

# 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

# 2022 INTERIM REPORT



# 教育創造學生價值

Empower Students with Innovative Education

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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. ZHANG Xia

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

Suite 903, 9th Floor, Great Eagle Center

No. 23 Harbour Road

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

17/F, Far East Finance Centre,  
16 Harcourt Road, Hong Kong

## Legal Adviser

### As to Hong Kong laws:

#### Tian Yuan Law Firm LLP

Suites 3304–3309, 33/F  
Jardine House 1 Connaught Place  
Central, Hong Kong

### As to PRC laws:

#### Tian Yuan Law Firm

Unit 509, Block A, International Enterprise Building  
35 Finance Street, Xicheng District  
Beijing, China

## Auditor

### PricewaterhouseCoopers

Certified Public Accountants  
Registered Public Interest Entity Auditor  
22/F, Prince's Building  
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



# Highlights

Month	Neuedu Highlights
2022.01	Neuedu (9616. HK) was awarded the "Most Valuable Education Company" award by Zhitong Finance & Tonghuashun Finance
2022.01	"Neuedu Online" was successfully selected as one of the 100 high-quality online vocational skills training platforms and digital resources recommended by the MHRSS
2022.02	Prof. WEN Tao was inducted into a member of the first batch of Steering Committees of the MHRSS for Technical Education and Vocational Teaching
2022.03	"Neuedu Online" successfully joined the "Online Service Platform for Employment, Entrepreneurship and Vocational Training" of the MHRSS
2022.03	Our "Neuedu Modern Industrial College Jointly Established on the Concept of Dual Cultivation and Industry-Education Integration" was selected as a typical case of industry-education integration and school-enterprise cooperation of the MOE
2022.04	The Completion Ceremony for the Sixth Phase Expansion Project of Guangdong University was successfully held
2022.05	Neuedu was selected among the 46th World Skills Competition Business Software Solution Projects in Shanghai
2022.06	The Neuedu Information Industrial College in Yunnan Technician College was selected as one of excellent cases of industry-education integration in the 5th China IT Education Boao Forum in CIE2021
2022.07	Neuedu launched Neuedu Science and Technology Metaverse Research Institute, Life and Health Metaverse Science Popularisation Cloud Pavilion and Metaverse Medical Digital Human Anatomy Practical Training Room

# Financial Highlights

## Selected Interim Condensed Consolidated Income Statement

	For the six months ended 30 June		
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	Percentage of change
Revenue	<b>743,699</b>	597,891	24.4%
Cost of revenue	<b>(394,195)</b>	(340,399)	15.8%
<b>Gross profit</b>	<b>349,504</b>	257,492	35.7%
Selling expenses	<b>(18,230)</b>	(16,031)	13.7%
Administrative expenses	<b>(71,340)</b>	(68,473)	4.2%
Research and development expenses	<b>(22,908)</b>	(21,755)	5.3%
Net impairment losses on financial assets	<b>(85)</b>	(752)	-88.7%
Other income	<b>119,162</b>	46,751	154.9%
Other expenses	<b>(12,974)</b>	(12,174)	6.6%
Other gains	<b>2,618</b>	1,903	37.6%
<b>Operating profit</b>	<b>345,747</b>	186,961	84.9%
Finance expenses – net	<b>(37,157)</b>	(27,790)	33.7%
<b>Profit before income tax</b>	<b>308,590</b>	159,171	93.9%
Income tax expense	<b>(75,608)</b>	(32,285)	134.2%
<b>Profit for the period</b>	<b>232,982</b>	126,886	83.6%
Profit for the period attributable to owners of the Company	<b>233,176</b>	108,587	114.7%
<b>Adjusted Net Profit (Note)</b>	<b>231,736</b>	142,521	62.6%
Adjusted Net Profit Attributable to Owners of the Company	<b>231,930</b>	122,374	89.5%

Note:

For the six months ended 30 June 2022, the Adjusted Net Profit represents profit for the period after deducting the impact of (i) share-based compensation expense of RMB3,785,000; and (ii) net exchange gains of RMB5,031,000.

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

# Management Discussion and Analysis

## 1 Business Review

### 1.1 Overview

Since 2000, we have been consistently holding on to quality education and focusing on connotative growth. In addition with the vision of “Becoming a Leading Education Service Provider of Digital Talents in China”, we concentrate on nurturing talents in IT industry and have gradually become a leading education technology group outputting education resources and products on the basis of higher education in China. Leveraging on our school-operating experience and high-quality resources accumulated in the IT higher education industry in the past 22 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 following table shows a breakdown of our revenue from the three business segments during the Reporting Period:

	For the six months ended 30 June			
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	Percentage of change	Percentage of total revenue
Full-time formal higher education services	580,348	470,188	23.4%	78.0%
Continuing education services	66,128	58,255	13.5%	8.9%
Education resources and apprenticeship programme	97,223	69,448	40.0%	13.1%
of which: Education resources	68,917	31,915	115.9%	9.3%
Apprenticeship programme	28,306	37,533	-24.6%	3.8%
<b>Total</b>	<b>743,699</b>	<b>597,891</b>	<b>24.4%</b>	<b>100.0%</b>

## Management Discussion and Analysis

### 1.2 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, all of which can provide bachelor degree programmes, junior college diploma programmes and junior college to bachelor degree transfer programmes.

#### 1.2.1 Excellent education achievements of the three universities

Universities	Major education achievements in the Reporting Period
Dalian University	<ul style="list-style-type: none"> <li data-bbox="341 648 1430 750">• For the school year of 2022/2023, it established 1 new bachelor degree programme in Supply Chain Management and 1 new vocational bachelor degree programme in Electronic Information Engineering Technology;</li> <li data-bbox="341 799 1430 976">• In 2022, 3 programmes were newly recognised as the National-level First-class Bachelor Degree Programme Construction Sites (國家級一流本科專業建設點), amounting to 7 recognised National-level First-class Bachelor Degree Programme Construction Sites, all of which are related to digital technology, and the recognised number ranking the first among all private universities and colleges in China;</li> <li data-bbox="341 1026 1430 1310">• In 2022, 1 programme was newly recognised as the Provincial-level First-class Bachelor Degree Programme Construction Site (省級一流本科專業建設點), amounting to 8 recognised Provincial-level First-class Bachelor Degree Programme Construction Sites; accordingly added up to 15 programmes have been selected by the MOE into the "Twenty Thousand Project" for the First-class Bachelor Degree Programme Construction, a leading position among the private universities and colleges in China in terms of the number of recognised programmes, and the recognised number of digital technology related programmes ranking top among all universities and colleges (including public ones) in Liaoning Province;</li> <li data-bbox="341 1360 1430 1494">• In 2022, 1 course was newly recognised as Provincial-level First-class Bachelor Degree Course (省級一流本科課程), amounting to 1 recognised National-level First-class Bachelor Degree Course (國家級一流本科課程) and 45 recognised Provincial-level First-class Bachelor Degree Courses;</li> <li data-bbox="341 1543 1430 1645">• In 2022, a total of 52 Supply-Demand Matching on Employment and Education Programmes (供需對接就業育人項目) were approved by the MOE, the number of approved programmes ranking the first in Liaoning province and second in China;</li> <li data-bbox="341 1694 1430 1834">• Ranked the third among all universities and colleges across the country (for the second consecutive year), the first among engineering universities and colleges in China and the first among all private universities and colleges in Liaoning province in "2022 Best China's Private Universities and Colleges Ranking of Shanghai Ranking" (軟科中國民辦高校排行榜(2022));</li> <li data-bbox="341 1884 1430 2020">• In May 2022, 9 provincial-level teaching achievement awards (bachelor degree programme) were received, the total number of awards and first prizes ranking the first among private universities and colleges in Liaoning Province; besides, we also received 3 teaching achievement prizes on vocational education.</li> </ul>

## Management Discussion and Analysis

Universities	Major education achievements in the Reporting Period
Chengdu University	<ul style="list-style-type: none"> <li data-bbox="341 433 1430 530">• For the school year of 2022/2023, it established 1 new bachelor degree programme in Visual Communicating Design and 2 new vocational bachelor degree programmes in Software Engineering Technology and E-commerce Business;</li> <li data-bbox="341 577 1430 636">• In 2022, 1 programme, the software engineering programme, was recognised as the National-level First-class Bachelor Degree Programme Construction Site for the first time;</li> <li data-bbox="341 683 1430 853">• In 2022, 1 programme was newly recognised as the Provincial-level First-class Bachelor Degree Programme Construction Site, amounting to 6 recognised Provincial-level First-class Bachelor Degree Programme Construction Sites, all of which are related to digital technology, and the number of recognised programmes ranking the first among all private universities and colleges in Sichuan province;</li> <li data-bbox="341 901 1430 959">• In 2022, 4 courses were newly recognised as Provincial-level First-class Bachelor Degree Courses, amounting to 10 recognised Provincial-level First-class Bachelor Degree Courses;</li> <li data-bbox="341 1006 1430 1103">• In 2022, 5 courses were newly recognised as Provincial-level Demonstration Courses for Ideological and Political Theory and 1 team was recognised as Provincial-level Course Model Team;</li> <li data-bbox="341 1151 1430 1248">• In 2022, a total of 20 Supply-Demand Matching on Employment and Education Programmes were approved by the MOE, the approved number ranking the second among all private universities and colleges in Sichuan province;</li> <li data-bbox="341 1295 1430 1392">• In 2022, it received several honourable titles including one of the first batch of both Characteristic Demonstration Software Colleges (特色化示範性軟件學院) and Provincial Modern Industrial Colleges (省級現代產業學院) in Sichuan Province.</li> </ul>
Guangdong University	<ul style="list-style-type: none"> <li data-bbox="341 1440 1430 1498">• For the school year of 2022/2023, it established 1 new bachelor degree programme in Robot Engineering;</li> <li data-bbox="341 1545 1430 1642">• In 2022, 2 programmes were newly recognised as the Provincial-level First-class Bachelor Degree Programme Construction Sites, amounting to 3 recognised Provincial-level First-class Bachelor Degree Programme Construction Sites;</li> <li data-bbox="341 1690 1430 1748">• In 2022, 7 courses were newly recognised as Provincial-level First-class Bachelor Degree Courses, amounting to 12 recognised Provincial-level First-class Bachelor Degree Courses;</li> <li data-bbox="341 1795 1430 1892">• In 2022, a total of 23 Supply-Demand Matching on Employment and Education Programmes were approved by the MOE, the number of approved programmes ranking the first among all universities and colleges in Guangdong province;</li> <li data-bbox="341 1940 1430 2039">• Ranked the first among all private universities and colleges in Guangdong Province in the 2021 National Ranking on College Students Competition released by the China Association of Higher Education (中國高等教育學會).</li> </ul>

## Management Discussion and Analysis

**1.2.2 The number of student enrollments**

As of 30 June 2022, there was totally 45,492 on-campus students in our three universities, which increased by 16.4% as compared with that of 30 June 2021. The number of student enrollments in the three universities will further increase after the completion of new students' registration for the 2022/2023 school year.

<b>Student enrollments</b>				
	<b>As at 30 June 2022</b>	As at 30 June 2021	Change	Percentage of change
<b>Dalian University</b>				
Bachelor degree programmes	<b>14,530</b>	13,703	827	6.0%
Junior college diploma programmes	<b>925</b>	1,038	-113	-10.9%
Junior college to bachelor degree transfer programmes	<b>1,411</b>	723	688	95.2%
<b>Subtotal</b>	<b>16,866</b>	15,464	1,402	9.1%
<b>Chengdu University</b>				
Bachelor degree programmes	<b>12,405</b>	11,322	1,083	9.6%
Junior college diploma programmes	<b>2,058</b>	1,132	926	81.8%
Junior college to bachelor degree transfer programmes	<b>1,699</b>	589	1,110	188.5%
<b>Subtotal</b>	<b>16,162</b>	13,043	3,119	23.9%
<b>Guangdong University</b>				
Bachelor degree programmes	<b>9,965</b>	9,381	584	6.2%
Junior college diploma programmes	<b>1,044</b>	1,196	-152	-12.7%
Junior college to bachelor degree transfer programmes	<b>1,455</b>	— <sup>(1)</sup>	1,455	— <sup>(1)</sup>
<b>Subtotal</b>	<b>12,464</b>	10,577	1,887	17.8%
<b>Total</b>	<b>45,492</b>	39,084	6,408	16.4%

Note:

(1) The Guangdong University has been recruiting students on junior college to bachelor degree transfer programmes since September 2021.

## Management Discussion and Analysis

**1.2.3 Admission quota**

In the 2022/2023 school year, the admission quota of the Group achieved steady growth, representing an increase of nearly 1,000 as compared with that of last school year. We believe that adhering to excellent education quality and preserving good brand reputation will help us maintain and further raise the admission quota of the three universities.

	<b>Admission quota</b>			
	<b>2022/2023 School year</b>	2021/2022 School year	Change	Percentage of change
<b>Dalian University</b>				
Bachelor degree programmes	<b>3,913</b>	4,169	-256	-6.1%
Junior college diploma programmes	<b>496</b>	496	—	—
Junior college to bachelor degree transfer programmes	<b>2,465</b>	960	1,505	156.8%
<b>Subtotal</b>	<b>6,874</b>	5,625	1,249	22.2%
<b>Chengdu University</b>				
Bachelor degree programmes	<b>5,500</b>	4,013	1,487	37.1%
Junior college diploma programmes	<b>350</b>	1,200	-850	-70.8%
Junior college to bachelor degree transfer programmes	<b>207</b>	165	42	25.5%
<b>Subtotal</b>	<b>6,057</b>	5,378	679	12.6%
<b>Guangdong University</b>				
Bachelor degree programmes	<b>2,409</b>	3,012	-603	-20.0%
Junior college diploma programmes	<b>—<sup>(1)</sup></b>	500	-501	-100.2%
Junior college to bachelor degree transfer programmes	<b>1,788</b>	1,626	162	10.0%
<b>Subtotal</b>	<b>4,197</b>	5,138	-941	-18.3%
<b>Total</b>	<b>17,128</b>	16,141	987	6.1%

Note:

(1) There was no junior college diploma programme for Guangdong University in the 2022/2023 school year.

## Management Discussion and Analysis

### 1.2.4 Admission scores of new students enrolled

With the continuous improvement of the overall strength and the enhancement of our brand reputation of the three universities, we can attract, enroll and admit more quality students. The following table sets out the margin between admission scores of new students enrolled for the 2022/2023 school year of our three universities and the university cut-off scores of the province they locate, respectively.

	Highest admission scores		Minimum admission scores	
	Physics stream/ Science stream	History stream/ Art stream	Physics stream/ Science stream	History stream/ Art stream
Dalian University	156 scores higher	84 scores higher	54 scores higher	6 scores higher
Chengdu University	98 scores higher	52 scores higher	13 scores higher	13 scores higher
Guangdong University	60 scores higher	56 scores higher	23 scores higher	10 scores higher

## Management Discussion and Analysis

**1.2.5 Tuition fees and boarding fees**

We insist on the strategy of optimising our pricing and adjusting the tuition fees and boarding fees as appropriate, in order to ensure a match between the fee standards and the extraordinary studying and living conditions we provide. Therefore, on the premise that we have optimised our pricing standard for two consecutive years, we choose to go on with our current standard in the 2022/2023 school year. We believe that the pricing of our three universities has stronger competitiveness in price-performance by virtue of nice education conditions and living environment. The following table sets forth the tuition fees and boarding fees applicable to new students enrolled for the school years as indicated.

	Tuition fees (RMB)		Boarding fees (RMB)	
	2022/2023 school year	2021/2022 school year	2022/2023 school year	2021/2022 school year
<b>Dalian University</b>				
Bachelor degree programmes	<b>28,000–34,000</b>	28,000–34,000	<b>2,400</b>	2,400
Junior college diploma programmes	<b>28,000</b>	28,000	<b>2,400</b>	2,400
Junior college to bachelor degree transfer programmes	<b>28,000</b>	28,000	<b>2,400</b>	2,400
<b>Chengdu University</b>				
Bachelor degree programmes	<b>18,000–20,000</b>	18,000–20,000	<b>2,000</b>	2,000
Junior college diploma programmes	<b>18,000–19,000</b>	18,000–19,000	<b>2,000</b>	2,000
Junior college to bachelor degree transfer programmes	<b>18,000–19,000</b>	18,000–19,000	<b>2,000</b>	2,000
<b>Guangdong University</b>				
Bachelor degree programmes	<b>28,000–32,000<sup>(1)</sup></b>	28,000–32,000 <sup>(1)</sup>	<b>3,000</b>	3,000
Junior college diploma programmes	— <sup>(2)</sup>	23,000	— <sup>(2)</sup>	3,000
Junior college to bachelor degree transfer programmes	<b>28,000-32,000</b>	28,000-32,000	<b>3,000</b>	3,000

Notes:

- (1) In addition, the tuition fees for the cooperative education project (bachelor degree programme) between Guangdong University and the University of the West of England is RMB68,000 per year.
- (2) There is no junior college diploma programme in Guangdong University for the 2022/2023 school year.

## Management Discussion and Analysis

**1.2.6 School capacity and utilisation rate**

The campus capacity of our three universities has been growing with the progress of the campus expansion construction projects. During the Reporting Period, there has been a total increase of over 7,000 beds in our three universities. Accordingly, the campus capacity of our three universities hit a record high of more than 58,000 beds as of 30 June 2022. The utilisation rate of the three universities would be further optimised with the arrival of new students for the 2022/2023 school year.

	Campus capacity <sup>(1)</sup>		Utilisation rate <sup>(2)</sup>	
	As at 30 June 2022	As at 31 December 2021	As at 30 June 2022	As at 31 December 2021
Dalian University	<b>24,525</b>	22,443	<b>68.77%</b> <sup>(3)</sup>	75.31% <sup>(3)</sup>
Chengdu University	<b>17,888</b>	16,870	<b>90.35%</b>	96.06%
Guangdong University	<b>15,647</b>	11,663	<b>79.66%</b>	107.27% <sup>(4)</sup>
<b>Total/Average</b>	<b>58,060</b>	50,976	<b>78.35%</b>	89.49%

Notes:

- (1) The capacity of each school represents the total number of beds in student dormitories.
- (2) The utilisation 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 or 31 December in each corresponding year divided by the school capacity as at that time.
- (3) Some other beds of Dalian University are used by formal continuing education students due to the development of formal continuing education business.
- (4) 848 graduates-to-be in Guangdong University lived outside the campus for the purposes of off-campus internships or practical trainings as at 31 December 2021.

## Management Discussion and Analysis

### 1.3 Continuing education services

On the strength of the teaching resources of the three universities, 8 training schools operated by us in China and more than 50 training sites qualifications, we proactively provide formal continuing education and skills training services for various trainees and institutions to meet the increasing qualification demands and skill requirements in the society and job market. Besides, we offer individual students diversified employment support services including employment counseling, employment referral and internship arrangement, giving them a hand in their successful employment.

#### 1.3.1 Formal continuing education

As at 30 June 2022, the number of student enrollments for formal continuing education was 10,083, basically remaining even with that of last year, realising a revenue of approximately RMB38 million. In the future, we will continue maintaining a rather high number of student enrollments on formal continuing education with the reusable resources of the three universities, so as to meet the qualification demands and skill requirements for more groups.

#### 1.3.2 Skill training for individual customers (2C training)

In 2022, we made a general plan for 2C training courses, upgrading the products with 4S system, namely PaaS (Platform as a Service), SaaS (Software as a Service), CaaS (Content as a Service) and DaaS (Data as a Service), and taking Online-Merge-Offline as the main delivery means. In addition, the “Neuedu IT Cloud Class” (<http://study.neutech.cn>), which we are currently developing, can already support online paying courses, and has been launched recently.

In 2C training, in addition to teaching and training in classroom, we also offer trainees opportunities to practice in the real corporate environment, so as to ensure that students can apply what they have learned and improve their abilities comprehensively. Most of the trainees were successfully recommended for employment after systematic training, many excellent trainees of whom received offers from many well-known enterprises including Digital China Information (stock code: 000555.SZ), Yusys Technologies (stock code: 300674.SZ), HAND (stock code: 300170.SZ), Join-Share (1543.HK), with the highest annual salary reaching nearly RMB200,000.

During the Reporting Period, the 2C training business of the Group enrolled a total of 7,570 students, realising a revenue of approximately RMB22 million.

During the Reporting Period, the training schools of the Group in Shenyang, Dalian, Nanjing and Guangzhou were subject to temporary closures due to the regional outbreaks of the COVID-19 pandemic, posing some impact on the business operations. In the future, we plan to continue enhancing on-line training and opening more training courses of different directions and types on the support of 4S system in order to meet the needs on IT skills improvement of various groups and constantly provide talents for IT industry.

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

During the Reporting Period, we carried out diversified training programmes including teachers' quality improvement training, “1+X” certificate training and staff skill training for 18 institutions from 7 province and autonomous regions of Sichuan, Shanxi, Hebei and others. The number of charging programmes reached 39, 4 more than that of the corresponding period of last year. The training service covered 2,315 trainees, realising a revenue of approximately RMB5 million.

## Management Discussion and Analysis

### 1.4 Education resources and apprenticeship programme

With the experience and accumulation on school operation in IT area during the past 22 years, the TOPCARES characteristic education approach and the practical experience in IT industry, we researched and developed our superior education resources and teaching products, providing our cooperating universities and colleges with comprehensive products and services including joint establishment of academic majors, smart education platforms and teaching content, and practical training solutions. Besides, we also provide students from cooperating universities and colleges with intensive practical training on real projects through the entrepreneurial atmosphere in our apprenticeship programme.

For recent years, we proactively improved the brand influence and product awareness of Neuedu by taking “Competition” and “Certification” as the breakthrough point. We have successfully organised and supported dozens of IT competitions in the scale of provincial or municipal or the whole industry, in which hundreds of universities and colleges participated; besides, Neuedu JavaWeb Application Development Vocational Skills Level Certificate was selected as one of the fourth batch of 1+X certificates by the MOE, for which more than 140 universities and colleges have applied to be pilot sites; in addition, the “Software Project Development Practical Training System V1.0”, our star product, was awarded the “Excellent Software Product in Liaoning Province” by Liaoning Software Industry Association. A number of events and honours enabled us to open the market quickly, and lay foundation for the sustainable development of the business.

#### 1.4.1 Joint establishment of industrial colleges and academic majors

At the basis of the 22-year school operating accumulation, at the core of developed and optimised education resources of 17 predominant popular majors, at the focus of comprehensive education resource system comprised of 181 standard major courses and 1,152 systematic practical training projects of 1–5 level, with the feature of TOPCARES education approach, with the highlights of practical training in apprenticeship programme, we carried out cooperation with a number of universities and colleges across the country in joint establishment of industrial colleges and academic majors, in order to apply the concept of “Empower Students with Innovative Education” into teaching activities more deeply and widely on the new education mode with lighter assets and faster expansion. The software college, jointly established by us with Dalian University of Technology, Northeastern University and China University of Petroleum, was approved among the first batch of the Characteristic Demonstration Software Colleges (特色化示範軟件學院). The “Artificial Intelligence Industrial Colleges” jointly established with Nanjing University of Information Science and Technology, and the “Intelligent Software College” jointly established with Guangzhou University, were awarded as the national-level modern industrial colleges. In addition, a number of industrial colleges jointly established with colleges and universities were rated as the provincial-level modern industrial colleges and the Vocational Education Revitalizing Liaoning Industrial Colleges in Liaoning Province (遼寧省職業教育興遼產業學院), etc.

During the Report Period, our “Neuedu Modern Industrial College Jointly Established on the Concept of Dual Cultivation and Industry-Education Integration” was selected as a typical case of Industry-Education Integration and School-Enterprise Cooperation of the MOE; the Neuedu Information Industrial College we established together with Yunnan Technician College was selected as an excellent case of industry-education integration in the 5th China IT Education Boao Forum in CIE2021; we played an active role in organising students from jointly established industrial colleges to participate in various competitions, in which they won 32 awards of national, provincial and municipal levels.

## Management Discussion and Analysis

During the Reporting Period, the Group has established cooperation relationship with 65 universities and colleges on joint establishment of industrial colleges and academic majors, of which more than three quarters are public institutions. The business in joint establishment of academic majors had a total of over 250 projects, covering 17,960 students, increasing by 35% from that of the same period of last year and realising a revenue of approximately RMB36 million. In addition, the Group entered into cooperative agreements on joint establishment of academic majors or industrial colleges with another 8 new universities and colleges during the Reporting Period, which are expected to be carried out in the coming school year.

### *1.4.2 Smart education platform, teaching content and practical training solutions*

We are highly concerned about the revolutionary and instructing role of cutting-edge technology reform on the direction of future education development. Furthermore, we developed a series of products including digital campus, smart teaching management platform and practical training rooms focusing on smart education, digital education, integrated education and lifelong education.

During the Report Period, we launched and upgraded three platform system products — “Neuedu IT Cloud Class”, Neuedu Cloud Practice Platform and Neuedu Smart Education Platform, which optimised teaching and learning experience in aspects of intelligent education, lifelong education, cloud education and practical education. We also developed two new practical training rooms during the period — Medical Imaging Practical Training Room and Intelligent Monitoring Practical Training Room both expected to be officially released in the second half year of 2022. During the Reporting Period, the Group realised a total revenue of approximately RMB29 million on smart education platform, teaching content and practical training solutions, representing an increase of 264.3% compared with that of the same period of last year.

### *1.4.3 Apprenticeship programme*

The apprenticeship programme serves as a platform for students to obtain practical training in a real corporate environment and thus also an essential part in our cooperation with other universities and colleges. During the Reporting Period, due to the impact of repeated COVID-19 outbreaks in different regions as well as local epidemic prevention policies, only 8 out of 14 off-campus execution centres for apprenticeship programme we set in China (9 of which are jointly established) actually carried out on-site students training programmes. At the same time, we are gradually promoting the transformation of apprenticeship programme mode, which is, to replace the self-established apprenticeship programme training bases with those jointly established with government, and to replace the project developing and training programmes that engineers directly participated in with self-developed online training project resources.

## Management Discussion and Analysis

### 1.5 Online Education

Facing the change of education mode under the new situation, we launched a personalised, highly applicable, full-stage mobile-end online studying platform — “Neuedu Online” APP in 2021, as an active respond to the national policy, a timely compliance with the market demands and an efficient reuse of Neuedu resources. “Neuedu Online”, since its launch, has been selected as one of the cooperating online platforms of the MIIT Education and Examination Centre, and has become the Vice President of Information Technology Online Studying Platform Development Committee of the MIIT. It also has been selected into Employment & Entrepreneurship for New Occupation Platforms of the MHRSS, listed among 100 Quality Online Vocational Skill Platforms recommended by the MHRSS and in cooperation with “Skill China” platform of the MHRSS.

As of 30 June 2022, “Neuedu Online” had more than 700,000 registered accounts. During the Report Period, the cumulative course duration was about 37,000 hours, of which nearly 60 percent were charging courses. Many students chose to study tutorials on office software, Python and webpage making through “Neuedu Online”. In addition, a total of over 17,000 students have participated in human resources assessments through “Neuedu Online”, quite a number of students applying for satisfactory positions through the APP.

In the first half year of 2022, after “Neuedu Online”, we launched “Neuedu IT Cloud Class”, an internet lifelong education studying platform for IT. The platform integrates the superior teaching resources of Neuedu, providing users with popular studying resources of Java, front-end, Python and others to meet the various needs of users on ability improvement, interview and employment, job promotion. “Neuedu IT Cloud Class” provides users with two terminal modes of PC terminal and mobile service account, truly realising cross-platform and cross-system services. The successive launch of “Neuedu Online” and “Neuedu IT Cloud Class” initially constructed the framework of the Group’s online education business, and further demonstrated our strength and confidence in the development in this area.

### 1.6 Impact of the COVID-19 Pandemic

In view of the COVID-19 pandemic, the Group has 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 enrollment and employment work online. During the Reporting Period, the Group’s training schools in Shenyang, Dalian, Nanjing and Guangzhou and execution centres for apprenticeship programme in several places 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 during the closure.

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 2022. The Group will pay continuous attention to the development of the COVID-19 pandemic so as to minimise 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 2022.

## 2 Financial Review

### Revenue

Our revenue was RMB743.7 million for the six months ended 30 June 2022, representing an increase of 24.4% 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 RMB580.3 million, representing an increase of 23.4% as compared with the corresponding period of last year, mainly due to the increase of student enrolment and the average tuition fees in our three universities.
- Revenue derived from our continuing education services was RMB66.1 million, representing an increase of 13.5% as compared with the corresponding period of last year, mainly due to the growth of formal continuing education and the skill training for individual customers.
- Revenue generated from the education resources was RMB68.9 million, representing an increase of 115.9% 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 solutions.
- Revenue derived from our apprenticeship programme was RMB28.3 million, representing a decrease of 24.6% as compared with the corresponding period of last year, mainly due to the fact that we are gradually promoting the transformation of apprenticeship programme mode, which is, to replace the self-established apprenticeship programme training bases with those jointly established with government, and to replace the project developing and training programmes that engineers directly participated in with self-developed online training project resources. During the Reporting Period, a vast majority of our revenue from the apprenticeship programme was derived from the revenue arising from the services provided by engineers. The decrease in the number of engineers resulted in the decrease in revenue from the apprenticeship programme.

### Cost of revenue

Our cost of revenue was RMB394.2 million for the six months ended 30 June 2022, representing an increase of 15.8% as compared with the corresponding period of last year. Such increase was mainly due to (i) the increase in staff remuneration resulted from the business growth, (ii) the increase in depreciation and amortization expenses because of the completion and use of new campuses of Dalian University and Chengdu University.

### Gross profit

Gross profit was approximately RMB349.5 million for the six months ended 30 June 2022, representing an increase of 35.7% as compared with the corresponding period of last year. Such increase was mainly due to the fact that the increase in revenue outweighs the increase in costs.

### Selling expenses

Selling expenses was approximately RMB18.2 million for the six months ended 30 June 2022, representing an increase of 13.7% as compared with the corresponding period of last year. Such increase was mainly due to the fact that we stepped up the development of the market of our continuing education services and the education resources business.

## Management Discussion and Analysis

### Research and development expenses

Research and development expenses was approximately RMB22.9 million for the six months ended 30 June 2022, representing an increase of 5.3% as compared with the corresponding period of last year. Such increase was mainly due to the increase in investment in research and development of platform products and resources, laying foundation to the sustainable development of our business in the future.

### Other income

Other income was approximately RMB119.2 million for the six months ended 30 June 2022, representing an increase of 154.9% as compared with the corresponding period of last year, mainly due to the increase of government grants, rental income and property management income.

### Net finance expenses

Net finance expenses was approximately RMB37.2 million for the six months ended 30 June 2022, representing an increase of 33.7% as compared with the corresponding period of last year, mainly due to the increase in interest costs of bank borrowings.

### Income tax expense

Income tax expense was approximately RMB75.6 million for the six months ended 30 June 2022, representing an increase of 134.2% as compared with the corresponding period of last year, mainly due to the increase in taxable profit and the raise of average tax rate.

### Profit for the period

As a result of the foregoing, for the six months ended 30 June 2022, profit for the period increased by approximately 83.6% as compared with the corresponding period of last year.

Net profit attributable to owners of the Company was approximately RMB233.2 million for the six months ended 30 June 2022, representing an increase of 114.7% as compared with the corresponding period of last year, mainly due to (i) the increase in profit for the period; and (ii) the completion of acquisition of 19.18% Minority Interest in Neusoft Ruixin (a subsidiary of the Company) by the Group on 1 June 2021. As a result, the owners of the Company possess 100% of the net profit of Neusoft Ruixin in the first six months of 2022 (compared with 80.82% of the net profit of Neusoft Ruixin in the first five months and 100% of the net profit of Neusoft Ruixin in the sixth month of 2021).

### Non-IFRS measure

To supplement the Group's Consolidated Financial Statements which are presented in accordance with IFRS, the Group also use "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 were calculated as profit for the period/year and profit for the period/year attributable to owners of the Company after deducting the impact of (a) share-based compensation expense; and (b) net exchange losses/(gains). The Group defines Adjusted Net Profit Margin as Adjusted Net Profit divided by revenue. IFRS does not define the Adjusted Net Profit, Adjusted Net Profit Attributable to Owners of the Company or Adjusted Net Profit Margin. The use of Adjusted Net Profit, Adjusted Net Profit Attributable to Owners of the Company and Adjusted Net Profit Margin as analytical tools is significantly limited as they do not include all the items affecting the Group's profit for the period/year and the profit for the period/year attributable to owners of the Company. The Company presents these financial measure 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 believe that such non-IFRS measures provide useful information to investors and others in understanding and evaluating our 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.

## Management Discussion and Analysis

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

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

	For the six months ended 30 June	
	2022 (RMB'000) (Unaudited)	2021 (RMB'000) (Unaudited)
Profit for the period	<b>232,982</b>	126,886
Adjusted items:		
Share-based compensation expenses	<b>3,785</b>	10,937
Exchange losses/(gains) — net	<b>(5,031)</b>	4,698
Adjusted Net Profit	<b>231,736</b>	142,521

Adjusted Net Profit was approximately RMB231.7 million for the six months ended 30 June 2022, representing an increase of 62.6% as compared with that for the corresponding period of last year. Adjusted Net Profit Margin were 31.2% and 23.8% for the six months ended 30 June 2022 and 30 June 2021, respectively.

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

	For the six months ended 30 June	
	2022 (RMB'000)	2021 (RMB'000)
Profit attributable to owners of the Company	<b>233,176</b>	108,587
Adjusted items:		
Share-based compensation expenses	<b>3,785</b>	9,089
Exchange losses/(gains) — net	<b>(5,031)</b>	4,698
Adjusted Net Profit Attributable to Owners of the Company	<b>231,930</b>	122,374

Adjusted Net Profit Attributable to Owners of the Company was approximately RMB231.9 million for the six months ended 30 June 2022, representing an increase of 89.5% as compared with that for the corresponding period of last year.

## Management Discussion and Analysis

### 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 2022, the issued share capital of the Company was HK\$133,989, and the number of issued ordinary Shares was 669,947,535 of HK\$0.0002 each.

As at 30 June 2022, cash and cash equivalents of the Group amounted to approximately RMB882.8 million (31 December 2021: approximately RMB1,228.5 million). As at 30 June 2022, total bank borrowings of the Group amounted to approximately RMB2,539.0 million (31 December 2021: approximately RMB2,167.2 million). Borrowings were all denominated in Renminbi and Hong Kong dollars. Interests are 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 2022, the current ratio of the Group (i.e. current assets divided by current liabilities ) was 0.79 (31 December 2021: 0.81).

#### *Contingent liabilities*

As of 30 June 2022, 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 Renminbi. During the six months ended 30 June 2022, the Group did not experience any significant difficulties in or impacts on its operations or liquidity due to fluctuations in currency exchange rates. The Directors believe that the Group has sufficient foreign exchange to meet its own foreign exchange requirements and will adopt practical and effective measures to prevent exposure to exchange rate risk.

#### *Charge on assets*

As at 30 June 2022, the Group had (i) bank borrowings of RMB1,522.4 million pledged by certain collection rights of tuition fees and boarding fees, and (ii) bank borrowings of RMB343.0 million pledged by certain equity interests.

#### *Gearing ratio*

As at 30 June 2022, 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 158.3% (31 December 2021: 147.1%).

## Management Discussion and Analysis

### *Capital expenditures*

The capital expenditures of the Group for the six months ended 30 June 2022 amounted to approximately RMB304.6 million, which was primarily related to the upgrade and expansion of our campuses.

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

For the six months ended 30 June 2022, the Group had no material acquisition or disposal of subsidiaries, associates and joint ventures.

### *Significant investments*

As of 30 June 2022, the Company did not have any significant investment accounting for 5% of the Company's total assets.

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

Neusoft Education Technology Group Co. Limited (東軟教育科技集團有限公司) a subsidiary of the Company, entered into the Cooperation Agreement ("**Cooperation Agreement**") with Fujian Jiantou Group Co., Limited ("**Fujian Jiantou**") on 12 April 2021. Pursuant to the Cooperation Agreement, (i) Fujian Jiantou will establish a Putian Xianliang Education Technology Co. Limited ("**Project Company**") (莆田市賢良教育科技有限公司, which will be responsible for land acquisition and project construction; (ii) as the sponsor of the new college, the Project Company will be responsible for obtaining the school license of the relevant college, and (iii) Fujian Jiantou agreed that Neusoft Education Technology Group Co. Limited (東軟教育科技集團有限公司) (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, Neusoft Education Technology Group Co. Limited (東軟教育科技集團有限公司) shall pay deposit ("**Deposit**") of RMB200 million to Fujian Jiantou. The deposit is intended to be funded from the proceeds of the relevant initial public offering (approximately RMB100 million) and its own internal funds (approximately RMB100 million). After the completion of the campus construction, Neusoft Education Technology Group Co. Limited (東軟教育科技集團有限公司) 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. For details, please refer to the announcement of the Company dated 12 April 2021 and the circular dated 21 May 2021.

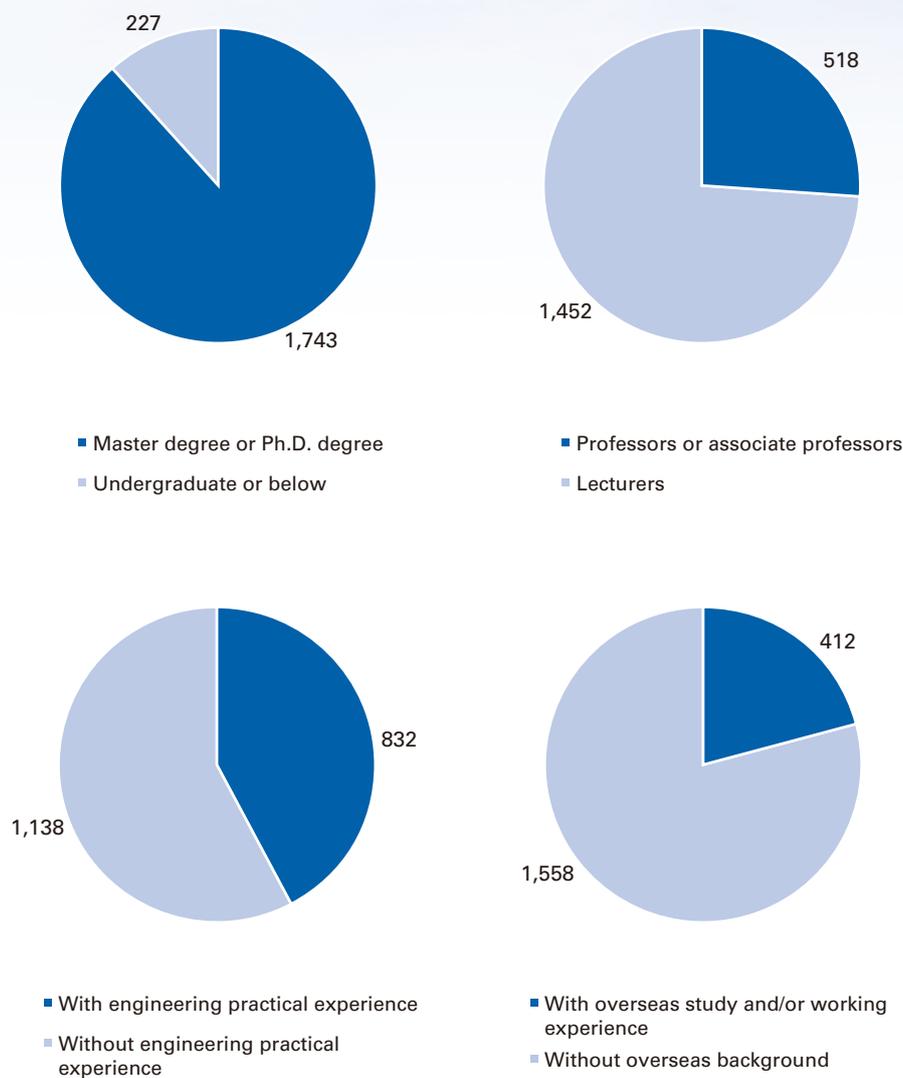
Save as disclosed above and under the section headed "Future Plans and Use of Proceeds" in the Prospectus of the Company dated 17 September 2020, the Group did not have any other plans for material investments or capital assets as of 30 June 2022.

## 3 Employee and Remuneration Policy

We believe that an experienced and dedicated faculty is essential to our success and we are committed to building a professional, practical and internationalised faculty of a high standard. We hire outstanding teachers who have strong academic knowledge and/or practical skills in their respective professional fields, an open mind to innovative teaching methods and a caring attitude towards the health of students.

As of 30 June 2022, our three universities had 1,970 full-time teachers and 945 part-time teachers, including approximately 88.5% of the full-time teachers with a master degree or Ph.D. degree, approximately 26.3% being professors or associate professors, approximately 42.2% with engineering practice experience in enterprises, and approximately 20.9% with overseas studies and/or working experience.

## Management Discussion and Analysis



As of 30 June 2022, the Group has 3,362 employees, and the number of employees employed varies from time to time depending on needs. The Group believes that attracting, recruiting and retaining high-quality employees is essential to the success and sustainability of the Group. The Group provides employees with a competitive remuneration package, which is determined in accordance with prevailing industry practice and employees' education backgrounds, experiences and performance. As required by the applicable laws and regulations, the Group participates in various employee social security plans for its employees that are administered by local governments, including, among others, housing provident funds, pensions, medical insurance, maternity insurance, work-related injury insurance and unemployment insurance. In addition, the Group provides its employees with relevant training courses suited to their personal development, and also provides them with benefits, including commercial insurance, corporate annuities, welfare medical examinations, and holiday gifts. For six months ended 30 June 2022, the total cost of employee remuneration of the Group (including Directors' fees) was RMB309.9 million (the six months ended 30 June 2021: RMB268.1 million).

## Management Discussion and Analysis

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 2022, 1,780,980 share options under the Pre-IPO Share Incentive Scheme have been cancelled, 4,465,116 share options have lapsed, and 3,280,335 share options have been exercised; and no options under the Post-IPO Share Incentive Scheme have been granted, exercised, lapsed or cancelled.

## 4 Future Developments

### 4.1 Development environments

#### 4.1.1 Focus on the quality development of vocational education

The newly revised *Vocational Education Law of the People’s Republic of China* was published on 20 April 2022 and has been officially in effect on 1 May 2022, which further clarified the requirements of pushing forward the reform of vocational education, adhering to industry-education integration and school-enterprise cooperation, market-oriented and employment promotion, practice-oriented and competence reinforcement; promoting multiparty school operation and the in-depth participation of enterprises in vocational education, encouraging enterprises to provide quality vocational education. Previously, the key assignments of vocational education in 2022 published by the MOE, has also clarified the focus on the two dominant tasks of “quality enhancement” and “image improvement”, promoting stable progress of vocational bachelor degree programmes, promoting digital upgrading and the establishment of inner construction cycle of vocational education, as well as promoting quality development of modern vocational education. In such context, our applied teaching system, continuing education services and education resources will be further enhanced.

#### 4.1.2 Guarantee demand on employment and obtain access to employment

In 2022, the number of the graduates of universities and colleges hit a record high, reaching 10.76 million, the first time over 10 million. Meanwhile, enterprises are faced with the deteriorating downward pressure of economic growth due to the COVID-19 pandemic, leading to an increasingly aggravated contradiction between supply and demand in the job market. In this context, it will become a core requirement at the micro level of the job market to pave the way practitioners’ career growth through effective training of students’ practical ability and the comprehensive improvement of personal vocational accomplishments. The *Notice on Further Improving the Employment and Entrepreneurship of Young Graduates from Universities and Colleges* published by the General Office of the State Council in May 2022 emphasised that “to pay attention to the combination of theory and practice, to carry out various practical teaching such as simulation training and job trial”. Moreover, as Premier Li Keqiang said, “Employment is not only a matter of people’s livelihood, but also a matter of development. It is also a macro policy to put priority on employment”. In the past 22 years, the Group has consistently been enterprise demand-oriented and has improved the practical ability of students through the apprenticeship programme, which enables students to better adopt to the increasingly intense job market competition. The introduction of relevant policies provides a policy supporting environment for the expansion of the Group’s business.

## Management Discussion and Analysis

### 4.2 Development strategies

#### 4.2.1 *Insisting on quality school operation and establishing first-class bachelor degree programmes*

We will implement the fundamental task of strengthening moral education and cultivating talents, following the development pattern of higher education, holding on to the concept of “Empower Students with Innovative Education” and centred around the essential strategy and development demand of regional digital economy industry. We will promote in-depth education reform, continuously update teaching content and accumulate the digital teaching resources, with value creation on students at the core and TOPCARES education approach as the guide. At the same time, with the support of 25 National-level and Provincial-level First-class Bachelor Degree Programme Construction Sites, we will accelerate the establishment of new majors and facilitate the “intra-group symbiosis and inter-group synergy” among majors to build superior majors groups. We will promote the digital transition of education with digital technology to lay a solid foundation for our competitive advantages in private IT higher education. In addition, we will also continue increasing the investment in school operation to reinforce the match between the stably growing admission quota and the constantly expanding school capacity as well as the consistently optimising campus environment of the three universities to create a new education ecosystem in which key stakeholders are enabled to enjoy “common development, shared growth and win-win scenario”.

#### 4.2.2 *Targeting at employment and entrepreneurship demand and leading applied education development*

We will continue focusing on the sophisticated professional track of “IT + HT (Healthcare Technology)”, which has an extensive, stable and sustainable growth on the talent demands. We will directly and precisely connect with the industry market and enterprise demand, and set the talent cultivation plan based on the applied talent requirements to actually help students “study what they will apply and apply what they have studied”. We will promote the optimising and upgrading of the university-enterprise cooperation pattern including “internship dispatch” and “oriented training”. We will actively establish far-going, in-depth and long-term cooperation with large and medium-sized enterprises in the industry to build a newly applied education ecosystem of “from education to application, from campus to enterprises”.

#### 4.2.3 *Reinforcing product research and development and exploring cutting-edge technologies*

*The Plan to Facilitate Development of the Digital Economy in the 14th Five-Year Plan Period (2021–2025)* pointed out that it will push forward the digital transition of industry and enhance its innovation ability on key technologies and the competitiveness of core industries. Technology empowering education reform will be the firm direction of future education development under the background of continuous digital and intelligent education innovation in China and with the continuous strengthening of knowledge density, resource thickness and technology intensity in education industry. We will continue controlling the course quality strictly by strengthening the research and development of online education resources. We will continue reinforcing the platform operation and maintenance and the user behavior management to further develop quality education resources and optimise public education services. We will promote the research on the integrated platform of smart campus in depth on account of supporting the vertical integration of cultivation plans, courses, projects, examinations, activities, graduation programmes and other functions. We will continue improving interactive teaching resources, supplementing cutting-edge knowledge and key resources, strengthening the practice module of the practical training solutions, and optimising and upgrading the user experience of all education products. We will proactively explore the integration and development of artificial intelligence, cloud computing, metaverse and other sophisticated cutting-edge technologies in all teaching resources.

## Management Discussion and Analysis

### *4.2.4 Consolidating the “3+N” light-asset delivery mode and optimising the “Two Strategic Businesses” high-speed developing engine*

We will optimise the cooperation delivery mode that is asset light, online + offline, reproducible, and high-growth, based on the drivers of the Two Strategic Businesses of continuing education services as well as education resources and apprenticeship programme. We will make full use of cooperation in joint establishment to output our first-class education products and services and to realise the effective expansion of our education size. At the same time, we will take advantage of the big data of students obtained from the cooperation in joint establishment to lay a solid development foundation for the update and iteration upgrade of education products via continuously strengthening the suitability and irreplaceability of products, and thus maintain and improve the Company’s good brand reputation.

### *4.2.5 Vigorously developing online education and effectively expanding the teaching market*

We will continue taking the 22-year education accumulation of our three universities as the axis, the self-developed education resource products as the radius, the self-developed on-line platforms as the foothold, the customer demand as the orientation, to work out the blueprint of online education development and develop the platform ecology of “skills upgrading courses + practical training programmes + employment and entrepreneurship tutorial” constantly. We will assist students to master their learning progress and check and make up the deficiency timely by generating the personalised diagnosis reports based on comprehensive analysis of learning behavior data constantly collected throughout the whole process. We will form an effective new mode of practitioners’ self-promotion by improving the evaluation system of practitioners’ capability, promoting the recognition scope of certification for skill enhancement courses and making efforts through the certification channel of “test, study, practice, examination, certification and employment”.

## **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 2022, 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 <sup>(4)</sup>
LIU Jiren <sup>(1)</sup>	Interest in a controlled corporation and Interest in a controlled corporation through voting proxy	469,152,000	70.03%
WEN Tao <sup>(2)</sup>	Beneficial interest	9,595,000	1.43%
RONG Xinjie <sup>(2)</sup>	Beneficial interest	300,000	0.04%
ZHANG Yinghui <sup>(2)</sup>	Beneficial interest	3,145,000	0.47%
SUN Yinhan <sup>(3)</sup>	Founder of a discretionary trust	65,010,000	9.70%

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) 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), 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.
- (4) The percentage represents the total number of the Shares held by each Director or Chief Executive as at 30 June 2022 divided by the number of issued Shares of the Company as at 30 June 2022 (669,947,535 Shares).

## Other Information

**Interest in associated corporations***Dalian Development*

<b>Name of Director</b>	<b>Nature of interest</b>	<b>Number of Shares held</b>	<b>Approximate percentage of interest in associated corporations</b>
LIU Jiren <sup>(1)</sup>	Nominee Shareholder whose shareholder rights are subject to the contractual arrangements <sup>(1)</sup>	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 2022, 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 2022, 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 or underlying Shares of the Company, 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 <sup>(5)</sup>
Kang Ruidao <sup>(1)</sup>	Beneficial interest	150,245,000	22.43%
Kang Ruidao First <sup>(1)</sup>	Interest in a controlled corporation	150,245,000	22.43%
Dongkong First <sup>(2)(3)</sup>	Beneficial interest	133,897,000	19.99%
Dongkong Second <sup>(2)(3)</sup>	Beneficial interest	120,000,000	17.91%
Neusoft International <sup>(2)</sup>	Interest in a controlled corporation	253,897,000	37.90%
Neusoft Holdings <sup>(2)</sup>	Interest in a controlled corporation	253,897,000	37.90%
Century Bliss <sup>(4)</sup>	Beneficial interest	65,010,000	9.70%
Deluxe Glorious Limited <sup>(4)</sup>	Interest in a controlled corporation	65,010,000	9.70%
Deluxe Capital Limited <sup>(4)</sup>	Interest in a controlled corporation	65,010,000	9.70%
TMF (Cayman) Ltd. <sup>(4)</sup>	Trustee of a trust	65,010,000	9.70%

#### 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. The Company received notice from Neusoft International that Dongkong First and Dongkong Second have pledged their respective 127,465,000 Shares and 120,000,000 Shares of the Company to CIIT for the purpose of securing the above loan.
- (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.
- (5) The percentage represents the total number of the Shares held by each Shareholder as at 30 June 2022 divided by the number of issued Shares of the Company as at 30 June 2022 (669,947,535 Shares).

## Other Information

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 2022 (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 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 7.46% of the total issued Shares of the Company as of 30 June 2022.

As of 30 June 2022, 1,780,980 share options under the Scheme have been cancelled, 4,465,116 share options have lapsed, and 3,280,335 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 2021. 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 2022, 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 (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 reallocated part of the unutilised 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.

As of 30 June 2022, the use of proceeds from the IPO is as follows:

	<b>% of net proceeds</b>	<b>Revised net proceeds from the IPO</b>	<b>Amount utilised as at 30 June 2022</b>	<b>Amount unutilised as at 30 June 2022</b>	<b>Expected time to utilise all the unutilised amount</b>
		RMB million	RMB million	RMB million	
Upgrading our existing school facilities and expanding our campus	51.4%	399.6	337.0	62.6	2022
Acquisition of other schools	12.9%	100.0	50.0	50.0	2022
Repay commercial loans	25.4%	198.0	198.0	—	N/A
Supplement working capital	10.3%	79.9	79.9	—	N/A
<b>Total</b>	<b>100%</b>	<b>777.5</b>	<b>664.9</b>	<b>112.6</b>	<b>2022</b>

## Other Information

## 6 Purchase, Sale or Redemption of the Company's Listed Securities

The Directors have been granted a general mandate by the Shareholders at the annual general meeting of the Company held on 27 May 2022 (the "AGM") to repurchase up to 66,980,753 Shares (the "Repurchase Mandate") on the Stock Exchange, representing 10% of the total number of issued Shares of the Company as at the date of the AGM. During the six months ended 30 June 2022, the Company repurchased a total of 10,123,200 Shares on the Stock Exchange under the Repurchase Mandate at a total consideration (excluding expenses) of approximately HK\$41,697,728, which was funded by internal resources of the Company. All 10,123,200 Shares repurchased by the Company during the Reporting Period were cancelled on 13 July 2022. Details of Shares repurchased by the Company during the Reporting Period are set out below:

Month of repurchase	Number of Shares repurchased	Price per share repurchased		Aggregate consideration paid (excluding expenses) (HK\$)
		Highest price (HK\$)	Lowest price (HK\$)	
June 2022	10,123,200	4.25	3.75	41,697,728
<b>Total</b>	10,123,200	—	—	41,697,728

The Board believes that the Company's existing financial resources are sufficient to carry out its repurchase of Shares, while keeping the continuing operation of the Company in a good financial condition. Such repurchase of Shares would reflect the Board's confidence in the Company's prospects, and benefit the Shareholders as a whole by enhancing the earnings per share of the Company, therefore in line with the best interests of the Company and its Shareholders.

Save as disclosed above, none of the Company or any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2022.

## 7 Changes in Information of Directors and Chief Executive

For the six months ended 30 June 2022 and up to the date of this report, the changes in the information of Directors and chief executive of the Company as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are as follows:

1. Dr. YANG Li retired as a non-executive Director of the Company on 27 May 2022. Dr. YANG Li confirmed that he has no disagreement with the Board and there is no matter in relation to his retirement that needs to be brought to the attention of the Shareholders of the Company.
2. Dr. ZHANG Xia served as a non-executive Director of the Company from 27 May 2022. The biographical details of Dr. ZHANG Xia are set out in the circular of the Company dated 27 April 2022.
3. Dr. LIU Jiren, the chairperson and a non-executive Director of the Company, (i) ceased to be a director and the chairperson of Tianjin Neusoft Ruidao Education Information Technology Co., Ltd. ("Tianjin Ruidao"), a member of the Group, on 1 July 2022; and (ii) ceased to be a director and the chairperson of Chengdu Development on 14 July 2022.

## Other Information

4. Mr. RONG Xinjie, a non-executive Director of the Company, ceased to be a director of Chengdu Development on 14 July 2022.
5. Dr. WEN Tao, an executive Director of the Company, (i) ceased to be principal of Dalian University on 4 March 2022; (ii) was appointed as the chairperson of Tianjin Ruidao on 1 July 2022; (iii) was appointed as the chairperson of Chengdu Development on 14 July 2022; and (iv) ceased to be a director and the chairperson of Ningbo Wanli Neusoft Digital Technology Co., Ltd., a member of the Group, on 22 July 2022.
6. Dr. ZHANG Yinghui, a non-executive Director of the Company, was appointed as a director of Chengdu Development on 14 July 2022.
7. Dr. QU Daokui, a non-executive director of the Company, ceased to be the president of SIASUN Robot & Automation Co., Ltd., a company listed on the Shenzhen Stock Exchange (stock code: 300024), on 31 March 2022.
8. The annual remuneration of each of the independent non-executive Directors, namely Dr. LIU Shulian, Dr. QU Daokui and Dr. WANG Weiping, has been adjusted from HKD150,000 to HKD180,000 since 1 January 2022.

Save as disclosed above, there have been no changes in the information of Directors and chief executive of the Company for the six months ended 30 June 2022 and up to the date of this report as required to be disclosed pursuant to 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 2022, 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 2022 is unaudited, but has been reviewed by the Company's auditor, PricewaterhouseCoopers, 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, all Directors confirmed that they have complied with the Model Code and the code of conduct during the six months ended 30 June 2022.

## 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 2022, 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 Board will continue to review and monitor the Company's practice to ensure the compliance with the CG Code and maintain a high standard of corporate governance practices of the Company.

## 11 Sufficiency of Public Float

Based on the information that is publicly available to the Company and to the best 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 2022.

## 12 Interim Dividend

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

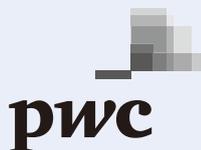
By order of the Board

**Dr. LIU Jiren**

*Chairperson and non-executive Director*

Hong Kong, 30 August 2022

# 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 36 to 89, 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 2022 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 notes, comprising significant accounting policies and other explanatory information. 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 2022

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*PricewaterhouseCoopers, 22/F Prince’s Building, Central, Hong Kong  
Tel: +852 2289 8888, Fax: +852 2810 9888, www.pwchk.com*

## Interim Condensed Consolidated Income Statement

	Note	Six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Revenue	7	743,699	597,891
Cost of revenue	11	(394,195)	(340,399)
<b>Gross profit</b>		<b>349,504</b>	257,492
Selling expenses	11	(18,230)	(16,031)
Administrative expenses	11	(71,340)	(68,473)
Research and development expenses	11	(22,908)	(21,755)
Net impairment losses on financial assets		(85)	(752)
Other income	8	119,162	46,751
Other expense	9	(12,974)	(12,174)
Other gains	10	2,618	1,903
<b>Operating profit</b>		<b>345,747</b>	186,961
Finance income	13	3,794	4,270
Finance expenses	13	(40,951)	(32,060)
Finance expenses-net	13	(37,157)	(27,790)
<b>Profit before income tax</b>		<b>308,590</b>	159,171
Income tax expense	14	(75,608)	(32,285)
<b>Profit for the period</b>		<b>232,982</b>	126,886
<b>Profit attributable to:</b>			
— Owners of the Company		233,176	108,587
— Non-controlling interests		(194)	18,299
		<b>232,982</b>	126,886
<b>Earnings per share attributable to owners of the Company (expressed in RMB per share)</b>			
Basic earnings per share	16	0.35	0.16
Diluted earnings per share	16	0.34	0.16

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	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
<b>Profit for the period</b>	<b>232,982</b>	126,886
<b>Other comprehensive income/(loss)</b>		
<i>Items that may be reclassified to profit or loss</i>		
Revaluation gains arising from transfer of property, plant and equipment and right-of-use assets to investment properties	<b>634</b>	—
<i>Items that will not be reclassified to profit or loss</i>		
Exchange differences on translation	<b>1,329</b>	(157)
<b>Other comprehensive income/(loss) for the period</b>	<b>1,963</b>	(157)
<b>Total comprehensive income for the period</b>	<b>234,945</b>	126,729
<b>Total comprehensive income attributable to:</b>		
— Owners of the Company	<b>235,139</b>	108,430
— Non-controlling interests	<b>(194)</b>	18,299
	<b>234,945</b>	126,729

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 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties	18	264,700	179,100
Right-of-use assets	17	641,100	658,298
Property, plant and equipment	19	2,829,867	2,684,499
Intangible assets	20	287,326	292,388
Deferred income tax assets	21	36,381	34,691
Prepayments, deposits and other receivables	24	50,000	58,050
<b>Total non-current assets</b>		<b>4,109,374</b>	3,907,026
<b>Current assets</b>			
Inventories		4,965	4,918
Trade and notes receivables	23	63,640	30,408
Prepayments, deposits and other receivables	24	94,289	94,130
Financial assets at fair value through profit or loss	25	110,828	134,565
Restricted cash	26	1,471	2,540
Cash and cash equivalents	26	882,806	1,228,478
<b>Total current assets</b>		<b>1,157,999</b>	1,495,039
<b>Total assets</b>		<b>5,267,373</b>	5,402,065
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	27	117	117
Share premium	27	2,840,805	2,915,130
Reserves		(1,995,318)	(1,961,446)
Retained earnings		777,650	544,474
<b>Subtotal</b>		<b>1,623,254</b>	1,498,275
Non-controlling interest		8,283	8,624
<b>Total equity</b>		<b>1,631,537</b>	1,506,899

## Interim Condensed Consolidated Balance Sheet

	Note	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Trade and other payables	29	675	675
Borrowings	30	2,054,194	1,930,676
Deferred tax liabilities	21	40,522	41,253
Lease liabilities	17	36,064	39,236
Deferred income	31	41,271	33,598
<b>Total non-current liabilities</b>		<b>2,172,726</b>	2,045,438
<b>Current liabilities</b>			
Trade and other payables	29	673,170	715,153
Current income tax liabilities		71,725	58,076
Contract liabilities	7	184,153	769,183
Borrowings	30	484,822	236,493
Lease liabilities	17	7,938	9,694
Deferred income	31	41,302	61,129
<b>Total current liabilities</b>		<b>1,463,110</b>	1,849,728
<b>Total liabilities</b>		<b>3,635,836</b>	3,895,166
<b>Total equity and liabilities</b>		<b>5,267,373</b>	5,402,065

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	Treasury shares	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		
<b>(Unaudited)</b>											
<b>Balance at 1 January 2022</b>	117	—	2,915,130	(1,756,337)	(374,105)	162,876	6,120	544,474	1,498,275	8,624	1,506,899
<b>Comprehensive income</b>											
Profit for the period	—	—	—	—	—	—	—	233,176	233,176	(194)	232,982
<b>Other comprehensive income</b>											
Revaluation gains arising from transfer of property, plant and equipment and right-of-use assets to investment properties	—	—	—	—	—	—	634	—	634	—	634
Exchange differences on translation	—	—	—	—	—	—	1,329	—	1,329	—	1,329
<b>Total comprehensive income</b>	—	—	—	—	—	—	1,963	233,176	235,139	(194)	234,945
<b>Transactions with owners</b>											
Share-based compensation											
— value of employee services	—	—	—	—	3,785	—	—	—	3,785	—	3,785
— exercise of share options	0	—	6,751	—	(3,890)	—	—	—	2,861	—	2,861
Purchase of own shares 27(b)	—	(35,730)	—	—	—	—	—	—	(35,730)	—	(35,730)
Dividends distribution	—	—	(81,076)	—	—	—	—	—	(81,076)	(147)	(81,223)
	0	(35,730)	(74,325)	—	(105)	—	—	—	(110,160)	(147)	(110,307)
<b>Balance at 30 June 2022</b>	117	(35,730)	2,840,805	(1,756,337)	(374,210)	162,876	8,083	777,650	1,623,254	8,283	1,631,537

## Interim Condensed Consolidated Statements of Changes in Equity

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

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	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
<b>Cash flows from operating activities</b>			
Cash used in operations		(228,484)	(238,651)
Income taxes paid		(64,591)	(31,697)
<b>Net cash used in operating activities</b>	32(a)	<b>(293,075)</b>	(270,348)
<b>Cash flows from investing activities</b>			
Prepayment for acquiring of Putian Xianliang Education Technology Co., Limited ("Putian Xianliang")	34(a)(i)	—	(50,000)
Purchases of property, plant and equipment		(304,541)	(490,830)
Proceeds from sale of property, plant and equipment	32(b)	120	2,218
Purchases of intangible assets	20	(86)	(1,945)
Purchases of financial assets measured at fair value through profit and loss	5.3	(367,000)	(249,330)
Settlement of financial assets measured at fair value through profit and loss	5.3	392,967	221,086
Changes in restricted bank deposits		1,069	(2,299)
Interest received		3,794	4,270
<b>Net cash used in investing activities</b>		<b>(273,677)</b>	(566,830)
<b>Cash flows from financing activities</b>			
Transaction with non-controlling interests		—	(602,333)
Capital contribution from non-controlling interests		—	1,470
Proceeds from borrowings		418,570	1,389,905
Repayments of borrowings		(49,960)	(543,010)
Net proceeds from exercise of share options		3,159	—
Borrowings from a related party	35(a)	—	100,000
Dividends paid to company's shareholders	15	(71,821)	(12,605)
Dividends paid to non-controlling interests in subsidiaries		(147)	—
Interest paid		(45,182)	(31,897)
Purchase of own shares		(35,730)	—
Principal elements of lease payments		(6,240)	(6,856)
<b>Net cash generated from financing activities</b>		<b>212,649</b>	294,674
<b>Net decrease in cash and cash equivalents</b>		<b>(354,103)</b>	(542,504)
Cash and cash equivalents at the beginning of the period	26	1,228,478	1,426,063
Effects of exchange rate changes on cash and cash equivalent		8,431	(4,698)
<b>Cash and cash equivalents at the end of period</b>	26	<b>882,806</b>	878,861

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 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 2022.

## 2. Basis of preparation

This interim condensed consolidated financial information for the six months ended 30 June 2022 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 2021 which have been prepared in accordance with the International Financial Reporting Standards (“**IFRS**”) by the Group as set out in the 2021 annual report of the Company dated 31 March 2022 (the “**2021 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 2021, as described in the 2021 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, 2022 and are applicable for the Group:

- Amendments to IFRS 3 — Reference to Conceptual Framework
- Amendment to IFRS 16 — Property, plant and equipment: Proceeds before Intended Use
- Amendments to IFRS 37 — Cost of Fulfilling a Contract
- Annual improvements to IFRS standards 2018–2020 — IFRS 1, IFRS 9, IFRS 16, and IAS 41

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**

		<b>Effective for accounting periods beginning on</b>
IFRS 17	Insurance Contracts	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 IAS 12	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
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 2021 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 2021 Financial Statements.

There have been no significant changes in the financial risk management policies for the six months ended 30 June 2022.

#### 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 2022, the Group has cash and cash equivalents and restricted cash of approximately RMB884,277,000 (31 December 2021: RMB1,231,018,000) (Note 26) and trade and other receivables excluding non-financial assets of approximately RMB88,166,000 (31 December 2021: RMB57,918,000) 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
<b>(Unaudited)</b>						
<b>At 30 June 2022</b>						
Borrowings (principal plus interests)	599,916	478,181	862,031	1,279,571	3,219,699	2,539,016
Trade and other payables (excluding non-financial liabilities)	597,835	—	—	—	597,835	597,835
Lease liabilities	9,928	9,841	21,099	10,034	50,902	44,002
	<b>1,207,679</b>	<b>488,022</b>	<b>883,130</b>	<b>1,289,605</b>	<b>3,868,436</b>	<b>3,180,853</b>
<b>(Audited)</b>						
<b>At 31 December 2021</b>						
Borrowings (principal plus interests)	334,948	199,902	1,132,068	1,135,455	2,802,373	2,167,169
Trade and other payables (excluding non-financial liabilities)	613,552	—	—	—	613,552	613,552
Lease liabilities	11,852	9,193	27,593	8,957	57,595	48,930
	960,352	209,095	1,159,661	1,144,412	3,473,520	2,829,651

**5.3 Fair value estimation**

The table below analyses the Group's financial instruments carried at fair value as at 30 June 2022 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized 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 2022 and 31 December 2021.

	<b>Level 3 RMB'000</b>
<b>At 30 June 2022 (Unaudited)</b>	
Financial assets at fair value through profit or loss	<b>110,828</b>
<b>At 31 December 2021 (Audited)</b>	
Financial assets at fair value through profit or loss	134,565

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 2022 and 2021.

	<b>Financial products sponsored and managed by banks (Level 3) RMB'000</b>
<b>(Unaudited)</b>	
<b>Balance at 1 January 2022</b>	<b>134,565</b>
Additions	<b>367,000</b>
Settlements	<b>(392,967)</b>
Gain and loss recognized in profit or loss ( <i>Note 10</i> )	<b>2,230</b>
<b>Balance at 30 June 2022</b>	<b>110,828</b>
Net unrealized gains included in profit or loss for the period	<b>1,398</b>
<b>(Unaudited)</b>	
<b>Balance at 1 January 2021</b>	35,233
Additions	249,330
Settlements	(221,086)
Gain and loss recognized in profit or loss ( <i>Note 10</i> )	1,381
<b>Balance at 30 June 2021</b>	64,858
Net unrealized gains included in profit or loss for the period	558

## 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 25). 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 25). 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 inputs	As at	As at	Relationship of unobservable input to fair value
	30 June 2022	31 December 2021		30 June 2022	31 December 2021	
	RMB'000 (Unaudited)	RMB'000 (Audited)				
Financial assets at fair value through profit or loss	110,828	134,565	Expected rate of return	1.3%–3.2%	1.3%–3.2%	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 and major customers**

There is no customer contributed more than 10% of the total sales of the Group during the six months ended 30 June 2022 and 2021.

## Notes to the Interim Condensed Consolidated Financial Information

## 7. Revenue

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Full-time formal higher education services</b>	<b>580,348</b>	470,188
— Tuition fees	<b>530,217</b>	427,792
— Boarding fees	<b>48,220</b>	42,165
— Rental income of telecommunication device	<b>1,911</b>	231
<b>Continuing education services</b>	<b>66,128</b>	58,255
<b>Education resources and apprenticeship programme</b>	<b>97,223</b>	69,448
— Education resources	<b>68,917</b>	31,915
— Apprenticeship programme	<b>28,306</b>	37,533
	<b>743,699</b>	597,891

## (a) Revenue from contracts with customers

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<i>Revenue from the transfer of goods and services over time</i>		
<b>Full-time formal higher education services</b>	<b>578,437</b>	469,957
— Tuition fees	<b>530,217</b>	427,792
— Boarding fees	<b>48,220</b>	42,165
<b>Continuing education services</b>	<b>66,128</b>	58,255
<b>Education resources and apprenticeship programme</b>	<b>67,986</b>	61,422
— Education resources	<b>39,680</b>	23,889
— Apprenticeship programme	<b>28,306</b>	37,533
<i>Revenue from the transfer of goods and services at a point in time</i>		
<b>Education resources and apprenticeship programme</b>	<b>29,237</b>	8,026
— Education resources	<b>29,237</b>	8,026
	<b>741,788</b>	597,660

## Notes to the Interim Condensed Consolidated Financial Information

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

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Full-time formal higher education services		
— Rental income of telecommunication device	<b>1,911</b>	231

**(c) Contract liabilities**

The Group recognized the following revenue-related contract liabilities, which represented the unsatisfied performance obligation as at 30 June 2022 and 31 December 2021 will be expected to be recognized within one year:

	<b>As at</b>	As at
	<b>30 June</b>	31 December
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
<b>Full-time formal higher education services</b>	<b>104,175</b>	674,626
— Tuition fees	<b>88,093</b>	610,657
— Boarding fees	<b>16,082</b>	63,969
<b>Continuing education services</b>	<b>46,417</b>	50,043
<b>Education resources and apprenticeship programme</b>	<b>29,524</b>	40,098
— Education resources	<b>29,524</b>	40,098
<b>Development of software system technology</b>	<b>4,037</b>	4,416
	<b>184,153</b>	769,183

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 2022 and 2021 related to brought-forward contract liabilities:

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Revenue recognized that was included in the contract liabilities balance at the beginning of the period		
<b>Full-time formal higher education services</b>	<b>578,437</b>	469,957
— Tuition fees	<b>530,217</b>	427,792
— Boarding fees	<b>48,220</b>	42,165
<b>Continuing education services</b>	<b>31,493</b>	40,958
<b>Education resources and apprenticeship programme</b>	<b>24,967</b>	10,066
— Education resources	<b>24,967</b>	10,066
<b>Development of software system technology</b>	<b>2,345</b>	4,074
	<b>637,242</b>	525,055

**(2) Unsatisfied contracts**

	<b>As at</b>	As at
	<b>30 June</b>	31 December
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
Expected to be recognized within one year		
<b>Full-time formal higher education services</b>	<b>104,175</b>	674,626
— Tuition fees	<b>88,093</b>	610,657
— Boarding fees	<b>16,082</b>	63,969
<b>Continuing education services</b>	<b>46,417</b>	50,043
<b>Education resources and apprenticeship programme</b>	<b>80,415</b>	78,882
— Education resources	<b>80,415</b>	78,882
<b>Development of software system technology</b>	<b>4,037</b>	4,416
	<b>235,044</b>	807,967

## Notes to the Interim Condensed Consolidated Financial Information

**8. Other income**

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Rental income from properties	<b>22,862</b>	16,468
Property service and management income	<b>14,708</b>	11,081
Government grants and subsidies <sup>(a)</sup>	<b>78,653</b>	13,537
Development of software system technology	<b>2,345</b>	4,970
Others	<b>594</b>	695
	<b>119,162</b>	46,751

- (a) During the six months ended 2022, Dalian Zhisheng Technology Co., Ltd., Dalian Ruidi Technology Co., Ltd. (“**Dalian Ruidi**”), Dalian Xindi Technology Co., Ltd. (“**Dalian Xindi**”), Dalian Sidi Technology Co. (“**Dalian Sidi**”), Ltd., Dalian Zhizhuo Technology Co., Ltd. and Dalian Zhiyue Technology Co., Ltd each received RMB9,000,000 from the government related to Encouragement of the Registration of Foreign-Invested Enterprises in Dalian, in an aggregated amount of RMB54,000,000. The Group recognized the government grants receive as other income where there is a reasonable assurance that the Group will comply with all attached conditions.

**9. Other expenses**

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Depreciation of property, plant and equipment	<b>4,547</b>	3,796
Property maintenance and fire protection expenses	<b>3,107</b>	2,249
Development of software system technology expenses	<b>2,263</b>	3,321
Utilities expenses	<b>1,306</b>	1,605
Employee benefit expenses	<b>444</b>	407
Amortization of right of use assets and intangible assets	<b>689</b>	761
Others	<b>618</b>	35
	<b>12,974</b>	12,174

## Notes to the Interim Condensed Consolidated Financial Information

**10. Other gains and losses**

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Gains on financial assets at fair value through profit or loss	2,230	1,381
Donation received	117	16
Net losses on disposal of property, plant and equipment	(74)	(37)
Others	345	543
	2,618	1,903

**11. Expenses by nature**

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Employee benefit expenses	309,468	267,720
Depreciation and amortization expenses	78,566	66,885
Property management, landscaping and maintenance expenses	22,842	17,351
Office and utilities expenses	31,081	35,671
Rental expense	18,058	21,693
Cost of goods sold	17,318	1,870
Subcontract cost (a)	10,014	14,647
Taxes and fees	3,662	3,577
Consulting and professional fees	3,815	2,971
Others	11,849	14,273
	506,673	446,658

- (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 of the 2019/2020 and 2020/2021 school year (six months ended 30 June 2021: 2018/2019, 2019/2020 and 2020/2021) under continuing education services in Guangdong University. Since 1 January 2021, Guangdong University terminated cooperation with Wentong Education and took up the related administration and providing training service by itself. 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**

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Wages and salaries	<b>245,732</b>	206,633
Contributions to pension plan (a)	<b>26,951</b>	20,168
Welfare and other expenses	<b>33,444</b>	30,389
Share-based compensation	<b>3,785</b>	10,937
	<b>309,912</b>	268,127

**(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 Group also participates in another defined contribution scheme, either voluntary or mandatory, for all qualified employees. The assets of this defined contribution scheme are held separately from those of the Group in independently administrative funds.

**13. Finance income and expenses**

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Finance income		
Interest income from deposits	<b>3,794</b>	4,270

## Notes to the Interim Condensed Consolidated Financial Information

**13. Finance income and expenses (continued)**

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Finance expenses		
Interest expenses from borrowings	<b>(59,275)</b>	(36,683)
Interest expenses from leasing	<b>(1,154)</b>	(1,300)
Interest expenses from related party borrowings <i>(Note 35(a))</i>	—	(836)
Other charges	<b>(129)</b>	(159)
Net foreign exchange gains/(losses)	<b>5,031</b>	(4,698)
Less: Amount capitalized (a)	<b>14,576</b>	11,616
	<b>(40,951)</b>	(32,060)
Finance expenses — net	<b>(37,157)</b>	(27,790)

(a) Finance costs have been capitalized on qualifying assets at an average interest rate of 5.03% per annum for the six months ended 30 June 2022 (31 December 2021: 5.10%).

**14. Income tax expense**

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Current tax on profits for the period	<b>78,240</b>	33,507
Deferred income tax <i>(Note 21)</i>	<b>(2,632)</b>	(1,222)
	<b>75,608</b>	32,285

## 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 2022 and 2021.

**(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 2022 and 2021.

**(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%.

Except for dividends declared amounted to RMB94,559,000, RMB1,900,000 and RMB1,600,000 by Dalian Neusoft Ruixin Technology Development Co., Limited, Dalian Zhisheng Technology Co., Ltd. and Dalian Zhizhuo Technology Co., Ltd. to Neusoft Education Technology (HK) Co. Limited on 27 May 2022 and 17 May 2022 (six months ended 30 June 2021: nil), 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 is qualified as a high-tech enterprise and entitled to a preferential tax rate of 15% during the six months ended 30 June 2022 and 2021.
- Shanghai Ruixiang Information Technology Co., Ltd 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 25% and 12.5% during the six months ended 30 June 2022 and 2021.
- Neusoft Education Technology Group Co. Limited ("**Education Group**") is exempt from EIT for two years since 2019, followed by a 50% reduction in the statutory income tax rate of 25% for the next three years from 2021 to 2023. It is subject to an EIT rate of 12.5% and 12.5% during the six months ended 30 June 2022 and 2021.
- 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 2022 and 2021.
- 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 2022 and 2021.
- Chengdu Neusoft Education Technology Group Co., Limited is a small low-profit enterprise, followed by a reduced tax rate of 20% during the six months ended 30 June 2022 and 2021.
- Dalian 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 2022 and 2021.
- Nanjing Ruidao Digital Technology Co., Ltd. is a small low-profit enterprise, followed by a reduced tax rate of 20% during the six months ended 30 June 2022.
- Huzhou Ruidao Digital Technology Co., Ltd. is a small low-profit enterprise, followed by a reduced tax rate of 20% during the six months ended 30 June 2022.
- Putian Neusoft Digital Technology Lab Co., Ltd. is a small low-profit enterprise, followed by a reduced tax rate of 20% during the six months ended 30 June 2022.
- Zhengzhou Neusoft Ruidao Digital Technology Co., Ltd. is a small low-profit enterprise, followed by a reduced tax rate of 20% during the six months ended 30 June 2022.
- Chengdu Ruixiang Skill Training School Co., Ltd. is a small low-profit enterprise, followed by a reduced tax rate of 20% during the six months ended 30 June 2022.

## Notes to the Interim Condensed Consolidated Financial Information

**14. Income tax expense (continued)****(vii) Deferred tax assets not recognized**

For the period ended 30 June 2022, the Group has unused tax losses RMB91,008,000 (31 December 2021: RMB96,563,000), which will expire in one to five years for offsetting against future profits. Deferred tax assets have not been recognized 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 utilized.

**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 2021 of HKD0.141 per share, in an aggregate amount of HKD94,442,000 (equivalent to RMB81,076,000) was approved at the annual general meeting held on 27 May 2022 and declared to the owners of the Company.

The dividends amounting to approximately RMB71,821,000 (HKD0.141 per share) were paid to the Company's shareholders during the six months ended 30 June 2022 (six months ended 30 June 2021: RMB12,605,000).

No interim dividend has been declared or paid by the Company for the six months ended 30 June 2022 and 2021.

**16. Earnings per share****(a) Basic**

Basic earnings per share for the six months ended 30 June 2022 and 2021 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.

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>(Unaudited)</b>	(Unaudited)
Profit attributable to owners of the Company (RMB'000)	<b>233,176</b>	108,587
Weighted average number of ordinary shares in issue (thousands)	<b>669,034</b>	666,667
Basic earnings per share (in RMB)	<b>0.35</b>	0.16

## Notes to the Interim Condensed Consolidated Financial Information

**16. Earnings per share (continued)****(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.

	<b>Six months ended 30 June</b>	
	<b>2022</b> <b>(Unaudited)</b>	2021 (Unaudited)
Profit attributable to owners of the Company (RMB'000)	<b>233,176</b>	108,587
Weighted average number of ordinary shares in issue (thousands)	<b>669,034</b>	666,667
Adjustments for share options granted to employees (thousands)	<b>10,643</b>	16,217
Weighted average number of ordinary shares for calculation of diluted earnings per share (thousands)	<b>679,677</b>	682,884
Diluted earnings per share (in RMB)	<b>0.34</b>	0.16

**17. Leases**

The Group as a lessee:

**(i) Amounts recognized in the consolidated statements of balance sheet**

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

	<b>As at</b> <b>30 June</b> <b>2022</b> <b>RMB'000</b> <b>(Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
<b>Right-of-use assets</b>		
Land use rights	<b>599,636</b>	613,358
Leased Properties	<b>41,464</b>	44,940
	<b>641,100</b>	658,298
<b>Lease liabilities</b>		
Current	<b>7,938</b>	9,694
Non-current	<b>36,064</b>	39,236
	<b>44,002</b>	48,930

## Notes to the Interim Condensed Consolidated Financial Information

**17. Leases (continued)**

The Group as a lessee: (continued)

*(ii) Amounts recognized in the consolidated income statement*

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

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Depreciation charge of right-of-use assets	<b>12,981</b>	13,524
Interest expense (Note 13)	<b>1,154</b>	1,300
Expense relating to short-term leases (Note 11)	<b>18,058</b>	21,693
	<b>32,193</b>	36,517

**The Group as a lessor:**

The Group leases certain buildings to related parties and third parties under operating lease agreements. Lease payments for the contracts include CPI increases, but there are no other variable lease payment that depend on an index or rate. Although the Group is exposed to changes in the residual value at the end of the current leases, the Group typically enters into new operating leases and therefore will not immediately realize any reduction in residual value at the end of these leases. Rental income recognized during the six months ended 30 June 2022 was RMB22,862,000 (six months ended 30 June 2021: RMB16,468,000), details of which are included in note 8.

As at 30 June 2022, the Group has future minimum lease payments receivable on leases of properties are as follows:

	<b>As at</b>	As at
	<b>30 June</b>	31 December
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
No later than 1 year	<b>51,505</b>	37,726
Later than 1 year and no later than 5 years	<b>65,697</b>	70,560
Later than 5 years	<b>3,061</b>	2,919
	<b>120,263</b>	111,205

## Notes to the Interim Condensed Consolidated Financial Information

**18. Investment Properties**

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Opening net book amount	<b>179,100</b>	—
Transfer from property, plant and equipment	<b>79,226</b>	—
Transfer from right-of-use assets	<b>5,529</b>	—
Fair value gains on investment properties, net	<b>845</b>	—
	<b>264,700</b>	—

On 14 June 2022, the Group entered into an agreement with a wholly-owned subsidiary of Dalian Neusoft Holdings Co., Ltd. ("**Neusoft Holdings**") after arm's length negotiations under which investment properties were leased out and would be used for the management and operation of stomatological hospital. The hospital is part of the science-technology park to the university, as well as the practical training hospital of the College of Health and Medical Technology of Dalian Neusoft University of Information, which will create a convenient environment for teachers' research and students' practice and internship and promote the co-construction and sharing of educational resources for majors in healthcare technology.

**Valuation techniques**

Fair value of the investment properties is derived using the income approach. The income approach is based on the capitalisation of net rental income and reversionary income potential by adopting appropriate capitalisation rates. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties.

There were no changes to the valuation techniques during the period and there were no transfers between fair value hierarchy during the period.

## Notes to the Interim Condensed Consolidated Financial Information

## 19. 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
<b>(Unaudited)</b>								
<b>Six months ended</b>								
<b>30 June 2022</b>								
Opening net book amount	1,858,223	40,073	1,122	74,994	42,982	8,252	658,853	2,684,499
Additions	—	1,173	—	12,566	6,100	233	270,389	290,461
Transfer upon completion	392,662	—	—	—	—	—	(392,662)	—
Transfer to investment properties	—	—	—	—	—	—	(79,226)	(79,226)
Disposals	—	—	—	(3,937)	(65)	(4)	—	(4,006)
Depreciation of disposals	—	—	—	3,750	58	4	—	3,812
Depreciation charge	(38,599)	(5,607)	(122)	(14,722)	(5,517)	(1,106)	—	(65,673)
Closing net book amount	2,212,286	35,639	1,000	72,651	43,558	7,379	457,354	2,829,867
<b>At 30 June 2022</b>								
Cost	2,831,045	80,806	4,680	269,130	167,964	24,388	457,354	3,835,367
Accumulated depreciation	(618,759)	(45,167)	(3,680)	(196,479)	(124,406)	(17,009)	—	(1,005,500)
Net book amount	2,212,286	35,639	1,000	72,651	43,558	7,379	457,354	2,829,867
<b>(Unaudited)</b>								
<b>Six months ended</b>								
<b>30 June 2021</b>								
Opening net book amount	1,008,401	41,922	608	56,585	35,328	6,437	394,193	1,543,474
Additions	579	172	421	5,776	132	146	444,719	451,945
Transfer upon completion	2,565	—	—	—	—	—	(2,565)	—
Disposals	—	—	(21)	(2,063)	(164)	(7)	—	(2,255)
Depreciation charge	(27,906)	(6,641)	(82)	(11,809)	(5,493)	(679)	—	(52,610)
Closing net book amount	983,639	35,453	926	48,489	29,803	5,897	836,347	1,940,554
<b>At 30 June 2021</b>								
Cost	1,532,707	68,657	5,195	233,684	149,343	20,598	836,347	2,846,531
Accumulated depreciation	(549,068)	(33,204)	(4,269)	(185,195)	(119,540)	(14,701)	—	(905,977)
Net book amount	983,639	35,453	926	48,489	29,803	5,897	836,347	1,940,554

(a) Construction in progress as at 30 June 2022 comprises buildings being constructed.

(b) As at 30 June 2022, buildings with a net book value of RMB73,707,000 had been leases out (31 December 2021: RMB76,277,000).

## Notes to the Interim Condensed Consolidated Financial Information

**20. Intangible assets**

	<b>Goodwill</b>	<b>Brand</b>	<b>Customer relationship</b>	<b>Software</b>	<b>Total</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>(Unaudited)</b>					
<b>Six months ended 30 June 2022</b>					
Opening net book amount	134,937	89,499	54,640	13,312	292,388
Additions	—	—	—	86	86
Amortisation	—	—	(3,345)	(1,803)	(5,148)
Closing net book amount	134,937	89,499	51,295	11,595	287,326
<b>At 30 June 2022</b>					
Cost	134,937	89,499	66,907	33,196	324,539
Accumulated amortisation	—	—	(15,612)	(21,601)	(37,213)
Net book amount	134,937	89,499	51,295	11,595	287,326
<b>(Unaudited)</b>					
<b>Six months ended 30 June 2021</b>					
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
<b>At 30 June 2021</b>					
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

## Notes to the Interim Condensed Consolidated Financial Information

**21. Deferred income tax assets and liabilities**

	<b>As at 30 June 2022</b>	As at 31 December 2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
<b>Deferred income tax assets</b>		
Deferred income tax assets to be recovered within 12 months	<b>3,223</b>	2,252
Deferred income tax assets to be recovered after more than 12 months	<b>33,158</b>	32,439
	<b>36,381</b>	34,691
<b>Deferred income tax liabilities</b>		
Deferred income tax liabilities to be settled within 12 months	<b>(2,272)</b>	(2,795)
Deferred income tax liabilities to be settled after more than 12 months	<b>(38,250)</b>	(38,458)
	<b>(40,522)</b>	(41,253)

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

	<b>As at 30 June 2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Beginning of the period	<b>34,691</b>	33,353
Credited/(debited) to the consolidated income statement	<b>1,690</b>	(668)
End of the period	<b>36,381</b>	32,685

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

	<b>As at 30 June 2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Beginning of the period	<b>(41,253)</b>	(42,408)
Credited to the consolidated income statement	<b>942</b>	1,890
Debited to the other comprehensive income	<b>(211)</b>	—
End of the period	<b>(40,522)</b>	(40,518)

## Notes to the Interim Condensed Consolidated Financial Information

**21. 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 2022 and 2021, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

**(a) Deferred tax assets**

	<b>Unrealized gain on intra-group transactions RMB'000</b>	<b>Asset impairment provision RMB'000</b>	<b>Property Plant and equipment RMB'000</b>	<b>Total RMB'000</b>
<b>(Unaudited)</b>				
Balance at 1 January 2022	34,088	166	437	34,691
Credited/(debited) to the consolidated income statement	1,064	(0)	626	1,690
<b>Balance at 30 June 2022</b>	<b>35,152</b>	<b>166</b>	<b>1,063</b>	<b>36,381</b>
	Unrealized gain on intra-group transactions RMB'000	Asset impairment provision RMB'000	Property Plant and equipment RMB'000	Total RMB'000
<b>(Unaudited)</b>				
Balance at 1 January 2021	33,160	193	—	33,353
Credited/(debited) to the consolidated income statement	(823)	155	—	(668)
<b>Balance at 30 June 2021</b>	<b>32,337</b>	<b>348</b>	<b>—</b>	<b>32,685</b>

## Notes to the Interim Condensed Consolidated Financial Information

**21. Deferred income tax assets and liabilities (continued)**

## (b) Deferred tax liabilities

	Customer relationship RMB'000	Brand RMB'000	Investment Property RMB'000	Property, plant and equipment RMB'000	Total RMB'000
<b>(Unaudited)</b>					
Balance at 1 January 2022	(13,464)	(22,374)	(2,241)	(3,174)	(41,253)
Credited/ (debited) to the consolidated income statement	835	—	(454)	561	942
Debited to the other comprehensive income	—	—	(211)	—	(211)
<b>Balance at 30 June 2022</b>	<b>(12,629)</b>	<b>(22,374)</b>	<b>(2,906)</b>	<b>(2,613)</b>	<b>(40,522)</b>
	Customer relationship RMB'000	Brand RMB'000	Investment Property RMB'000	Property, plant and equipment RMB'000	Total RMB'000
<b>(Unaudited)</b>					
Balance at 1 January 2021	(15,333)	(22,374)	—	(4,701)	(42,408)
Credited to the consolidated income statement	835	—	—	1,055	1,890
<b>Balance at 30 June 2021</b>	<b>(14,498)</b>	<b>(22,374)</b>	<b>—</b>	<b>(3,646)</b>	<b>(40,518)</b>

## Notes to the Interim Condensed Consolidated Financial Information

## 22. Financial instruments

	Financial assets measured at amortized cost RMB'000	Fair value through profit or loss RMB'000	Total RMB'000
<b>(Unaudited)</b>			
<b>At 30 June 2022</b>			
<b>Assets as per balance sheet</b>			
Trade and other receivables excluding non-financial assets	88,167	—	88,167
Financial products as designed by a financial institution (Note 25)	—	110,828	110,828
Cash and cash equivalents (Note 26)	882,806	—	882,806
Restricted cash (Note 26)	1,471	—	1,471
	<b>972,444</b>	<b>110,828</b>	<b>1,083,272</b>
<b>(Audited)</b>			
<b>At 31 December 2021</b>			
<b>Assets as per balance sheet</b>			
Trade and other receivables excluding non-financial assets	57,918	—	57,918
Financial products as designed by a financial institution (Note 25)	—	134,565	134,565
Cash and cash equivalents (Note 26)	1,228,478	—	1,228,478
Restricted cash (Note 26)	2,540	—	2,540
	<b>1,288,936</b>	<b>134,565</b>	<b>1,423,501</b>

## Notes to the Interim Condensed Consolidated Financial Information

**22. Financial instruments (continued)**

	Amortized cost RMB'000
<b>(Unaudited)</b>	
<b>At 30 June 2022</b>	
<b>Liabilities as per balance sheet</b>	
Borrowings (Note 30)	2,539,016
Trade and other payables excluding non-financial liabilities	597,835
	<b>3,136,851</b>
<b>(Audited)</b>	
<b>At 31 December 2021</b>	
<b>Liabilities as per balance sheet</b>	
Borrowings (Note 30)	2,167,169
Trade and other payables excluding non-financial liabilities	613,552
	2,780,721

**23. Trade and notes receivables**

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Due from related parties (Note 35 (b))	3,430	4,240
Receivables from continuing education services	3,685	3,517
Receivables from education resources services	44,888	19,426
Receivables from development of software system technology	264	50
Others	390	930
	<b>52,657</b>	28,163
Less: Provision for impairment of trade receivables	(819)	(761)
Trade receivables — net	<b>51,838</b>	27,402
Notes receivables	<b>11,802</b>	3,006
	<b>63,640</b>	30,408

## Notes to the Interim Condensed Consolidated Financial Information

**23. Trade and notes receivables (continued)**

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

- (a) As at 30 June 2022 and 31 December 2021, the ageing analysis of the trade receivable based on the recognition date was as follows:

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
Less than 6 months	<b>34,929</b>	25,829
6 months to 1 year	<b>16,459</b>	1,197
1 to 2 years	<b>140</b>	495
More than 2 years	<b>1,129</b>	642
	<b>52,657</b>	28,163

- (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

**24. Prepayments, deposits and other receivables**

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
<b>Other receivables and deposits</b>		
Loan receivable from third parties	<b>1,200</b>	1,200
Advance to students and staff	<b>3,809</b>	1,778
Advance to third parties	<b>2,123</b>	4,039
Deposits	<b>13,373</b>	14,921
Deductible VAT input	<b>54,035</b>	41,198
Others	<b>3,203</b>	4,811
	<b>77,743</b>	67,947
Less: Provision for impairment of other receivables	<b>(340)</b>	(313)
	<b>77,403</b>	67,634
Less: non-current portion		
— Deposits	—	(8,050)
<b>Other receivables and deposits — current portion</b>	<b>77,403</b>	59,584

## Notes to the Interim Condensed Consolidated Financial Information

**24. Prepayments, deposits and other receivables (continued)**

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
<b>Prepayment</b>		
Prepayment for utilities	<b>4,610</b>	6,397
Prepayment for leases	<b>5,602</b>	21,337
Prepayment to related parties <i>(Note 35 (b))</i>	<b>17</b>	17
Prepayments for acquisition of Putian Xianliang	<b>50,000</b>	50,000
Prepayment to others	<b>6,657</b>	6,795
Less: non-current portion		
— Prepayments for acquisition of Putian Xianliang <i>(Note 34(a)(i))</i>	<b>(50,000)</b>	(50,000)
<b>Prepayments — current portion</b>	<b>16,886</b>	34,546
<b>Total prepayments, deposits and other receivables — current portion</b>	<b>94,289</b>	94,130

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

**25. Financial assets at fair value through profit or loss**

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
<b>Current assets</b>		
Financial products sponsored and managed by banks <i>(Note 5.3)</i>	<b>110,828</b>	134,565

## Notes to the Interim Condensed Consolidated Financial Information

**26. Cash and cash equivalents and restricted cash**

## (a) Cash and cash equivalents

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
Cash on hand	<b>204</b>	196
Cash at banks	<b>882,602</b>	1,228,282
	<b>882,806</b>	1,228,478

## (b) Restricted cash

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
Deposits in escrow accounts	<b>1,471</b>	2,540

## Notes to the Interim Condensed Consolidated Financial Information

**27. Share capital and treasury shares****(a) Share capital****Authorized:**

As at 30 June 2022 and 2021, 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
<b>Issued:</b>					
<b>(Unaudited)</b>					
As at 1 January 2021	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
<b>(Unaudited)</b>					
As at 1 January 2022	<b>668,705,600</b>	<b>133,741</b>	<b>117</b>	<b>2,915,130</b>	<b>2,915,247</b>
Exercise of share options	<b>1,241,935</b>	<b>248</b>	<b>0</b>	<b>6,751</b>	<b>6,751</b>
Dividends distribution	—	—	—	<b>(81,076)</b>	<b>(81,076)</b>
As at 30 June 2022	<b>669,947,535</b>	<b>133,989</b>	<b>117</b>	<b>2,840,805</b>	<b>2,840,922</b>

**(b) Treasury shares**

	Number of shares	Amounts RMB'000
<b>(Unaudited)</b>		
As at 1 January 2022	—	—
Shares repurchased	<b>10,123,200</b>	35,730
As at 30 June 2022	<b>10,123,200</b>	35,730

## 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 2022, no options have 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)
<b>(Unaudited)</b>		
Outstanding as of 1 January 2022	43,799,695	3.11
Forfeited during the period	(2,084,191)	3.11
Exercised during the period	(1,241,935)	3.11
Outstanding as of 30 June 2022	40,473,569	3.11
Exercisable as of 30 June 2022 (Unaudited)	39,561,069	3.11

The weighted-average remaining contract life for outstanding share options was 8.18 years and 8.67 years as of 30 June 2022 and 31 December 2021, 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**

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
<b>Trade payables</b>		
Amount due to third parties	<b>12,008</b>	9,852
<b>Other payables</b>		
Amount due to related parties ( <i>Note 35 (b)</i> )	<b>2,119</b>	4,525
Miscellaneous expenses received from students	<b>54,906</b>	64,116
Salary and welfare payables	<b>55,318</b>	83,084
Deposits	<b>31,094</b>	34,173
Government subsidies payable to students	<b>13,930</b>	5,927
Payables for purchases of property, plant and equipment	<b>413,811</b>	427,891
Payables for administrative cost	<b>16,628</b>	13,453
Tax payables	<b>9,359</b>	17,554
Interest payables to bank	<b>3,288</b>	3,251
Redemption liability	<b>36,274</b>	36,274
Dividends payable	<b>10,658</b>	1,638
Others	<b>14,452</b>	14,090
Less: non-current portion		
— Amount due to a third parties	<b>(675)</b>	(675)
<b>Other payables — current portion</b>	<b>661,162</b>	705,301
<b>Total trade and other payables</b>	<b>673,170</b>	715,153

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 2022 and 31 December 2021, the aging analysis of the trade payable based on invoice dates was as follows:

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
Less than 6 months	<b>12,008</b>	9,852

**30. Borrowings**

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
<b>Long-term borrowings</b>		
Bank borrowings		
— secured	<b>1,865,414</b>	1,716,828
— unsecured	<b>348,625</b>	366,686
Current portion of long-term borrowings		
— secured	<b>(126,222)</b>	(118,592)
— unsecured	<b>(41,120)</b>	(42,120)
	<b>2,046,697</b>	1,922,802
Borrowings from a financial institution		
— secured	<b>14,443</b>	14,744
Current portion of long-term borrowings		
— secured	<b>(6,946)</b>	(6,870)
	<b>7,497</b>	7,874

## Notes to the Interim Condensed Consolidated Financial Information

**30. Borrowings (continued)**

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
<b>Short-term borrowings</b>		
Bank borrowings		
— unsecured	<b>310,534</b>	68,911
Current portion of long-term borrowings		
— secured	<b>126,222</b>	118,592
— unsecured	<b>41,120</b>	42,120
	<b>477,876</b>	229,623
Borrowings from a financial institution		
— secured	—	—
Current portion of long-term borrowings		
— secured	<b>6,946</b>	6,870
<b>Total borrowings</b>	<b>2,539,016</b>	2,167,169

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

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
Neusoft Holdings (Note 35 (d))	<b>1,548,364</b>	1,456,828

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

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
Bank borrowings	<b>4.90%</b>	4.92%

## Notes to the Interim Condensed Consolidated Financial Information

**30. Borrowings (continued)**

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

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
Bank borrowing facilities	<b>1,288,446</b>	1,317,304

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

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
Within 1 year	<b>484,822</b>	236,493
Between 1 and 2 years	<b>376,352</b>	103,365
Between 2 and 5 years	<b>659,170</b>	928,009
More than 5 years	<b>1,018,672</b>	899,302
	<b>2,539,016</b>	2,167,169

- (e) As at 30 June 2022, the Group's borrowings are denominated in RMB and HKD.
- (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 2022, the loan balance is RMB70,000,000 (2021: RMB70,000,000). Guangdong University has pledged the collection rights of the tuition fees from 1 January 2022 to 31 December 2037 to the bank.

On 17 January 2020, Guangdong University further entered into a loan agreement with the bank. As at 30 June 2022, the loan balance is RMB30,000,000 (2021: RMB35,000,000). Guangdong University has pledged the collection rights of the tuition fees from 1 January 2022 to 31 December 2037 to the bank.

On 16 March 2021, Guangdong University further entered into a loan agreement with the bank. As at 30 June 2022, the loan balance is RMB97,500,000 (2021: RMB100,000,000). Guangdong University has pledged the collection rights of the tuition fees from 1 January 2022 to 31 December 2037 to the bank.

On 10 March 2021, Guangdong University further entered into a loan agreement with the bank. As at 30 June 2022, an additional RMB48,000,000 was borrowed under the contract. As at 30 June 2022, the loan balance is RMB103,000,000 (2021: RMB55,000,000). Guangdong University has pledged the collection rights of the tuition fees from 1 January 2022 to 31 December 2037 to the bank.

## Notes to the Interim Condensed Consolidated Financial Information

### 30. Borrowings (continued)

On 25 May 2022, Guangdong University further entered into a loan agreement with the bank. As at 30 June 2022, the loan balance is RMB16,550,000 (2021: nil). Guangdong University has pledged the collection rights of the tuition fees from 1 January 2022 to 31 December 2037 to the bank.

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 2022, the balance in this bank account is RMB15,803,000 (2021: RMB42,453,000).

As at 30 June 2022, the loan balance with RMB358,264,000 (2021: RMB327,228,000) 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 2022, the balance in this bank account is RMB19,000 (2021: RMB19,000).

On 26 November 2020, Dalian University entered into a loan agreement with a bank. As at 30 June 2022, an additional RMB75,000,000 was borrowed under the contract. As at 30 June 2022, the loan balance is RMB640,000,000 (2021: RMB565,000,000). 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 2022, the loan balance with RMB207,100,000 (2021: RMB207,100,000) 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, Dalian Xindi entered into a loan agreement with a bank. As at 30 June 2022, the loan balance is RMB105,000,000, RMB152,000,000, RMB86,000,000 (2021: RMB110,500,000, RMB156,500,000, RMB90,500,000). Dalian Ruidi, Dalian Sidi and Dalian Xindi have mortgaged 5.93%, 8.4% and 4.85% of the equity of Dalian Neusoft Ruixin Technology Development Co., Limited from June 2021 to June 2026 to the bank.

As at 30 June 2022, 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 4.40% to 5.23%.

- (g) On 30 April 2021, Dalian University entered into a loan agreement with a financial institution. Dalian University has pledged self-owned equipment from 30 April 2021 to 30 April 2024 to the financial institution. The outstanding loan balance is RMB14,443,000 (2021: RMB14,744,000) as at 30 June 2022.
- (h) As at 30 June 2022, the Company had HKD97,000,000 which was equivalent to approximately RMB82,953,000 (2021: nil) unsecured loans. In addition to the above loans, the other unsecured loan balances were RMB576,205,000 (2021: RMB435,597,000).

## Notes to the Interim Condensed Consolidated Financial Information

**31. Deferred income**

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
Non-current:		
Deferred government grants (a)	<b>41,271</b>	33,598
Current:		
Deferred government grants (a)	<b>35,548</b>	49,485
Rental	<b>5,754</b>	11,644
	<b>41,302</b>	61,129
	<b>82,573</b>	94,727

- (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 used in operating activities:

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Profit before income tax	<b>308,590</b>	159,171
Adjustments for:		
— Depreciation of property, plant and equipment <i>(Note 19)</i>	<b>65,673</b>	52,610
— Amortisation of intangible assets <i>(Note 20)</i>	<b>5,148</b>	5,308
— Depreciation of right-of-use assets <i>(Note 17)</i>	<b>12,981</b>	13,524
— Net losses on disposal of property, plant and equipment <i>(Note 10)</i>	<b>74</b>	37
— Gains in profit or loss on financial instrument <i>(Note 10)</i>	<b>(2,230)</b>	(1,381)
— Interest income <i>(Note 13)</i>	<b>(3,794)</b>	(4,270)
— Finance expenses <i>(Note 13)</i>	<b>40,822</b>	31,901
— Share-based compensation <i>(Note 12)</i>	<b>3,785</b>	10,937
— Provision for impairment on financial assets <i>(Note 23, Note 24)</i>	<b>85</b>	752
Operating cash flows before movements in working capital	<b>431,134</b>	268,589
Changes in working capital:		
— Trade and notes receivables <i>(Note 23)</i>	<b>(33,290)</b>	(8,205)
— Prepayments, deposits and other receivables	<b>7,864</b>	10,623
— Increase in inventories	<b>(47)</b>	(1,859)
— Deferred income <i>(Note 31)</i>	<b>(12,154)</b>	5,479
— Contract liabilities <i>(Note 7)</i>	<b>(585,030)</b>	(494,068)
— Trade and other payables	<b>(36,961)</b>	(19,210)
<b>Cash used in operating activities</b>	<b>(228,484)</b>	(238,651)
Income taxes paid	<b>(64,591)</b>	(31,697)
<b>Net cash used in operating activities</b>	<b>(293,075)</b>	(270,348)

## 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:

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Net book amount ( <i>Note 19</i> )	<b>194</b>	2,255
Loss on disposal of property, plant and equipment ( <i>Note 10</i> )	<b>(74)</b>	(37)
Proceeds from disposal of property, plant and equipment	<b>120</b>	2,218

**33. Contingencies**

As at 30 June 2022 and 31 December 2021, 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.

	<b>As at</b>	As at
	<b>30 June</b>	31 December
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
Commitment for acquisition of property, plant and equipment	<b>193,478</b>	431,881
Commitment for acquisition of Putian Xianliang	<b>Note (i)</b>	

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

On 12 April 2021, Education Group 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.

## 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. Education Group 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, Education Group 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 Education Group 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. Education Group 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 Education Group 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 Education Group 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

**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.

Name and relationship with related parties:

<b>Name of the related parties</b>	<b>Nature of relationship</b>
Neusoft Holdings	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
Dalian Sirui Information Technology 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
NeuPals Co., Ltd.	A company controlled by Neusoft Holdings
Neusoft Health Medical Management Co., Ltd.	A company controlled by Neusoft Holdings
Dalian Ruikang Cardiovascular Hospital Management Co.,Ltd.	A company controlled by Neusoft Holdings
Dalian Ruikang Cardiovascular Hospital	A company controlled by Neusoft Holdings
Dalian Ruikang Stomatological Hospital Management Co.,Ltd.	A company controlled by Neusoft Holdings

## Notes to the Interim Condensed Consolidated Financial Information

**35. Significant related party transactions (continued)**

## (a) Transactions with related parties

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Borrowings from related parties</b>		
<b>Owner who has significant influence over the Company</b>		
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
<b>Receiving outsourcing services</b>		
Companies controlled by Neusoft Holdings	<b>117</b>	800
A company controlled by Liu Jiren	<b>50</b>	—
	<b>167</b>	800
<b>Receiving special entrustment service</b>		
Owner who has significant influence over the Company	<b>13,854</b>	—

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

## Notes to the Interim Condensed Consolidated Financial Information

**35. Significant related party transactions (continued)**

## (a) Transactions with related parties (continued)

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Providing apprenticeship programme services</b>		
A company controlled by Neusoft Holdings	<b>28,306</b>	26,129
<b>Providing rental and property management services</b>		
A company controlled by Liu Jiren	<b>698</b>	787
Companies controlled by Neusoft Holdings	<b>10,043</b>	138
	<b>10,741</b>	925

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

## Notes to the Interim Condensed Consolidated Financial Information

**35. Significant related party transactions (continued)**

## (b) Balance with related parties

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
<b>Trade receivables due from related parties</b>		
Companies controlled by Neusoft Holdings	<b>3,430</b>	4,240
<b>Other payables due to related parties</b>		
Owner who has significant influence over the Company	<b>21</b>	2,118
A company controlled by Liu Jiren	<b>238</b>	238
Companies controlled by Neusoft Holdings	<b>1,860</b>	2,169
	<b>2,119</b>	4,525
<b>Amounts prepaid by related parties</b>		
A company controlled by Liu Jiren	<b>226</b>	226
Companies controlled by Neusoft Holdings	<b>156</b>	76
	<b>382</b>	302
<b>Amounts prepaid to related parties</b>		
A company controlled by Liu Jiren	<b>17</b>	17

As at 30 June 2022 and 31 December 2021, 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.

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Wages, salaries and bonuses	<b>3,169</b>	3,015
Share-based compensation	<b>1,555</b>	6,051
Contributions to pension plans	<b>122</b>	84
Welfare and other expenses	<b>101</b>	82
	<b>4,947</b>	9,232

**(d) Borrowings guaranteed by related party**

	<b>As at</b>	As at
	<b>30 June</b>	31 December
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
Owner who has significant influence over the Company	<b>1,548,364</b>	1,456,828

**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 year. See “Financial Information — Non-IFRS Measure”
“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
“APP”	an application, especially as downloaded by a user to a mobile device
“Audit Committee”	the audit committee of the Board
“Board”	the board of directors of the Company
“BVI”	British Virgin Islands
“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 2022
“Chengdu Development”	Chengdu Neusoft Information Technology Development Co., Ltd. (成都東軟信息技術發展有限公司), the majority school sponsor for Chengdu University, and a company incorporated under PRC Laws on 8 July 2002 and a wholly-owned subsidiary of Dalian Development.
“Chengdu University”	Chengdu Neusoft University (成都東軟學院), established in 2003, and one of the universities operated by our Group
“China” or “the PRC”	the People’s Republic of China, and for the purposes of this document only, except where the context requires otherwise, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Company”, “our Company”, or “the Company”	Neusoft Education Technology Co. Limited (東軟教育科技有限公司), an exempted company with limited liability incorporated under the laws of the Cayman Islands on 20 August 2018
“Consolidated Affiliated Entities”	entities controlled by the Company through the Contractual Arrangements and considered as our subsidiaries

## Definitions

“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 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
“Group”, “we”, “us”, or “our”	the 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 the Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of the 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

## Definitions

“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 Century Bliss 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
“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 market (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with GEM of the Stock Exchange

## Definitions

“MHRSS”	Ministry of Human Resources and Social Security of the People’s Republic of China (中華人民共和國人力資源和社會保障部)
“MIIT”	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部) (formerly known as Ministry of Information Industry)
“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
“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
“Pre-IPO Share Incentive Scheme”	the share option scheme of the Company as approved by the Board on 19 June 2019, as amended from time to time, and detailed in “Statutory and general information — Share Incentive Schemes — Pre-IPO Share Incentive Scheme” in Appendix V to the Prospectus of the Company dated 17 September 2020
“Post-IPO Share Incentive Scheme”	the share option scheme of the Company as approved by the Board on 11 September 2020 and detailed in “Statutory and general information — Share Incentive Schemes — Post-IPO Share Incentive Scheme” in Appendix V to the Prospectus of the Company dated 17 September 2020
“Prospectus”	the prospectus of the Company dated 17 September 2020
“Registered Shareholder” or “Neusoft Holdings”	Dalian Neusoft Holdings Co., Ltd. (大連東軟控股有限公司), a company incorporated under PRC Laws on 15 November 2011, a Controlling Shareholder and the Registered Shareholder of Dalian Development
“Reporting Period”	the six months ended 30 June 2022

## Definitions

“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, currently with a par value of HK\$0.0002 each following the share consolidation
“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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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
“TOPCARES”	our unique approach that are bestowed with eight types of capabilities/skills, which are technical knowledge and reasoning, open thinking and innovation, personal and professional skills, communication and teamwork, attitude and manner, responsibility, ethical values, social values created by application practice. TOPCARES is an acronym of these eight phrases.
“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.