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## 東軟教育科技有限公司

Neusoft Education Technology Co. Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 9616)

### ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

The Board of the Company is pleased to announce the annual results of the Group for the year ended 31 December 2020.

#### HIGHLIGHTS

	For the year ended 31 December			
	2020 (RMB'000)	2019 (RMB'000)	Changes (RMB'000)	Percentage of change
Revenue	<b>1,100,011</b>	958,228	141,783	14.8%
Gross profit	<b>421,088</b>	323,002	98,086	30.4%
Profit for the year	<b>102,936</b>	175,015	-72,079	-41.2%
Profit for the year attributable to owners of the Company	<b>74,246</b>	139,213	-64,967	-46.7%
Adjusted net profit (note)	<b>275,817</b>	195,743	80,074	40.9%
Adjusted net profit attributable to owners of the Company	<b>225,930</b>	159,941	65,989	41.3%
Gross profit margin	<b>38.3%</b>	33.7%	4.6%	13.6%
Adjusted net profit margin	<b>25.1%</b>	20.4%	4.7%	23.0%
Basic earnings per share (in RMB)	<b>0.14</b>	0.28	-0.14	-50.0%
Dividend per share (final dividend) (HK cents)	<b>2.7</b>	–	–	–

Note:

For the year ended 31 December 2020, the adjusted net profit is the effect of the profit for the year after deducting (i) listing expenses of RMB29,468,000; (ii) share-based compensation expenses of RMB111,144,000; and (iii) net exchange loss of RMB32,269,000.

For the year ended 31 December 2019, the adjusted net profit is the effect of the profit for the year after deducting the listing expenses of RMB20,728,000.

The board (the “**Board**”) of directors (the “**Directors**”) of Neusoft Education Technology Co. Limited (the “**Company**”) is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2020 together with the comparative figures as follows:

## CONSOLIDATED INCOME STATEMENT

	<i>Note</i>	Year ended 31 December	
		2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>Revenue</b>	3	<b>1,100,011</b>	958,228
Cost of revenue	6	<b>(678,923)</b>	(635,226)
<b>Gross profit</b>		<b>421,088</b>	323,002
Selling expenses	6	<b>(32,473)</b>	(11,239)
Administrative expenses	6	<b>(231,232)</b>	(109,185)
Research and development expenses	6	<b>(33,215)</b>	(20,445)
Net impairment losses on financial assets		<b>(999)</b>	–
Other income	4	<b>103,606</b>	71,534
Other expense	5	<b>(23,918)</b>	(18,936)
Other gains-net		<b>3,764</b>	944
<b>Operating profit</b>		<b>206,621</b>	235,675
Finance income	7	<b>4,665</b>	3,387
Finance expenses	7	<b>(74,320)</b>	(40,094)
Finance expenses-net	7	<b>(69,655)</b>	(36,707)
<b>Profit before income tax</b>		<b>136,966</b>	198,968
Income tax expenses	8	<b>(34,030)</b>	(23,953)
<b>Profit for the year</b>		<b>102,936</b>	175,015
<b>Profit attributable to:</b>			
– Owners of the Company		<b>74,246</b>	139,213
– Non-controlling interests		<b>28,690</b>	35,802
		<b>102,936</b>	175,015
<b>Earnings per share attributable to owners of the Company (expressed in RMB per share)</b>			
Basic earnings per share	10	<b>0.14</b>	0.28
Diluted earnings per share	10	<b>0.14</b>	0.28

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
<b>Profit for the year</b>	<b>102,936</b>	175,015
<b>Other comprehensive loss</b>		
<i>Items that will not be reclassified to profit or loss</i>		
Exchange differences on translation	<u>(782)</u>	<u>(15)</u>
<b>Other comprehensive loss for the year</b>	<u>(782)</u>	<u>(15)</u>
<b>Total comprehensive income for the year</b>	<b><u>102,154</u></b>	<b><u>175,000</u></b>
<b>Total comprehensive income attributable to:</b>		
– Owners of the Company	<b>73,464</b>	139,198
– Non-controlling interests	<b><u>28,690</u></b>	<u>35,802</u>
	<b><u>102,154</u></b>	<b><u>175,000</u></b>

## CONSOLIDATED BALANCE SHEET

		As at 31 December	
	Note	2020	2019
		RMB'000	RMB'000
<b>Assets</b>			
<b>Non-current assets</b>			
Right-of-use assets		663,286	442,840
Property, plant and equipment		1,543,474	1,202,367
Intangible assets	11	300,828	10,736
Deferred income tax assets		33,353	34,809
Prepayments, deposits and other receivables		11,500	237,157
<b>Total non-current assets</b>		<b>2,552,441</b>	<b>1,927,909</b>
<b>Current assets</b>			
Inventories		8,449	3,063
Trade and notes receivables	12	23,333	6,148
Prepayments, deposits and other receivables		57,442	45,909
Financial assets at fair value through profit or loss		35,233	50
Restricted cash		4,119	10,215
Cash and cash equivalents		1,426,063	562,882
<b>Total current assets</b>		<b>1,554,639</b>	<b>628,267</b>
<b>Total assets</b>		<b>4,107,080</b>	<b>2,556,176</b>
<b>Equity and liabilities</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		117	88
Share premium		2,919,030	2,046,481
Reserves		(1,598,071)	(1,678,930)
Retained earnings		277,171	207,316
<b>Subtotal</b>		<b>1,598,247</b>	<b>574,955</b>
Non-controlling interest		193,045	137,972
<b>Total equity</b>		<b>1,791,292</b>	<b>712,927</b>

		<b>As at 31 December</b>	
	<i>Note</i>	<b>2020</b>	2019
		<b>RMB'000</b>	<b>RMB'000</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Trade and other payables	13	675	–
Borrowings	14	504,881	525,634
Deferred tax liabilities		42,408	6,779
Lease liabilities		46,302	39,647
Deferred income		27,517	26,865
		<hr/>	<hr/>
<b>Total non-current liabilities</b>		<b>621,783</b>	<b>598,925</b>
<b>Current liabilities</b>			
Trade and other payables	13	341,540	226,531
Current income tax liabilities		26,407	9,210
Contract liabilities	15	619,510	489,436
Borrowings	14	648,383	473,164
Lease liabilities		10,131	5,601
Deferred income		48,034	40,382
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>1,694,005</b>	<b>1,244,324</b>
		<hr/>	<hr/>
<b>Total liabilities</b>		<b>2,315,788</b>	<b>1,843,249</b>
		<hr/>	<hr/>
<b>Total equity and liabilities</b>		<b>4,107,080</b>	<b>2,556,176</b>
		<hr/>	<hr/>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

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

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

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

#### 2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”) issued by International Accounting Standards Board (“IASB”) and disclosure requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

#### (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, 2020 and are applicable for the Group:

- Amendment to IFRS 3 on Definition of a Business
- Amendments to IAS 1 and IAS 8 on Definition of Material

- Amendments to IFRS 9, IAS 39 and IFRS 7 on Interest Rate Benchmark Reform and its Effects on Financial Reporting – Phase 1
- Revised Conceptual Framework for Financial Reporting

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

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

The following new and amended standards, and interpretations that have been issued but not yet effective for the year ended 31 December 2020, and have not been early adopted by the Group:

		<b>Effective from annual period beginning on or after</b>
Amendment to IFRS 16	Covid-19 Related Rent Concessions	1 June 2020
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to IFRS 3	Reference to Conceptual Framework	1 January 2022
Amendments to IAS 16	Property, plant and equipment: Proceeds before Intended Use	1 January 2022
Amendments to IAS 37	Cost of Fulfilling a Contract	1 January 2022
Annual improvements to IFRS standards 2018-2020	IFRS 1, IFRS 9, IFRS 16, and IAS 41	1 January 2022
IFRS 17	Insurance Contracts	1 January 2023
Amendments to 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.

### 3. REVENUE

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Full-time formal higher education services	<b>801,616</b>	733,480
– Tuition fees	<b>755,279</b>	666,490
– Boarding fees	<b>44,320</b>	64,054
– Rental income of telecommunication device	<b>2,017</b>	2,936
Continuing education services	<b>124,359</b>	76,435
Education resources and apprenticeship programme	<b>174,036</b>	148,313
– Education resources	<b>92,518</b>	34,506
– Apprenticeship programme	<b>81,518</b>	113,807
	<b>1,100,011</b>	958,228

### 4. OTHER INCOME

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Rental income from properties	<b>31,398</b>	28,866
Property service and management income	<b>18,359</b>	18,754
Government grants and subsidies	<b>43,126</b>	16,358
Development of software system technology	<b>9,918</b>	5,551
Interest income from loan to related parties and third party	<b>61</b>	71
Others	<b>744</b>	1,934
	<b>103,606</b>	71,534



## 5. OTHER EXPENSES

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Depreciation of property, plant and equipment	6,755	6,058
Property maintenance and fire protection expenses	5,599	5,212
Development of software system technology expenses	6,992	5,375
Utilities expenses	3,018	508
Employee benefit expenses	536	578
Amortization of land use rights and intangible assets	884	718
Others	134	487
	<u>23,918</u>	<u>18,936</u>

## 6. EXPENSES BY NATURE

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Employee benefit expenses	571,516	409,213
Depreciation and amortization expenses	132,211	101,578
Property management, landscaping and maintenance expenses	47,082	55,901
Office and utilities expenses	85,021	97,598
Rental expense	43,907	36,780
Cost of publication	2,705	5,302
Subcontract cost	27,683	17,931
Taxes and fees	7,652	6,216
Auditors' remuneration	3,800	–
Consulting and professional fees	1,496	646
Listing expenses	29,468	20,728
Others	23,302	24,202
	<u>975,843</u>	<u>776,095</u>

**7. FINANCE INCOME AND EXPENSES**

	<b>Year ended 31 December</b>	
	<b>2020</b>	<b>2019</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Finance income</b>		
Interest income from deposits	<u>4,665</u>	<u>3,387</u>
	<b>Year ended 31 December</b>	
	<b>2020</b>	<b>2019</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Finance expenses</b>		
Interest expenses from bank	(51,729)	(42,023)
Interest expenses from leasing	(2,798)	(2,477)
Interest expenses from related party	–	(7,108)
Other charges	(347)	(427)
Net foreign exchange (losses)/gains	(32,269)	4
 Less: Amount capitalized	 <u>12,823</u>	 <u>11,937</u>
	 <u>(74,320)</u>	 <u>(40,094)</u>
 Finance expenses – net	 <u>(69,655)</u>	 <u>(36,707)</u>

**8. INCOME TAX EXPENSE/(CREDIT)**

	<b>Year ended 31 December</b>	
	<b>2020</b>	<b>2019</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Current tax on profits for the year	36,987	24,231
Deferred income tax	<u>(2,957)</u>	<u>(278)</u>
	 <u>34,030</u>	 <u>23,953</u>

The taxation on the Group's profit before income tax differs from the theoretical amount that would arise using the taxation rate of PRC, the principal place of the Group's operations, as follows:

	<b>Year ended 31 December</b>	
	<b>2020</b>	2019
	<b>RMB'000</b>	<b>RMB'000</b>
Profit before income tax	<b>136,966</b>	198,968
Tax calculated at a taxation rate of 25%	<b>34,242</b>	49,742
The impact of preferential tax rate	<b>(34,969)</b>	(25,547)
Expenses and losses not deductible for tax purposes	<b>31,860</b>	1,102
Tax losses for which no deferred tax assets was recognised	<b>10,126</b>	2,039
Non-taxable income	<b>(3,075)</b>	(981)
Utilisation of previously unrecognised tax losses	<b>(4,154)</b>	(3,065)
Others (a)	–	663
	<hr/>	<hr/>
Tax charge	<b>34,030</b>	23,953
	<hr/>	<hr/>

**(a) Others**

During the year ended 31 December 2019, pursuant to the Reorganisation, the tax charged were due to the investment gain of RMB2,650,000 arising on disposal of the equity investment of Dalian Neusoft Technology Development Co., Ltd. and Dalian Education.

**(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 year.

**(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, which was effective from 1 January 2008, the CIT was 25% during the year.

(v) ***PRC Withholding Tax (“WHT”)***

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

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

(vi) ***Preferential EIT rate***

Certain subsidiaries are entitled to preferential tax rates ranging from 0% to 15%, which are:

- Dalian Yunguan is exempt from EIT for two years since 2015, followed by a 50% reduction in the statutory income tax rate of 25% for the next three years from 2017 to 2019. It is subject to an EIT rate 12.5% for the years ended 31 December 2019. For the year ended 31 December 2020, Dalian Yunguan is qualified as a high-tech enterprise and entitled to a preferential tax rate of 15%.
- Shanghai Ruixiang is exempt from EIT for two years since 2017, followed by a 50% reduction in the statutory income tax rate of 25% for the next three years from 2019 to 2021. It is subject to an EIT rate of 12.5% for the years ended 31 December 2020 and 2019.
- Dalian Education is exempt from EIT for two years since 2019, followed by a 50% reduction in the statutory income tax rate of 25% for the next three years from 2021 to 2023. It is subject to an EIT rate of 0% for the years ended 31 December 2020 and 2019.
- The subsidiaries of Tianjin Ruidao are small low-profit enterprises, followed by a reduced tax rate of 20% for the year ended 31 December 2020.
- Suzhou Neusoft Ruixiang Technology Co., Ltd. is a small low-profit enterprise, followed by a reduced tax rate of 20% for the year ended 31 December 2020.

## 9. DIVIDENDS

No dividend has been paid or declared by the Company during the years ended 31 December 2020 and 2019.

A dividend in respect of the year ended 31 December 2020 of HK2.7 cents per share, in an aggregate amount of HK\$18,000,000 (approximately equivalent to RMB15,150,000) has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting to be held on 25 May 2021. These financial statements do not reflect this dividend payable.

## 10. EARNINGS PER SHARE

### (a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2020	2019
Profit attributable to owners of the Company ( <i>RMB'000</i> )	74,246	139,213
Weighted average number of ordinary shares in issue ( <i>thousands</i> )	542,466	500,000
Basic earnings per share ( <i>in RMB</i> )	<u>0.14</u>	<u>0.28</u>

### (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 year.

	Year ended 31 December	
	2020	2019
Profit attributable to owners of the Company ( <i>RMB'000</i> )	74,246	139,213
Weighted average number of ordinary shares in issue ( <i>thousands</i> )	542,466	500,000
Adjustments for share options granted to employees ( <i>thousands</i> )	4,458	–
Weighted average number of ordinary shares for calculation of diluted earnings per share ( <i>thousands</i> )	<u>546,924</u>	<u>500,000</u>
Diluted earnings per share ( <i>in RMB</i> )	<u>0.14</u>	<u>0.28</u>

## 11. INTANGIBLE ASSETS

	<b>Goodwill</b> <i>RMB'000</i>	<b>Brand</b> <i>RMB'000</i>	<b>Customer relationship</b> <i>RMB'000</i>	<b>Software</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
<b>At 1 January 2019</b>					
Cost	–	–	–	21,143	21,143
Accumulated amortisation	–	–	–	(10,919)	(10,919)
<b>Net book amount</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>10,224</b>	<b>10,224</b>
<b>Year ended</b>					
<b>31 December 2019</b>					
Opening net book amount	–	–	–	10,224	10,224
Additions	–	–	–	2,967	2,967
Amortisation charge	–	–	–	(2,455)	(2,455)
<b>Closing net book amount</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>10,736</b>	<b>10,736</b>
<b>At 31 December 2019</b>					
Cost	–	–	–	24,110	24,110
Accumulated amortisation	–	–	–	(13,374)	(13,374)
<b>Net book amount</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>10,736</b>	<b>10,736</b>
<b>Year ended</b>					
<b>31 December 2020</b>					
Opening net book amount	–	–	–	10,736	10,736
Acquisition of a subsidiary	134,937	89,499	66,907	2,357	293,700
Additions	–	–	–	5,559	5,559
Amortisation charge	–	–	(5,576)	(3,591)	(9,167)
<b>Closing net book amount</b>	<b>134,937</b>	<b>89,499</b>	<b>61,331</b>	<b>15,061</b>	<b>300,828</b>
<b>At 31 December 2020</b>					
Cost	134,937	89,499	66,907	32,026	323,369
Accumulated amortisation	–	–	(5,576)	(16,965)	(22,541)
<b>Net book amount</b>	<b>134,937</b>	<b>89,499</b>	<b>61,331</b>	<b>15,061</b>	<b>300,828</b>

## 12. TRADE AND NOTES RECEIVABLES

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Due from related parties	3,564	442
Receivables from continuing education services	5,164	1,293
Receivables from education resources services	11,734	4,145
Receivables from development of software system technology	200	131
Others	349	137
	<u>21,011</u>	<u>6,148</u>
Less: Provision for impairment of trade receivables	(728)	–
Trade receivables – net	20,283	6,148
Notes receivables	3,050	–
	<u>23,333</u>	<u>6,148</u>

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

- (a) The credit terms of trade receivables granted by the Group are generally no more than 180 days after the invoice date. As at 31 December 2020 and 2019, the ageing analysis of the trade receivable was as follows:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Less than 6 months	18,634	5,803
6 months to 1 year	591	–
1 to 2 years	1,222	345
More than 2 years	564	–
	<u>21,011</u>	<u>6,148</u>

### 13. TRADE AND OTHER PAYABLES

	As at 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Trade payables</b>		
Amount due to third parties	<u>4,133</u>	<u>972</u>
<b>Other payables</b>		
Miscellaneous expenses received from students	50,567	52,008
Amount due to related parties	1,336	3,016
Payables in relation to the Listing	216	8,419
Salary and welfare payables	81,729	49,374
Deposits	30,424	19,433
Government subsidies payable to students	7,901	2,214
Payables for purchases of property, plant and equipment	82,022	58,777
Payables for administrative cost	14,317	14,880
Tax payables	11,742	8,449
Interest payables to bank	7,786	3,438
Redemption liability	36,274	–
Others	13,768	5,551
Less: non-current portion		
– Amount due to a third party	(675)	–
<b>Other payables – current portion</b>	<u>337,407</u>	<u>225,559</u>
<b>Total trade and other payables</b>	<u>341,540</u>	<u>226,531</u>

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

- (a) The credit terms of trade payables granted to the Group are generally no more than 180 days. As at 31 December 2020 and 2019, the aging analysis of the trade payable based on invoice dates was as follows:

	As at 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Less than 6 months	4,133	933
6 months to 1 year	–	–
1 to 2 years	–	–
2 to 3 years	–	–
More than 3 years	–	39
	<u>4,133</u>	<u>972</u>



## 14. BORROWINGS

	As at 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Long-term borrowings</b>		
Bank borrowings		
– secured	428,881	350,734
– unsecured	275,950	253,940
Current portion of		
– long term borrowings – secured	(55,000)	(52,000)
– long term borrowings – unsecured	(144,950)	(27,040)
	<u>504,881</u>	<u>525,634</u>
<b>Short-term borrowings</b>		
Bank borrowings		
– secured	–	200,000
– unsecured	448,433	194,124
Current portion of		
– long term borrowings – secured	55,000	52,000
– long term borrowings – unsecured	144,950	27,040
	<u>648,383</u>	<u>473,164</u>
<b>Total borrowings</b>	<u>1,153,264</u>	<u>998,798</u>

## 15. CONTRACT LIABILITIES

The Group recognised the following revenue-related contract liabilities, which represented the unsatisfied performance obligation as at 31 December 2020 and 2019 and will be expected to be recognized within one year:

	As at 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Full-time formal higher education services	546,258	445,530
– Tuition fees	490,447	400,600
– Boarding fees	55,811	44,930
Continuing education services	53,082	41,795
Education resources and apprenticeship programme	14,845	233
– Education resources	14,845	233
Development of software system technology	5,325	1,878
	<u>619,510</u>	<u>489,436</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1 BUSINESS REVIEW

#### 1.1 Overview

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

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

As of 31 December	2020 <i>RMB hundred million</i>	2019 <i>RMB hundred million</i>	Percentage of change	Percentage of total revenue
Full-time formal higher education service	<b>8.02</b>	7.33	9.4%	72.9%
Continuing education services	<b>1.24</b>	0.76	63.2%	11.3%
Education resources and apprenticeship programme	<b>1.74</b>	1.49	16.8%	15.8%
Of which: Education resources	<b>0.93</b>	0.35	165.7%	8.4%
Apprenticeship programme	<b>0.81</b>	1.14	-28.9%	7.4%
<b>Total</b>	<b>11.00</b>	9.58	14.8%	100%

#### 1.2 Full-time formal higher education services

##### 1.2.1 Our universities

The Group currently operates three universities, namely Dalian University in Liaoning province, Chengdu University in Sichuan province and Guangdong University in Guangdong province, to provide bachelor degree programmes, junior college diploma programmes and junior college to bachelor degree transfer programmes. Leveraging on our centralised management, our universities have carried out unified operating strategies and implemented consistent teaching and education principles, which enables us to enjoy good synergies and efficient resource sharing mechanism. Therefore, we have become a leader in private universities in the region and even in the country.

**School****Majors**

Dalian  
University

Established 35 bachelor degree programmes, 8 junior college diploma programmes, and 3 junior college to bachelor degree transfer programmes, where IT-related programmes accounted for 84.8%.

**Honors and achievements in 2020**

- 1 programme was newly recognised as the National-level First-class Bachelor Degree Programmes Construction Site (國家級一流本科專業建設點) by the MOE in 2020, and 5 programmes were newly recognised as the Provincial-level First-class Bachelor Degree Programmes Construction Site (省級一流本科專業建設點) by the MOE in 2020; a total of 4 national-level first-class bachelor degree programmes and 11 provincial-level first-class bachelor degree programmes construction sites, ranking the first among all private universities in terms of the recognised number
- 1 course was recognised as the first batch of National-level First-class Bachelor Degree Courses by the MOE (教育部首批國家級一流本科課程), which is the only private university to be recognised by the first batch in Liaoning Province; 44 courses have been recognised as the Provincial-level First-class Bachelor Degree Courses, ranking the first among all private universities in terms of the recognised number in Liaoning Province
- In the “2020 China Private University Rankings of First-Class Programmes (2020中國民辦大學一流專業排名)” by Cuaa.net (艾瑞深校友會網), 3 programmes were awarded China’s six-star programmes, 4 programmes were awarded China’s five-star programmes, and 5 of the 7 programmes ranked the first among all private universities
- Ranked the first in the “National Private and Independent College Teacher Teaching Development Index (2020 Edition) (全國民辦及獨立學院教師教學發展指數(2020版))” issued by the China Association of Higher Education (中國高等教育學會), and ranked the first for two consecutive years
- Ranked the first among all private universities according to the “China Private and Independent College Teachers’ Competition State Index”(中國民辦及獨立學院教師競賽狀態指數) issued by the China Association of Higher Education (中國高等教育學會) for three consecutive years
- Awarded the “2020 Social Influential Private Colleges and Universities (2020年度社會影響力民辦高校)” by Xinhua.net (新華網)

School	Majors
Chengdu University	Established 29 bachelor degree programmes, 11 junior college diploma programmes, and 11 junior college to bachelor degree transfer programmes, where IT-related programmes accounted for 72.5%.

#### **Honors and achievements in 2020**

- 3 new programmes were recognised as the Provincial-level First-class Bachelor Degree Programme Construction Site (省級一流本科專業建設點) in 2020, and a total of 6 majors were recognised
- 6 courses were recognised as the Provincial-level First-class Bachelor Degree Courses (省級一流本科課程) in 2020, ranking the first among all private universities in Sichuan Province in terms of the recognised number
- Selected as the first batch of characteristic model software colleges in Sichuan Province (the only private university among the 5 selected universities in Sichuan Province)
- Successfully passed the qualification assessment of undergraduate teaching work in ordinary colleges and universities
- The “SOVO Mass Entrepreneurship Space (SOVO眾創空間)” was recognised by the Torch Center of the Ministry of Science and Technology as a national-level Mass Entrepreneurship Space (the first private university in Sichuan Province). So far, SOVO of all three universities of Neuedu have obtained this qualification
- Awarded the “2020 College Brand Influence Award (2020年度院校品牌影響力獎)” by China Education Online

School	Majors
Guangdong University	Established 21 bachelor degree programmes, 17 junior college diploma programmes, where IT-related programmes accounted for 71.1%.

#### **Honors and achievements in 2020**

- 1 programme was recognised as the Provincial-level First-class Bachelor Degree Programme Construction Site (省級一流本科專業建設點) in 2020
- 4 courses were recognised as the Provincial-level First-class Bachelor Degree Courses (省級一流本科課程) in 2020, ranking the first among all private universities in Guangdong Province in terms of the recognised number
- The Sino-foreign cooperative education project “Guangdong University and the University of the West of England Co-organize Software Engineering Undergraduate Education Project (廣東學院與英國西英格蘭大學合作舉辦軟件工程專業本科教育項目)” was approved by the MOE
- Awarded the CCTV’s “2020 Brand Influence Private University (2020年度品牌影響力民辦高校)”

### 1.2.2 Student enrolment

As of 31 December 2020, there had totally been 39,242 students enrolment in our three universities, including 15,514 students in Dalian University, 13,114 students in Chengdu University, and 10,614 students in Guangdong University, which increased by 10.87% as compared with that of 31 December 2019, hitting a record high in size, and reflecting a strong organic growth momentum.

	As at 31 December 2020	As at 31 December 2019	Change	Percentage of change
<b>Dalian University</b>				
Bachelor degree programmes	13,740	13,228	512	3.87%
Junior college diploma programmes	1,050	1,083	-33	-3.05%
Junior college to bachelor degree transfer programmes	724	350	374	106.86%
Subtotal	<u>15,514</u>	<u>14,661</u>	<u>853</u>	<u>5.82%</u>
<b>Chengdu University</b>				
Bachelor degree programmes	11,367	10,598	769	7.26%
Junior college diploma programmes	1,156	352	804	228.41%
Junior college to bachelor degree transfer programmes	591	57	534	936.84%
Subtotal	<u>13,114</u>	<u>11,007</u>	<u>2,107</u>	<u>19.14%</u>
<b>Guangdong University</b>				
Bachelor degree programmes	9,409	8,722	687	7.88%
Junior college diploma programmes	1,205	1,004	201	20.02%
Subtotal	<u>10,614</u>	<u>9,726</u>	<u>888</u>	<u>9.13%</u>
Total	<u><b>39,242</b></u>	<u><b>35,394</b></u>	<u><b>3,848</b></u>	<u><b>10.87%</b></u>

### 1.2.3 New student enrolment and registration for 2020

With the continuous improvement of the quality of talent training and the continuous enhancement of the overall strength of running schools, our three universities have sufficient ability to attract more outstanding and high-quality students. In addition, the three universities follow closely the market and industry development needs, continuously optimise their professional structures, and make active application for emerging majors for many years, and maintain strong attractiveness of enrolment.

For the 2020/2021 school year, the number of new student of our three universities is 12,753, representing an increase of approximately 26% as compared to 10,137 of the 2019/2020 academic year. The average registration rate for bachelor degree programme students and junior college diploma programmes students of our three universities reached 90%. For the 2020/2021 school year, with respect to the admission scores of science stream and liberal arts stream, the admission score of science stream and liberal arts stream of Dalian University is 59 and 32 higher than the university cut-off score of Liaoning province respectively; the admission scores of science stream and liberal arts stream of Chengdu University are 18 and 14 higher than the university cut-off scores of Sichuan province respectively; the admission scores of science stream and liberal arts stream of Guangdong University are 32 and 22 higher than the university cut-off scores of Guangdong province respectively.

	Number of new student registration for 2020/2021	Number of new student registration for 2019/2020	Change	Percentage of change
<b>Dalian University</b>				
Bachelor degree programmes	3,853	3,488	365	10.46%
Junior college diploma programmes	375	353	22	6.23%
Junior college to bachelor degree transfer programmes	574	155	419	270.32%
Subtotal	4,802	3,996	806	20.17%
<b>Chengdu University</b>				
Bachelor degree programmes	3,255	2,980	275	9.23%
Junior college diploma programmes	901	228	673	295.18%
Junior college to bachelor degree transfer programmes	579	13	566	4,353.85%
Subtotal	4,735	3,221	1,514	47%
<b>Guangdong University</b>				
Bachelor degree programmes	2,666	2,504	162	6.47%
Junior college diploma programmes	550	416	134	32.21%
Subtotal	3,216	2,920	296	10.14%
Total	12,753	10,137	2,616	25.81%

#### ***1.2.4 Tuition fees and boarding fees***

We optimize our pricing strategy from time to time and adjust the tuition fees and boarding fees of our three universities in the 2020/2021 school year as appropriate. In particular, we have increased the tuition fees for bachelor degree programmes, junior college diploma programmes and junior college to bachelor degree transfer programmes in Dalian University, the tuition fees for bachelor degree programmes and junior college to bachelor degree transfer programmes and boarding fees in Chengdu University, and the tuition fees for bachelor degree programmes in Guangdong University. As the teaching quality of our three universities continues to improve, there is still room for growth in tuition fees in the future. The following table sets forth the tuition fees and boarding fees applicable to new student enrolment for the school year as indicated.

	Tuition fees for each school year (RMB)		Boarding fees for each school year (RMB)	
	2020/2021	2019/2020	2020/2021	2019/2020
<b>Dalian University</b>				
Bachelor degree programmes	<b>24,000-28,000</b>	20,000-28,000	<b>2,400</b>	2,400
Junior college diploma programmes	<b>28,000</b>	24,000	<b>2,400</b>	2,400
Junior college to bachelor degree transfer programmes	<b>24,000</b>	20,000	<b>2,400</b>	24,00
<b>Chengdu University</b>				
Bachelor degree programmes	<b>18,000-19,000</b>	16,000	<b>2,000</b>	1,200
Junior college diploma programmes	<b>16,000</b>	16,000	<b>2,000</b>	1,200
Junior college to bachelor degree transfer programmes	<b>18,000-19,000</b>	16,000	<b>2,000</b>	1,200
<b>Guangdong University</b>				
Bachelor degree programmes	<b>28,000-34,000</b>	24,000-30,000	<b>2,000-3,000</b>	2,000-3,000
Junior college diploma programmes	<b>22,000-30,000</b>	22,000-30,000	<b>2,000-3,000</b>	2,000-3,000



### 1.2.5 School capacity and utilisation rate

As of 31 December 2020, the school capacity of Dalian University and Guangdong University increased from that of 31 December 2019, mainly due to the construction of a new student apartment in respective above two universities, which were officially put into use in September 2020, after which, the school conditions have been further improved. Upon the completion of the construction works in three universities, the campus capacity will be further expanded, providing strong support for the future enrollment expansion.

	Campus capacity <sup>(1)</sup>		Utilisation rate <sup>(2)</sup>	
	As at 31 December 2020	As at 31 December 2019	As at 31 December 2020	As at 31 December 2019
Dalian University	16,843	16,843	92.11%	87.05%
Chengdu University	12,878	10,878	101.83% <sup>(3)</sup>	101.19% <sup>(3)</sup>
Guangdong University	11,663	10,429	91.01%	93.26%
Total/Average	<b>41,384</b>	38,150	<b>94.82%</b>	92.78%

*Note:*

- (1) The capacity of each school represents the total number of beds in student dormitories in each school year.
- (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 31 December in each corresponding school year divided by the school capacity for that year. Students participating in continuing education programmes are not counted in the school capacity.
- (3) Chengdu University had 236 graduating students living outside the campus for the purposes of off-campus internships or practical trainings during 2020.

### ***1.2.6 Greatly improved education quality***

In 2020, the three universities have made fruitful achievements in the construction of academic majors and courses, teaching and research achievements, and academic competitions, which further demonstrate excellent education quality of Neuedu and continued improvement in brand reputation.

– *New breakthroughs made in the construction of majors and courses*

Guided by TOPCARES featured approach of Neuedu, our three universities adhere to the fundamental task of enhancing morality and fostering talents and continue to deepen reforms in education and teaching, thus education quality being continuously improved.

**Established strategic emerging programmes:** In 2020, 8 new undergraduate programmes applied by the three universities were approved by the MOE. Among them, Dalian University’s virtual reality technology program was successfully approved. Dalian University is the only university in Liaoning Province that has been approved to set up this bachelor degree program. Currently, only 14 universities in the country offer this program. Also, Chengdu University was approved for 4 bachelor degree programmes including artificial intelligence and intelligent medical engineering, while Guangdong University was approved for 3 undergraduate programmes including artificial intelligence. As of the date of this announcement, the proportions of IT-related programmes in the three universities have reached 84.8%, 72.5% and 71.1% respectively. The professional layout in the field of “IT+ HT (Healthcare Technology)” has been further optimized, and the professional clustering effect has been highlighted.

**Recognised first-class bachelor degree programmes:** As of the date of this announcement, a total of 22 majors in our three universities have been included into the “Double-10,000 Program” (“雙萬計劃”) of the first-class bachelor degree programmes of the MOE, covering four disciplines: engineering, management, art, and liberal arts, with approximately 40% of the students of bachelor degree programmes involved. Among them, 4 majors of Dalian University were included in the list of the National-level First-class Bachelor Degree Programmes, making it rank the first among all private universities.

**Recognised first-class bachelor degree courses:** As of the date of this announcement, a total of 56 courses in our three universities have been recognised as first-class bachelor degree courses, one of which is in the list of the first batch of national-level bachelor degree courses. In 2020, each of three universities ranks the first among all private universities in their respective provinces in terms of the recognised number of provincial-level first-class bachelor degree courses.

**Provincial-level Teaching Achievement Awards:** In 2020, our three universities were granted 9 provincial-level bachelor degree teaching achievement awards, 2 provincial-level private universities teaching achievement awards, and 1 provincial-level excellent higher education research achievement award; more than 500 projects were approved as provincial-level and above teaching quality projects.

– *New achievements in academic competitions*

In 2020, students from our three universities have won more than 1,900 provincial-level third prizes and above in various academic competitions, for example, 1 first prize, 4 second prizes, and 25 third prizes in the Chinese College Students Computer Design Competition (中國大學生計算機設計大賽) sponsored by the China Association of Higher Education (中國高等教育學會) and the Advisory Committee of Professional Computing Teaching in Colleges and Universities established under the MOE (教育部高等學校計算機類專業教學指導委員會); 2 first prizes and 8 second prizes in the “Higher Education Press Cup” Contemporary Undergraduate Mathematical Contest in Modeling (「高教社杯」全國大學生數學建模競賽); first prize in each of the important events such as the 29th Times Golden Calf Awards Selection (時報金犢獎評選), the Blue Bridge Cup National Professional Talent for Software and Information Technology Competition (藍橋杯全國軟件和信息技術專業人才大賽), the National University Digital Art Design Competition (全國高校數字藝術設計大賽), and the National College Student Mathematics Competition (全國大學生數學競賽). In addition, students from our three universities have obtained 30 patents and 200 computer software copyrights in 2020, representing a significant increase in the number of intellectual property achievements. The outstanding performance of our students once again proved the education quality of Neuedu.

### ***1.2.7 Impressive accomplishments in the industry-education integration***

The inherent advantages of the industry-education integration have enabled our three universities to be sensitive to and actively grasp new opportunities for collaborative education and jointly fostering talents between schools and enterprises. In 2020, we have carried out extensive and effective school-enterprise cooperation with well-known companies such as Neusoft Corporation and IBM, Alpine, Accenture, Baidu, Huawei, Cisco. We promote the in-depth docking and integration of the education chain, the talent chain and the industrial chain through the joint establishment of industrial colleges, academic majors, laboratories, off-campus practice sites and faculty. Nearly a thousand students were involved in the customized training of enterprises in 2020, enabling students master the needs of the enterprise without leaving the school, and apply what they have learned in school when they just start work.

Meanwhile, in 2020, our three universities were approved for 48 industry-university cooperative education projects of the MOE. Dalian University has become the only university in Liaoning Province being recommended to the selection of the first batch of national-level characteristic model software colleges by the MOE, and Chengdu University has also become the only private university in Sichuan Province that has been selected as the first batch of provincial-level characteristic model software colleges in Sichuan Province. In addition, the “Neusoft IT Industrial College, Neuedu Baidu Artificial Intelligence College, and Digital Media Creative Industry College” of Dalian University have been approved as provincial-level modern industry colleges.

### ***1.2.8 Exciting achievements in employment and entrepreneurship***

#### *– Steady improvement in employment quality*

In view of the impact of the COVID-19 epidemic, our three universities have further expanded employment guidance and services for graduates to ensure the quality of student employment in 2020.

As of 31 December 2020, the employment rates of 2020 graduates of Dalian University, Chengdu University and Guangdong University reached 91.3%, 94.6%, and 91.2%, respectively, which are higher than the average level of colleges and universities in their respective province.

The average salary for graduates of bachelor degree programmes of Dalian University, Chengdu University and Guangdong University reached RMB5,579, RMB5,228, and RMB5,285, respectively and the average salary for graduates of junior college diploma programmes is RMB5,045, RMB4,836 and RMB4,045, respectively. In the tough situation where the COVID-19 epidemic affects the employment market, the average salary for graduates of bachelor degree programmes and junior college diploma programmes of 2020 achieved a steady increase as compared to that of 2019, reflecting the market competitiveness of the graduates of our three universities.

Part of our 2020 outstanding graduates have been employed in well-known companies such as IBM, NetEase, Tencent, JD, Lenovo, Panasonic, Deli, Mike Biology, ByteDance.

– *Remarkable achievements in innovation and entrepreneurship education*

In 2020, the student office & venture office (SOVO) of Chengdu University was recognised by the Torch Centre of Ministry of Science and Technology as a national-level Mass Entrepreneurship, upon which, SOVO of all of our three universities has been included in the national-level Mass Entrepreneurship Space, making active contribution to the high-quality development of innovation and entrepreneurship education.

In 2020, our three universities supported more than 400 innovation and entrepreneurship projects, annually incubated a total of 80 virtual companies, and successfully incubated more than 40 entity companies. Among them, there are 2 incubating enterprises of Dalian University that have been recognised as high-tech enterprises, and the incubation projects from Chengdu University and Guangdong University had been recognised by the capital market, with funds raised of more than RMB one million.

### **1.3 Continuing education services**

Based on Neusoft's accumulation in industry practice and Neuedu's accumulation in academic education, in response to the national policy of building a learning society, supported by our three universities and a nationwide sales network, we have built a distinctive continuing education service system consist of:

- Continuing education for bachelor degree programmes and junior college diploma programmes in our three universities;
- IT skills training services to college students, graduates as well as individual trainees in society; and
- Non-academic short-term training services entrusted by governments, enterprises, colleges and universities.

We have set up eight training schools in Dalian, Tianjin, Shenyang, Nanjing, Qingdao, Guangzhou and Qinhuangdao to provide training services.

### 1.3.1 Formal continuing education

As of 31 December 2020, student enrolment of formal continuing education in our three universities was 6,849, increased by 25.53% as compared with that of 31 December 2019, reflecting the further expansion of scale of business.

#### Student enrolment

	As at 31 December 2020	As at 31 December 2019	Change	Percentage of change
<b>Dalian University</b>				
Continuing education for bachelor degree programmes	1,519	1,238	281	22.70%
Continuing education for junior college diploma programmes	<u>2,310</u>	<u>1,734</u>	<u>576</u>	<u>33.22%</u>
Subtotal	<u>3,829</u>	<u>2,972</u>	<u>857</u>	<u>28.84%</u>
<b>Chengdu University</b>				
Continuing education for bachelor degree programmes	295	129	166	128.68%
Continuing education for junior college diploma programmes	<u>156</u>	<u>42</u>	<u>114</u>	<u>271.43%</u>
Subtotal	<u>451</u>	<u>171</u>	<u>280</u>	<u>163.74%</u>
<b>Guangdong University</b>				
Continuing education for bachelor degree programmes	263	17	246	1,447.06%
Continuing education for junior college diploma programmes	<u>2,306</u>	<u>2,296</u>	<u>10</u>	<u>0.44%</u>
Subtotal	<u>2,569</u>	<u>2,313</u>	<u>256</u>	<u>11.07%</u>
Total	<u><b>6,849</b></u>	<u><b>5,456</b></u>	<u><b>1,393</b></u>	<u><b>25.53%</b></u>

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

In March 2020, we acquired 90.91% of the equity interests of Tianjin Ruidao and merged its businesses into our Group. Tianjin Ruidao and its subsidiaries (including training schools) primarily engaged in providing IT skill training services to individual trainees and practical training services to students of higher education institutions, for purposes of improving their IT skills and strengthen their competitiveness in their career.

Affected by the COVID-19 epidemic in 2020, our offline training business has been severely impacted. Our training schools were not able to resume offline teaching for a large amount of time in 2020. Faced with the epidemic, we actively adjust our business strategy, as we adapted market demand and developed courses with more types and terms to satisfy different customers' need; and we also proactively deployed online education by leveraging on self-developed online platform and third-party livestreaming platforms and bringing our courses and trainings online, thus achieving a combination of learning and practicing based on the features of IT training.

In 2020, our 2C training business admitted a total of 2,894 trainees, with an average standard tuition fee of RMB20,800 per student. Despite the impact of the epidemic, the 2C training business still achieved a revenue of approximately RMB41 million in 2020, which has increased the revenue volume of our entire continuing education business segment.

The employment situation in 2020 was critical due to the impact of the epidemic. We actively provided multi-channel job referral services for participants of our training courses, and the successful referral rate reached 70%. Graduates have been successfully employed by well-known companies such as Pactera Technology International Ltd. (文思海輝技術有限公司), Yusys Technologies Co., Ltd. (北京宇信科技集團股份有限公司), ThunderSoft Technology Co., Ltd (中創達軟件股份有限公司), Beijing Zhangshangxianji Network Technology Co., Ltd (北京掌上先機網絡科技有限公司) and Beijing Kelan Software System Co., Ltd (北京科藍軟件系統股份有限公司).



### ***1.3.3 Short-term training services for institutional customers (2B training)***

Despite the impact of the COVID-19 epidemic, the 2B training business in 2020 has achieved growth and breakthroughs. In 2020, the Group obtained 10 new training site qualifications, including four national-level qualifications, one provincial-level qualification and five municipal-level qualifications, further laying the foundation for further expansion of our 2B training business.

<b>Level</b>	<b>Name of Qualification</b>
National-level (4 items)	<p>The First Batch of Training and Cultivation Sites for Principals of Vocational Colleges in China by the MOE (教育部全國首批職業院校校長培訓培育基地)</p> <p>The First Batch of National Informazaiton Base for Vocational College of Informazaiton Educational Steering Committee established under the MOE (教育部信息化教指委全國首批職業院校信息化培訓基地)</p> <p>54 Online Platform Institutions for Vocational Skills Training by Ministry of Human Resources and Social Security (人社部54家職業技能培訓線上平台機構)</p> <p>National Higher Skilled Talent Training Site of Ministry of Human Resources and Social Security (人社部國家級高技能人才培訓基地)</p>
Provincial-level (1 item)	<p>Pilot Enterprises for Vocational Skill Level Recognition of Liaoning Province (遼寧省職業技能等級認定試點企業)</p>
Municipal-level (5 items)	<p>46th World Championship Training Base of Dalian City (大連市46屆世賽選手集訓基地)</p> <p>Excellent Vocational Skill Public Training Site of Dalian City (大連市優秀職業技能公共實訓基地)</p> <p>Training Base for Professional Conversion and Skill Enhancement for College Graduates of Dalian (大連市高校畢業生專業轉換及技能提升培訓基地)</p> <p>46th World Championship Training Base of Chengdu City (成都市46屆世賽選手集訓基地)</p> <p>Entrepreneurship Incubation Base for Veterans of Chengdu City (成都市退役軍人創業孵化基地)</p>



Based on the more than 40 training site qualifications we have obtained, we have developed three types of training products for institutional customers:

- professional capacity enhancement training for teachers and practical training for teachers in the education system;
- vocational skills training in the human resources system;
- employee training and Party building training for enterprises;

Our products can also be customized to meet our customers' need.

In 2020, the Group carried out 71 fee-charging projects for 2B training, increased by 12 as compared to 2019. Services covered 39 institutional customers with 6,361 trainees, and achieved a revenue of approximately RMB21 million. Such institutional customers are from more than 10 provinces and cities across China, covering government departments at all levels such as education and human resources, as well as enterprises in finance, construction, energy and other industries.

During the period of the COVID-19 epidemic, we have provided online skill training services to tens of thousands of employees in 267 companies without charge through our self-developed smart education platform. This move, on the one hand, has accumulated institutional customer resources, and on the other hand, allowed Neuedu's online training platform to be initially verified by the market, laying a foundation for the next step of developing online education.

## **1.4 Education resources and apprenticeship programme**

### ***1.4.1 Education Resource Development***

We are highly concerned about the disruptive and leading role of cutting-edge technology innovation on the development of education reform, and have established a specialized R&D organization with the research institution and product development center as the core, and a high-level research and development team with rich experience in the fields of education research, technology research and product development, which has initially laid the organizational foundation for the sustainable development of our future business.

In 2020, we comprehensively enlarged our investment on R&D, with our annual R&D expenses amounted to approximately RMB33 million. Based on the accumulation of education practices in Neuedu's 20 years of operation, the R&D staff of the Research Institute and the Product Development Center have continued to make efforts, which commenced to show results in the development of platform products and resources.

Based on the accumulated experience of the first-class programmes set up by our three universities, we built a full set of educational teaching contents and resources for eight programmes, including computer science and technology, software engineering, digital media technology, internet of things engineering, integrated circuit design and integrated systems, communication engineering, network engineering, and electronic information engineering. These programmes have been constantly applied, responded, and iteratively upgraded among our three universities, providing a solid resource basis for our cooperation with many universities in China to jointly establish industrial colleges or carry out overall major co-construction.

Based on TOPCARES featured education approach of Neuedu and its scientific and technological advantages in the IT field, we focus on the assistance and support of digital and intelligent teaching management and operation in universities. We were committed to the integration of artificial intelligence and big data technology for education scenarios, and built an adaptive intelligent education platform product that serves hybrid teaching scenarios. We have initially realized user-centered learning planning to provide individualized teaching and learning.

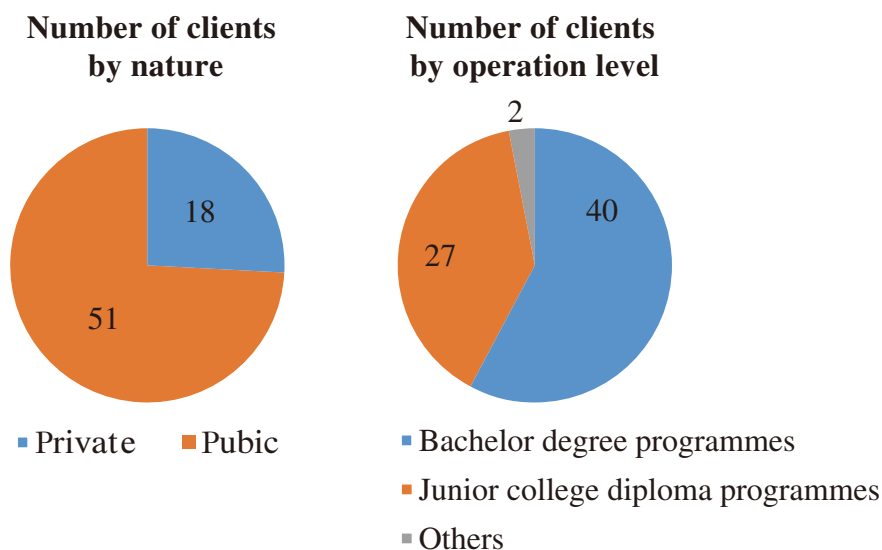
Facing the urgent demand of colleges and institutions for practical teaching products in emerging technologies such as artificial intelligence and big data, we launched our initial generation of Cloud Lab product in 2020 according to the actual development process and scenarios of enterprises. By quickly building course experiments and practical training projects based on the real development environment, the product assists teachers to quickly design and deploy the experimental practice environment, so as to control and manage the experimental and practical process, allowing teachers and students to interact efficiently in the experimental process and to track and trace the experimental results.

#### ***1.4.2 Expansion of Education Resource Provision Business***

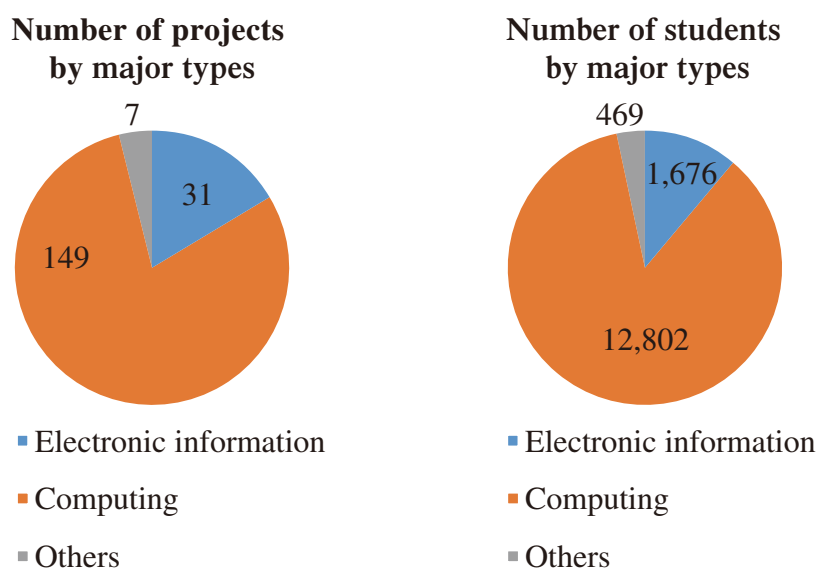
Upon the acquisition of Tianjin Ruidao, we established a sales network supported by seven major regions. In 2020, despite the impact of the COVID-19 epidemic on our expansion of our education resource provision business, this segment still recorded a significant revenue growth of 165.7%. The education resource provision business is carried out with three main modes:

– *Joint establishment of academic majors and industrial colleges*

In 2020, the number of institutions cooperating with the Group in joint establishment of academic majors and industrial colleges reached 69, including 12 new clients in 2020. The number of clients by nature and operation level is as follows.



In 2020, the Group launched a total of 187 projects in joint establishment of academic majors with 69 cooperative colleges and universities, covering 14,947 students; of which, 58 new projects with 5,125 new students were added in 2020. Joint establishment of academic majors and industrial colleges achieved a revenue of approximately RMB35 million in 2020. Academic majors jointly established are mainly IT and electronic information majors, including computer science and technology, software engineering, electronic information engineering, Internet of Things engineering, data science and big data, digital media technology, etc. The number of projects and students by major types is as follows:



– *Smart education platform and teaching resources*

In 2020, the Group sold 50 education and teaching products to 44 customers, of which practical teaching products such as practical curriculum platform and practical project training platform were highly recognised in the market. During the COVID-19 epidemic in 2020, three major online learning platform products of Neuedu including practical curriculum platform, were recognised by the MHRSS as “one of the first batch of 54 recommended online platforms for vocational training during the epidemic”.

– *Practical training laboratory solutions*

The first-generation cloud laboratory product we launched in 2020 received preliminary verification and praise from the market once it was launched. In 2020, we sold 14 laboratory products to 13 customers. In the future, we will expand the cloud-based experiment platform into more professional areas through iteration and additional investment in R&D, so as to empower cooperative colleges to carry out more effective experiment teaching.

In 2020, the smart education platform and teaching resources and the practical training laboratory solutions achieved a total revenue of approximately RMB41 million.

### ***1.4.3 Apprenticeship programme***

The apprenticeship programme enables students to obtain intensive training on real projects in a real corporate environment. We have established 12 off-campus execution centres for apprenticeship programme in 8 provinces or municipalities (of which 2 was added in 2020), which can accommodate approximately 6,000 students for participating in apprenticeship programme on site. In 2020, the number of students who participated in apprenticeship programme was 15,838; due to the COVID-19 epidemic, apprenticeship programme was mainly conducted through online modality in 2020, and 13,397 students were involved through online modality. Apprenticeship programme is an important part of our cooperation with colleges, and also a unique link of Neuedu. Its expansion provides an important step for business development. In the future, as the number of partner universities increase and students’ demand and willingness for off-campus training strengthen, we will also make appropriate planning for new execution centres of apprenticeship programme.

## **2 FINANCIAL REVIEW**

### **Revenue**

Our revenue increased by 14.8% from RMB958.2 million for the year ended 31 December 2019 to RMB1,100.0 million for the year ended 31 December 2020. Details of analysis are as follows:

- Revenue derived from our full-time formal higher education services increased by 9.3% from RMB733.5 million for the year ended 31 December 2019 to RMB801.6 million for the year ended 31 December 2020, primarily attributable to the increase number of students with formal education and the increase in tuition fees.

- Revenue derived from our continuing education services increased by 62.8% from RMB76.4 million for the year ended 31 December 2019 to RMB124.4 million for the year ended 31 December 2020, primarily due to our vigorous efforts to develop skills training for individual customers.
- Revenue generated from the education resources increased by 168.1% from RMB34.5 million for the year ended 31 December 2019 to RMB92.5 million for the year ended 31 December 2020, primarily attributable to our intensified efforts on expansion education resource provision business including joint establishment of academic majors and industrial colleges.
- Revenue generated from the apprenticeship programme decreased by 28.4% from RMB113.8 million for the year ended 31 December 2019 to RMB81.5 million for the year ended 31 December 2020, primarily attributable to the optimisation of our employee structure, in particular, our engineer team, to reduce cost. 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 drop in revenue from the apprenticeship programme. In order to increase our student training capacity and further improve the quality and effectiveness of our training, we applied Internet technologies in student training in our apprenticeship programme.

### **Cost of Revenue**

Cost of revenue increased by 6.9% from RMB635.2 million for the year ended 31 December 2019 to RMB678.9 million for the year ended 31 December 2020, which was the combined effect of (i) an increase in employee welfare expenses caused by business growth and the grant of share options; (ii) an increase in depreciation and amortisation expenses; and (iii) a decrease in office and travel expenses due to the influence of the epidemic.

### **Gross Profit**

Gross profit increased by 30.4% from RMB323.0 million for the year ended 31 December 2019 to RMB421.1 million for the year ended 31 December 2020, which was primarily attributable to the higher increase in revenue than the increase in cost.

### **Selling Expenses**

Selling expenses increased by 190.2% from RMB11.2 million for the year ended 31 December 2019 to RMB32.5 million for the year ended 31 December 2020, mainly due to the our greater efforts to develop the Two Complements business market.

### **Administrative Expenses**

Administrative expenses increased by 111.7% from RMB109.2 million for the year ended 31 December 2019 to RMB231.2 million for the year ended 31 December 2020. Such increase was primarily due to an increase in listing expenses and significant option costs incurred by the grant of share options.

## **Research and Development Expenses**

Research and development expenses increased by 62.7% from RMB20.4 million for the year ended 31 December 2019 to RMB33.2 million for the year ended 31 December 2020, primarily due to more investment in research and development of platform products and resources, laying foundation to the sustainable development of business in the future.

## **Other Income**

Other income increased by 44.9% from RMB71.5 million for the year ended 31 December 2019 to RMB103.6 million for the year ended 31 December 2020, primarily due to an increase in government grants and an increase in rental income from properties.

## **Net Other Gains**

Net other gains increased by 322.2% from RMB0.9 million for the year ended 31 December 2019 to RMB3.8 million for the year ended 31 December 2020, mainly due to the increase in gains on bank wealth management products.

## **Net Finance Expenses**

Net finance expenses increased by 89.9% from RMB36.7 million for the year ended 31 December 2019 to RMB69.7 million for the year ended 31 December 2020, mainly due to the foreign exchange losses arising from the depreciation of Hong Kong dollar owned by the Group (which are mainly the proceeds from the initial public offering of shares of the Company) against RMB.

## **Income Tax Expenses**

Income tax expenses increased by 41.7% from RMB24.0 million for the year ended 31 December 2019 to RMB34.0 million for the year ended 31 December 2020, primarily due to the increase in taxable profit during the Reporting Period.

## **Profit for the Year**

As a result of the foregoing, profit for the year decreased by 41.2% from RMB175.0 million for the year ended 31 December 2019 to RMB102.9 million for the year ended 31 December 2020.

Net profit attributable to owners of the Company decreased by 46.7% from RMB139.2 million for the year ended 31 December 2019 to RMB74.2 million for the year ended 31 December 2020.

## Adjusted Net Profit

For the year ended 31 December 2020, adjusted net profit was approximately RMB275.8 million, representing an increase of 40.9% as compared to last year. For the years ended 31 December 2020 and 31 December 2019, the adjusted net profit margin was 25.1% and 20.4%, respectively.

	For the year ended	
	31 December	
	2020	2019
	(RMB'000)	(RMB'000)
Profit for the year	102,936	175,015
Adjusted items:		
Share-based compensation expenses	111,144	–
Listing expenses	29,468	20,728
Net foreign exchange (gains)/losses	32,269	–
Adjusted net profit	<u>275,817</u>	<u>195,743</u>

## 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 31 December 2020, the issued share capital of the Company was HK\$133,333.44, and the number of issued ordinary shares was 666,667,200 of HK\$0.0002 each.

As at 31 December 2020, cash and cash equivalents of the Group amounted to approximately RMB1,426.1 million (31 December 2019: approximately RMB562.9 million). As at 31 December 2020, total bank borrowings of the Group amounted to approximately RMB1,153.3 million (31 December 2019: approximately RMB998.8 million). Borrowings were all denominated in Renminbi. 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.



## **Net Current Liabilities**

As of 31 December 2020, net current liabilities amounted to approximately RMB139.4 million (31 December 2019: RMB616.1 million). Such decrease was primarily due to: (i) an increase in cash and cash equivalents of RMB863.2 million, mainly caused by funds raised from the initial public offering of shares of the Company; (ii) an increase in contract liabilities of RMB130.1 million, mainly due to the increase in tuition fees and accommodation fees received by the Group in advance at the beginning of the school year; (iii) an increase in current bank borrowings of RMB175.2 million; and (iv) an increase in trade and other payables of RMB115.0 million.

As of 31 December 2020, the Group's current ratio (being current assets divided by current liabilities) was 0.92 (31 December 2019: 0.50).

## **Contingent Liabilities**

As of 31 December 2020, the Group did not have any unrecorded significant contingent liabilities or any material litigation against the Group.

## **Foreign Exchange Exposure**

The majority of the Group's revenue and expenditures are denominated in RMB. During the year ended 31 December 2020, 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 31 December 2020, the Group had bank borrowings of RMB428.9 million pledged by certain collection rights of tuition fees and boarding fees.

## **Gearing Ratio**

As at 31 December 2020, 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 67.5% (31 December 2019: 146.4%).

## **Capital Expenditures**

The capital expenditures of the Group for the year ended 31 December 2020 amounted to approximately RMB408.6 million, which was primarily related to the upgrade and expansion of our campuses.



## Material Acquisitions and Disposals

On 1 March 2020, we, through our subsidiary Dalian Education, acquired 90.91% equity interest in Tianjin Ruidao from Neusoft Holdings, for a consideration of approximately RMB362.8 million. Following the acquisition, Tianjin Ruidao became a subsidiary of our Group and its financial results were consolidated into the Company's financial accounts.

Save as disclosed above, the Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2020.

## Future Plans for Material Investments or Capital Assets

Save as disclosed in (i) section headed the "Future Plans and Use of Proceeds" of the Company's Prospectus dated 17 September 2020 and (ii) the potential acquisition announcement of the Company dated 19 November 2020, the Group did not have any other immediate plans for material investment or capital assets as of 31 December 2020.

### 3 EMPLOYEE AND REMUNERATION POLICY

We attach great importance to the supporting role of team structure and ability development for teaching development, academic research, and talent training, with a commitment to building a high-level, professional, application-oriented, and international faculty. Our aim is to continue hiring teachers with a strong command of academic knowledge and/or practical skills in their respective specialised areas who are open to innovative teaching methods and a caring heart towards students' well-being.

As of 31 December 2020, our three universities had 1,495 full-time teachers, of whom 86.5% had a master degree or Ph.D. degree, approximately 36.2% were professors or associate professors, approximately 22.7% had overseas studies and/or work experience, and approximately 43.6% had engineering practice experience. As of 31 December 2020, our three universities also had 805 part-time teachers. The following table sets forth the number of our teachers in each of our three universities for the school years indicated as of 31 December 2020:

University	Number of full-time teachers	Number of part-time teachers
Dalian University	576	384
Chengdu University	521	190
Guangdong University	398	231
Total	<u>1,495</u>	<u>805</u>

As of 31 December 2020, we had a total of 2,929 employees. Among them, 1,312 of our employees were based in Liaoning province, 586 of our employees were based in Sichuan province, and 627 of our employees were based in Guangdong province. The following table sets forth the total number of employees by function as of 31 December 2020:

<b>Function</b>	<b>Number of employees</b>	<b>% of total</b>
Full-time teachers <sup>(1)</sup>	1,575	53.8%
Engineers <sup>(2)</sup>	370	12.6%
Research and development personnel <sup>(2)</sup>	265	9.0%
Management and administrative staff <sup>(2)</sup>	555	18.9%
Sales and marketing personnel <sup>(2)</sup>	164	5.6%
<b>Total</b>	<b>2,929</b>	<b>100.0%</b>

*Notes:*

- (1) Include 1,495 full-time teachers in our three universities and 80 full-time teachers in the training business.
- (2) 190 of our engineers, research and development staff, and management and administrative staff also serve as part-time teachers in our schools. In addition, we have an additional 615 part-time teachers.

The Group believes that attracting, recruiting and retaining quality employees is essential to the success and sustainable development of the Group. The Group provides employees with a competitive remuneration package that is determined in accordance with prevailing industry practices and their educational background, experience and performance. Meanwhile, the Group participates in various employee social security plan managed by local governments for employees pursuant to applicable laws and regulations, including housing provident fund, pension insurance, medical insurance, maternity insurance, work injury insurance and unemployment insurance. In addition, the Group also provides employees with welfare benefits such as commercial insurance, corporate annuities, welfare physical examinations, and holiday gifts. For the year ended 31 December 2020, the total cost of employee remuneration of the Group (including directors' fees) was RMB572.1 million.

The Company adopted a Pre-IPO share incentive scheme on 19 June 2019 and a Post-IPO share incentive scheme on 11 September 2020 to motivate Directors and eligible employees. Details of such plans and the details of the options or incentive shares granted under such plans are set out in the section headed "Share Incentive Schemes" of the Appendix V to the Company's Prospectus. From the Listing Date to 31 December 2020, no share option under the Pre-IPO Share Incentive Scheme and the Post-IPO Share incentive Scheme has been exercised, lapsed or cancelled. Moreover, the Group provides employees with relevant training courses based on their personal career development.

## 4 THE IMPACT OF THE COVID-19 EPIDEMIC AND THE RESULTS WE ACHIEVED IN FIGHTING AGAINST THE COVID-19 EPIDEMIC

### 4.1 Challenges brought by the COVID-19 epidemic to the Group's development

The outbreak of the COVID-19 epidemic in 2020 brought challenges to the Group's operations. In 2020, all of the students of the three universities and eight training schools of the Group failed to resume offline learning, which, to some extent, had an effect on our business operations. The following table shows a time frame of the suspension of offline teaching of our three universities and eight training schools in 2020:

No.	University name	Time frame of being unable to return school
1	Dalian University	23 February 2020 to 29 August 2020
2	Chengdu University	28 February 2020 to 29 August 2020
3	Guangdong University	29 February 2020 to 17 August 2020

No.	Training school name	Time frame of the suspension of offline teaching
1	Dalian High-tech Zone Neusoft Training School Co., Ltd.	17 January 2020 to 20 July 2020 24 July 2020 to 17 August 2020 25 December 2020 to 31 December 2020
2	Tianjin Binhai Newtown Neusoft Ruidao Software Talent Vocational Training School	3 February 2020 to 20 June 2020
3	Shenyang Neusoft Software Talent Training School	17 January 2020 to 21 July 2020 30 December 2020 to 31 December 2020
4	Dalian Neusoft Software Talent Training Centre	17 January 2020 to 20 July 2020 24 July 2020 to 17 August 2020 25 December 2020 to 31 December 2020
5	Nanjing Neusoft Talent Training Centre	6 February 2020 to 5 July 2020
6	Qingdao West Coast New District Neusoft Ruidao Software Talent Training School	26 January 2020 to 5 June 2020
7	Guangzhou Neusoft Software Talent Vocational Training School	28 January 2020 to 9 June 2020
8	Qinhuangdao Neusoft Venture School	4 February 2020 to 1 September 2020

During the spring semester of the 2019/2020 school year, both full time students and continuing education students of our three universities failed to return school, and all courses were conducted online. In accordance with relevant regulations, for the twelve months ended 31 December 2020, we have returned to students boarding fees of RMB30.8 million. In addition, the three universities have incurred total expenses of approximately RMB1.2 million for epidemic prevention.

As the training schools were unable to conduct offline teaching, they lost a significant number of students who intended to register and participating in offline training, delayed or adjusted the scheduled 2B training program, and incurred costs in relation to the vacant training spaces. Meanwhile, due to the impact of the epidemic, most colleges and universities in China were closed in the first half of 2020, and even were locked down or under strict control in the second half of 2020 when they reopened, which affected our sales of training business and education resources business, and thus affected our business expansion.

## **4.2 Proactive response to the COVID-19 epidemic achieved remarkable results**

### ***4.2.1 Conducting online teaching in an effective way to achieve teaching goals***

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

During the epidemic, the three universities of the Group have successfully completed all teaching tasks of the spring semester of 2020 online based on the scheduled teaching plans.

As one of the first batch of colleges that initiated online teaching in Liaoning Province, Dalian University had all of its courses teaching online by fully leveraging on the construction results of blended teaching reform. With the online teaching operating smoothly, the overall work attendance of students reached above 99%, maintaining stable quality under the relevant normal teaching operation during the epidemic.

For Chengdu University, all courses (including laboratory courses) were taught online. Graduate students successfully completed their thesis defense online and student satisfaction ranked among the top universities in the province.

The proportion of online course offered by Guangdong University reached 100%. The online teaching operated smoothly, teachers get well prepared, achieving the same quality for online teaching and offline teaching. With an effective implementation of online learning, Guangdong University won 15 outstanding online teaching cases during the epidemic in Guangdong Province.

#### *– Continuing education and apprenticeship programme*

During the COVID-19 epidemic, based on the epidemic development and the latest policies of the local government, the training schools adjusted their teaching plans in time and had all training courses taught online during the epidemic. The number of online training classes of 2C training business was 70, covering 2,332 students; the number of projects implemented online of 2B training business throughout the year was 7, covering 612 trainees; the number of projects implemented in combination of online and offline approach was 7, covering 257 trainees; and apprenticeship programmes were mainly carried out online, and a total of 13,397 students participated in the apprenticeship programme through online.

Platforms used by online teaching mainly include streaming platform such as Dingding Classroom, QQ Live and Ketangpai, and self-developed platform for practice and training of Neuedu.

#### ***4.2.2 Sharing online platforms and resources which showed a high sense of social responsibility***

The COVID-19 epidemic has affected the traditional offline learning methods, however, online education has received unprecedented attention. As a leading IT higher education group in China, we opened our independently developed Neusoft MOOC Platform, Neusoft Practical Curriculum Platform and Neusoft Software Development Practical Training Platform to domestic universities for free during the epidemic. Approximately 300 higher education institutions with a total of approximately 87,000 registered users used our smart education platforms.

In addition, to implement the arrangements of Central Committee of CPC and the State Council, and further implement the Action Plan for Upgrading Vocational Skills “Internet + Plan for Vocational Skills Training”, the Ministry of Human Resources and Social Security recommended 54 online platforms to provide resources and services of online training for vocational skills for free during the COVID-19 epidemic prevention and control, and the Group was successfully recommended. As one of the platforms recommended by the MHRSS, we utilized our self-developed smart education platform to provide online vocational skills training services for tens of thousands of employees in 267 companies.

We were also recognised by CAETT as “Excellent Innovative Application Cases of Educational Technology in the Battle against the Pandemic” (“教育科技「戰疫」優秀創新應用案例”), and caring company for “suspending classes without stopping study and teaching” by National Joint Conference of Vocational education Information (全國職業教育信息化聯席會議).

In view of the implementation of the above plans, the management have assessed and reached a preliminary conclusion that for the year ended 31 December 2020 and up to the date of this announcement, the COVID-19 epidemic did not have an adverse impact on the financial condition of the Group. The Group will continue to monitor the developments of the COVID-19 outbreak, and proactively respond to its effect on the Group’s operation and financial condition, which will be reflected in 2021 interim and annual financial statement.

## 5. FUTURE PROSPECT

### 5.1 Market Analysis

#### *5.1.1 “IT+ healthcare technology” steady growth of higher education track.*

- The 14th Five-Year Plan for National Economic and Social Development of the People’s Republic of China and the Outline of the Vision 2035 (hereinafter referred to as the “14th Five-Year Plan”) proposed to increase the gross admission rate of higher education to 60%. Currently, the gross admission rate of higher education in China is 54.4%, which still has sufficient room for improvement from the goal.
- The sudden outbreak of COVID-19 in 2020 led to increasing employment pressure. Thus, the 2020 Government Work Report proposed that higher vocational colleges would expand their enrollment by 2 million within two years. Benefiting from junior college to bachelor degree transfer programme and enrollment expansion of higher vocational colleges under employment support scheme, the admission quota for higher education is expected to continue to grow steadily. According to the Frost & Sullivan report, the number of students in private colleges and universities in the PRC is expected to reach 8 million by 2023.
- With new breakthroughs in AI, big data, the Internet of Things and other new-generation information technologies, the digital economy is booming and the IT industry continues to receive government policy support. The 2021 government work report clearly states, “To accelerate the development of digitalization, create new advantages in the digital economy, collaborate to promote the transformation of digital industry and industry digitalization, and accelerate the pace of digital society construction”. As the scale of industry continues to expand and market demand continues to rise, the supply of digital IT professionals is outstripping demand. According to the “Planning Guide for the Development of Manufacturing Industry Talents (製造業人才發展規劃指南)”, the shortage of talents in the software and information technology services industry was expected to reach 9.5 million in 2025.
- “Comprehensive Health” has become a national strategy. The Frost & Sullivan Report shows that China’s demand for healthcare talents will reach 47,700,000 in 2023 and that the talent gap is expected to be 25,400,000. Favorable policies (including “comprehensive promotion of the construction of a healthy China”) supporting the rapid development promotes the demand for talents and increases salary level, thereby attracting more students to choose healthcare technology as their major and career choice. The total number of students will continue to rise.



### ***5.1.2 Strong demand for IT vocational skill training.***

- Driven by the new generation of technological revolution and industrial reform, a large number talents with high-quality, digital vocational skills will become significant support in promoting the sustainable and healthy development of the economy and society. Under the policies of improving the lifelong learning system and building a learning society, our IT vocational skills training, as an important portal connecting academic education and demands for IT industry talents, will further adapt to social development and we would develop various types of training to enhance the professionalism, practical ability and employment competitiveness of talents, providing a boost to the development of the industry.
- The overall market size of IT vocational skills training showed a trend of stepwise growth, benefiting from the rapid development of the downstream industry, the rapid iteration of technology updates and the strong demand for talents. According to a Frost & Sullivan report, China's IT vocational education and training market is expected to grow from RMB42.1 billion in 2019 to RMB72 billion in 2024, with a CAGR of 11.3% from 2019 to 2024.

### ***5.1.3 Larger market for IT value-added service.***

- With the rapid development of the IT industry, the requirements for employment in the industry are constantly increasing, requiring talent skills to match industrial technology. Currently, due to the lack of industry resource, colleges and universities are confronted with many problems in the construction of IT majors, such as unreasonable specialty setup and poor instructional resources and teacher resources. In this circumstance, colleges and universities cooperate with enterprises with strong industry background to conduct specialty co-construction, establish industry colleges or transform real industry projects into teaching cases, providing an important channel for students to improve professional skills and practical capabilities.
- As of 2019, among the 2,688 colleges and universities in China, more than 70% of them have IT-related majors, and there is a broad market for the joint construction of IT majors. According to the Frost & Sullivan report, the market size of IT value-added services (such as specialty co-construction, platform sharing, and teaching resource output) for various educational institutions and schools will increase from RMB6.6 billion in 2018 to RMB14.8 billion in 2023, with a CAGR of 17.5% from 2018 to 2023.

## 5.2 Government Policies

### *5.2.1 Continuous policy support to private higher education receives, and sufficient room for growth in both volume and price*

- As private higher education plays an increasingly important role in alleviating employment pressure, optimizing talent structure and improving the skill of labor force, the state gives more policy support to private higher education development.
- In August 2020, five departments including the MOE jointly issued the “Opinion on Further Strengthening and Standardizing the Charging Method of Education Fee” (《關於進一步加強和規範教育收費管理的意見》), requiring that the charging method of non-profit private schools shall be formulated by provincial government; the charging method of for-profit private schools shall be formulated by school and adjusted for market condition. Independent pricing mechanism is favorable for the private universities with strong school running strength and high-quality education, and accordingly increase in number of students and per capita tuition can be achieved.

### *5.2.2 The government subsidizes vocational skills training, and B/C-side training has a bright future*

- In May 2019, the State Council published “Action Plan for Vocational Skill Improvement (2019-2021)” (《職業技能提升行動方案(2019-2021)》), which proposes that from 2019 to 2021 actions shall be taken to upgrade vocational skill, improve the pertinence and effectiveness of training so as to comprehensively improve workers vocational skills and employment and entrepreneurship capabilities. Subsidized vocational skills training reached to more than 50 million people in three years.
- The 2021 Government Work Report once again proposed to “broaden the usage of vocational skills training funds, the development of large-scale, multi-level vocational skills training, to complete vocational skills upgrading and higher vocational expansion of the three-year action goal, and to build a number of highly skilled personnel training sites.” The state is committed to promoting a completed system of lifelong skills training, continuing to carry out vocational skills training on a large scale and other related favorable policies, providing strong policy support for commissioned training for B-side customers and vocational skills training for C-side individuals.



### ***5.2.3 The state promotes the sharing of high-quality educational resources and intensifies the construction of training bases.***

- Due to the continuous impact of the COVID-19 epidemic on higher education, the advantages of online education have become increasingly prominent, and the state has vigorously advocated mixed education and the construction of online education resources. In July 2020, the “Opinions on Supporting the Healthy Development of New Business Forms and New Models to Activating the Consumer Market and Driving Employment Expansion” (《關於支持新業態新模式健康發展激活消費市場帶動擴大就業的意見》) jointly issued by the National Development and Reform Commission and other 13 departments, clearly emphasizes the establishment of a normalized integrated development mechanism for online and offline education and permits to purchase and appropriately use qualified society and market-oriented excellent online course resources; meanwhile, the 2021 Government Work Report proposes the promotion of open education resources for high-level universities, which provide a favorable policy opportunity to promote the sharing of high-quality education resources.
- In December 2020, the National Development and Reform Commission issued the “Guiding Opinions on Promoting the Co-construction and Sharing of Public Training Bases” (《關於推動公共實訓基地共建共享的指導意見》) to encourage localities to coordinate various types of funds, increase support for the construction of public training bases, and promote the co-construction and sharing of vocational skills training resources, facilitating the large-scale development of vocational skills training; the “14th Five-Year Plan” restates the construction of a batch of public training bases and industry-education integration bases, and promotes the co-construction and sharing of training resources, which have laid a solid policy foundation for the development of diversified practical trainings.

## **5.3 Development Strategy**

As a leader in private IT higher education in China, we have formed a proven education methodology and education and teaching resources. The students we trained have innovative thinking and strong practical ability, which has enabled the three universities to win sound brand reputation.

In the context of the accelerating the development of digital economy and digital society construction, continuous construction of high-quality education systems, and enhancing the capability of education to serve economic and social development at the national level, we will:

- Led by first-class education research, further promote the iterative innovation of TOPCARES featured education approach of Neuedu;

- Supported by first-class scientific and technology research and development, deepen the integration of education and regional economy, industry, and information technology;
- Driven by product development that closely follows market needs, continue to consolidate and improve the quality and core competitiveness of education resources and products;
- Guaranteed by the centralised management model featuring digitization, intelligence, and high-efficiency, boost the coupling and interaction of the “One Core with Two Complements” business, and further expand the brand influence, creating a new ecosystem in which key stakeholders are enabled to enjoy common development, shared growth and win-win scenario.

Based on our continuous tracking of the national education policy and our positive judgment on the education market in the field of “IT + healthcare technology”, we intend to adopt the following strategies/plans for each business segment:

### ***5.3.1 Educational Research and Technology R&D Strategy***

Facing the challenges and opportunities brought by the digital and intelligent transformation of higher education in the PRC, we will firmly promote the “education + technology” research and development strategy, and continue to invest more in research and development funding and personnel. With consistent research and exploration and relying on scientific and technical means and teaching methods innovation, we expect to build our core competitive advantage, taking the lead in and empowering a new round of education reform.

#### *Educational Research*

We will intensify our efforts to promote the iterative update of TOPCARES featured education approach of Neuedu through systematic research in the field of education technology and learning science. We continue to optimise and develop new education philosophy, approaches, models, systems and standards, and pay close attention to methods and channels of information technology and education integration, providing strong education theoretical support for technological studies and product development.

#### *Technical Research and Development*

We will focus on the development trend of smart education in the future, and comprehensively promote the research and development and application of emerging cutting-edge technologies in the field of education such as artificial intelligence, big data, and virtual reality; continue to make key core technology breakthroughs in the learning difficulties in the digital environment such as intelligent guidance, dialogue robots, user portraits, blind spot detection, intelligent evaluation, state perception, behavior diagnosis, virtual experiments, etc., establishing a same-frequency linkage relationship with product research and development which is strong coupling and interactive.

### *Product Research and Development*

We will accommodate to the national strategy of education modernization and the application scenarios of future education, and precisely design and make ahead planning for the innovative form of future education products with the full support from our latest achievements in education research and scientific and technological research. We work to carry out a comprehensive optimisation and reorganisation for existing products, and seek to build a systematic education product and teaching resources covering three levels of teaching management, teaching operation and teaching practice. We are committed to the simultaneous building of a smart education data management platform and an automated teaching resource management platform, and focus on the research and development of integrated intelligent hybrid teaching platform products, digital real-time teaching management evaluation products, and digital advanced professional experimental practice products. In coordination with the efforts from three universities of Neusoft to accelerate the verification and export of high-quality supporting teaching resources, we endeavor to build a digital and intelligent education ecological product system based on platforms, data and resources for all professional fields and all teaching scenarios.

#### **5.3.2 “One Core with Two Complements” Business Development Strategy**

##### *Full-time Formal Higher Education Service*

- Based on our TOPCARES featured education approach, we will take the promotion of students’ comprehensive development as the orientation, adopt an education model that is closely integrated with the needs of the industry, and use intelligent teaching platform to promote the upgrade of the blended education model.
- Supported by the approved 4 national-level, 18 provincial-level first-class bachelor degree programmes, and 56 first-class bachelor degree courses, we will continue to improve the quality of courses, projects, activities, laboratories, graduation projects, innovation and entrepreneurship, developing our three universities into “IT Demonstration Universities” and “Brand Universities”.
- We will add more new majors in the field of “IT+ healthcare technology” that are in high demand, and apply for more capacity to further consolidate our leadership in this field.
- We set to continuously optimise our pricing strategy, and regularly review the charging levels of the three universities based on the regional economic and social development level, service demand, education and training costs, and regulatory environment, and increase the pricing standards in a timely manner to achieve an increase in both quality and price.

- By upgrading existing school facilities and expanding campuses, we are committed to improving the conditions of three universities to enhance students' learning experience, to expand development space for high-quality school-running. We will also explore and expand the school network, and empower our universities move forward to a new stage of higher level and faster development through management and operation which is group-based, large-scale and refined.

#### *Continuing Education Services*

- As the dual promotion of “education + skills” has gradually become a rigid demand in society, with excellent teaching reputation of full-time formal higher education and strong brand awareness, our continuing education services will rapidly expand to a wider range of customer base, fully utilise the advantages of online education, continue to promote online-offline integration, and contribute to build a learning society in ways that expand the revenue of the Group.
- **In terms of the formal higher continuing education business**, guided by market demand, we will achieve solid growth in business scale through further adjustment of professional settings, timely update of teaching content, strengthening of teaching quality control, multiple guarantees for training and employment, and simultaneous online and offline enrollment.
- **In terms of short-term training for institutional clients**, we fully leverage dividend policies to make active applications for more training base qualifications and develop high-quality training products. We promote the expansion and upgrade of corporate training by taking the professional skills improvement project as the starting point; using teacher corporate practice as the starting point to increase the scale of entrusted training by colleges and universities; taking the 100th anniversary of the founding of the communist party of China as an opportunity to develop professional training and party building training for government departments.
- **In terms of short-term training for individual customers**, we will launch products aimed at enhancing skills of pan-IT professional trainees and products aimed at helping non-IT professional trainees to quickly get start in IT industry. We implement the training model of “teaching online and practicing offline” to gradually realise the transfer of offline training to online, and forge a closed-loop teaching of “teaching, learning, practicing, testing, and evaluating”. Through the combination of online and offline, we provide students with a more flexible and diversified learning experience, use high-quality employment to boost the reputation of students, and provide life-long education services for a wider range of people.

### *Education Resources and Apprenticeship Programmes*

- Through the “3+N” business model which is asset-light, O2O, replicable and high-growth, we will break through the existing foundation of “three” universities of Neuedu in physical space and enrollment limits, and make full use of the real estate, faculty, equipment and campus of the “N” partner colleges; through diversified cooperation methods such as joint establishment of academic majors and industrial colleges, to export first-class education products and services, and realize the continuous expansion of education scale.
- We provide high-quality education resources through online and offline forms, and continue to expand the scope of education value-added services, and to utilise big data technology to make our delivery of education resources more detectable, measurable and evaluable, in ways that promote the synchronous progress and deep integration of online and offline ways, thus satisfying the diverse needs of higher education institutions.
- We endeavor to further geographically broaden the sales network, improve sales capabilities, expand brand awareness and coverage of high-quality education resources.
- We will intensify appropriate deployment and the optimise of apprenticeship programme and attract more higher education institutions to cooperate with us, enabling us to build a talent supply ecosystem that benefits schools, enterprises, students and the government.

## USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING OF THE COMPANY

The Shares of the Company have been listed on the Main Board of the Stock Exchange as at 29 September 2020. The net proceeds from the IPO are approximately HK\$924.2 million (equals to approximately RMB777.5 million), which are intended to be used for the purposes set out in the Prospectus.

We intend to use the net proceeds we will receive from the Global Offering for the following purposes:

	<b>% of net proceeds</b>	<b>Net proceeds from the IPO <i>HK\$ million</i></b>	<b>Net proceeds from the IPO <i>RMB million</i></b>	<b>Utilised amount as of 31 December 2020 <i>RMB million</i></b>	<b>Unutilised amount as of 31 December 2020 <i>RMB million</i></b>	<b>Expected timeline for fully utilising unutilised amount</b>
Upgrading our existing school facilities and expanding our campus	51%	475.0	399.6	18.1	381.5	2021
Acquisition of other schools	21%	190.0	159.9	–	159.9	2022 to 2024
Repay commercial loans	18%	164.2	138.1	15.0	123.1	2021
Supplement working capital	10%	95.0	79.9	0.8	79.1	2021
<b>Total</b>	<b>100%</b>	<b>924.2</b>	<b>777.5</b>	<b>33.9</b>	<b>743.6</b>	

*Note:* The amount of the net proceeds from the IPO has been confirmed after the lapse of the over-allotment option, which is slightly different from the estimated one disclosed in the Company's interim report published on 29 September 2020.

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

Neither the Company nor its any subsidiaries purchased, sold or redeemed any listed securities of the Company during the period from the Listing Date to 31 December 2020.

## **PRE-EMPTIVE RIGHTS**

There are no provisions for pre-emptive rights under the Articles of Association, or the laws of Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to its existing Shareholders.

## **ANNUAL GENERAL MEETING**

The forthcoming annual general meeting will be held on 25 May 2021. Notice of the convening annual general meeting will be published and issued to the shareholders in due course.

## **FINAL DIVIDENDS**

The Board has resolved to recommend the payment of a final dividend per share of HK2.7 cents for the year ended 31 December 2020 to shareholders whose names appear on the register of members of the Company on 2 June 2021. The final dividend is subject to the approval of the Shareholders at the annual general meeting to be held on 25 May 2021, if approved, it will be paid in cash on or around 17 June 2021.

## **CLOSURE OF REGISTER OF MEMBERS**

### **Entitlement to attend and vote at the annual general meeting**

For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from Tuesday, 18 May 2021 to Tuesday, 25 May 2021, both days inclusive, during which period no transfer of Shares can be registered. In order to be eligible to attend and vote at the annual general meeting, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Monday, 17 May 2021.

### **Entitlement to the proposed final dividend**

For determining the shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed from Monday, 31 May 2021 to Wednesday, 2 June 2021, both days inclusive, during which period no transfer of Shares can be registered. In order to establish entitlements to the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Friday, 28 May 2021.



## **PUBLIC FLOAT**

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, during the year ended 31 December 2020 and as of the date of this announcement, at least 25% of the total issued shares of the Company are held by the public, which is in compliance with the public float requirements as stipulated in the Listing Rules.

## **CORPORATE GOVERNANCE**

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 all 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 of the Stock Exchange.

During the period from the Listing Date to 31 December 2020 (the "**Relevant Period**"), except for the deviations noted below, the Company has complied with the code provisions of the CG Code and, where appropriate, adopted the recommended best practices as set out in the CG Code. The Company will continue to review and monitor its corporate governance practices to ensure the compliance with the CG Code.

### **(a) CG Code A.1.1**

Under the CG Code A.1.1, the Board should meet regularly and the board meetings should be held at least four times a year at approximately quarterly intervals. It is expected regular board meetings will normally involve the active participation, either in person or through electronic means of communication, of a majority of Directors entitled to be present. As (i) the Directors regularly communicated on different matters regarding the Company before the Listing; (ii) on 23 September 2020, the Company held a board meeting in ways of on-site and video conference to review the interim financial information and the interim report of the Company prior to the Listing; and (iii) there was only a short timeframe for the Relevant Period, the Company did not hold four regular board meetings during the Relevant Period. In the financial year of 2021, the Company will hold at least four regular board meetings.

### **(b) CG Code A.5.2**

According to the CG Code A.5.2 and the terms of reference of the Nomination Committee, the Nomination Committee should review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy. As (i) there has been discussion among Directors on the relevant matters prior to the Listing of the Company; and (ii) there was only a short timeframe for the Relevant Period, there was no meeting convened by the Nomination Committee during the Relevant Period. In the financial year of 2021, the Nomination Committee will hold one meeting to review and discuss the matters stated in the terms of reference of the Nomination Committee.



**(c) CG Code B.1.2**

Pursuant to the CG Code B.1.2 and the terms of reference of the Remuneration Committee, the Remuneration Committee should make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy. As (i) there has been discussion among Directors on the relevant matters prior to the Listing of the Company; and (ii) there was only a short timeframe for the Relevant Period, there was no meeting convened by the Remuneration Committee during the Relevant Period. In the financial year of 2021, the Remuneration Committee will hold one meeting to review and discuss the matters stated in the terms of reference of the Remuneration Committee.

**MODEL CODE FOR SECURITIES TRANSACTIONS**

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 required standard set out in the code of conduct and the Model code throughout the year ended 31 December 2020. The Company has been notified by Dr. Liu Jiren (a non-executive Director of the Company) that he is deemed to be interested in Shares held by Neusoft Holdings, which acquired 1,454,500 shares (representing approximately 0.217% of the total issued share capital of the Company at the time) through its wholly-owned subsidiary during the black-out period prior to the publication of the annual results of the Company. Therefore, Dr. Liu Jiren did not strictly comply with paragraphs A.3(a), A.6 and B.8 of the Model Code in respect of the aforesaid share purchases.

In light of the aforesaid and in order to prevent potential breaches in the future, the Company has taken various measures, including (i) reiterating and reminding the Directors from time to time in respect of the relevant rules and requirements in relation to Directors' dealing in securities, (ii) providing enhanced trainings to Dr. Liu Jiren and relevant executives at Neusoft Holdings in relation to the Model Code and relevant internal regulations, and (iii) strengthen the internal control procedures in order to ensure the compliance of the code of conduct and the Model Code.

**COMPLYING WITH RELEVANT LAWS AND REGULATIONS**

For the year ended 31 December 2020, the Group has complied with relevant laws and regulations that have a significant impact on the Group.

## **AUDIT COMMITTEE AND REVIEW OF ANNUAL FINANCIAL INFORMATION**

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and conducted discussions in respect of audit, internal control and financial reporting matters. The Audit Committee, together with the Board and external auditor, have reviewed the Group's audited consolidated financial statements for the year ended 31 December 2020.

## **SCOPE OF AUDITOR'S WORK ON ANNUAL RESULTS ANNOUNCEMENT**

The figures contained in this announcement of the Group's consolidated results for the year ended 31 December 2020 have been agreed by PricewaterhouseCoopers, the Company's auditor (the "**Auditor**"), to the figures set out in the audited consolidated financial statements of the Group for the year ended 31 December 2020. The Auditor performed this work in accordance with Hong Kong Standard on Related Services 4400 "Engagements to Perform Agreed Upon Procedures Regarding Financial Information" and with reference to Practice Note 730 (Revised) "Guidance for Auditors Regarding Preliminary Announcements of Annual Results" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). The work performed by the Auditors in this respect does not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements, or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by the Auditor on this announcement.

## **MAJOR EVENTS AFTER THE REPORTING PERIOD**

On 25 February 2021, Dalian Sidi Technology Development Co., Ltd. and Dalian Xindi Technology Development Co., Ltd. (each of them is the domestic wholly-owned subsidiary of the Company) entered into an equity transfer agreement with PICC Life Insurance Company Limited and PICC Health Insurance Company Limited, respectively, pursuant to which, Dalian Sidi Technology Development Co., Ltd. purchased 8.4% of the equity interest of Neusoft Ruixin (a subsidiary of the Company) held by PICC Life Insurance Company Limited and Dalian Xindi Technology Development Co., Ltd. purchased 4.85% of the equity interest of Neusoft Ruixin held by PICC Health Insurance Company Limited. Details are set out in the announcement issued by the Company on 25 February 2021.

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

This annual results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company (<https://www.neuedu.com/>). The annual report of the Group for the year ended 31 December 2020 will be available on the above websites of the Stock Exchange and the Company and despatched to shareholders of the Company in due course.

## DEFINITIONS

“%”	per cent
“Adjusted Net Profit”	a non-IFRS measure that eliminates the effect of certain non-recurring items from our profit for the year. See “Financial Information — Non — IFRS Measure”
“Articles” or “Articles of Association”	the articles of association of our Company conditionally adopted on 11 September 2020 with effect from the Listing Date, as amended from time to time, a summary of which is set out in “Summary of the constitution of our Company and Cayman Companies Law” in Appendix IV to the Prospectus dated 17 September 2020
“Audit Committee”	the audit committee of the Board
“Board”	the board of directors of the Company
“Chengdu University”	Chengdu Neusoft University (成都東軟學院), established in 2003, and one of the higher education schools operated by the 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
“Dalian Education”	Dalian Neusoft Education Technology Group Co. Limited (大連東軟教育科技集團有限公司, formerly known as 東軟教育科技(大連)有限公司), a company incorporated under PRC Laws on 3 August 2018 and a wholly-owned subsidiary of Neusoft Ruixin
“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 the Group
“Dalian Yunguan”	Dalian Yunguan Information Technology Co. Ltd., a company incorporated under PRC Laws on 19 February 2013 and a wholly-owned subsidiary of Neusoft Ruixin
“Director(s)”	the director(s) of the Company

“Dr. Liu” or “Chairperson”	LIU Jiren (劉積仁), the Chairperson, Director and a core founding member of the Group
“Frost & Sullivan”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent market research and consulting company
“Frost & Sullivan Report”	an industry report prepared by Frost & Sullivan which was commissioned by us in relation to, among other things, the private higher education industry in the PRC
“Global Offering”	the Hong Kong Public Offering and the International Offering
“Neuedu”, “Group”, “we”, “us”, or “our”	The Company, its subsidiaries and 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
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong dollars” or “HK dollars” or “HK\$”	the current lawful currency of Hong Kong
“Neusoft Ruixin”	Dalian Neusoft Ruixin Technology Development Co. Limited (大連東軟睿新科技發展有限公司), a company incorporated under PRC Laws on 17 May 2019 and a joint venture owned by our Company (as to 80.82%) and the minority JV shareholders including PICC Life Insurance Company Limited (中國人民人壽保險股份有限公司), Northeastern University Science & Technology Industry Group Co., Ltd. (東北大學科技產業集團有限公司), and PICC Health Insurance Company Limited (中國人民健康保險股份有限公司) (as to 19.18%)
“Laws”	means 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 the SFC) 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 the Company’s Shares are listed and from which dealings therein 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 exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with GEM of the Stock Exchange
“Ministry of Education” or “MOE”	Ministry of Education of the People’s Republic of China (中華人民共和國教育部)
“NDRC”	National Development and Reform Commission of the PRC (中華人民共和國國家發展與改革委員會)
“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 our Operating Entity
“Nomination Committee”	the nomination committee of the Board
“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

“Remuneration Committee”	the remuneration committee of the Board
“Reorganisation”	The Group’s reorganisation in preparation for the Listing, as described in “History, Reorganisation and corporate structure – Reorganisation” to the Prospectus of the Company dated 17 September 2020
“Reporting Period”	the year ended 31 December 2020
“RMB” or “Renminbi”	Renminbi, the current lawful currency of China
“Shanghai Ruixiang”	Shanghai Ruixiang Information Technology Co., Ltd., a company incorporated under PRC Laws on 14 April 2017 and a wholly-owned subsidiary of Neusoft Ruixin
“Share(s)”	ordinary share(s) in the share capital of our Company, currently with a par value of HK\$0.0002 each
“Share Incentive Scheme”	Pre-IPO Share Incentive Scheme and Post-IPO Share Incentive Scheme or any of them
“Shareholder(s)”	holders of our Shares or any one or more of the holders
“State Council”	State Council of the PRC (中華人民共和國國務院)
“subsidiary” or “subsidiaries”	“subsidiary” or “subsidiaries”
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tianjin Ruidao”	Tianjin Neusoft Ruidao Education Information Technology Co., Ltd. (天津東軟睿道教育信息技術有限公司), a company incorporated under PRC Laws on 22 March 2012 and a non-wholly owned subsidiary of Dalian Education

## **APPRECIATION**

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

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

Hong Kong, 29 March 2021

*As at the date of this announcement, the board of directors comprises Dr. WEN Tao as executive director; Dr. LIU Jiren, Mr. RONG Xinjie, Dr. YANG Li, Dr. ZHANG Yinghui and Mr. Klaus Michael ZIMMER as non-executive directors; and Dr. LIU Shulian, Dr. QU Daokui and Dr. WANG Weiping as independent non-executive directors.*