558</b>	<b>4,133</b>

## 15. BORROWINGS

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
<b>Long-term borrowings</b>		
Bank borrowings		
— secured	1,411,322	428,881
— unsecured	322,745	275,950
Current portion of long-term borrowings		
— secured	(86,222)	(55,000)
— unsecured	(44,120)	(144,950)
	<u>1,603,725</u>	<u>504,881</u>
Borrowings from a financial institution		
— secured	19,601	—
Current portion of long-term borrowings		
— secured	(5,158)	—
	<u>14,443</u>	<u>—</u>
<b>Short-term borrowings</b>		
Bank borrowings		
— secured	—	—
— unsecured	246,533	448,433
Current portion of long-term borrowings		
— secured	86,222	55,000
— unsecured	44,120	144,950
	<u>376,875</u>	<u>648,383</u>
Borrowings from a financial institution		
— secured	—	—
Current portion of long-term borrowings		
— secured	5,158	—
	<u>5,158</u>	<u>—</u>
<b>Total borrowings</b>	<b><u>2,000,201</u></b>	<b><u>1,153,264</u></b>



## 16. CONTRACT LIABILITIES

The Group recognised the following revenue-related contract liabilities, which represented the unsatisfied performance obligation as at 30 June 2021 and 31 December 2020 will be expected to be recognized within one year:

	As at <b>30 June</b> <b>2021</b> <i>RMB'000</i> <i>(Unaudited)</i>	As at 31 December 2020 <i>RMB'000</i> <i>(Audited)</i>
<b>Full-time formal higher education services</b>	<b>84,284</b>	546,258
— Tuition fees	<b>70,045</b>	490,447
— Boarding fees	<b>14,239</b>	55,811
<b>Continuing education services</b>	<b>29,240</b>	53,082
<b>Education resources and apprenticeship programme</b>	<b>6,313</b>	14,845
— Education resources	<b>6,313</b>	14,845
<b>Development of software system technology</b>	<b>5,605</b>	5,325
	<hr/> <b>125,442</b> <hr/>	<hr/> 619,510 <hr/>

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1 BUSINESS REVIEW

#### 1.1 Overview

As a leading private IT higher education service provider in China, we, with our vision of “Becoming a Leading Education Service Provider of Digital Talents in China”, focus on nurturing talents in IT industry to cater for the fast-growing demand for the talent arising from the development of China’s software and information service industry. Leveraging on our school-operating experience and high-quality resources accumulated in the IT higher education industry in the past 21 years, we have developed an ecosystem with full-time formal higher education services as our fundamental business; continuing education services, and education resources and apprenticeship programme as our two strategic businesses.

The Group offers three types of education services: (1) full-time formal higher education services, (2) continuing education services, and (3) education resources and apprenticeship programme. The following table shows a breakdown of our revenue from the three business segments during the Reporting Period:

	For the six months ended 30 June		Percentage of change	Percentage of total revenue
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)		
Full-time formal higher education services	<b>470,188</b>	343,226	37.0%	78.7%
Continuing education services	<b>58,255</b>	43,679	33.4%	9.7%
Education resources and apprenticeship programme	<b>69,448</b>	52,699	31.8%	11.6%
Of which: Education resources	<b>31,915</b>	15,617	104.4%	5.3%
Apprenticeship programme	<b>37,533</b>	37,082	1.2%	6.3%
<b>Total</b>	<b>597,891</b>	439,604	36.0%	100.0%

## 1.2 Key projects progress

### *1.2.1 Extension projects for three universities were carried forward proactively*

**New campus of Dalian University:** It is located in Huangnichuan Area, High-tech Zone, Dalian, Liaoning Province, with a site area of 345 Mu and a total gross floor area of approximately 207,000 square metres, including dormitories with a capacity of accommodating approximately 8,000 students. The construction of the project was commenced in July 2020, and is almost completed. In September 2021, the new students enrolled for school year of 2021 will be settled in the new campus.

**New campus of Chengdu University:** It is located in Qingchengshan Town, Dujiangyan, Chengdu, Sichuan Province, with a site area of 198 Mu and a total gross floor area of approximately 125,000 square metres, including dormitories with a capacity of accommodating approximately 5,000 students. The construction of the new campus was commenced in September 2020, of which the first stage is expected to be completed in the second half of 2021.

**Extension project for Guangdong University:** It mainly consists of the construction of a research and development center and student dormitories, with a total gross floor area of 75,000 square metres. The dormitories has a capacity of accommodating approximately 4,000 students. The first stage of the construction was commenced in December 2020 and is expected to be completed at the end of 2021, offering additional beds of approximately 1,700, while the second stage of the construction was commenced in August 2021 and is expected to be completed in the second half of 2022, offering approximately another 2,300 beds.

### *1.2.2 Putian cooperative education project progressed smoothly*

In March 2021, the Group entered into a cooperative education agreement with Putian Municipal Government in Fujian Province, pursuant to which Fujian Neusoft College (福建東軟學院) (tentative name), the fourth university under the Group, will be established on joint efforts of both parties. Fujian Neusoft College (in preparation) (福建東軟學院(籌)) will be located in Putian Meizhouwan Beian Economic Zone (莆田市湄洲灣北岸經濟開發區), with a planned area of approximately 1637 Mu, of which the construction site area is approximately 998 Mu. The planned gross floor area for the first stage is approximately 290,000 square metres, with a capacity of accommodating nearly 10,000 students. The construction of the campus will be commenced in October 2021.

Pursuant to the agreement, Fujian Neusoft College (in preparation) (福建東軟學院(籌)) will be planned and designed by the Group, and be financed by Putian Municipal Government. The Group will be entitled to acquire the 100% interest in the college in a period of nine years upon the completion acceptance of the campus. For details of the acquisition, please refer to the announcement of the Company dated 12 April 2021 and the circular dated 21 May 2021.

In addition, the Group and Meizhouwan Vocational Technology College have jointly established Neusoft Modern Industrial College (東軟現代產業學院)(Xianyou Campus) prior to the establishment of Fujian Neusoft College (in preparation) (福建東軟學院(籌)). Neusoft Modern Industrial College (東軟現代產業學院) is located in Xianyou County, Putian City, Fujian Province, with a site area of 316.6 Mu and a total gross floor area of 84,000 square metres, offering a capacity of accommodating approximately 3,000 students. The campus is used by Neusoft Modern Industrial College (東軟現代產業學院) free of charge. Neusoft Modern Industrial College (東軟現代產業學院) under the direct management of the Group, has commenced enrolment for 5 junior college diploma programmes in the 2021/2022 school year, with an admission quota of 1,356 students.

### ***1.2.3 Completion of the purchase of the minority interest in Neusoft Ruixin***

On 1 June 2021, the Company completed the acquisition of 19.18% minority interest in Neusoft Ruixin, a subsidiary of the Company, and Neusoft Ruixin, since then, became a wholly-owned subsidiary of the Company. For details, please refer to the announcements issued by the Company on 19 November 2020, 25 February 2021, 10 May 2021 and 1 June 2021, respectively.

## **1.3 Full-time formal higher education services**

The Group currently operates three universities, namely Dalian University in Liaoning province, Chengdu University in Sichuan province and Guangdong University in Guangdong province, to provide bachelor degree programmes, junior college diploma programmes and junior college to bachelor degree transfer programmes.

### 1.3.1 Major offerings

<b>Universities</b>	<b>Major achievements</b>
<b>Dalian University</b>	<p>Established 35 bachelor degree programmes, 7 junior college diploma programmes, and 4 junior college to bachelor degree transfer programmes, where IT-related programmes accounted for 84.8%;</p> <p>1 newly established bachelor degree programme in VR technologies for the 2021/2022 school year;</p> <p>4 programmes were recognized as the National-level First-class Bachelor Degree Programmes Construction Site (國家級一流本科專業建設點), ranking the FIRST in China among all private universities in terms of the recognized number;</p> <p>11 programmes were recognized as the Provincial-level First-class Bachelor Degree Programmes Construction Site (省級一流本科專業建設點).</p> <p>1 course was recognized as the first batch of National-level First-class Bachelor Degree Courses (首批國家級一流本科課程), which is the ONLY private university to be recognized by the first batch in Liaoning Province;</p> <p>44 courses have been recognized as the Provincial-level First-class Bachelor Degree Courses, ranking the FIRST among all private universities in Liaoning Province in terms of the recognized number.</p>
<b>Chengdu University</b>	<p>Established 29 bachelor degree programmes, 13 junior college diploma programmes, and 18 junior college to bachelor degree transfer programmes, where IT-related programmes accounted for 70%;</p> <p>4 newly established bachelor degree programmes in medical imaging technologies, artificial intelligence, intelligent medical engineering and big data management and application for the 2021/2022 school year;</p> <p>6 programmes were recognized as the Provincial-level First-class Bachelor Degree Programmes Construction Site (省級一流本科專業建設點);</p> <p>6 courses were recognized as the Provincial-level First-class Bachelor Degree Courses (省級一流本科課程), ranking the FIRST among all private universities in Sichuan Province in terms of the recognized number.</p>

Universities	Major achievements
<b>Guangdong University</b>	<p>Established 21 bachelor degree programmes, 18 junior college diploma programmes, and 10 junior college to bachelor degree transfer programmes where IT-related programmes accounted for 71.4%;</p> <p>3 newly established bachelor degree programmes in computer science and technology, artificial intelligence and health services and management for the 2021/2022 school year;</p> <p>1 programme was recognized as the Provincial-level First-class Bachelor Degree Programme Construction Site ( 省級一流本科專業建設點 );</p> <p>5 courses were recognized as the Provincial-level First-class Bachelor Degree Courses ( 省級一流本科課程 ), ranking the FIRST among all private universities in Guangdong Province in terms of the recognized number.</p>

### 1.3.2 Student enrolment

As of 30 June 2021, there were 39,084 students enrolment in our three universities, which increased by 10.4% as compared with that as of 30 June 2020.

	Student enrolment			
	As at 30 June 2021	As at 30 June 2020	Change	Percentage of change
<b>Dalian University</b>				
Bachelor degree programmes	13,703	13,234	469	3.5%
Junior college diploma programmes	1,038	1,068 <sup>(1)</sup>	-30	-2.8%
Junior college to bachelor degree transfer programmes	723	350	373	106.6%
<b>Subtotal</b>	<b>15,464</b>	<b>14,652</b>	<b>812</b>	<b>5.5%</b>
<b>Chengdu University</b>				
Bachelor degree programmes	11,322	10,600	722	6.8%
Junior college diploma programmes	1,132	353	779	220.7%
Junior college to bachelor degree transfer programmes	589	57	532	933.3%
<b>Subtotal</b>	<b>13,043</b>	<b>11,010</b>	<b>2,033</b>	<b>18.5%</b>
<b>Guangdong University</b>				
Bachelor degree programmes	9,381	8,724	657	7.5%
Junior college diploma programmes	1,196	1,002 <sup>(1)</sup>	194	19.4%
<b>Subtotal</b>	<b>10,577</b>	<b>9,726</b>	<b>851</b>	<b>8.7%</b>
<b>Total</b>	<b>39,084</b>	<b>35,388</b>	<b>3,696</b>	<b>10.4%</b>

*Note:*

- (1) As a result of the changes in the statistical caliber, 687 and 8 students, who were decommissioned military personnel, in Dalian University and Guangdong University as of 30 June 2020, respectively, have been transferred to formal continuing education.

### 1.3.3 Admission quota for the 2021/2022 school year

In the 2021/2022 school year, the admission quota of all three universities of the Group achieved steady growth, representing an increase of 1,497 or 10.2% as compared with that of 2020/2021 school year, among which, the admission quota for bachelor degree programmes and junior college to bachelor degree transfer programmes increased significantly.

	Admission quota		Change	Percentage of change
	As at 30 June 2021	As at 30 June 2020		
<b>Dalian University</b>				
Bachelor degree programmes	4,169	4,109	60	1.5%
Junior college diploma programmes	496	696	-200	-28.7%
Junior college to bachelor degree transfer programmes	960	700	260	37.1%
<b>Subtotal</b>	<b>5,625</b>	<b>5,505</b>	<b>120</b>	<b>2.2%</b>
<b>Chengdu University</b>				
Bachelor degree programmes	4,013	3,473	540	15.5%
Junior college diploma programmes	1,200	1,000	200	20.0%
Junior college to bachelor degree transfer programmes	165	222	-57	-25.7%
<b>Subtotal</b>	<b>5,378</b>	<b>4,695</b>	<b>683</b>	<b>14.5%</b>
<b>Guangdong University</b>				
Bachelor degree programmes	3,012	2,944	68	2.3%
Junior college diploma programmes	500	1,500	-1,000	-66.7%
Junior college to bachelor degree transfer programmes	1,626	— <sup>(1)</sup>	1,626	— <sup>(1)</sup>
<b>Subtotal</b>	<b>5,138</b>	<b>4,444</b>	<b>694</b>	<b>15.6%</b>
<b>Total</b>	<b>16,141</b>	<b>14,644</b>	<b>1,497</b>	<b>10.2%</b>

Note:

(1) There was no junior college to bachelor degree transfer programme for Guangdong University in the 2020/2021 school year.



#### *1.3.4 New student enrolment for the 2021/2022 school year*

With the continuous improvement in the quality of talent nurturing and the continuous enhancement of the overall strength of running schools, our three universities have sufficient ability to attract more outstanding and high-quality students. For the 2021/2022 school year, with respect to the admission scores for bachelor degree programmes, the highest admission scores of physics stream and history stream of Dalian University are 158 and 70 higher than the university cut-off scores of Liaoning province respectively, while the minimum admission scores are 51 and 32 higher than the university cut-off scores of Liaoning province respectively; the highest admission scores of science stream and liberal arts stream of Chengdu University are 120 and 39 higher than the university cut-off scores of Sichuan province respectively, while the minimum admission scores are 17 and 14 higher than the university cut-off scores of Sichuan province respectively; the highest admission scores physics stream and history stream of Guangdong University are 78 and 46 higher than the university cut-off scores of Guangdong province respectively, while the minimum admission scores are 22 and 13 higher than the university cut-off scores of Guangdong province respectively.

### 1.3.5 Tuition fees and boarding fees for the 2021/2022 school year

We optimize our pricing strategy from time to time and adjust the tuition fees of some majors in our three universities for the 2021/2022 school year as appropriate, in light of the general rise in the tuition fees for the 2020/2021 school year. The following table sets forth the tuition fees and boarding fees applicable to new student enrolment for the school year as indicated.

	Tuition fees for each school year (RMB)		Boarding fees for each school year (RMB)	
	2021/2022	2020/2021	2021/2022	2020/2021
<b>Dalian University</b>				
Bachelor degree programmes	28,000–34,000	24,000–28,000	2,400	2,400
Junior college diploma programmes	28,000	28,000	2,400	2,400
Junior college to bachelor degree transfer programmes	28,000	24,000	2,400	2,400
<b>Chengdu University</b>				
Bachelor degree programmes	18,000–20,000	18,000–19,000	2,000	2,000
Junior college diploma programmes	18,000–19,000	16,000	2,000	2,000
Junior college to bachelor degree transfer programmes	18,000–19,000	18,000–19,000	2,000	2,000
<b>Guangdong University</b>				
Bachelor degree programmes	28,000–32,000/ 68,000 <sup>(1)</sup>	28,000–32,000/ 34,000 <sup>(2)</sup>	3,000	2,000–3,000
Junior college diploma programmes	23,000	22,000/30,000 <sup>(2)</sup>	3,000	2,000–3,000
Junior college to bachelor degree transfer programmes	28,000–32,000	— <sup>(3)</sup>	3,000	— <sup>(3)</sup>

*Notes:*

- (1) The tuition fee for the cooperative education project between Guangdong University and the University of the West of England is RMB68,000 per year for bachelor degree programmes for the 2021/2022 school year.
- (2) Guangdong University carried out programmes of mutual recognition of credit with several foreign cooperative institutions in the 2020/2021 school year, the tuition fees of which were RMB34,000 per year for bachelor degree programmes and RMB30,000 per year for junior college diploma programmes.
- (3) There was no junior college to bachelor degree transfer programme for Guangdong University in the 2020/2021 school year.

### 1.3.6 School capacity and utilization rate

As of 30 June 2021, the school capacity of Chengdu University and Guangdong University increased from that of 30 June 2020, mainly due to the construction of a new student dormitory in each of the two universities, which were put into use in September 2020.

	Campus capacity <sup>(1)</sup>		Utilization rate <sup>(2)</sup>	
	As at 30 June 2021	As at 30 June 2020	As at 30 June 2021	As at 30 June 2020
Dalian University	<b>16,843</b>	16,843	<b>91.80%</b>	91.07%
Chengdu University	<b>12,878</b>	10,878	<b>101.28%</b> <sup>(3)</sup>	101.21% <sup>(3)</sup>
Guangdong University	<b>11,663</b>	10,067	<b>90.69%</b>	96.69%
Total/Average	<b>41,384</b>	37,788	<b>94.44%</b>	95.49%

Notes:

- (1) The capacity of each school represents the total number of beds in student dormitories in each school year.
- (2) The utilization rate of each school is calculated as the total number of students enrolled in our full-time formal higher education programmes as of 30 June in each corresponding school year divided by the school capacity as at the same time.
- (3) Some of the students in Chengdu University live outside the campus for the purposes of off-campus internships or practical trainings as of 30 June 2021 and 30 June 2020.

### ***1.3.7 Achievements in employment and entrepreneurship***

We provide graduates with comprehensive employment guidance services to ensure good employment. The initial employment rates of 2021 graduates of our three university reached above 92%, among who outstanding graduates were employed by well-known enterprises such as Accenture, Tencent, Lenovo, Baidu, Netease, KPMG and Neusoft Group.

Adhering to the mission of “Empower Students with Innovative Education”, we proactively encourage and promote innovation and entrepreneurship of students, and provide students in our three universities with entrepreneurship coaching and services at Student Office & Venture Office (the “SOVO”), national-level Mass Entrepreneurship Spaces. During the Reporting Period, a total of 9,396 students from the three universities participated in the SOVO entrepreneurship project, successfully incubating 52 virtual companies and 39 physical companies.

## **1.4 Continuing education services**

### ***1.4.1 Formal continuing education***

During the Reporting Period, new student enrolment for formal continuing education was 4,302, hitting a record high. As of 30 June 2021, student enrolment of formal continuing education in our three universities was 10,196, increased by 95.9% as compared with that of 30 June 2020, realizing revenue of approximately RMB36 million during the Reporting Period.

## Student enrolment

	As at 30 June 2021	As at 30 June 2020	Change	Percentage of change
<b>Dalian University</b>				
Continuing education for bachelor degree programmes	1,329	1,073	256	23.9%
Continuing education for junior college diploma programmes	<u>2,283</u>	<u>1,727<sup>(1)</sup></u>	<u>556</u>	<u>32.2%</u>
<b>Subtotal</b>	<u>3,612</u>	<u>2,800</u>	<u>812</u>	<u>29%</u>
<b>Chengdu University</b>				
Continuing education for bachelor degree programmes	280	95	185	194.7%
Continuing education for junior college diploma programmes	<u>319</u>	<u>—<sup>(2)</sup></u>	<u>319</u>	<u>—<sup>(2)</sup></u>
<b>Subtotal</b>	<u>599</u>	<u>95</u>	<u>504</u>	<u>530.5%</u>
<b>Guangdong University</b>				
Continuing education for bachelor degree programmes	1,972	217	1,755	808.8%
Continuing education for junior college diploma programmes	<u>4,013</u>	<u>2,093<sup>(1)</sup></u>	<u>1,920</u>	<u>91.7%</u>
<b>Subtotal</b>	<u>5,985</u>	<u>2,310</u>	<u>3,675</u>	<u>159.1%</u>
<b>Total</b>	<u>10,196</u>	<u>5,205</u>	<u>4,991</u>	<u>95.9%</u>

### Notes:

- (1) As a result of the changes in the statistical caliber, 687 and 8 students, who were decommissioned military personnel, in Dalian University and Guangdong University as of 30 June 2020, respectively, have been transferred from full-time formal higher education to formal continuing education.
- (2) There was no students on continuing education for junior college diploma programmes for Chengdu University as of 30 June 2020.

#### ***1.4.2 Skill training for individual customers (2C training)***

The Group operated 8 training schools in Shenyang, Dalian, Tianjin, Nanjing, Qinhuangdao, Qingdao and Guangzhou, providing non-academic training services such as IT skill of an excellent standard to individual trainees, through a variety of different types and schedules cost-effective training courses to meet market demands.

During the Reporting Period, the training schools of the Group in Shenyang, Dalian and Guangzhou were temporarily closed due to the regional outbreak of the COVID-19 pandemic, and online education and practical training services were provided through the self-developed online smart education platform at the meantime. During the Reporting Period, 2C training business admitted a total of 5,744 trainees, realizing revenue of approximately RMB15 million.

We provided multiple employment supporting services, such as employment counseling and referral to our trainees, through which our trainees were referred to and employed by a number of enterprises, such as Accenture (China) Co., Ltd. (埃森哲(中國)有限公司), Sinosoft Company Co., Ltd. (中科軟科技股份有限公司), ThunderSoft Technology Co., Ltd (中科創達軟件股份有限公司) and Beijing Kelan Software System Co., Ltd (北京科藍軟件系統股份有限公司), with the successful referral rate reaching 84%. We will continue to strengthen IT vocational skill trainings, providing more types of training courses, thus constantly fostering talents for IT industry.

#### ***1.4.3 Short-term training for institutional clients (2B training)***

We provide customized short-term trainings to institutional clients such government authorities, educational institutes and enterprises, covering the following three types of training products:

- vocational skills training for government agencies such departments of human resources and social security;
- professional capacity enhancement training for teachers and practical training for teachers in various colleges and universities;
- employee training and Party building training for enterprises.

We have obtained more than 40 training site qualifications, of which 4 training site qualifications was obtained during the Reporting Period.

<b>Level</b>	<b>Name of Qualifications</b>
National level(1)	Competitors' Training Base for World Skills Competition Organized by the MHRSS ( 人社部世界技能大賽選手集訓基地 ) (network security and cloud computing)
Provincial-level(3)	Liaoning Province Vocational Skills Training Demonstration Base ( 遼寧省職業技能培訓示範基地 )  Party Member Education Training Demonstration Base under Liaoning Province Education System ( 遼寧省教育系統黨員教育培訓示範基地 )  Social Training Evaluation Organization for Vocational Skill Level Recognition in Liaoning ( 遼寧省職業技能等級認定社會培訓評價組織 ) (21 occupational categories and 31 types of work)

During the Reporting Period, the Group carried out 35 charging programmes of 2B training for 16 institutional clients from 5 provinces including Liaoning, Sichuan and Anhui, representing an increase of 19 programmes as compared corresponding period of last year, with the 2,463 trainees involved, realizing a revenue of approximately RMB7 million.

## **1.5 Educational resources and apprenticeship programme**

Leveraging on our 21 years of school-operating experience in the IT industry, TOPCARES featured education approach and practice experience in IT industry, we have developed our high-quality education resources and teaching products and provided a full range of products and services, such as joint establishment of academic majors or industrial colleges, smart education platforms and teaching resources and practical training laboratory solutions, to cooperative colleges and universities. Also students from cooperative colleges and universities are able to obtain intensive practical training on real projects in a real corporate environment in our apprenticeship programme.

### ***1.5.1 Education resource research and development***

#### *Teaching resources*

Based on our accumulated experience in the construction of the first-class bachelor degree programmes in our three universities and the latest practical achievements in the IT industry, we developed and optimized a number of educational resources, including but not limited to curriculums, teaching plans, coursewares, teaching cases and practice projects, to empower teachers from cooperative colleges and universities in teaching abilities so as to guarantee the quality of courses and learning outcome.

During the Reporting Period, we optimized and upgraded the comprehensive teaching resources of 8 majors including Internet of Things Engineering, Software Engineering and Digital Media Technologies, and developed the education and teaching resources for 9 new majors, including Artificial Intelligence, Big Data Management and Application, Intelligence Science and Technologies, further expanding the specialized areas of joint establishment of academic majors and industrial colleges.

#### *Smart educational platform*

We are highly concerned about the disruptive and leading role of cutting-edge technology innovation on the development of education reform, and focus on the support for the digital and intelligent teaching management and operation of colleges and universities, thus empowering the teaching management with IT technologies. Besides our established MOOC Platform, Practical Curriculum Platform and Practical Project Training Platform, we have newly developed and launched 3 types of smart education platforms:

- **Supporting System for Engineering Education Certification:** Engineering Education Certification serves as the internationally recognised quality assurance system for engineering education. Based on Certification Methods for Engineering Education and Certification Standards for Engineering Education, the system fully supports Engineering Education Certification in colleges and universities in all aspects and facilitates the work division and real-time monitoring of the whole process of Engineering Education Certification, thus solving the problems, such as scattered information and complicated statistical procedure, in the application for Engineering Education Certification.
- **Intelligent Student Management System:** the system is adopted to carry out the online management of the routine affairs of students with information-based techniques, focusing on the highly frequent work scenarios of university counselors, which greatly improves the convenience, accuracy and authenticity of information statistics and promotes the systematic, standardized and data-based management of students in all aspects.
- **Professional Appraisal System:** the system is adopted to provide information-based solutions for major evaluation for competent education authorities and all kinds of colleges and universities, helping users to fully understand the quality of major construction, follow results of major construction and precisely find out advantages and disadvantages on majors.



### *Practical training laboratory solutions*

In light of the imperious demand from colleges and universities for practical teaching products in the field of IT technologies, we, leveraging on our quality education resources and industrial project resources, upgraded our first generation cloud laboratory product, and at the meantime developed solutions for eight new laboratories, including Big Data Laboratory, Intelligent Robotics Laboratory and Internet of Things Laboratory, which may be applied to majors of data science and big data technology, intelligent science and application, Internet of Things engineering. The eight new laboratories above were launched on 20 August, 2021. The laboratories are designed for cultivating application-oriented engineers, providing students with full-cycle courses and projects on application practice, and improving the practical abilities of students comprehensively through experiment monitoring, intelligent analysis and practice assessment.

#### ***1.5.2 Development of the business of education resources and apprenticeship programme***

During the Reporting Period, the Group launched 175 projects in joint establishment of academic majors or industrial colleges, covering 13,289 students in 69 cooperative colleges and universities, among which 27 are in joint establishment of industrial colleges, recording a revenue of approximately RMB20 million. In addition, the Group entered into cooperative agreements on joint establishment of academic majors or industrial colleges with 6 new colleges and universities during the Reporting Period, which is expected to be carried out in the coming school year.

During the Reporting Period, the Group sold 10 sets of smart education platforms and 4 laboratory products to 12 institutions. The total revenue from smart education platforms, teaching contents, practical training laboratory solutions was approximately RMB8 million.

The apprenticeship programme serves as a platform for students to obtain practical training in a real corporate environment and is an important part for our cooperation with other colleges and universities. As of 30 June 2021, we have established 12 off-campus execution centres for apprenticeship programme in 8 provinces or municipalities in China. During the Reporting Period, 3,493 students from our cooperative colleges and universities participated in apprenticeship programme at the centres. In addition, we are establishing 3 new centres for apprenticeship programme in Taiyuan of Shanxi, Chengdu of Sichuan and Huzhou of Zhejiang, which are expected to be put into use in the second half of this year, with a capacity of accepting approximately another 1,000 students for practical training.

## **1.6 Impact of the COVID-19 pandemic**

In view of the COVID-19 pandemic, the Group have taken necessary health precaution to safeguard the safety of our teachers and students. During the Reporting Period, the three universities of the Group resumed on-site teaching, adopted closed-off management of campus, and carried out part of the enrolment and employment work on line.

During the Reporting Period, the training schools and execution centres for apprenticeship programme of the Group in Shenyang, Dalian and Guangzhou were temporarily closed due to the regional outbreak of the COVID-19 pandemic, and online education and practical training services were provided through the self-developed online smart education platform at the meantime. Besides, as of the date of this announcement, several training schools and execution centres for apprenticeship programme are still closed due to the outbreaks of the COVID-19 pandemic in some provinces of China since July 2021.

The management has concluded that, the COVID-19 pandemic has no material effect on the financial position of the Group for the six months ended 30 June 2021. The Group will pay continuous attention to the development of the COVID-19 pandemic so as to minimize the impact from the COVID-19 pandemic on the Group. If there is any material adverse financial impact, the Group will make further announcement(s) as and when necessary and make representation in respect thereto in the financial statements of the Group for the year ended 31 December 2021.

## **2 FINANCIAL REVIEW**

### **Revenue**

Our revenue was RMB597.9 million for the six months ended 30 June 2021, representing an increase of 36.0% as compared with the corresponding period of last year. Details of analysis are as follows:

- Revenue derived from our full-time formal higher education services was RMB470.2 million, representing an increase of 37.0% as compared with the corresponding period of last year, mainly due to (i) the increase of student enrolment in our three universities, (ii) the provisions for boarding fees refund to students for the six months ended 30 June 2020 due to the COVID-19 epidemic, whereas the three universities have resumed offline teaching and the students in the three universities have returned to the campus for the spring semester of 2021.

- Revenue derived from our continuing education services was RMB58.3 million, representing an increase of 33.4% as compared with the corresponding period of last year, mainly due to the rapid growth of formal continuing education and the short-term training services for institutional clients.
- Revenue generated from the education resources was RMB31.9 million, representing an increase of 104.4% as compared with the corresponding period of last year, mainly due to the rapid growth of revenue from joint establishment of academic majors, smart education platform and teaching resources, practical training laboratory solutions.

### **Cost of revenue**

Our cost of revenue was RMB340.4 million for the six months ended 30 June 2021, representing an increase of 20.4% as compared with the corresponding period of last year. Such increase was mainly due to that (i) the increase of staff remuneration resulted from the business growth, (ii) the reduction of employee social insurance expense of the Group in 2020 resulted from the COVID-19 epidemic, and (iii) the increase of depreciation and amortization expense.

### **Gross profit**

Gross profit was approximately RMB257.5 million for the six months ended 30 June 2021, representing an increase of 64.0% as compared with the corresponding period of last year. Such increase was mainly due to that the increase in revenue outweighs the increase in costs.

### **Selling expenses**

Selling expenses was approximately RMB16.0 million for the six months ended 30 June 2021, representing an increase of 49.3% as compared with the corresponding period of last year. Such increase was mainly due to (i) our greater efforts to develop the market of continuing education services, education resources and apprenticeship programme; and (ii) the stricter restrictions on staff travel in previous year as a result of the COVID-19 epidemic.

### **Administrative expenses**

Administrative expenses was approximately RMB68.5 million for the six months ended 30 June 2021, representing an increase of 35.5% as compared with the corresponding period of last year. Such increase was mainly due to the option costs incurred from the grant of options and the reduction of employee social insurance expense of the Group in 2020 resulted from the COVID-19 epidemic.

## **Research and development expenses**

Research and development expenses was approximately RMB21.8 million for the six months ended 30 June 2021, representing an increase of 128.5% as compared with the corresponding period of last year. Such increase was mainly due to more investment in research and development of platform products and resources. During the Reporting Period, the research and development center kept launching new products and new lessons, laying foundation to the sustainable development of business in the future.

## **Other income**

Other income was approximately RMB46.8 million for the six months ended 30 June 2021, representing an increase of 14.3% as compared with the corresponding period of last year, mainly due to the increase of rental income from property management.

## **Net finance expenses**

Net finance expenses was approximately RMB27.8 million for the six months ended 30 June 2021, representing an increase of 62.8% as compared with the corresponding period of last year, mainly due to the increase in interest expenses of bank borrowings and the increase in exchange loss.

## **Income tax expense**

Income tax expense was approximately RMB32.3 million for the six months ended 30 June 2021, representing an increase of 140.6% as compared with the corresponding period of last year, mainly due to the increase in taxable profit and the raise of average tax rate due to the change of adaptable preferential tax rates such as Two Years Tax Free and Three Years Half-taxation Policy (兩免三減半).

## **Profit for the period**

As a result of the foregoing, for the six months ended 30 June 2021, profit for the period increased by approximately 40.8% as compared with the corresponding period of last year.

Net profit attributable to owners of the Company was approximately RMB108.6 million for the six months ended 30 June 2021, representing an increase of 50.1% as compared with the corresponding period of last year, mainly due to that (i) the increase in profit for the period; and (ii) the completion of acquisition of 19.18% minority equity in the subsidiary Neusoft Ruixin by the Group on 1 June 2021.

## Non-IFRS measures

To supplement the Group's Consolidated Financial Statements which are presented in accordance with IFRS, the Group also uses Adjusted Net Profit, Adjusted Net Profit Attributable to Owners of the Company and Adjusted Net Profit Margin as additional financial measures. The Group defines Adjusted Net Profit and Adjusted Net Profit Attributable to Owners of the Company as profit for the period and profit for the period attributable to owners of the Company after deducting the impact of (a) listing expenses; (b) share-based compensation expense; and (c) net exchange loss. The Group defines Adjusted Net Profit Margin as Adjusted Net Profit divided by revenue. IFRS does not define the "Adjusted Net Profit", "Adjusted Net Profit Attributable to Owners of the Company" or "Adjusted Net Profit Margin". The use of Adjusted Net Profit, Adjusted Net Profit Attributable to Owners of the Company and Adjusted Net Profit Margin as analytical tools is significantly limited as they do not include all the items affecting the Group's profit for the period and the profit for the period attributable to owners of the Company. The Company presents these financial measures because they may eliminate potential impacts of non-recurring items that the management do not consider to be indicative of the Group's operating performance. The Company also believes that such non-IFRS measures provide useful information to investors and others in understanding and evaluating the consolidated results of operations of the Group in the same manner adopted by the management of the Company and in comparing financial results across accounting periods with peer companies.

Because these non-IFRS measures may not be calculated in the same manner by all companies, they may not be comparable to other similar measures used by other companies. In light of the limitations for Adjusted Net Profit, Adjusted Net Profit Attributable to Owners of the Company and Adjusted Net Profit Margin, when assessing the Group's operating and financial performance, you should not view Adjusted Net Profit, Adjusted Net Profit Attributable to Owners of the Company and Adjusted Net Profit Margin in isolation or as substitutes for the Group's profit for the period, profit for the period attributable to owners of the Company or any other operating performance measure that is calculated in accordance with IFRS.

The following table reconciles the Group's Adjusted Net Profit for the periods presented to the profit for the period calculated and presented in accordance with IFRS:

	For the six months ended 30 June	
	2021	2020
	(RMB'000)	(RMB'000)
	(Unaudited)	(Unaudited)
Profit for the period	126,886	90,114
Adjusted items:		
Share-based compensation expenses	10,937	—
Listing expenses	—	10,593
Exchange loss — net	4,698	—
Adjusted net profit	<u>142,521</u>	<u>100,707</u>

Adjusted Net Profit was approximately RMB142.5 million for the six months ended 30 June 2021, representing an increase of 41.5% as compared with the corresponding period of last year. Adjusted Net Profit Margin were 23.8% and 22.9% for the six months ended 30 June 2021 and 30 June 2020 respectively.

The following table reconciles the Group's Adjusted Net Profit Attributable to Owners of the Company for the Period presented to the profit for the period attributable to owners of the Company calculated and presented in accordance with IFRS:

	<b>For the six months ended 30 June</b>	
	<b>2021</b>	2020
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Profit attributable to owners of the Company	<b>108,587</b>	72,366
Adjusted items:		
Share-based compensation expenses	<b>9,089</b>	—
Listing expenses	—	10,593
Exchange loss — net	<b>4,698</b>	—
	<hr/>	<hr/>
Adjusted net profit attributable to owners of the Company	<b>122,374</b>	82,959
	<hr/>	<hr/>

## **Financial and liquidity position**

### ***Liquidity, Financial Resources and Capital Structure***

The shares of the Company were successfully listed on the Main Board of the Stock Exchange on 29 September 2020. There has been no change in the capital structure of the Group since then.

As at 30 June 2021, the issued share capital of the Company was HK\$133,333.44, and the number of issued ordinary shares was 666,667,200 of HK\$0.0002 each.

As at 30 June 2021, cash and cash equivalents of the Group amounted to approximately RMB878.9 million (31 December 2020: approximately RMB1,426.1 million). As at 30 June 2021, total borrowings of the Group amounted to approximately RMB2,000.2 million (31 December 2020: approximately RMB1,153.3 million). Borrowings were all denominated in Renminbi. Interests were charged at fixed rates and floating rates. The Group did not carry out any interest rate hedging policy.

### ***Treasury policy***

The Group has adopted a prudent financial management approach towards its treasury policy. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities, and other commitments can meet its funding requirements all the time.

### ***Current ratio***

As of 30 June 2021, the current ratio of the Group (being current assets divided by current liabilities) was 1.06 (31 December 2020: 0.92).

### ***Contingent liabilities***

As of 30 June 2021, the Group did not have any unrecorded significant contingent liabilities or any material litigation against the Group.

### ***Foreign exchange exposure***

The majority of the Group's revenue and expenditures are denominated in RMB. During the six months ended 30 June 2021, the Group did not experience any significant difficulties in or impacts on its operations or liquidity due to fluctuations in currency exchange rates. The Directors believe that the Group has sufficient foreign exchange to meet its own foreign exchange requirements and will adopt practical and effective measures to prevent exposure to exchange rate risk.

### ***Charge on assets***

As at 30 June 2021, the Group had bank borrowings of RMB932.3 million pledged by certain collection rights of tuition fees and boarding fees, and bank borrowings of RMB479.0 million pledged by certain equity interests.

### ***Gearing ratio***

As at 30 June 2021, the gearing ratio (being total debt divided by total equity, of which total debt refers to the sum of interest-bearing bank loans, other borrowings and lease liabilities) of the Group was 163.6% (31 December 2020: 67.5%).

### ***Capital expenditures***

The capital expenditures of the Group for the six months ended 30 June 2021 amounted to approximately RMB492.8 million, which was primarily related to the upgrade and expansion of our campuses.



### ***Material acquisitions or disposals of subsidiaries, associates and joint venture***

The Company completed the acquisition of 19.18% Minority Interest in Neusoft Ruixin, a subsidiary of the Company, on 1 June 2021 with the total consideration of RMB602.3 million, thus Neusoft Ruixin became a wholly-owned subsidiary of the Company. For details, see announcements of the Company dated 19 November 2020, 25 February 2021, 10 May 2021 and 1 June 2021.

Save as disclosed above, the Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2021.

### ***Future plans for material investments or capital assets***

Dalian Education, a subsidiary of the Company, entered into the Cooperation Agreement (“**Cooperation Agreement**”) with Fujian Jiantou Group Co., Limited (“**Fujian Jiantou**”) on 12 April 2021. Pursuant to the Cooperation Agreement, (i) Fujian Jiantou will establish a Putian Xianliang Education Technology Co. Limited (“**Project Company**”) (莆田市賢良教育科技有限公司), which will be responsible for land acquisition and project construction; (ii) as the sponsor of the new college, the Project Company will be responsible for obtaining the relevant school operating license, and (iii) Fujian Jiantou agreed that Dalian Education (or other member companies of the Group) can acquire all equity interest in the Project Company after the completion of campus construction. Pursuant to the Cooperation Agreement, Dalian Education shall pay an earnest money of RMB200 million (“**Earnest Money**”) to Fujian Jiantou. The Earnest Money will be financed by the relevant IPO proceeds (approximately RMB100 million) and its own internal resources (approximately RMB100 million). Dalian Education and Fujian Jiantou will jointly appoint a qualified independent valuer to evaluate the 100% equity interest of the Project Company, so as to determine the price of transferring equity in the Project Company, after the completion of the campus construction. For details, see the announcement of the Company dated 12 April 2021 and the circular dated 21 May 2021.

Save as disclosed under the section headed “Future Plans and Use of Proceeds” in the Prospectus of the Company dated 17 September 2020 and the above Cooperation Agreement, the Group did not have any other plans for material investments or capital assets as of 30 June 2021.



### **3 EMPLOYEE AND REMUNERATION POLICY**

We are committed to building a professional, practical and internationalized faculty of a high standard. As of 30 June 2021, our three universities had 1,558 full-time teachers, of whom 87.5% had a master degree or Ph.D. degree, approximately 34% were professors or associate professors, and approximately 47% had engineering practice experience in enterprises.

As of 30 June 2021, the Group had 2,984 employees. The Group believes that attracting, recruiting and retaining quality employees is essential to the success and sustainable development of the Group. The Group provides employees with a competitive remuneration package. Meanwhile, the Group participates in various employee social security plan managed by local governments for employees pursuant to applicable laws and regulations, including housing provident fund, pension insurance, medical insurance, maternity insurance, work injury insurance and unemployment insurance. In addition, the Group provides employees with training courses tailored to their individual career development, and provides employees with welfare benefits such as commercial insurance, corporate annuities, welfare physical examinations, and holiday gifts. For the six months ended 30 June 2021, the total cost of employee remuneration of the Group (including directors' fees) was RMB268.1 million.

The Company adopted a Pre-IPO Share Incentive Scheme on 19 June 2019 and a Post-IPO Share Incentive Scheme on 11 September 2020 to motivate Directors and eligible employees. Details of such plans are set out in the section headed "Share Incentive Schemes" of the Appendix V to the Company's Prospectus. As of 30 June 2021, 144,800 options have been cancelled, 2,444,925 options have lapsed, and no options have been exercised under the Pre-IPO Share Incentive Scheme.

## 4 FUTURE DEVELOPMENTS

### 4.1 Development environment

#### *The 14th Five-Year Plan Proposed the Project of Improving the Quality and Expanding the Capacity of Education*

In March 2021, the 14th Five-Year Plan was adopted at the 4th Session of the 13th National People's Congress, proposing to increase the gross enrolment rate of higher education to 60% during the period of the 14th Five-Year. The 14th Five-Year Plan specifies the policy direction of building a high-quality education system, promoting the transformation of some general undergraduate institutes into application-oriented institutes, and supporting and regulating the development of private education. The plan particularly introduces the "Project of Improving the Quality and Expanding the Capacity of Education", which specifies: (1) in the field of vocational and technical education, to support the construction of more than 200 high-level higher vocational schools and more than 600 high-level majors; (2) in the field of higher education, to focus on improving the school operation conditions of 100 undergraduate institutes in central and western China; and (3) in the field of industry-education integration platform, to build 100 high-standard, professional and open practical training bases of industry-education integration. The Project of Improving the Quality and Expanding the Capacity of Education will bring a large number of demands on joint establishment of academic majors and industrial colleges, which will promote the development of our education resources and apprenticeship programme business.

#### *"Accelerating Digital Development and Building Digital China" will further expand the IT talent gap*

The 2021 Government Work Report clearly states that "Digitalization will be sped up to create new strengths for the digital economy. We will both develop digital industry and transform traditional industries with digital technologies. We will work faster to develop a digital society, digital government, and healthy digital ecosystem as we pursue the Digital China initiative." The 14th Five-Year Plan also stresses "Accelerating Digital Development and Building Digital China" as an independent chapter, proposing to cultivate and develop seven key industries of digital economy, including cloud computing, big data, Internet of Things, artificial intelligence, and virtual reality and augmented reality, and to carry out pilot demonstrations in ten key areas, including smart education, smart medical care, smart community and smart government affairs. Accelerating digital economic development and digital transformation of enterprises will further expand the IT talent gap in the PRC, which is expected to reach 9.5 million in 2025 according to the "Planning Guide for the Development of Manufacturing Talents".

### ***Regulations on the Implementation of the Law for Promoting Private Education of the PRC were Released which Shows the Policy Direction***

In April 2021, “*Regulations on the Implementation of the Law for Promoting Private Education of the PRC on the Promotion of Private Education*” (the “**Regulations on the Implementation**”) were released and will be implemented formally from 1 September 2021. The Regulations on the Implementation emphasize the encouragement and support of social forces to participate in school operation under the premise of standardized management, especially highlighting the overall positive encouragement of wider and deeper participation of social capital in the development of vocational education. The Regulations on the Implementation also clarify the policy measures of financial support, tax concessions and land security, which provides more room for the development of private institutes and benefits our continuing education business and education resources business.

### ***Continuous Deployment and In-depth Promotion of Industry-Education Integration***

In recent years, China has issued policies regarding further promoting the industry-education integration. To consistently implement the spirit of “*Opinions of the General Office of the State Council on Deepening the Integration of Industry and Education*” (《國務院辦公廳關於深化產教融合的若干意見》), provinces and municipalities have formulated their “*Implementation Plan for Deepening Integration of Industry and Education and Promoting High-quality Development of Vocational Education*” (《深化產教融合推進職業教育高質量發展實施方案》), pursuant to which they will promote the industry-education integration through school-enterprise cooperation in talent cultivation, major construction and practical bases construction. In May 2021, the National Development and Reform Commission, the Ministry of Education, and the Ministry of Human Resources and Social Security jointly issued the Implementation Plan of the Promotion Project of Strengthening the Nation through Education during the Period of the 14th Five-Year Plan, which states: “to focus on supporting a batch of high-quality vocational colleges and application-oriented undergraduate institutes to construct a batch of high-level and specialized training bases with industry-education integration.” As the industry-education integration has been continually deployed on national level and further implemented by all provinces, our business of education resources and apprenticeship programme will be further developed.

## 4.2 Development strategies

### *Continuously Promoting the Research and Development (the “R&D”) of Education Approach, Education Technique and Education Technology Products*

Based on theoretical research and reform practice, we will continue to promote the updating iteration of TOPCARES approach, complete the internal construction of majors and courses with high quality, and realize the integrated upgrade of majors practice system; firmly promote the R&D strategy of “Education + Technology”, continue to increase R&D investment, and steadily build a three-in-one R&D system of teaching research, technology research, and product R&D to provide strong support for development of “One Fundamental Business with Two Strategic Businesses”.

### *Insisting on High Quality of School Operation*

Focusing on the fields of IT and healthcare technology, and cooperating with leading enterprises in the industry, we will consolidate the construction of five typical industrial colleges; we will accelerate the cultivation of new majors and cross-integration to build advantageous majors group leveraging on our 4 National-level and 18 Provincial-level First-class Bachelor Degree Programmes Construction Site; we will promote the hybrid education model in depth and strengthen the deep integration of information technology and education, to carry out comprehensive reforms on the presentation of teaching contents, access to learning resources, interaction between teachers and students, reconstruction of teaching space, and assessment and evaluation of courses, aiming to create a more mixed, interactive and open education ecology.

### *Further Expanding the Scale of the Schools*

We will further expand the scale of the three universities by establishing more new majors in the field of “IT + Healthcare Technology” with strong industrial demands, applying for more quotas and expanding the campus accordingly to increase its capacity; we will start the construction of our fourth university, Fujian Neusoft College (in preparation) (福建東軟學院(籌)).

### *Normalized the Integrated Development of Online and Offline Education*

We will optimize the delivery of products through the integration of online and offline education, make our delivery more detectable, measurable and evaluable through big data technology; we will develop additional value-added services such as smart education and data monitoring and evaluation by utilizing online platform, so as to cater to the further needs of higher educational institutions; we will actively explore new models of online education and strengthen online resources construction and courses operation and promotion.

### *Promoting the Market Expansion of the Two Strategic Businesses in Multiple Ways*

We will optimize product structure and continuously launch new courses, new products and new services to better meet customer needs; improve our market awareness, recognition and influence by organizing IT competition and events, and “1+X” certification trainings to promote the market expansion of Two Strategic Businesses; apply for more training qualifications, optimize channels, expand the scale of cooperation with key institutions and build demonstration schools for cooperation.

## **5 MATERIAL EVENTS AFTER THE REPORTING PERIOD**

After the Reporting Period and up to the date of this announcement, there were no material events affecting the Company or any of its subsidiaries.

## USE OF PROCEEDS FROM THE IPO

On 29 September 2020, the Company's shares were listed on the Main Board of the Stock Exchange. The net proceeds from the IPO were approximately HK\$924.2 million (equals to approximately RMB777.5 million), which were intended to be used for the purposes set out in the Prospectus.

On 8 June 2021, the Board resolved to reallocate part of the unutilized IPO proceeds of approximately RMB59.9 million (approximately 8% of the IPO proceeds) originally intended to be used for the acquisition of other schools to repay commercial loans of the Group. For details of the change in the use of proceeds from the IPO, please refer to the announcement issued by the Company on 8 June 2021.

As of 30 June 2021, the use of proceeds from the IPO is as follows:

	<b>% of net proceeds</b>	<b>Revised net proceeds from the IPO</b>	<b>Amount utilized as at 30 June 2021</b>	<b>Amount unutilized as at 30 June 2021</b>	<b>Expected timeline for fully utilising unutilized amount</b>
		<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	
Upgrading our existing school facilities and expanding our campus	51.4%	399.6	125.1	274.5	2021
Acquisition of other schools	12.9%	100.0	50.0	50.0	2021
Repay commercial loans	25.4%	198.0	198.0	—	N/A
Supplement working capital	10.3%	79.9	54.0	25.9	2021
Total	100%	777.5	427.1	350.4	2021

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

## INTERIM DIVIDEND

The Board does not recommend any payment of interim dividend for the Reporting Period.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company has maintained the prescribed minimum public float under the Listing Rules during the six months ended 30 June 2021.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Company is committed to maintaining and promoting stringent corporate governance. The corporate governance principles of the Company are to promote effective internal control measures, to uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, to ensure that its business and operations are conducted in accordance with applicable laws and regulations, and to enhance the transparency and accountability of the Board to shareholders. The Company's corporate governance practices are based on the principles and code provisions as set out in Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules.

For the six months ended 30 June 2021, the Company has complied with the code provisions of the CG Code and, where appropriate, adopted the recommended best practices as set out in the CG Code. The Company will continue to review and monitor its corporate governance practices.

## **COMPLIANCE WITH THE CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. In addition, the Company has also adopted a code of conduct regarding the Directors securities transactions on terms no less exacting than the required standard set out in the Model Code.

Having made specific enquiry of the Directors, except for the following mentioned, all Directors confirmed that they have complied with the Model Code and the code of conduct during the six months ended 30 June 2021. The Company has been notified by Dr. LIU Jiren (a non-executive director of the Company) that he is deemed to be interested in Shares held by Neusoft Holdings, which acquired 1,454,500 shares (representing approximately 0.217% of the total issued share capital of the Company at the time) through its wholly-owned subsidiary during the lock-up period prior to the publication of the 2020 annual results of the Company. Therefore, Dr. LIU Jiren did not strictly comply with paragraphs A.3(a), A.6 and B.8 of the Model Code in respect of the aforesaid share purchases. In light of the aforesaid and in order to prevent potential breaches in the future, the Company has taken various measures, including (i) reiterating and reminding the Directors from time to time in respect of the relevant rules and requirements in relation to Directors' dealing in securities, (ii) providing enhanced trainings to Dr. LIU Jiren and relevant executives at Neusoft Holdings in relation to the Model Code and relevant code of conduct, and (iii) strengthen the internal control procedures in order to ensure the compliance of the Model Code and the code of conduct.

## **FINANCIAL INFORMATION REVIEW**

The Company has established the audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code. As of the date of this announcement, the audit committee is comprised of two independent non-executive Directors (Dr. LIU Shulian and Dr. QU Daokui) and one non-executive Director (Mr. RONG Xinjie). Dr. LIU Shulian is the chairperson of the audit committee.

The audit committee has reviewed the Company's unaudited interim condensed consolidated financial information for the six months ended 30 June 2021, and confirms that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made. The interim financial information for the six months ended 30 June 2021 is unaudited, but has been reviewed by PricewaterhouseCoopers, the Company's auditor, in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the International Auditing and Assurance Standards Board.

## **PUBLICATIONS OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This interim results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company (<https://www.neuedu.com/>). The interim report of the Group for the six months ended 30 June 2021 will be available on the above websites of the Stock Exchange and the Company and despatched to shareholders of the Company in due course.



## DEFINITIONS

“%”	per cent
“Adjusted Net Profit”	a non-IFRS measure that eliminates the effect of certain non-recurring items from our profit for the period. See “Financial Review — Non-IFRS measures”
“Audit Committee”	the audit committee of the Board
“Board”	the board of directors of the Company
“CAGR”	compound annual growth rate
“Chengdu University”	Chengdu Neusoft University ( 成都東軟學院 ), established in 2003, and one of the universities operated by our Group
“China” or “the PRC”	the People’s Republic of China, and for the purposes of this document only, except where the context requires otherwise, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Company”, “our Company”, or “the Company”	Neusoft Education Technology Co. Limited ( 東軟教育科技有限公司 ), an exempted company with limited liability incorporated under the laws of the Cayman Islands on 20 August 2018
“Consolidated Affiliated Entity” or “Consolidated Affiliated Entities”	entities controlled by the Company through the Contractual Arrangements and considered as our subsidiaries
“Contractual Arrangements”	the contractual arrangements entered into by our Group as described in the section headed “Contractual Arrangements” in the prospectus of the Company
“Dalian University”	Dalian Neusoft University of Information ( 大連東軟信息學院 ), established in 2004, and one of the higher education schools operated by our Group
“Director(s)”	the director(s) of our Company
“14th Five-Year”	the 14th Five-Year of national economic and social development of the People’s Republic of China, i.e., the five-year period of 2021–2025
“14th Five-Year Plan”	the 14th Five-Year Plan of National Economic and Social Development of the People’s Republic of China and the Vision Outline of 2035

“Group”, “we”, “us”, or “our”	our Company and its subsidiaries (including our Consolidated Affiliated Entities) from time to time or, where the context requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
“Guangdong University”	Neusoft Institute, Guangdong ( 廣東東軟學院 ), established in 2003, and one of the universities operated by our Group
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“IFRS”	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
“Laws”	all laws, statutes, legislation, ordinances, rules, regulations, guidelines, opinions, notices, circulars, directives, requests, orders, judgments, decrees, interpretations or rulings of any Governmental Authority (including the Stock Exchange and Securities and Futures Commission of Hong Kong) of all relevant jurisdictions
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with GEM of the Stock Exchange
“Minority Interest”	19.18% interest in Neusoft Ruixin originally held by PICC Life Insurance Company Limited, Northeastern University Science & Technology Industry Group Co., Ltd. and PICC Health Insurance Company Limited
“Neusoft Ruixin”	Dalian Neusoft Ruixin Technology Development Co., Limited, a company incorporated under PRC Laws on 17 May 2019 and a wholly-owned subsidiary of the Company
“One Fundamental Business”	full-time formal higher education services, the fundamental business of the Group

“Pre-IPO Share Incentive Scheme”	the share option scheme of the Company as approved by the Board on 19 June 2019, as amended from time to time, and detailed in “Statutory and general information — Share Incentive Schemes — Pre-IPO Share Incentive Scheme” in Appendix V to the prospectus of the Company dated 17 September 2020
“Post-IPO Share Incentive Scheme”	the share option scheme of the Company as approved by the Board on 11 September 2020 and detailed in “Statutory and general information — Share Incentive Schemes — Post-IPO Share Incentive Scheme” in Appendix V to the prospectus of the Company dated 17 September 2020
“Prospectus”	the prospectus of the Company dated 17 September 2020
“Registered Shareholder” or “Neusoft Holdings”	Dalian Neusoft Holdings Co., Ltd. (大連東軟控股有限公司), a company incorporated under PRC Laws on 15 November 2011, a Controlling Shareholder and the registered shareholder of Dalian Neusoft Software Park Industry Development Co., Ltd. (大連東軟軟件園產業發展有限公司)
“Reporting Period”	the six months ended 30 June 2021
“RMB” or “Renminbi”	Renminbi, the current lawful currency of China
“Securities and Futures Ordinance” or “SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the share capital of our Company, with a par value of HK\$0.0002 each
“Share Incentive Scheme(s)”	Pre-IPO Share Incentive Scheme and Post-IPO Share Incentive Scheme, or any one of them
“Shareholder(s)”	holders of our Shares or any one or more of the holders
“subsidiary” or “subsidiaries”	has the meaning ascribed to it in the Listing Rules
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules
“the Stock Exchange” or “the Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Two Strategic Businesses”	continuing education services, and education resources and apprenticeship programme, the two strategic businesses of the Group

## **APPRECIATION**

On behalf of the Board, I would like to express my sincere gratitude to the management and staff members of the Group for their dedication and hard work and our shareholders for their trust and support.

By order of the Board  
**NEUSOFT EDUCATION TECHNOLOGY CO. LIMITED**  
**Dr. LIU Jiren**  
*Chairperson and non-executive director*

Hong Kong, 30 August 2021

*As at the date of this announcement, the Board comprises Dr. WEN Tao as executive Director; Dr. LIU Jiren, Mr. RONG Xinjie, Dr. YANG Li, Dr. ZHANG Yinghui and Mr. SUN Yinhuan as non-executive Directors; and Dr. LIU Shulian, Dr. QU Daokui and Dr. WANG Weiping as independent non-executive Directors.*