

Neuedu

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

2021 INTERIM REPORT



教育創造學生價值

Empower Students with Innovative Education

Neuedu



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Corporate Information

Board of Directors

Chairperson and Non- executive Director

Dr. LIU Jiren

Executive Director

Dr. WEN Tao

Non-executive Directors

(aside from the Chairperson)

Mr. RONG Xinjie

Dr. YANG Li

Dr. ZHANG Yinghui

Mr. SUN Yinhan

Independent Non-executive Directors

Dr. LIU Shulian

Dr. QU Daokui

Dr. WANG Weiping

Audit Committee

Dr. LIU Shulian (*Chairperson*)

Dr. QU Daokui

Mr. RONG Xinjie

Remuneration committee

Dr. QU Daokui (*Chairperson*)

Dr. LIU Jiren

Dr. WANG Weiping

Nomination committee

Dr. LIU Jiren (*Chairperson*)

Dr. LIU Shulian

Dr. WANG Weiping

Joint company secretaries

Ms. HE Jing

Ms. MAK Po Man Cherie

Authorised representatives

Dr. WEN Tao

Ms. MAK Po Man Cherie

Registered office

89 Nexus Way

Camana Bay

Grand Cayman, KY1-9009

Cayman Islands

Head office and principal place of business in the PRC

No. 8, Software Park Road

Ganjingzi District, Dalian

Liaoning, China

Principal place of business in Hong Kong

40th Floor, Dah Sing Financial Centre

No. 248 Queen's Road East

Wanchai, Hong Kong

Principal share registrar

Ogier Global (Cayman) Limited

89 Nexus Way

Camana Bay

Grand Cayman, KY1-9009

Cayman Islands



Hong Kong share registrar

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East, Hong Kong

Legal adviser

As to Hong Kong laws:

William Ji & Co. LLP
(in Association with Tian Yuan Law Firm
Hong Kong Office)
Suites 3304–3309, 33/F,
Jardine House
1 Connaught Place
Central, Hong Kong

As to PRC laws:

Tian Yuan Law Firm
10/F, China Pacific Insurance Plaza B
28 Fengsheng Lane, Xicheng District
Beijing
China

Auditor

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22/F, Prince's Building
Central, Hong Kong

Compliance adviser

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

Principal banks

China Construction Bank
Dalian High-tech Zone Branch
Shanghai Pudong Development Bank
Dalian Xueyuan Square Branch
Bank of Chengdu
Dujiangyan Branch
Guangdong Nanhai Rural Commercial Bank
Shishan Software Park Banking Office

Stock code

9616

Company website

<http://www.neuedu.com>

Listing date

29 September 2020



Financial Highlights

Selected Consolidated Statements of Total Comprehensive Income

	For the six months ended 30 June		
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)	Percentage of change
Revenue	597,891	439,604	36.0%
Cost of revenue	(340,399)	(282,639)	20.4%
Gross profit	257,492	156,965	64.0%
Selling expenses	(16,031)	(10,736)	49.3%
Administrative expenses	(68,473)	(50,541)	35.5%
Research and development expenses	(21,755)	(9,520)	128.5%
Net impairment losses on financial assets	(752)	—	
Other income	46,751	40,897	14.3%
Other expense	(12,174)	(8,252)	47.5%
Other gains	1,903	1,783	6.7%
Operating profit	186,961	120,596	55.0%
Finance expenses-net	(27,790)	(17,066)	62.8%
Profit before income tax	159,171	103,530	53.7%
Income tax expense	(32,285)	(13,416)	140.6%
Profit for the period	126,886	90,114	40.8%
Attributable to owners of the Company	108,587	72,366	50.1%
Adjusted Net Profit (Note 1)	142,521	100,707	41.5%
Adjusted Net Profit attributable to owners of the Company	122,374	82,959	47.5%

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.

Honors and Awards

Date of Award	Award/Accreditation/Qualification	Awarded Entity	Awarding Organization
21 January 2021	“Demonstrative University in Innovation and Entrepreneurship 2020 in China”	Dalian University	China Internet Information Center
26 January 2021	“Demonstration Base in Innovation and Entrepreneurship 2020 in China” “Civilized Campus in Liaoning Province”	Dalian University	Liaoning Province Steering Committee Spiritual Civilization Construction
15 March 2021	The ONLY private university in Liaoning province , of which scientific research achievements are recognized as “Top 10 Scientific Achievements together with Nominated Projects of Universities and Colleges in Liaoning Province”	Dalian University	the Educational Department of Liaoning Province
26 March 2021	“Neusoft Information and Innovation Talent Training System and Resource Construction Solutions” was awarded the “Excellent Solutions for Information Technology Application and Innovation in 2020–2021”	Neuedu	China Information Industry Association
31 March 2021	Ningbo Wanli Neuedu Execution Centres for Apprenticeship Programme was awarded an outstanding case of “Training Base for Industry-Education Integration” by the MOE	Neuedu	National Centre for Schooling Development Programme of the MOE
26 April 2021	Ranked third in China among all private universities (inclusive of independent colleges) by Shanghai Ranking in 2021	Dalian University	2021 Best Chinese Universities Ranking of Shanghai Ranking
29 April 2021	Awarded “Key R&D Investment Enterprises of Dalian High-tech Industrial Zone in 2020”	Neuedu	Dalian High-tech Industrial Zone
22 June 2021	Awarded “Best Service Supporting Unit in Liaoning Software Industry in Two Decades”	Neuedu	Liaoning Software Industry Association
22 June 2021	“Software Project Development and Training System V1.0” was awarded “Excellent Software Products in Liaoning Province”	Neuedu	Liaoning Software Industry Association
22 June 2021	Dr. LIU Jiren, the Chairperson of the Board, was awarded “Outstanding Leader in the Software Industry in Liaoning Province in Two Decades”	Neuedu	Liaoning Software Industry Association
22 June 2021	Dr. WEN Tao, the President, was awarded “Outstanding Individual in the Software Industry in Liaoning Province in Two Decades”	Neuedu	Liaoning Software Industry Association

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			
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)	Percentage of change	Percentage of total revenue
Full-time formal higher education services	470,188	343,226	37.0%	78.7%
Continuing education services	58,255	43,679	33.4%	9.7%
Education resources and apprenticeship programme	69,448	52,699	31.8%	11.6%
Of which: Education resources	31,915	15,617	104.4%	5.3%
Apprenticeship programme	37,533	37,082	1.2%	6.3%
Total	597,891	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 Dalian University

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.



New campus of Chengdu University

Management Discussion and Analysis

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 approximately 75,000 square metres. The dormitories have 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.



New campus of Guangdong University

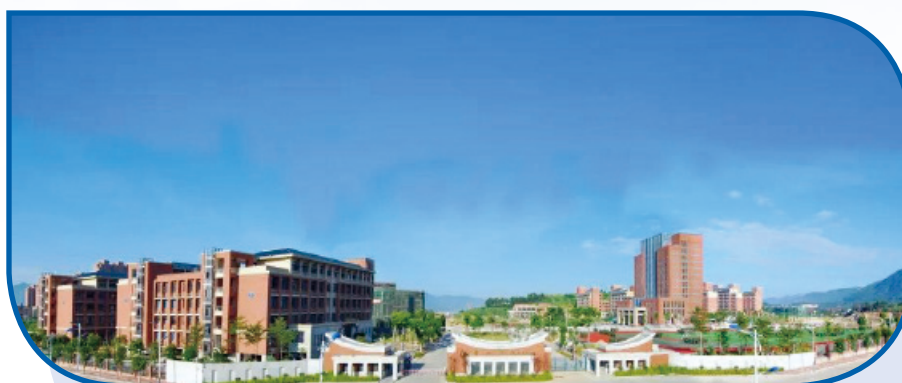
1.2.2 Putian cooperative education project progressed smoothly

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 1,637 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 formally 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.

Management Discussion and Analysis

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.



Meizhouwan Vocational Technology College-Neusoft Modern Industrial College (Xianyou Campus)

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 of the Company dated 19 November 2020, 25 February 2021, 10 May 2021 and 1 June 2021, respectively.

Management Discussion and Analysis

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

Universities	Major achievements
Dalian University	<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>
Chengdu University	<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>
Guangdong University	<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>

Management Discussion and Analysis

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 June 30 2020	Change	Percentage of change
Dalian University				
Bachelor degree programmes	13,703	13,234	469	3.5%
Junior college diploma programmes	1,038	1,068 ⁽¹⁾	-30	-2.8%
Junior college to bachelor degree transfer programmes	723	350	373	106.6%
Subtotal	15,464	14,652	812	5.5%
Chengdu University				
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%
Subtotal	13,043	11,010	2,033	18.5%
Guangdong University				
Bachelor degree programmes	9,381	8,724	657	7.5%
Junior college diploma programmes	1,196	1,002 ⁽¹⁾	194	19.4%
Subtotal	10,577	9,726	851	8.7%
Total	39,084	35,388	3,696	10.4%

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.

Management Discussion and Analysis

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				
	As at 30 June 2021	As at 30 June 2020	Change	Percentage of change
Dalian University				
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%
Subtotal	5,625	5,505	120	2.2%
Chengdu University				
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%
Subtotal	5,378	4,695	683	14.5%
Guangdong University				
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	— ⁽¹⁾	1,626	— ⁽¹⁾
Subtotal	5,138	4,444	694	15.6%
Total	16,141	14,644	1,497	10.2%

Note:

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

Management Discussion and Analysis

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 standards for 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
Dalian University				
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
Chengdu University				
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

Management Discussion and Analysis

	Tuition fees for each school year (RMB)		Boarding fees for each school year (RMB)	
	2021/2022	2020/2021	2021/2022	2020/2021
Guangdong University				
Bachelor degree programmes	28,000–32,000/ 68,000⁽¹⁾	28,000–32,000/ 34,000 ⁽²⁾	3,000	2,000–3,000
Junior college diploma programmes	23,000	22,000/30,000 ⁽²⁾	3,000	2,000–3,000
Junior college to bachelor degree transfer programmes	28,000–32,000	— ⁽³⁾	3,000	— ⁽³⁾

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

Management Discussion and Analysis

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 graduating in the current year 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.

Management Discussion and Analysis

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, increasing 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
Dalian University				
Continuing education for bachelor degree programmes	1,329	1,073	256	23.9%
Continuing education for junior college diploma programmes	2,283	1,727 ⁽¹⁾	556	32.2%
Subtotal	3,612	2,800	812	29%
Chengdu University				
Continuing education for bachelor degree programmes	280	95	185	194.7%
Continuing education for junior college diploma programmes	319	— ⁽²⁾	319	— ⁽²⁾
Subtotal	599	95	504	530.5%
Guangdong University				
Continuing education for bachelor degree programmes	1,972	217	1,755	808.8%
Continuing education for junior college diploma programmes	4,013	2,093 ⁽¹⁾	1,920	91.7%
Subtotal	5,985	2,310	3,675	159.1%
Total	10,196	5,205	4,991	95.9%

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 at 30 June 2020.

Management Discussion and Analysis

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.

Level	Name of Qualifications
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 or municipalities 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.

Management Discussion and Analysis

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 and 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 newly 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 education 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. During the Reporting Period, based on the 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.

Management Discussion and Analysis

- **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 from academic majors and industrial colleges during the Reporting Period. 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 platform 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, a total of 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 report, 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.

Management Discussion and Analysis

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.

Management Discussion and Analysis

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 the Group's increased investment in research and development of education platform products and education resources and others. 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 in rental and property management income.

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 changes in applicable 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.

Management Discussion and Analysis

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's Adjusted Net Profit and Adjusted Net Profit Attributable to Owners of the Company are profit for the period and profit for the period attributable to owners of the Company deducting the impact of (a) listing expenses; (b) share-based compensation expense; and (c) net exchange loss. The Group's Adjusted Net Profit Margin is 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 it does 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 it 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 and 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	142,521	100,707

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.

Management Discussion and Analysis

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:

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

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).

Management Discussion and Analysis

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. The Group did not carry out any foreign exchange hedging policy.

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.

Management Discussion and Analysis

Future Plans for Material Investments or Capital Assets

Dalian Education, a subsidiary of the Company, entered into the Cooperation Agreement (the “Cooperation Agreement”) with Fujian Jiantou Group Co., Limited (the “Fujian Jiantou”) on 12 April 2021. Pursuant to the Cooperation Agreement, (i) Fujian Jiantou will establish 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 (the “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 Plan. The 14th Five-Year 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.

Management Discussion and Analysis

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 of (the “R&D”) 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 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)).

Management Discussion and Analysis

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 report, there were no material events affecting the Company or any of its subsidiaries.

Other Information

1 Interests and Short Positions of the Directors and Chief Executive in the Shares, Underlying Shares and Debentures of the Issuer or its Associated Corporations

As of 30 June 2021, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), that fall to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions that he/she is taken or deemed to have under such provisions of the SFO), or that have been recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or that will be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, are set out below:

Interest in the Company

Name of Director	Nature of interest	Number of Shares held	Approximate percentage of interest in the Company
LIU Jiren ⁽¹⁾	Interest in a controlled corporation and Interest in a controlled corporation through voting proxy	494,241,000	74.14%
WEN Tao ⁽²⁾	Beneficial interest	9,595,000	1.44%
RONG Xinjie ⁽²⁾	Beneficial interest	300,000	0.05%
YANG Li ⁽²⁾	Beneficial interest	3,420,000	0.51%
ZHANG Yinghui ⁽²⁾	Beneficial interest	3,145,000	0.47%
SUN Yinhan ⁽³⁾	Founder of a discretionary trust	65,010,000	9.75%

Notes:

- (1) Dr. LIU Jiren: (a) wholly-owns Kang Ruidao First, which holds all of the voting rights of Kang Ruidao; (b) controls the voting rights held by the proxy grantors (being Century Bliss and Alpine Electronics) in the Company through the irrevocable voting proxies; and (c) has more than one-third ultimate control over Dongkong First and Dongkong Second through a series of intermediary entities. Under the SFO, Dr. LIU Jiren is deemed to be interested in the full amount of equity interests held by each of Kang Ruidao, the proxy grantors (being Century Bliss and Alpine Electronics), Dongkong First and Dongkong Second in the Company.
- (2) These interests were held through options granted under Pre-IPO Share Incentive Scheme that are convertible into Shares.
- (3) Deluxe Trust was established by Mr. SUN Yinhan and is held by TMF (Cayman) Ltd. as trustee, which indirectly owns 99% of Deluxe Glorious Limited, which in turn owns 40% of Century Bliss. Under the SFO, SUN Yinhan, as the founder of Deluxe Trust, is deemed to be interested in the entire equity interest in the Company held by Century Bliss.

Other Information

Interest in associated corporations*Dalian Development*

Name of Director	Nature of interest	Number of Shares held	Approximate percentage of interest in associated corporations
LIU Jiren ⁽¹⁾	Nominee shareholder whose shareholder rights are subject to the contractual arrangements ⁽¹⁾	359,000,000	100.00%

Note:

- (1) Dr. LIU Jiren has more than one-third ultimate control in Neusoft Holdings, which is the sole registered shareholder of Dalian Development. Under the SFO, Dr. LIU Jiren is deemed to be interested in the full amount of interest held by Neusoft Holdings in Dalian Development, which is subject to the contractual arrangements.

Save as disclosed above, as of 30 June 2021, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), that were recorded in the register required to be kept pursuant to Section 352 of the SFO, or that will be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

2 Interests and Short Positions of Substantial Shareholders in the Shares and Underlying Shares

As of 30 June 2021, as far as the Directors are aware, the following persons (not being the Directors or chief executive of the Company) have or are taken or deemed to have interests and short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations, that fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or that are recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as follows:

Interests in the Company

Shareholders	Nature of interest	Number of Shares held	Approximate percentage of interest in the Company
Kang Ruidao ⁽¹⁾	Beneficial interest	150,245,000	22.54%
Kang Ruidao First ⁽¹⁾	Interest in a controlled corporation	150,245,000	22.54%
Dongkong First ⁽²⁾⁽³⁾	Beneficial interest	130,881,000	19.63%
Dongkong Second ⁽²⁾⁽³⁾	Beneficial interest	120,000,000	18.00%
Neusoft International ⁽²⁾	Interest in a controlled corporation	250,881,000	37.63%
Neusoft Holdings ⁽²⁾	Interest in a controlled corporation	250,881,000	37.63%
Century Bliss ⁽⁴⁾	Beneficial interest	65,010,000	9.75%
Deluxe Glorious Limited ⁽⁴⁾	Interest in a controlled corporation	65,010,000	9.75%
Deluxe Capital Limited ⁽⁴⁾	Interest in a controlled corporation	65,010,000	9.75%
TMF (Cayman) Ltd. ⁽⁴⁾	Trustee of a trust	65,010,000	9.75%

Notes:

- (1) Kang Ruidao First holds all of the voting shares of Kang Ruidao. Under the SFO, Kang Ruidao First Inc. is deemed to be interested in all the shares of the Company held by Kang Ruidao.
- (2) Both Dongkong First and Dongkong Second are wholly-owned subsidiaries of Neusoft International, which is a wholly-owned subsidiary of Neusoft Holdings. Under the SFO, each of Neusoft International and Neusoft Holdings is deemed to be interested in the full aggregate amount of Shares held by Dongkong First and Dongkong Second in the Company.
- (3) Under a supplemental trust loan agreement entered into between Neusoft Holdings and China Industrial International Trust Limited ("CIIT") dated 20 June 2019, Dongkong First and Dongkong Second granted securities over all of their Shares in favor of CIIT for the performance of Neusoft Holdings' obligations under its facility agreement with CIIT's affiliate, pursuant to which, following 12 months after Listing (being the time the share pledge is to become effective), CIIT may have a right to the Shares held by Dongkong First and Dongkong Second.
- (4) Century Bliss is controlled as to more than one-third by Deluxe Glorious Limited, which is controlled as to more than one-third by Deluxe Capital Limited, and Deluxe Capital Limited is a wholly-owned subsidiary of TMF (Cayman) Ltd. Accordingly, TMF (Cayman) Ltd., Deluxe Glorious Limited and Deluxe Capital Limited are deemed to be interested in all the shares of the Company held by Century Bliss under the Securities and Futures Ordinance.

Other Information

Interests in the Group (excluding the Company)

Shareholder	Name of Group member	Capacity/Nature of interest	Approximate percentage held by the substantial shareholder
Neusoft Holdings	Dalian Development	Interest of a registered Shareholder	100%
ZHOU Zhenming	Tianjin Neusoft Ruichuang Technology Business Incubator Co., Ltd.	Beneficial interest	24%
GAO Yan	Tianjin Neusoft Ruichuang Technology Business Incubator Co., Ltd.	Beneficial interest	16%
Qinhuangdao Xingdong Technology Co., Ltd. ⁽¹⁾	Qinhuangdao Neusoft Venture School	Beneficial interest	10%
Guangdong Nanhai High-tech Industrial Investment Holding Co., Ltd. ⁽²⁾	Guangdong Ruidao Gongchuang Technology Co., Ltd.	Beneficial interest	49%
iMobile Inc.	Dalian Waye Information Service Co., Ltd.	Beneficial interest	40%
Zhejiang Wanli University Asset Operation Co., Ltd. (浙江萬里學院資產經營有限公司) ⁽³⁾	Ningbo Wanli Neusoft Digital Technology Co., Ltd. (note(b))	Beneficial interest	49%

Notes:

- (1) According to publicly available information, the Qinhuangdao campus of the Northeastern University (東北大學秦皇島分校) wholly owns Qinhuangdao Xingdong Technology Co., Ltd. (秦皇島興東科技有限公司), and is therefore deemed to own 10% of the voting rights in one of our subsidiaries.
- (2) According to publicly available information, Foshan Nanhai District State-owned Asset Supervision and Administration Bureau (佛山市南海區國有資產監督管理局) wholly owns Guangdong Nanhai High-tech Industrial Investment Holding Co., Ltd. (廣東南海高新技術產業投資控股有限公司), and is therefore deemed to own more than 10% of the voting rights in one of our subsidiaries.
- (3) According to publicly available information, Zhejiang Wanli University (浙江萬里學院) wholly owns Zhejiang Wanli University Asset Operation Co., Ltd. (浙江萬里學院資產經營有限公司), and is therefore deemed to own more than 10% of the voting rights in one of our subsidiaries.

Save as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 June 2021 (other than those owned by the Directors and chief executive of the Company) that fall to be disclosed to the Company pursuant to the Divisions 2 and 3 of Part XV of the SFO, or that have been recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

3 Pre-IPO Share Incentive Scheme

A Pre-IPO Share Incentive Scheme (the “Scheme”) was adopted by the board of directors of the Company on 19 June 2019, and subsequently approved and endorsed by shareholders on 24 June 2021. The purpose of the Scheme is to provide participants with an opportunity to acquire shares of the Company and to encourage them to work towards enhancing the value of the Company and its shares for the benefit of the Group and shareholders as a whole. The terms of the Pre-IPO Share Incentive Scheme are not subject to Chapter 17 of the Listing Rules.

For details of the Pre-IPO Share Incentive Scheme, please refer to the section “Statutory and General Information-Share Incentive Schemes -Pre-IPO Share Incentive Scheme” in Appendix V of the Company’s Prospectus. On 31 August 2020, the Company granted share options to 246 participants in accordance with the Scheme, the number of shares involved was 50,000,000 shares, representing approximately 7.5% of the total issued shares of the Company as of 30 June 2021.

As of 30 June 2021, 144,800 share options under the Scheme have been cancelled, 2,444,925 share options have lapsed, and no share options have been exercised.

4 Post-IPO Share Incentive Scheme

The Company conditionally adopted a share option scheme on 11 September 2020 with effect from the Listing Date. The principal terms of the Share Option Scheme are subject to Chapter 17 of the Listing Rules. For details of the share option scheme, please refer to the section headed “Statutory and General Information-Share Incentive Schemes — Post-IPO Share Incentive Scheme” in Appendix V of the Company’s Prospectus and the section headed “Directors’ Report” in the annual report of the Company for 2020. The main purpose of the Share Option Scheme is to attract and retain the best personnel, to provide incentives for any directors or employees of the Group or an affiliate of the Group (including nominees and/or trustees of any employee benefit trust established for them) who the Board considers, in its sole discretion, to have contributed or will contribute to the Group and to promote outstanding performance of the Group. Pursuant to the terms and conditions of the Share Option Scheme, the maximum number of Shares in respect of which options might be granted shall not exceed 10% of the issued Shares of the Company as at the Listing date. The Share Option Scheme shall be valid for the period of ten years commencing on the Listing date.

As of 30 June 2021, no options under the Post-IPO Share Incentive Scheme have been granted, exercised, lapsed or cancelled.

5 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 of the Company dated 8 June 2021.

Other Information

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

	% of net proceeds	Revised net proceeds from the IPO RMB million	Amount utilized as at 30 June 2021 RMB million	Amount unutilized as at 30 June 2021 RMB million	Expected timeline for fully utilising unutilized amount
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

6 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.

7 Changes in Board and Changes in Director Information

For the six months ended 30 June 2021 and up to the date of this report, the changes in the Board of the Company and the changes in Director information are as follows:

1. Mr. Klaus Michael ZIMMER retired as a non-executive director of the Company on 25 May 2021. Mr. ZIMMER confirmed that he has no disagreement with the Board.
2. Mr. SUN Yinhuan served as a non-executive director of the Company from 25 May 2021. The biographical details of Mr. SUN Yinhuan are set out in the circular of the Company dated 22 April 2021.
3. Dr. YANG Li, a non-executive director of the Company, ceased to be a director of Neusoft Ruixin, a subsidiary of the Company, on 1 June 2021, and ceased to be a director of Dalian Education, a subsidiary of the Company, on 9 July 2021.
4. Dr. ZHANG Yinghui, a non-executive director of the Company, ceased to be a director of Neusoft Ruixin, a subsidiary of the Company, on 1 June 2021, and ceased to be a director of Dalian Education, a subsidiary of the Company, on 9 July 2021.

Except for the information disclosed above, the Company is not aware of changes in the Board and other changes in Director information that needs to be disclosed in accordance with Rule 13.51B(1) of the Listing Rules.

8 Audit Committee

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 report, 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.

9 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.

10 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.

11 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.

12 Interim Dividend

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

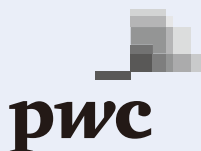
By order of the Board

Dr. LIU Jiren

Chairperson and non-executive Director

Hong Kong, 30 August 2021

Report on Review of Interim Financial Information



羅兵咸永道

To the Board of Directors of NEUSOFT EDUCATION TECHNOLOGY CO., LIMITED

(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 38 to 91, which comprises the interim condensed consolidated balance sheet of NEUSOFT EDUCATION TECHNOLOGY CO., LIMITED (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2021 and the interim condensed consolidated income statement, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting”. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 30 August 2021

Interim Condensed Consolidated Income Statement

	Note	Six months ended 30 June	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Revenue	7	597,891	439,604
Cost of revenue	11	(340,399)	(282,639)
Gross profit		257,492	156,965
Selling expenses	11	(16,031)	(10,736)
Administrative expenses	11	(68,473)	(50,541)
Research and development expenses	11	(21,755)	(9,520)
Net impairment losses on financial assets		(752)	—
Other income	8	46,751	40,897
Other expense	9	(12,174)	(8,252)
Other gains	10	1,903	1,783
Operating profit		186,961	120,596
Finance income	13	4,270	1,820
Finance expenses	13	(32,060)	(18,886)
Finance expenses-net	13	(27,790)	(17,066)
Profit before income tax		159,171	103,530
Income tax expense	14	(32,285)	(13,416)
Profit for the period		126,886	90,114
Profit attributable to:			
— Owners of the Company		108,587	72,366
— Non-controlling interests		18,299	17,748
		126,886	90,114
Earnings per share attributable to owners of the Company (RMB)			
Basic earnings per share	16	0.16	0.14
Diluted earnings per share	16	0.16	0.14

The above interim condensed consolidated income statement should be read in conjunction with the accompanying notes.

Interim Condensed Consolidated Statement of Comprehensive Income

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

The above interim condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Interim Condensed Consolidated Balance Sheet

	Note	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
ASSETS			
Non-current assets			
Right-of-use assets	17	648,486	663,286
Property, plant and equipment	18	1,940,554	1,543,474
Intangible assets	19	297,465	300,828
Deferred income tax assets	20	32,685	33,353
Prepayments, deposits and other receivables	23	61,500	11,500
Total non-current assets		2,980,690	2,552,441
Current assets			
Inventories		10,308	8,449
Trade and notes receivables	22	31,110	23,333
Prepayments, deposits and other receivables	23	46,495	57,442
Financial assets at fair value through profit or loss	24	64,858	35,233
Restricted cash	25	6,418	4,119
Cash and cash equivalents	25	878,861	1,426,063
Total current assets		1,038,050	1,554,639
Total assets		4,018,740	4,107,080
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	26	117	117
Share premium	27	2,904,127	2,919,030
Reserves	27	(1,986,769)	(1,598,071)
Retained earnings		385,758	277,171
Subtotal		1,303,233	1,598,247
Non-controlling interest		9,959	193,045
Total equity		1,313,192	1,791,292

Interim Condensed Consolidated Balance Sheet

	Note	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
LIABILITIES			
Non-current liabilities			
Trade and other payables	29	675	675
Borrowings	30	1,618,168	504,881
Deferred tax liabilities	20	40,518	42,408
Lease liabilities	17	39,634	46,302
Deferred income	31	27,524	27,517
Total non-current liabilities		1,726,519	621,783
Current liabilities			
Trade and other payables	29	381,164	341,540
Current income tax liabilities		28,217	26,407
Contract liabilities	7	125,442	619,510
Borrowings	30	382,033	648,383
Lease liabilities	17	8,667	10,131
Deferred income	31	53,506	48,034
Total current liabilities		979,029	1,694,005
Total liabilities		2,705,548	2,315,788
Total equity and liabilities		4,018,740	4,107,080

The above interim condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

On behalf of the Board

LIU Jiren

Director

WEN Tao

Director

Interim Condensed Consolidated Statements of Changes in Equity

	Note	Attributable to owners of the Company							Non-controlling interests	Total	
		Share capital	Share premium	Merge reserve	Capital reserve	Statutory reserve	Other reserve	Retained earnings			
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000			
								Sub-total			
									RMB'000	RMB'000	
(Unaudited)											
Balance at 1 January 2021		117	2,919,030	(1,756,337)	13,105	145,957	(796)	277,171	1,598,247	193,045	1,791,292
Comprehensive income											
Profit for the period		–	–	–	–	–	–	108,587	108,587	18,299	126,886
Other comprehensive loss		–	–	–	–	–	(157)	–	(157)	–	(157)
Total comprehensive income		–	–	–	–	–	(157)	108,587	108,430	18,299	126,729
Transactions with owners											
Share-based compensation		–	–	–	9,089	–	–	–	9,089	1,848	10,937
Transactions with non-controlling interests	27(a)	–	–	–	(397,630)	–	–	–	(397,630)	(204,703)	(602,333)
Capital contribution from non-controlling interests		–	–	–	–	–	–	–	–	1,470	1,470
Dividends distribution	15	–	(14,903)	–	–	–	–	–	(14,903)	–	(14,903)
		–	(14,903)	–	(388,541)	–	–	–	(403,444)	(201,385)	(604,829)
Balance at 30 June 2021		117	2,904,127	(1,756,337)	(375,436)	145,957	(953)	385,758	1,303,233	9,959	1,313,192

Interim Condensed Consolidated Statements of Changes in Equity

	Attributable to owners of the Company								Non-controlling interests	Total
	Share capital	Share premium	Merge reserve	Capital reserve	Statutory reserve	Other reserve	Retained earnings	Sub-total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(Unaudited)										
Balance at 1 January 2020	88	2,046,481	(1,756,337)	(64,145)	141,566	(14)	207,316	574,955	137,972	712,927
Comprehensive income										
Profit for the period	—	—	—	—	—	—	72,366	72,366	17,748	90,114
Other comprehensive loss	—	—	—	—	—	(47)	—	(47)	—	(47)
Total comprehensive income	—	—	—	—	—	(47)	72,366	72,319	17,748	90,067
Transactions with owners										
Acquisition of a subsidiary	—	—	—	—	—	—	—	—	30,996	30,996
Deregistration or disposal of subsidiaries	—	—	—	—	—	—	—	—	(2,229)	(2,229)
	—	—	—	—	—	—	—	—	28,767	28,767
Balance at 30 June 2020	88	2,046,481	(1,756,337)	(64,145)	141,566	(61)	279,682	647,274	184,487	831,761

The above interim condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Interim Condensed Consolidated Statements of Cash Flows

	Note	Six months ended 30 June	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Cash flows from operating activities			
Cash used in operations		(238,651)	(165,758)
Income taxes paid		(31,697)	(11,123)
Net cash used in operating activities	32(a)	(270,348)	(176,881)
Cash flows from investing activities			
Acquisition of a subsidiary, net of cash paid		—	(73,736)
Prepayment for acquiring of Putian Xianliang Education Technology Co., Limited ("Putian Xianliang")	34(a)(i)	(50,000)	—
Purchases of property, plant and equipment		(490,830)	(121,555)
Proceeds from sale of property, plant and equipment	32(b)	2,218	1,772
Purchases of intangible assets	19	(1,945)	(2,474)
Purchases of financial assets measured at fair value through profit and loss	5.3	(249,330)	(310,436)
Settlement of financial assets measured at fair value through profit and loss	5.3	221,086	326,211
Changes in restricted bank deposits		(2,299)	8,603
Interest received		4,270	1,820
Net cash used in investing activities		(566,830)	(169,795)
Cash flows from financing activities			
Transaction with non-controlling interests	27(a)	(602,333)	(2,229)
Capital contribution from non-controlling interests		1,470	—
Professional expense paid in connection with the issuance of new shares during the listing process		—	(1,091)
Proceeds from borrowings		1,389,905	516,200
Repayments of borrowings		(543,010)	(440,144)
Borrowings from a related party	35(a)	100,000	—
Dividends paid		(12,605)	—
Interest paid		(31,897)	(20,024)
Principal elements of lease payments		(6,856)	(6,645)
Net cash generated from financing activities		294,674	46,067
Net decrease in cash and cash equivalents		(542,504)	(300,609)
Cash and cash equivalents at the beginning of the period	25	1,426,063	562,882
Effects of exchange rate changes on cash and cash equivalent	13	(4,698)	25
Cash and cash equivalents at the end of period	25	878,861	262,298

The above interim condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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”).

The Company has no ultimate holding company or ultimate controlling shareholder.

The interim condensed consolidated financial information is presented in Renminbi (“RMB”) and rounded to nearest thousand yuan, unless otherwise stated.

The interim condensed consolidated financial information was approved by the board of directors of the Company on 30 August 2021.

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, 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.

Notes to the Interim Condensed Consolidated Financial Information

3. Accounting policies (continued)**(b) New standards and interpretations not yet adopted**

		Effective for accounting periods beginning on
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. Critical estimates and judgements

The preparation of interim condensed consolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing interim condensed consolidated financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the 2020 Financial Statements.

Notes to the Interim Condensed Consolidated Financial Information

5. Financial risk management

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the 2020 Financial Statements.

There have been no significant changes in the financial risk management policies for the six months ended 30 June 2021.

5.2 Liquidity risk

To manage the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group expects to fund its future cash flow needs through internally generated cash flows from operations and bank borrowings.

The maturity analysis of borrowings that shows the remaining contractual maturities is disclosed in Note 30. Generally, there is no specific credit period granted by the suppliers but the related payables are normally expected to be settled within three months after receipt of goods or services.

As at 30 June 2021, the Group has cash and cash equivalents and restricted cash of approximately RMB885,279,000 (31 December 2020: RMB1,430,182,000) (Note 25) and trade and other receivables excluding non-financial assets of approximately RMB59,854,000 (31 December 2020: RMB48,525,000) that are expected to readily generate cash inflows for managing liquidity risk.

Notes to the Interim Condensed Consolidated Financial Information

5. Financial risk management (continued)**5.2 Liquidity risk (continued)**

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000	Carrying amount of Liabilities RMB'000
(Unaudited)						
At 30 June 2021						
Borrowings (principal plus interests)	475,150	291,604	1,005,176	649,418	2,421,348	2,000,201
Trade and other payables (excluding non-financial liabilities)	321,115	—	—	—	321,115	321,115
Lease liabilities	10,907	10,010	20,592	15,327	56,836	48,301
	807,172	301,614	1,025,768	664,745	2,799,299	2,369,617
(Audited)						
At 31 December 2020						
Borrowings (principal plus interests)	686,756	170,888	267,180	54,031	1,178,855	1,153,264
Trade and other payables (excluding non-financial liabilities)	248,744	—	—	—	248,744	248,744
Lease liabilities	13,286	10,960	22,356	18,538	65,140	56,433
	948,786	181,848	289,536	72,569	1,492,739	1,458,441

5.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 30 June 2021 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Notes to the Interim Condensed Consolidated Financial Information

5. Financial risk management (continued)**5.3 Fair value estimation (continued)**

The following table presents the Group's financial assets that are required to be measured at fair value as at 30 June 2021 and 31 December 2020.

	Level 3 RMB'000
At 30 June 2021 (Unaudited)	
Financial assets at fair value through profit or loss	64,858
At 31 December 2020 (Audited)	
Financial assets at fair value through profit or loss	35,233

Level 3 instruments of the Group's assets include financial investments measured at fair value through profit or loss.

The following table presents the movement in level 3 instruments for the six months ended 30 June 2021 and 2020.

	Financial products sponsored and managed by banks (Level 3) RMB'000
(Unaudited)	
Balance at 1 January 2021	35,233
Additions	249,330
Settlements	(221,086)
Gain and loss recognised in profit or loss <i>(Note 10)</i>	1,381
Balance at 30 June 2021	64,858
Changes in unrealized gains included in profit or loss for the period	558
(Unaudited)	
Balance at 1 January 2020	50
Acquisition of a subsidiary	90,540
Additions	310,436
Settlements	(326,211)
Gain and loss recognised in profit or loss <i>(Note 10)</i>	1,561
Balance at 30 June 2020	76,376
Changes in unrealized gains included in profit or loss for the period	169

Notes to the Interim Condensed Consolidated Financial Information

5. Financial risk management (continued)**5.3 Fair value estimation (continued)**

The level 3 instruments represent bank wealth management products, measured at fair value through profit or loss (Note 24). These instruments are not traded in an active market and do not have observable market data. The main level 3 input used by the group is derived and evaluated as contingent consideration, by which the finance department of the group estimates the expected cash flows based on the terms of the contract and how the current economic environment is likely to impact it.

The finance department of the Group performs the valuation of level 3 financial instruments for financial reporting purposes. It manages the valuation exercise of the investments on a case by case basis. At least once a year, the finance department uses valuation techniques to determine the fair value of the Group's level 3 instruments and reports to senior management and the directors of the Company.

The valuation of the level 3 instruments mainly includes financial assets at fair value through profit or loss (Note 24). The following table summarises the quantitative information about the significant unobservable inputs used in the recurring level 3 fair value measurements.

Description	As at	As at	Unobservable	As at	As at	Relationship of unobservable input to fair value
	30 June 2021	31 December 2020	inputs	30 June 2021	31 December 2020	
	RMB'000	RMB'000				
Financial assets at fair value through profit or loss	64,858	35,233	Expected rate of return	2.75%–3.46%	2%–3.1%	The higher the expected rate of return, the higher the fair value

6. Segment information

Management has determined the operating segments based on the reports reviewed by CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Group. The Group is principally engaged in providing higher education services in the PRC. Management reviews the operating results of the business as one operating segment to make decisions about resources to be allocated. Therefore, the CODM of the Company regards that there is only one segment which is used to make strategic decisions.

Geographical information

The Group operated within one geographical location because all of its revenue was generated in PRC and all of its long-term assets/capital expenditure were located/incurred in the PRC. Accordingly, no geographical information is presented.

Information of major customers

There is no customer contributed more than 10% of the total sales of the Group during the six months ended 30 June 2021 and 2020.

Notes to the Interim Condensed Consolidated Financial Information

7. Revenue

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

(a) Revenue from contracts with customers

	Six months ended 30 June	
	2021	2020
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
<i>Revenue from the transfer of goods and services over time</i>		
Full-time formal higher education services	469,957	342,665
— Tuition fees	427,792	331,433
— Boarding fees	42,165	11,232
Continuing education services	58,255	43,679
Education resources and apprenticeship programme	61,422	51,296
— Education resources	23,889	14,214
— Apprenticeship programme	37,533	37,082
<i>Revenue from the transfer of goods and services at a point in time</i>		
Education resources and apprenticeship programme	8,026	1,403
— Education resources	8,026	1,403
	597,660	439,043

Notes to the Interim Condensed Consolidated Financial Information

7. Revenue (continued)**(b) Revenue from other sources**

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Full-time formal higher education services		
— Rental income of telecommunication device	231	561

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

The Group receives tuition fees, boarding fees, continuing education services fees, education resources and apprenticeship programme fee, and development of software system technology fees from customers in advance prior to the beginning of each school year or contract period. They are recognized over the relevant period of the applicable programme.

There were no contract assets at the end of each reporting period recognized.

Notes to the Interim Condensed Consolidated Financial Information

7. Revenue (continued)**(c) Contract liabilities (continued)****(1) Revenue recognized in relation to contract liabilities**

The following table shows the revenue recognized during the six months ended 30 June 2021 and 2020 related to brought-forward contract liabilities:

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue recognized that was included in the contract liabilities balance at the beginning of the period		
Full-time formal higher education services	469,957	342,665
— Tuition fees	427,792	331,433
— Boarding fees	42,165	11,232
Continuing education services	40,958	38,429
Education resources and apprenticeship programme	10,066	510
— Education resources	10,066	510
Development of software system technology	4,074	967
	525,055	382,571

(2) Unsatisfied contracts

	As at	As at
	30 June	31 December
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Expected to be recognized within one year		
Full-time formal higher education services	84,284	546,258
— Tuition fees	70,045	490,447
— Boarding fees	14,239	55,811
Continuing education services	29,240	53,082
Education resources and apprenticeship programme	47,030	24,895
— Education resources	47,030	24,895
Development of software system technology	5,605	5,325
	166,159	629,560

Notes to the Interim Condensed Consolidated Financial Information

8. Other income

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

9. Other expenses

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

Notes to the Interim Condensed Consolidated Financial Information

10. Other gains and losses

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Gains on financial assets at fair value through profit or loss	1,381	1,561
Donation received	16	139
Net (losses)/gains on disposal of property, plant and equipment	(37)	21
Others	543	62
	1,903	1,783

11. Expenses by nature

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
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 (a)	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
	446,658	353,436

- (a) Subcontract cost mainly includes the service fee paid by Neusoft Institute, Guangdong ("Guangdong University") and Tianjin Neusoft Ruidao Education Information Technology Co., Ltd ("Tianjin Ruidao") and its subsidiaries to subcontractors. Guangdong University mainly paid service fee to Foshan Wentong Education Consulting Services Co., Ltd. ("Wentong Education") for the administration and training service being provided to adult students under continuing education services in Guangdong University. Tianjin Ruidao and its subsidiaries mainly paid service fee to subcontractors for outsourced engineers served as part-time teachers to provide educational services to students in collaborated universities.

Notes to the Interim Condensed Consolidated Financial Information

12. Employee benefit expense

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Wages and salaries	206,633	155,351
Contributions to pension plan (a)	20,168	10,757
Welfare and other expenses	30,389	24,473
Share-based compensation	10,937	—
	268,127	190,581

(a) Contributions to pension plan

The employees of the Group in the PRC are members of a state-managed pension obligations operated by the PRC Government. The Group is required to contribute a specified percentage of payroll costs as determined by respective local government authority to the pension obligations to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions under the scheme.

13. Finance income and expenses

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

Notes to the Interim Condensed Consolidated Financial Information

13. Finance income and expenses (continued)

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Finance expenses		
Interest expenses from borrowings	(36,683)	(26,347)
Interest expenses from leasing	(1,300)	(1,313)
Interest expenses from related party borrowings <i>(Note 35(a))</i>	(836)	—
Other charges	(159)	(120)
Net foreign exchange (losses)/gains	(4,698)	25
Less: Amount capitalized (a)	11,616	8,869
	(32,060)	(18,886)
Finance expenses — net	(27,790)	(17,066)

(a) Finance costs have been capitalized on qualifying assets at an average interest rate of 5.00% per annum for the six months ended 30 June 2021 (for the year ended 31 December 2020: 4.81%).

14. 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 <i>(Note 20)</i>	(1,222)	(989)
	32,285	13,416

Notes to the Interim Condensed Consolidated Financial Information

14. Income tax expense (continued)**(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.

Notes to the Interim Condensed Consolidated Financial Information

14. Income tax expense (continued)

(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% during the six months 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% and 12.5% during 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 three years from 2021 to 2023. It is subject to an EIT rate of 12.5% and 0% during the six months ended 30 June 2021 and 2020.
- The subsidiaries of Tianjin Ruidao are small low-profit enterprises, followed by a reduced tax rate of 20% during the six months 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% during the six months 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 (for the year ended 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.

15. 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 HKD0.027 per share, in an aggregate amount of HKD18,000,000 (approximately 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 HKD15,238,000 (approximately 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.

Notes to the Interim Condensed Consolidated Financial Information

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

Notes to the Interim Condensed Consolidated Financial Information

17. Leases**(i) Amounts recognised in the consolidated statements of balance sheet**

The consolidated balance sheet includes the following amounts relating to leases:

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Unaudited)
Right-of-use assets		
Land use rights	601,283	609,191
Leased Properties	47,203	54,095
	648,486	663,286
Lease liabilities		
Current	8,667	10,131
Non-current	39,634	46,302
	48,301	56,433

(ii) Amounts recognised in the consolidated income statement

The consolidated income statement shows the following amounts relating to leases:

	Six months ended 30 June 2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Depreciation charge of right-of-use assets	13,524	11,063
Interest expense (<i>Note 13</i>)	1,300	1,313
Expense relating to short-term leases (<i>Note 11</i>)	21,693	22,973
	36,517	35,349

Notes to the Interim Condensed Consolidated Financial Information

18. Property, plant and equipment

	Buildings	Renovation	Motor vehicles	Electronic equipment	Furniture and fixtures	Others	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(Unaudited)								
Six months ended								
30 June 2021								
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	983,639	35,453	926	48,489	29,803	5,897	836,347	1,940,554
At 30 June 2021								
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	983,639	35,453	926	48,489	29,803	5,897	836,347	1,940,554
(Unaudited)								
Six months ended								
30 June 2020								
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	909,966	38,921	695	51,768	33,305	5,118	235,851	1,275,624
At 30 June 2020								
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	909,966	38,921	695	51,768	33,305	5,118	235,851	1,275,624

- (a) Construction in progress as at 30 June 2021 comprises buildings being constructed.
- (b) As at 30 June 2021, buildings with a net book value of RMB78,847,000 had been leased out (31 December 2020: RMB81,417,000).

Notes to the Interim Condensed Consolidated Financial Information

19. Intangible assets

	Goodwill RMB'000	Brand RMB'000	Customer relationship RMB'000	Software RMB'000	Total RMB'000
(Unaudited)					
Six months ended 30 June 2021					
Opening net book amount	134,937	89,499	61,331	15,061	300,828
Additions	—	—	—	1,945	1,945
Amortisation	—	—	(3,345)	(1,963)	(5,308)
Closing net book amount	134,937	89,499	57,986	15,043	297,465
At 30 June 2021					
Cost	134,937	89,499	66,907	33,971	325,314
Accumulated amortisation	—	—	(8,921)	(18,928)	(27,849)
Net book amount	134,937	89,499	57,986	15,043	297,465
(Unaudited)					
Six months ended 30 June 2020					
Opening net book amount	—	—	—	10,736	10,736
Acquisition of a subsidiary	134,937	89,499	66,907	2,357	293,700
Additions	—	—	—	2,474	2,474
Amortisation	—	—	(2,230)	(1,667)	(3,897)
Closing net book amount	134,937	89,499	64,677	13,900	303,013
At 30 June 2020					
Cost	134,937	89,499	66,907	30,067	321,410
Accumulated amortisation	—	—	(2,230)	(16,167)	(18,397)
Net book amount	134,937	89,499	64,677	13,900	303,013

Notes to the Interim Condensed Consolidated Financial Information

20. Deferred income tax assets and liabilities

	As at 30 June 2021	As at 31 December 2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Deferred income tax assets		
Deferred income tax assets to be recovered within 12 months	1,995	1,649
Deferred income tax assets to be recovered after more than 12 months	30,690	31,704
	32,685	33,353
Deferred income tax liabilities		
Deferred income tax liabilities to be settled within 12 months	(3,179)	(3,428)
Deferred income tax liabilities to be settled after more than 12 months	(37,339)	(38,980)
	(40,518)	(42,408)

The gross movement of the Group's deferred income tax assets is as follows:

	As at 30 June 2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Beginning of the period	33,353	34,809
Debited to the consolidated income statement	(668)	(778)
End of the period	32,685	34,031

The gross movement of the Group's deferred income tax liabilities is as follows:

	As at 30 June 2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Beginning of the period	(42,408)	(6,779)
Credited to the consolidated income statement	1,890	1,767
Acquisition of a subsidiary	—	(40,042)
End of the period	(40,518)	(45,054)

Notes to the Interim Condensed Consolidated Financial Information

20. Deferred income tax assets and liabilities (continued)

The movements in deferred income tax assets and liabilities of the Group during the six months ended 30 June 2021 and 2020, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

(a) Deferred income tax assets

	Unrealised gain on intra-group transactions RMB'000	Asset impairment provision RMB'000	Total RMB'000
(Unaudited)			
Balance at 1 January 2021	33,160	193	33,353
(Debited)/Credited to the consolidated income statement	(823)	155	(668)
Balance at 30 June 2021	32,337	348	32,685

	Unrealised gain on intra-group transactions RMB'000	Tax losses RMB'000	Total RMB'000
(Unaudited)			
Balance at 1 January 2020	34,809	—	34,809
(Debited)/Credited to the consolidated income statement	(825)	47	(778)
Balance at 30 June 2020	33,984	47	34,031

(b) Deferred income tax liabilities

	Customer relationship RMB'000	Brand RMB'000	Property, plant and equipment RMB'000	Total RMB'000
(Unaudited)				
Balance at 1 January 2021	(15,333)	(22,374)	(4,701)	(42,408)
Credited to the consolidated income statement	835	—	1,055	1,890
Balance at 30 June 2021	(14,498)	(22,374)	(3,646)	(40,518)

Notes to the Interim Condensed Consolidated Financial Information

20. Deferred income tax assets and liabilities (continued)**(b) Deferred income tax liabilities (continued)**

	Customer relationship RMB'000	Brand RMB'000	Property, plant and equipment RMB'000	Total RMB'000
(Unaudited)				
Balance at 1 January 2020	—	—	(6,779)	(6,779)
Credited to the consolidated income statement	557	—	1,210	1,767
Acquisition of a subsidiary	(16,727)	(22,374)	(941)	(40,042)
Balance at 30 June 2020	(16,170)	(22,374)	(6,510)	(45,054)

21. Financial instruments

	Financial assets measured at amortized cost RMB'000	Fair value through profit or loss RMB'000	Total RMB'000
(Unaudited)			
At 30 June 2021			
Assets as per balance sheet			
Trade and other receivables excluding non-financial assets	59,854	—	59,854
Financial products as designed by a financial institution (Note 24)	—	64,858	64,858
Cash and cash equivalents (Note 25)	878,861	—	878,861
Restricted cash (Note 25)	6,418	—	6,418
	945,133	64,858	1,009,991

Notes to the Interim Condensed Consolidated Financial Information

21. Financial instruments (continued)

	Financial assets measured at amortized cost RMB'000	Fair value through profit or loss RMB'000	Total RMB'000
(Audited)			
At 31 December 2020			
Assets as per balance sheet			
Trade and other receivables excluding non-financial assets	48,525	—	48,525
Financial products as designed by a financial institution (<i>Note 24</i>)	—	35,233	35,233
Cash and cash equivalents (<i>Note 25</i>)	1,426,063	—	1,426,063
Restricted cash (<i>Note 25</i>)	4,119	—	4,119
	1,478,707	35,233	1,513,940
			Amortised cost RMB'000
(Unaudited)			
At 30 June 2021			
Liabilities as per balance sheet			
Borrowings (<i>Note 30</i>)			2,000,201
Trade and other payables excluding non-financial liabilities			321,115
			2,321,316
			Amortised cost RMB'000
(Audited)			
At 31 December 2020			
Liabilities as per balance sheet			
Borrowings (<i>Note 30</i>)			1,153,264
Trade and other payables excluding non-financial liabilities			248,744
			1,402,008

Notes to the Interim Condensed Consolidated Financial Information

22. Trade and notes receivables

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Due from related parties (<i>Note 35 (b)</i>)	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
	27,137	21,011
Less: Provision for impairment of trade receivables	(1,156)	(728)
Trade receivables — net	25,981	20,283
Notes receivables	5,129	3,050
	31,110	23,333

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 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
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
	27,137	21,011

- (b) The Group applies the simplified approach to providing expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristic and days past due. The expected credit losses also incorporate forward looking information.

Notes to the Interim Condensed Consolidated Financial Information

23. Prepayments, deposits and other receivables

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Other receivables and deposits		
Due from related parties <i>(Note 35 (b))</i>	—	48
Loan receivable from third parties	1,300	1,300
Advance to students and staff	5,162	1,890
Advance to third parties	1,490	2,711
Deposits	16,856	16,774
Deductible VAT input	19,611	15,819
Others	2,780	1,741
	47,199	40,283
Less: Provision for impairment of other receivables	(595)	(271)
	46,604	40,012
Less: non-current portion		
— Deposits	(11,500)	(11,500)
Other receivables and deposits — current portion	35,104	28,512

Notes to the Interim Condensed Consolidated Financial Information

23. Prepayments, deposits and other receivables (continued)

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Prepayment		
Prepayment for utilities	4,144	4,298
Prepayment for leases	6,434	23,206
Prepayment to related parties <i>(Note 35 (b))</i>	—	17
Prepayment to others	50,813	1,409
Less: non-current portion		
— Prepayments for acquisition of Putian Xianliang <i>(Note 34(a)(i))</i>	(50,000)	—
Prepayments — current portion	11,391	28,930
Total prepayments, deposits and other receivables — current portion	46,495	57,442

The Group's prepayments, deposits and other receivables were denominated in RMB and the carrying amounts approximated their fair values.

24. Financial assets at fair value through profit or loss

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Current assets		
Financial products sponsored and managed by banks <i>(Note 5.3)</i>	64,858	35,233

Notes to the Interim Condensed Consolidated Financial Information

25. Cash and cash equivalents and restricted cash**(a) Cash and cash equivalents**

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Cash on hand	139	146
Deposits at banks	878,722	1,425,727
Short-term deposit with initial terms within three months	—	190
	878,861	1,426,063

(b) Restricted cash

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Deposits in escrow accounts	1,466	1,464
Secured deposits of bank borrowings	4,952	2,655
For securing deposits	6,418	4,119

Notes to the Interim Condensed Consolidated Financial Information

26. Share capital**Authorised:**

As at 30 June 2021 and 2020, the number of ordinary shares and nominal value of ordinary shares remained at 1,900,000,000 and HKD380,000 respectively.

	Number of ordinary shares	Nominal value of ordinary shares HKD	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Total share capital and share premium RMB'000
Issued:					
As at 1 January and 30 June 2020 (Unaudited)	500,000,000	100,000	88	2,046,481	2,046,569
As at 1 January 2021 (Unaudited)	666,667,200	133,333	117	2,919,030	2,919,147
Dividends distribution	—	—	—	(14,903)	(14,903)
As at 30 June 2021	666,667,200	133,333	117	2,904,127	2,904,244

Notes to the Interim Condensed Consolidated Financial Information

27. Share premium and reserves

	Share premium	Merge reserve	Capital reserve	Statutory surplus reserves (a)	Other reserves	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(Unaudited)						
At 1 January 2021	2,919,030	(1,756,337)	13,105	145,957	(796)	1,320,959
Share-based compensation	—	—	9,089	—	—	9,089
Transactions with non-controlling interests (a)	—	—	(397,630)	—	—	(397,630)
Dividends distribution	(14,903)	—	—	—	—	(14,903)
Other comprehensive income	—	—	—	—	(157)	(157)
At 30 June 2021	2,904,127	(1,756,337)	(375,436)	145,957	(953)	917,358
(Unaudited)						
At 1 January 2020	2,046,481	(1,756,337)	(64,145)	141,566	(14)	367,551
Other comprehensive income	—	—	—	—	(47)	(47)
At 30 June 2020	2,046,481	(1,756,337)	(64,145)	141,566	(61)	367,504

(a) Transactions with non-controlling interests

On 25 February 2021, the Group's wholly-owned subsidiaries, Dalian Sidi Technology Co., Ltd. ("Dalian Sidi") and Dalian Xindi Technology Co., Ltd. ("Dalian Xindi"), entered into share purchase agreements with two non-controlling shareholders of the Group, PICC Life Insurance Company Limited ("PICC Life") and PICC Health Insurance Company Limited ("PICC Health"), to acquire their equity interest of 8.40% and 4.85% in Dalian Neusoft Ruixin Technology Development Co., Limited ("Neusoft Ruixin") at purchase considerations of approximately RMB263,770,000 and RMB152,296,000 respectively.

On 8 May 2021, the Group's wholly-owned subsidiary, Dalian Ruidi Technology Co., Ltd. ("Dalian Ruidi"), entered into the equity transfer agreement with a non-controlling shareholder of the Group, Northeastern University Science & Technology Industry Group ("Northeastern University"), to acquire equity interests of 5.93% in Neusoft Ruixin at a purchase consideration of approximately RMB186,209,000.

On 1 June 2021, the Group completed aforementioned transactions and owned additional 19.18% equity interests of Neusoft Ruixin. Immediately prior to the completion of the transactions, the carrying amount of the equity attributable to the non-controlling shareholders with 19.18% interests in Neusoft Ruixin was RMB204,703,000. The Group recognized a decrease in non-controlling interests by RMB204,703,000 and a decrease in equity attributable to the owners of the parent by RMB397,630,000.

Upon completion of transactions above, Neusoft Ruixin became an indirectly wholly-owned subsidiary of the Group.

Notes to the Interim Condensed Consolidated Financial Information

28. Share option

The Company adopted a Pre-IPO share incentive scheme approved by the Board of Directors on 19 June 2019. The Pre-IPO share incentive scheme was subsequently amended, the amendment of which was approved by the authorized director on 10 June 2020 (the "Pre-IPO Share Incentive Scheme"). Pursuant to the Pre-IPO Share Option Scheme, the Company had granted Pre-IPO options to 246 grantees on 31 August 2020, including Directors, senior managers, connected persons who are not Directors or senior managers, employees and supervisors of the Group, to subscribe for an aggregate of 50,000,000 shares, including 21,762,500 Class A and 28,237,500 Class B share options.

On 11 September 2020, the Board of Directors of the Company conditionally adopted the principal terms of the Post-IPO Share Incentive Scheme. The purpose of the Post-IPO Share Incentive Scheme is to provide participants with the opportunity to acquire proprietary interests in the Company and to encourage and retain participants to make contributions to the long-term growth and profits of the Group. The total number of share options available for grant under Post-IPO Share Incentive Scheme was 66,666,720. As of 30 June 2021, no options has been granted or agreed to be granted pursuant to Post-IPO Share Incentive Scheme.

Pre-IPO Share Incentive Scheme

Share options granted to participants

The share options granted under Pre-IPO Share Incentive Scheme have different vesting terms.

All granted Class A share options are vested on the Listing date without any performance requirements.

The Class B share options are performance-based share options with graded vesting terms, and vest in tranches from grant date over no more than 2 years, on condition that participants remain in service and performance conditions are satisfied. The performance goals are determined by the Board of Directors. For those share options, evaluations are made as of each reporting period to assess the likelihood of performance criteria being met. Share-based compensation expenses are then adjusted to reflect the revision of original estimates.

Notes to the Interim Condensed Consolidated Financial Information

28. Share option (continued)**Pre-IPO Share Incentive Scheme (continued)****Share options granted to participants (continued)**

Movements in the number of share options granted to participants and their related weighted average exercise prices are as below:

	Number of share options	Average exercise price per share option (HKD)
(Unaudited)		
Outstanding as of 1 January 2021	49,074,200	3.11
Forfeited during the period	(3,034,005)	3.11
Outstanding as of 30 June 2021 (Unaudited)	46,040,195	3.11
Exercisable as of 30 June 2021 (Unaudited)	32,770,695	3.11

The weighted-average remaining contract life for outstanding share options was 9.18 years and 9.67 years as of 30 June 2021 and 31 December 2020, respectively.

Fair value of share options

The Group has used the Binomial option-pricing model to determine the fair value of the share option as of the grant date. Key assumptions are set as below:

Spot price (HKD)	5.53
Expected Offer Price (HKD) (a)	5.70
Exercise price (HKD) (a)	2.85
Risk-free interest rate	0.78%
Dividend yield	—
Expected volatility	54.02%
Expected terms	10 years

- (a) Exercise price of each share options granted under Pre-IPO Share Incentive Scheme was 50% of the Offer Price. Prior to the completion of initial public offering, the expected Offer Price was HKD5.70, and the exercise price of each option was estimated to be HKD2.85 accordingly. Pursuant to the completion of initial public offering, the Offer Price has been determined at HKD6.22, and thus the exercise price of each share options granted under Pre-IPO Share Incentive Scheme was determined at HKD3.11.

Notes to the Interim Condensed Consolidated Financial Information

29. Trade and other payables

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Trade payables		
Amount due to third parties	2,558	4,133
Other payables		
Borrowings from a related party (Note 35 (a))	100,836	—
Amount due to related parties (Note 35 (b))	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)
Other payables — current portion	378,606	337,407
Total trade and other payables	381,164	341,540

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

Notes to the Interim Condensed Consolidated Financial Information

29. Trade and other payables (continued)

- (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	—	—
	2,558	4,133

Notes to the Interim Condensed Consolidated Financial Information

30. Borrowings

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

Notes to the Interim Condensed Consolidated Financial Information

30. Borrowings (continued)

- (a) Bank borrowings of the Group which are guaranteed by related parties are shown below:

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Neusoft Holdings (Note 35 (d))	1,051,322	85,000

- (b) The weighted average effective interest rate (per annum) at the balance sheet dates are set out as follows:

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Bank borrowings	4.86%	4.90%

- (c) The Group has the following undrawn bank borrowing facilities:

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Bank borrowing facilities	1,689,655	2,119,387

Notes to the Interim Condensed Consolidated Financial Information

30. Borrowings (continued)

- (d) The maturity date of the following was analysed as follows:

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Within 1 year	382,033	648,383
Between 1 and 2 years	213,091	147,881
Between 2 and 5 years	886,711	330,800
More than 5 years	518,366	26,200
	2,000,201	1,153,264

- (e) As at 30 June 2021, the Group's borrowings were denominated in RMB.
- (f) On 12 October 2017, Guangdong University entered into a loan agreement with a bank. On 5 January 2018, an additional RMB60,000,000 was borrowed under the contract. As at 30 June 2021, the outstanding loan balance is RMB100,000,000 (31 December 2020: RMB100,000,000). Guangdong University has pledged the collection rights of the tuition fees from 27 September 2017 to 31 December 2035 to the bank.

On 17 January 2020, Guangdong University further entered into a loan agreement with the bank. As at 30 June 2021, the outstanding loan balance is RMB40,000,000 (31 December 2020: RMB45,000,000). Guangdong University has pledged the collection rights of the tuition fees from 17 January 2020 to 31 December 2035.

On 16 March 2021, Guangdong University further entered into a loan agreement with the bank. As at 30 June 2021, the outstanding loan balance is RMB100,000,000 (31 December 2020: Nil). Guangdong University has pledged the collection rights of the tuition fees from 1 January 2021 to 31 December 2035.

Pursuant to the loan agreements, Guangdong University opened a bank account in the bank without any restrictions on use. However, if any events of defaults or events that could trigger the bank's doubts of on-time repayment ability, the bank has the right to freeze the deposits in the account. As at 30 June 2021, the balance in this bank account is RMB66,950,000 (31 December 2020: RMB7,266,000).

Notes to the Interim Condensed Consolidated Financial Information

30. Borrowings (continued)

As at 30 June 2021, the loan balance with RMB298,722,000 (31 December 2020: RMB198,881,000) was loaned from a bank by Dalian Neusoft University of Information (“Dalian University”) since 28 March 2019. Dalian University has pledged the collection rights of the boarding fees from 26 April 2019 to 26 April 2034 to the bank. Pursuant to the loan agreement, Dalian University opened a bank account in the bank without any restrictions on use. However, if any events of defaults or events that could trigger the bank’s doubts of on-time repayment ability, the bank has the right to freeze the deposits in the account. As at 30 June 2021, the balance in this bank account is RMB4,000 (31 December 2020: RMB4,000).

On 26 November 2020, Dalian University entered into a loan agreement with a bank. During the period ended 30 June 2021, an additional RMB250,000,000 was borrowed under the contract. As at 30 June 2021, the outstanding loan balance is RMB335,000,000 (31 December 2020: RMB85,000,000). Dalian University has pledged the collection rights of the tuition fees from 19 November 2020 to 18 November 2035 to the bank.

As at 30 June 2021, the outstanding loan balance with RMB58,600,000 was loaned from a bank by Chengdu Neusoft University (“Chengdu University”) since 21 April 2021. Chengdu University has pledged the collection rights of the tuition fees from 21 April 2021 to 20 April 2036 to the bank.

On 24 June 2021, Dalian Ruidi, Dalian Sidi and Dalian Xindi entered into loan agreements with a bank with loan balances of RMB111,000,000, RMB157,000,000 and RMB91,000,000 as at 30 June 2021, respectively. Dalian Ruidi, Dalian Sidi and Dalian Xindi have pledged 5.93%, 8.4% and 4.85% equity interests of Neusoft Ruixin from June 2021 to June 2026 to the bank.

On 31 March 2021, Dalian Education entered into a loan agreement with a bank. As at 30 June 2021, the outstanding loan balance is RMB120,000,000. Dalian Education has pledged the 90.91% equity interests of Tianjin Ruidao from 1 March 2021 to 1 March 2024 to the bank.

As at 30 June 2021, above secured loans bear floating interest rates with reference to PBOC interest rate, or one-year or five-year Loan Prime Rate (LPR). The interest rates of secured loans are from 4.45% to 5.23%.

- (g) As at 30 June 2021, in addition to the above loans, the other outstanding unsecured loan balances were RMB569,278,000 (31 December 2020: RMB724,383,000).

Notes to the Interim Condensed Consolidated Financial Information

31. Deferred income

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Non-current:		
Deferred government grants (a)	27,524	27,517
Current:		
Deferred government grants (a)	48,402	40,699
Rental	5,104	7,335
	53,506	48,034
	81,030	75,551

- (a) Deferred income includes grants related to income and grants related to assets. The grants related to income are the subsidies received from the government for the purpose of compensation for expenses arising from research activities, software developments and business operation. The grants related to assets are received for subsidies in connection with the purchasing of teaching equipment. These grants related to assets are released to profit or loss over the expected useful lives of the relevant assets.

Notes to the Interim Condensed Consolidated Financial Information

32. Notes to consolidated statement of cash flows

(a) Cash generated from operations:

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit before income tax	159,171	103,530
Adjustments for:		
— Depreciation of property, plant and equipment <i>(Note 18)</i>	52,610	52,214
— Amortisation of intangible assets <i>(Note 19)</i>	5,308	3,897
— Depreciation of right-of-use assets <i>(Note 17)</i>	13,524	11,063
— Net losses on disposal of property, plant and equipment <i>(Note 10)</i>	37	(21)
— Gains in profit or loss on financial instrument <i>(Note 10)</i>	(1,381)	(1,561)
— Interest income <i>(Note 13)</i>	(4,270)	(1,820)
— Finance expenses <i>(Note 13)</i>	31,901	18,766
— Share-based compensation <i>(Note 12)</i>	10,937	—
— Provision for impairment on financial assets <i>(Note 22, Note 23)</i>	752	—
Operating cash flows before movements in working capital	268,589	186,068
Changes in working capital:		
— Trade and notes receivables <i>(Note 22)</i>	(8,205)	(15,314)
— Prepayments, deposits and other receivables	10,623	7,720
— Increase in inventories	(1,859)	(907)
— Deferred income <i>(Note 31)</i>	5,479	2,637
— Contract liabilities <i>(Note 7)</i>	(494,068)	(373,667)
— Trade and other payables	(19,210)	27,705
Cash generated from operations	(238,651)	(165,758)
Income taxes paid	(31,697)	(11,123)
Net cash generated from operations	(270,348)	(176,881)

Notes to the Interim Condensed Consolidated Financial Information

32. Notes to consolidated statement of cash flows (continued)

(b) In the statement of cash flows, proceeds from sale of property, plant and equipment comprise:

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net book amount <i>(Note 18)</i>	2,255	1,751
Loss on disposal of property, plant and equipment <i>(Note 10)</i>	(37)	21
Proceeds from disposal of property, plant and equipment	2,218	1,772

33. Contingencies

As at 30 June 2021 and 31 December 2020 there were no significant contingencies items for the Group and the Company.

34. Commitments**(a) Capital commitments**

The following is the details of capital expenditure contracted but not provided for in the consolidated financial statements.

	As at	As at
	30 June	31 December
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Commitment for acquisition of property, plant and equipment	780,505	826,137
Commitment for acquisition of Putian Xianliang	Note (i)	—

(i) Commitment for acquisition of equity interests of Putian Xianliang

On 12 April 2021, Dalian Education entered into a cooperation agreement (“Cooperation Agreement”) with Fujian Jiantou Group Co., Limited (“Fujian Jiantou”) in relation to the establishment of a new vocational college (tentatively known as “Fujian Neusoft College”) in Putian Meizhouwan Beian Economic Zone (“School Project”) and acquisition of the entire equity interest in the Putian Xianliang upon the completion of the campus construction.

Notes to the Interim Condensed Consolidated Financial Information

34. Commitments (continued)**(a) Capital commitments (continued)**

Pursuant to the Cooperation Agreement, Fujian Jiantou set up a project company, Putian Xianliang, which is responsible for the land acquisition and construction of the School Project. Dalian Education agrees to acquire the entire equity interests of the Putian Xianliang from Fujian Jiantou upon completion of the campus construction with the consideration ("Consideration") being determined with the valuation report prepared by a qualified independent valuer at that time ("Valuation Report Date").

Earnest Money and payment terms

Pursuant to the Cooperation Agreement, Dalian Education shall pay to Fujian Jiantou an earnest money of RMB200 million (the "Earnest Money"). The amount of the Earnest Money was determined after arm's length negotiation between Dalian Education and Fujian Jiantou taking into account the expected investment cost of Fujian Jiantou in respect of land acquisition and project construction, which is expected to be approximately RMB1,200 million and RMB1,500 million. Dalian Education paid Earnest Money of RMB50 million on 30 April 2021 and accounted as prepayment in the interim condensed financial information. The remaining Earnest Money of RMB150 million shall be payable by Dalian Education to Fujian Jiantou as follows:

- 25% of the Earnest Money, amounting to RMB50 million, shall be payable within one month after obtaining the construction permit for the School Project;
- 25% of the Earnest Money, amounting to RMB50 million, shall be payable within one month after the main structure of the School Project is capped; and
- 25% of the Earnest Money, amounting to RMB50 million, shall be payable within one month after the completion certificate is issued.

Consideration and payment terms

Pursuant to the Cooperation Agreement, it is expected that the campus construction may be completed within two years upon obtaining the relevant construction permit for the School Project. The Consideration is payable by Dalian Education to Fujian Jiantou as follows:

- from the first year to the fourth year after the Valuation Report Date, the consideration shall be set off with the Earnest Money in four equal instalments, that is, RMB50 million each year and RMB200 million in total; and
- the remaining consideration shall be thereafter payable in five equal instalments from the fifth year to the ninth year after the Valuation Report Date.

Notes to the Interim Condensed Consolidated Financial Information

34. Commitments (continued)**(b) Operating lease income**

The Group leases certain buildings to related parties and third parties under operating lease agreements. The Group had future aggregate minimum lease income in respect of buildings under operating leases are as follows:

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
No later than 1 year	19,180	33,048
Later than 1 year and no later than 5 years	37,559	48,677
Later than 5 years	2,844	3,836
	59,583	85,561

35. Significant related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, common significant influence or joint control.

The members of key management and their close family members of the Group are also considered as related parties. In the opinion of the Directors, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

Notes to the Interim Condensed Consolidated Financial Information

35. Significant related party transactions (continued)

Name and relationship with related parties:

Name of the related parties	Nature of relationship
Neusoft Holdings	Owner who has significant influence over the Company
Neusoft Holdings International Inc. ("Neusoft International")	Owner who has significant influence over the Company
Dalian Neusoft Siwei Technology Development Co., Ltd.	A company controlled by Liu Jiren
Liaoning Neusoft Venture Capital Co., Ltd.	A company controlled by Neusoft Holdings
Qiqin Technology (Beijing) Co., Ltd.	A company controlled by Neusoft Holdings
Dalian SiRui Information Technology Co., Ltd.	A company controlled by Neusoft Holdings
Neusoft YueTong Software Technology (Dalian) Co., Ltd.	A company controlled by Neusoft Holdings
Shanghai Sirui Information Technology Company Limited	A company controlled by Neusoft Holdings
Guangzhou SiRui Information Technology Co., Ltd.	A company controlled by Neusoft Holdings
Dongkong International Third Investment Inc.	A company controlled by Neusoft Holdings
Tianjin SiRui Information Technology Co., Ltd.	A company controlled by Neusoft Holdings
Puer Jinggu Yunshe Hotel Co., Ltd.	A company controlled by Neusoft Holdings
Neusoft Health Medical Management Co., Ltd.	A company controlled by Neusoft Holdings
Yida Group	Owner who has significant influence over the Group

Notes to the Interim Condensed Consolidated Financial Information

35. Significant related party transactions (continued)

(a) Transactions with related parties

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Borrowings from related parties		
Owner who has significant influence over the Company		
<i>(Note (i))</i>		
Balance at 1 January	—	—
Borrowings from related parties	100,000	—
Repayments of borrowings to related parties	—	—
Interest payable to related parties	836	—
Repayments of interest to related parties	—	—
Balance at 30 June	100,836	—

- (i) During period ended 30 June 2021, the Group received loans from Neusoft Holdings with a floating interest rate raised by 15% on the base of Loan Prime Rate (LPR) for one-year term loan. The loans are unsecured and repayable on demand.

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Receiving outsourcing services		
Companies controlled by Neusoft Holdings	800	—
	800	—

Notes to the Interim Condensed Consolidated Financial Information

35. Significant related party transactions (continued)**(a) Transactions with related parties (continued)**

Purchasing goods and receiving services were made at prices mutually agreed between the Group and its related parties and conducted in the normal course of business.

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Providing apprenticeship programme services		
Companies controlled by Neusoft Holdings	26,129	28,895
Providing rental and property management services		
Companies controlled by Liu Jiren	787	727
Companies controlled by Neusoft Holdings	138	327
	925	1,054

Selling goods and providing services were made at prices mutually agreed between the Group and its related parties and conducted in the normal course of business.

(b) Balance with related parties

	As at	As at
	30 June	31 December
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Trade receivables due from related parties		
Companies controlled by Neusoft Holdings	2,676	3,564
Other receivables due from related parties		
A company controlled by Neusoft Holdings	—	48
Other payables due to related parties		
Owner who has significant influence over the Company	21	21
A company controlled by Liu Jiren	238	238
Companies controlled by Neusoft Holdings	870	1,077
	1,129	1,336

Notes to the Interim Condensed Consolidated Financial Information

35. Significant related party transactions (continued)

(b) Balance with related parties (continued)

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Amounts prepaid by related parties		
A company controlled by Liu Jiren	226	226
A company controlled by Neusoft Holdings	68	64
	294	290
Amounts prepaid to related parties		
A company controlled by Liu Jiren	—	17
Owner who has significant influence over the Company	—	—
	—	17

As at 30 June 2021 and 31 December 2020, all balances with the owners and related companies are non-interest bearing. All balances due from and due to the owners and related parties are unsecured and repayable on demand.

Notes to the Interim Condensed Consolidated Financial Information

35. Significant related party transactions (continued)**(c) Key management compensation**

Key management includes executive directors and certain executives who have important role in making operational and financial decisions.

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Wages, salaries and bonuses	3,015	4,337
Share-based compensation	6,051	—
Contributions to pension plans	84	82
Welfare and other expenses	82	116
	9,232	4,535

(d) Borrowings guaranteed by related party

	As at	As at
	30 June	31 December
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Owner who has significant influence over the Company	1,051,322	85,000

36. Subsequent events

As at the date on which the interim financial information was approved, the Group was not aware of any material adverse effects on the interim financial information as a result of the COVID-19. The Group will continuously pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position and operating results of the Group.

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”
“affiliate”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“Alpine Electronics”	Alpine Electronics, Inc., a company incorporated under the laws of Japan and a wholly-owned subsidiary of Alps Alpine Co., Ltd. (a company listed on the Tokyo stock exchange (stock code: TSE-6770)), and a Shareholder as of 30 June 2021
“Audit Committee”	the audit committee of the Board
“Board”	the board of directors of the Company
“BVI”	British Virgin Islands
“CAGR”	compound annual growth rate
“Century Bliss”	Century Bliss International Limited, a company incorporated under the laws of the BVI with limited liability and a Shareholder as of 30 June 2021
“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

Definitions

“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
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules, and unless the context otherwise requires, refer to the persons listed in the section headed “Relationship with our Controlling Shareholders” in the prospectus of the Company, namely Dr. Liu Jiren and Neusoft Holdings (together with Neusoft International, Dongkong First and Dongkong Second, which are wholly-owned subsidiaries of Neusoft Holdings)
“Dalian Development”	Dalian Neusoft Software Park Industry Development Co., Ltd. (大連東軟軟件園產業發展有限公司), a company incorporated under PRC Laws on 10 July 2002
“Dalian Education”	Dalian Neusoft Education Technology Group Co. Limited (大連東軟教育科技集團有限公司), formerly known as Neusoft Education Technology (Dalian) Co. Limited (東軟教育科技(大連)有限公司), a company incorporated under PRC Laws on 3 August 2018 and a wholly-owned subsidiary 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
“Dongkong First”	Dongkong Education First Investment Inc. (東控教育第一投資有限公司), a company incorporated under the laws of the BVI and a Controlling Shareholder
“Dongkong Second”	Dongkong Education Second Investment Inc. (東控教育第二投資有限公司), a company incorporated under the laws of the BVI and a Controlling Shareholder
“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

Definitions

“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
“Irrevocable Voting Proxies”	voting proxy arrangements granted by each of Century Bliss and Alpine Electronics, to Dr. J. Liu in respect of voting rights attached to our Shares, and each of the arrangements, an “Irrevocable Voting Proxy”. See “Relationship with our Controlling Shareholders — Irrevocable Voting Proxies” in the prospectus of the Company for further information
“Kang Ruidao”	Kang Ruidao International Investment Inc. (康睿道國際投資有限公司), a company incorporated under the laws of the BVI and a substantial shareholder
“Kang Ruidao First”	Kang Ruidao Education First Investment Limited, a company incorporated under the laws of the BVI and a substantial shareholder
“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 Date”	29 September 2020, the date on which listing and dealings in the Shares of the Company are permitted to take place on the Stock Exchange

Definitions

“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
“Ministry of Education” or “MOE”	Ministry of Education of the People’s Republic of China (中華人民共和國教育部)
“Neusoft International”	Neusoft Holdings International Inc. (東軟控股國際有限公司), a company incorporated under the laws of the BVI on 8 March 2012 and a wholly-owned subsidiary of Neusoft Holdings
“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
“Proxy Grantors”	Century Bliss and Alpine Electronics, and each of them being a “Proxy Grantor”
“Prospectus”	the prospectus of the Company dated 17 September 2020

Definitions

“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

Unless otherwise expressly stated or the context otherwise requires, all data in this report is as of the date of this document. The English names of the PRC entities, PRC Laws and the PRC governmental authorities referred to in this report are translations from their Chinese names and are for identification purposes only. If there are any inconsistencies, the Chinese names shall prevail. Certain amounts and percentage figures included in this report have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.