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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 2021

The Board of the Company is pleased to announce the annual results of the Group for the year ended 31 December 2021.

HIGHLIGHTS	For the year ended 31 December			
	2021 <i>(RMB'000)</i>	2020 <i>(RMB'000)</i>	Change <i>(RMB'000)</i>	Percentage of change
Revenue	1,363,126	1,100,011	263,115	23.9%
Gross profit	591,430	421,088	170,342	40.5%
Profit for the year	301,220	102,936	198,284	192.6%
Profit for the year attributable to owners of the Company	284,222	74,246	209,976	282.8%
Adjusted net profit (note)	328,132	275,817	52,315	19.0%
Adjusted net profit attributable to owners of the Company	309,320	225,930	83,390	36.9%
Gross profit margin	43.4%	38.3%	5.1%	13.3%
Adjusted net profit margin	24.1%	25.1%	-1.0%	-4.0%
Basic earnings per share (in RMB)	0.43	0.14	0.29	207.1%
Dividend per share <i>(final dividend) (HK cents)</i>	14.1	2.7	11.4	422.2%
<i>Note:</i>				
For the year ended 31 December 2021, the adjusted net profit is the profit for the year after deducting the effect of (i) share-based compensation expenses of RMB18,444,000; and (ii) net exchange loss of RMB8,468,000.				
For the year ended 31 December 2020, the adjusted net profit is the profit for the year after deducting the effect of (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.				

The Board is pleased to announce the audited consolidated annual results of the Group for the year ended 31 December 2021 together with the comparative figures as follows:

CONSOLIDATED INCOME STATEMENT

	<i>Note</i>	Year ended 31 December	
		2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Revenue	3	1,363,126	1,100,011
Cost of revenue	6	(771,696)	(678,923)
Gross profit		591,430	421,088
Selling expenses	6	(38,394)	(32,473)
Administrative expenses	6	(144,687)	(231,232)
Research and development expenses	6	(46,105)	(33,215)
Net impairment losses on financial assets		(75)	(999)
Other income	4	112,744	103,606
Other expense	5	(32,892)	(23,918)
Other gains-net		4,154	3,764
Operating profit		446,175	206,621
Finance income	7	9,488	4,665
Finance expenses	7	(76,838)	(74,320)
Finance expenses — net	7	(67,350)	(69,655)
Profit before income tax		378,825	136,966
Income tax expense	8	(77,605)	(34,030)
Profit for the year		301,220	102,936
Profit attributable to:			
— Owners of the Company		284,222	74,246
— Non-controlling interests		16,998	28,690
		301,220	102,936
Earnings per share attributable to owners of the Company (expressed in RMB per share)			
Basic earnings per share	10	0.43	0.14
Diluted earnings per share	10	0.41	0.14

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the year	301,220	102,936
Other comprehensive income/(loss)		
<i>Items that may be reclassified to profit or loss</i>		
Revaluation gains arising from transfer of property, plant and equipment and right-of-use assets to investment properties	<u>6,722</u>	<u>—</u>
<i>Items that will not be reclassified to profit or loss</i>		
Exchange differences on translation	<u>194</u>	<u>(782)</u>
Other comprehensive income/(loss) for the year	<u>6,916</u>	<u>(782)</u>
Total comprehensive income for the year	<u>308,136</u>	<u>102,154</u>
Total comprehensive income attributable to:		
— Owners of the Company	291,138	73,464
— Non-controlling interests	<u>16,998</u>	<u>28,690</u>
	<u>308,136</u>	<u>102,154</u>

CONSOLIDATED BALANCE SHEET

		As at 31 December	
	Note	2021	2020
		RMB'000	RMB'000
Assets			
Non-current assets			
Investment Properties		179,100	—
Right-of-use assets		658,298	663,286
Property, plant and equipment	11	2,684,499	1,543,474
Intangible assets		292,388	300,828
Deferred income tax assets		34,691	33,353
Prepayments, deposits and other receivables		58,050	11,500
Total non-current assets		3,907,026	2,552,441
Current assets			
Inventories		4,918	8,449
Trade and notes receivables	12	30,408	23,333
Prepayments, deposits and other receivables		94,130	57,442
Financial assets at fair value through profit or loss		134,565	35,233
Restricted cash		2,540	4,119
Cash and cash equivalents		1,228,478	1,426,063
Total current assets		1,495,039	1,554,639
Total assets		5,402,065	4,107,080
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital		117	117
Share premium		2,915,130	2,919,030
Reserves		(1,961,446)	(1,598,071)
Retained earnings		544,474	277,171
Subtotal		1,498,275	1,598,247
Non-controlling interest		8,624	193,045
Total equity		1,506,899	1,791,292

		As at 31 December	
	<i>Note</i>	2021	2020
		RMB'000	RMB'000
Liabilities			
Non-current liabilities			
Trade and other payables	13	675	675
Borrowings	14	1,930,676	504,881
Deferred tax liabilities		41,253	42,408
Lease liabilities		39,236	46,302
Deferred income		33,598	27,517
		<u>2,045,438</u>	<u>621,783</u>
Total non-current liabilities			
Current liabilities			
Trade and other payables	13	715,153	341,540
Current income tax liabilities		58,076	26,407
Contract liabilities	15	769,183	619,510
Borrowings	14	236,493	648,383
Lease liabilities		9,694	10,131
Deferred income		61,129	48,034
		<u>1,849,728</u>	<u>1,694,005</u>
Total current liabilities			
Total liabilities			
		<u>3,895,166</u>	<u>2,315,788</u>
Total equity and liabilities			
		<u>5,402,065</u>	<u>4,107,080</u>

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 the offices of 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**”).

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 and investment properties.

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 or after 1 January 2021 and are applicable for the Group:

- Amendments to IFRS 16 on Covid-19 Related Rent Concessions
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 on Interest Rate Benchmark Reform Phase 2

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 2021, and have not been early adopted by the Group:

		Effective from annual period beginning on or after
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	Onerous Contract — Cost of Fulfilling a Contract	1 January 2022
Annual improvements to IFRS standards 2018–2020	IFRS 1, IFRS 9, IFRS 16, and IAS 41	1 January 2022
IFRS 17	Insurance Contracts	1 January 2023
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023
Amendments of IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	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	
	2021	2020
	RMB'000	RMB'000
Full-time formal higher education services	1,025,205	801,616
— Tuition fees	935,359	755,279
— Boarding fees	88,371	44,320
— Rental income of telecommunication device	1,475	2,017
Continuing education services	132,645	124,359
Education resources and apprenticeship programme	205,276	174,036
— Education resources	140,138	92,518
— Apprenticeship programme	65,138	81,518
	<u>1,363,126</u>	<u>1,100,011</u>

4. OTHER INCOME

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Rental income from properties	37,382	31,398
Property service and management income	24,067	18,359
Government grants and subsidies	32,981	43,126
Development of software system technology	15,768	9,918
Interest income from loan to related parties and third party	53	61
Others	2,493	744
	<u>112,744</u>	<u>103,606</u>

5. OTHER EXPENSES

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Depreciation of property, plant and equipment	7,592	6,755
Property maintenance and fire protection expenses	6,775	5,599
Development of software system technology expenses	12,619	6,992
Utilities expenses	4,065	3,018
Employee benefit expenses	791	536
Amortization of land use rights and intangible assets	922	884
Others	128	134
	<u>32,892</u>	<u>23,918</u>

6. EXPENSES BY NATURE

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Employee benefit expenses	555,289	571,516
Depreciation and amortization expenses	138,982	132,211
Property management, landscaping and maintenance expenses	53,288	47,082
Office and utilities expenses	107,917	76,160
Rental expense	40,805	43,907
Cost of goods sold	27,327	10,718
Subcontract cost	25,963	27,683
Taxes and fees	8,709	7,652
Auditors' remuneration	4,050	3,800
Consulting and professional fees	3,064	1,496
Listing expenses	—	29,468
Others	35,488	24,150
	<u>1,000,882</u>	<u>975,843</u>

7. FINANCE INCOME AND EXPENSES

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Finance income		
Interest income from deposits	<u>9,488</u>	<u>4,665</u>

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Finance expenses		
Interest expenses from bank	(92,133)	(51,729)
Interest expenses from leasing	(2,471)	(2,798)
Interest expenses from related party	(1,414)	—
Other charges	(336)	(347)
Net foreign exchange losses	(8,468)	(32,269)
Less: Amount capitalized	<u>27,984</u>	<u>12,823</u>
	<u>(76,838)</u>	<u>(74,320)</u>
Finance expenses — net	<u>(67,350)</u>	<u>(69,655)</u>

8. INCOME TAX EXPENSE

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Current tax on profits for the year	82,339	36,987
Deferred income tax	(4,734)	(2,957)
	<u>77,605</u>	<u>34,030</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:

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Profit before income tax	378,825	136,966
Tax calculated at a taxation rate of 25%	94,706	34,242
The impact of preferential tax rate	(34,533)	(34,969)
Expenses and losses not deductible for tax purposes	5,813	31,860
Tax losses for which no deferred tax assets was recognised	8,861	10,126
Non-taxable income	(1,381)	(3,075)
Utilisation of previously unrecognised tax losses	(3,623)	(4,154)
PRC withholding tax	8,205	—
Others	(443)	—
Tax charge	<u>77,605</u>	<u>34,030</u>

(i) Cayman Islands profits tax

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

(ii) British Virgin Islands profit tax

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

(iii) Hong Kong profit tax

No provision for Hong Kong profit tax was provided as the Company and the Group did not have assessable profits in Hong Kong during the 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 (the "CIT Law"), 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%.

Except for dividends declared amounted to RMB80,820,000 by Neusoft Ruixin to Neusoft Education (HK) Co. Limited on 31 December 2021, 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 the year.

(vi) *Preferential EIT rate*

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

- Dalian Yunguan Information Technology Co., Ltd. is qualified as high-tech enterprise in 2020. It is subject to an EIT rate of 15% for the years ended 31 December 2021 and 2020.
- Shanghai Ruixiang Information Technology Co., Ltd. is exempt from EIT for two years since 2017, followed by a 50% reduction in the statutory income tax rate of 25% for the next three years from 2019 to 2021. It is subject to an EIT rate of 12.5% for the years ended 31 December 2021 and 2020.
- Dalian Education is exempt from EIT for two years since 2019, followed by a 50% reduction in the statutory income tax rate of 25% for the next three years from 2021 to 2023. It is subject to an EIT rate of 12.5% and 0% for the years ended 31 December 2021 and 2020.
- The subsidiaries of Tianjin Neusoft Ruidao Education Information Technology Co., Ltd. are small low-profit enterprises, followed by a reduced tax rate of 20% for the year ended 31 December 2021.
- Suzhou Neusoft Technology Development Co., Ltd. is a small low-profit enterprise, followed by a reduced tax rate of 20% for the year ended 31 December 2021.
- Chengdu Neusoft Education Technology Group Co., Limited is a small low-profit enterprise, followed by a reduced tax rate of 20% for the year ended 31 December 2021.
- Dalian Technology is a small low-profit enterprise, followed by a reduced tax rate of 20% for the year ended 31 December 2021.
- Nanjing Ruidao Digital Technology Co., Ltd. is a small low-profit enterprise, followed by a reduced tax rate of 20% for the year ended 31 December 2021.
- Huzhou Ruidao Digital Technology Co., Ltd. is a small low-profit enterprise, followed by a reduced tax rate of 20% for the year ended 31 December 2021.
- Putian Neusoft Digital Technology Lab Co., Ltd. is a small low-profit enterprise, followed by a reduced tax rate of 20% for the year ended 31 December 2021.
- Zhengzhou Neusoft Ruidao Digital Technology Co., Ltd. is a small low-profit enterprise, followed by a reduced tax rate of 20% for the year ended 31 December 2021.
- Chengdu Ruixiang Skill Training School Co., Ltd. is a small low-profit enterprise, followed by a reduced tax rate of 20% for the year ended 31 December 2021.

9. DIVIDENDS

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

The dividends amounting to RMB13,265,000 (HKD 0.027 per share) were paid during the year ended 31 December 2021.

A dividend in respect of the year ended 31 December 2021 of HKD0.141 per share, in an aggregate amount of approximately HKD94,436,000 (equivalent to RMB77,211,000) has been proposed by the Directors of the Company and is subject to the approval by the Shareholders in the forthcoming annual general meeting to be held on 27 May 2022. 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	
	2021	2020
Profit attributable to owners of the Company (RMB'000)	284,222	74,246
Weighted average number of ordinary shares in issue (thousands)	<u>666,991</u>	<u>542,466</u>
Basic earnings per share (in RMB)	<u>0.43</u>	<u>0.14</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	
	2021	2020
Profit attributable to owners of the Company (RMB'000)	284,222	74,246
Weighted average number of ordinary shares in issue (thousands)	666,991	542,466
Adjustments for share options granted to employees (thousands)	<u>18,996</u>	<u>4,458</u>
Weighted average number of ordinary shares for calculation of diluted earnings per share (thousands)	<u>685,987</u>	<u>546,924</u>
Diluted earnings per share (in RMB)	<u>0.41</u>	<u>0.14</u>

11. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Renovation RMB'000	Motor vehicles RMB'000	Electronic equipment RMB'000	Furniture and fixtures RMB'000	Others RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2020								
Cost	1,402,704	55,156	4,795	191,482	140,304	18,257	138,532	1,951,230
Accumulated depreciation	(467,705)	(16,580)	(4,011)	(145,519)	(102,806)	(12,242)	—	(748,863)
Net book amount	934,999	38,576	784	45,963	37,498	6,015	138,532	1,202,367
Year ended								
31 December 2020								
Opening net book amount	934,999	38,576	784	45,963	37,498	6,015	138,532	1,202,367
Acquisition of a subsidiary	—	4,983	—	14,448	1,080	608	—	21,119
Additions	—	8,128	—	25,890	8,084	1,607	384,179	427,888
Transfer upon completion	128,300	218	—	—	—	—	(128,518)	—
Disposals	(1,441)	—	—	(1,849)	(93)	(13)	—	(3,396)
Depreciation charge	(53,457)	(9,983)	(176)	(27,867)	(11,241)	(1,780)	—	(104,504)
Closing net book amount	1,008,401	41,922	608	56,585	35,328	6,437	394,193	1,543,474
At 31 December 2020								
Cost	1,529,563	68,485	4,795	229,971	149,375	20,459	394,193	2,396,841
Accumulated depreciation	(521,162)	(26,563)	(4,187)	(173,386)	(114,047)	(14,022)	—	(853,367)
Net book amount	1,008,401	41,922	608	56,585	35,328	6,437	394,193	1,543,474
Year ended								
31 December 2021								
Opening net book amount	1,008,401	41,922	608	56,585	35,328	6,437	394,193	1,543,474
Additions	579	11,149	736	43,430	19,480	3,849	1,334,918	1,414,141
Transfer upon completion	910,694	—	—	13	2	—	(910,709)	—
Transfer to investment properties	—	—	—	—	—	—	(159,547)	(159,547)
Disposals	—	—	(43)	(1,269)	(1,591)	(73)	—	(2,976)
Depreciation charge	(61,453)	(12,998)	(179)	(23,765)	(10,236)	(1,962)	—	(110,593)
Closing net book amount	1,858,221	40,073	1,122	74,994	42,983	8,251	658,855	2,684,499
At 31 December 2021								
Cost	2,440,836	79,634	5,488	272,145	167,266	24,235	658,855	3,648,459
Accumulated depreciation	(582,615)	(39,561)	(4,366)	(197,151)	(124,283)	(15,984)	—	(963,960)
Net book amount	1,858,221	40,073	1,122	74,994	42,983	8,251	658,855	2,684,499

12. TRADE AND NOTES RECEIVABLES

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Due from related parties	4,240	3,564
Receivables from continuing education services	3,517	5,164
Receivables from education resources services	19,426	11,734
Receivables from development of software system technology	50	200
Others	930	349
	28,163	21,011
Less: Provision for impairment of trade receivables	(761)	(728)
Trade receivables — net	27,402	20,283
Notes receivables	3,006	3,050
	30,408	23,333

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

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

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Less than 6 months	25,829	18,634
6 months to 1 year	1,197	591
1 to 2 years	495	1,222
More than 2 years	642	564
	28,163	21,011

13. TRADE AND OTHER PAYABLES

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables		
Amount due to third parties	<u>9,852</u>	<u>4,133</u>
Other payables		
Amount due to related parties	4,525	1,336
Miscellaneous expenses received from students	64,116	50,567
Payables in relation to the Listing	—	216
Salary and welfare payables	83,084	81,729
Deposits	34,173	30,424
Government subsidies payable to students	5,927	7,901
Payables for purchases of property, plant and equipment	427,891	82,022
Payables for administrative cost	13,453	14,317
Tax payables	17,554	11,742
Interest payables to bank	3,251	7,786
Redemption liability	36,274	36,274
Dividend payable	1,638	—
Others	14,090	13,768
Less: non-current portion		
— Amount due to a third party	<u>(675)</u>	<u>(675)</u>
Other payables — current portion	<u>705,301</u>	<u>337,407</u>
Total trade and other payables	<u>715,153</u>	<u>341,540</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 2021 and 2020, the aging analysis of the trade payable based on invoice dates was as follows:

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Less than 6 months	<u>9,852</u>	<u>4,133</u>

14. BORROWINGS

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Long-term borrowings		
Bank borrowings		
— secured	1,716,828	428,881
— unsecured	366,686	275,950
Current portion of long term borrowings		
— secured	(118,592)	(55,000)
— unsecured	(42,120)	(144,950)
	<u>1,922,802</u>	<u>504,881</u>
Borrowings from a financial institution		
— secured	14,744	—
Current portion of long-term borrowings		
— secured	(6,870)	—
	<u>7,874</u>	<u>—</u>
Short-term borrowings		
Bank borrowings		
— unsecured	68,911	448,433
Current portion of long term borrowings		
— secured	118,592	55,000
— unsecured	42,120	144,950
	<u>229,623</u>	<u>648,383</u>
Borrowings from a financial institution		
— secured	—	—
Current portion of long-term borrowings		
— secured	6,870	—
	<u>6,870</u>	<u>—</u>
Total borrowings	<u>2,167,169</u>	<u>1,153,264</u>

15. CONTRACT LIABILITIES

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

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Full-time formal higher education services	674,626	546,258
— Tuition fees	610,657	490,447
— Boarding fees	63,969	55,811
Continuing education services	50,043	53,082
Education resources and apprenticeship programme	40,098	14,845
— Education resources	40,098	14,845
Development of software system technology	4,416	5,325
	<hr/>	<hr/>
	769,183	619,510
	<hr/>	<hr/>

MANAGEMENT DISCUSSION AND ANALYSIS

1 BUSINESS REVIEW

1.1 Overview

We, as a leading private IT higher education service provider in China, with our vision of “Becoming a Leading Education Service Provider of Digital Talents in China”, focus on nurturing talents in IT industry. Leveraging on our school-operating experience and high-quality resources accumulated in the IT higher education industry in the past 21 years, we have developed an ecosystem with full-time formal higher education services as our fundamental business; continuing education services, and education resources and apprenticeship programme as our two strategic businesses. The following table shows a breakdown of our revenue from the three business segments of the Group during the Reporting Period:

	For the year ended 31 December			
	2021	2020	Percentage	Percentage of
	<i>RMB</i>	<i>RMB</i>	of change	total revenue
	<i>hundred million</i>	<i>hundred million</i>		
Full-time formal higher education services	10.25	8.02	27.8%	75.2%
Continuing education services	1.33	1.24	7.3%	9.8%
Education resources and apprenticeship programme	2.05	1.74	17.8%	15.0%
Of which: Education resources	1.40	0.93	50.5%	10.2%
Apprenticeship programme	0.65	0.81	-19.8%	4.8%
Total	13.63	11.00	23.9%	100.0%

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. The Group always insists on high quality of school operation and TOPCARES education approach for guideline and the Group continues to deepen the reform of education and teaching, implements industry-education integration, and innovates the mode of talent training. Through establishing and implementing the academic major group operating mechanism of “intra-group symbiosis and intergroup synergy” based on existing preponderant majors, we promote collaborative development of five specialty groups, namely “computer and software, intelligence and electronics engineering, the art of digital and design, information and business management, health and medical technology”, to create highly Neuedu featured generalized IT preponderant majors. During the Reporting Period, the three universities made great achievements in constructions of professional development, curriculum development, teaching and research achievements, academic competitions and other aspects, which further proved our excellent quality in school operation.

School	Achievements
Dalian University	offering 33 bachelor degree programmes, 7 junior college diploma programmes, 3 junior college to bachelor degree transfer programmes and 3 vocational bachelor degree programmes, where IT related programmes accounted for 84.7%, including 1 newly established bachelor degree programme in VR technologies and 3 newly established vocational bachelor degree programmes in computer application engineering, software engineering technology and digital media technology for the 2021/2022 school year, and 1 newly established bachelor degree programme in supply chain management for the 2022/2023 school year.

Honors and achievements in 2021

- 4 programmes have been recognised as National-level First-class Bachelor Degree Programmes Construction Sites (國家級一流本科專業建設點) and 11 programmes have been recognised as Provincial-level First-class Bachelor Degree Programmes Construction Sites (省級一流本科專業建設點) in total;
- 1 course has been recognised as National-level First-class Bachelor Degree Course (國家級一流本科課程) and 44 courses have been recognised as Provincial-level First-class Bachelor Degree Courses (省級一流本科課程) in total;

School	Achievements
Dalian University (continued)	<ul style="list-style-type: none"> <li data-bbox="574 234 1460 500">• 2 programmes were recognised as “Provincial-level Vocational Education Major Upgrading and Digital Transformation Demonstration Programme” (省級職業教育專業升級與數字化改造示範專業) and 2 programmes were recognised as “Provincial-level Modern Apprenticeship Demonstration Programme” (省級現代學徒制示範專業); <li data-bbox="574 532 1460 712">• 14 provincial-level teaching achievement awards, including 2 provincial-level first prizes, were received since 2019 (the latest session for national teaching achievement awards), and 69 provincial-level research programmes of teaching reform were approved in 2021; <li data-bbox="574 744 1460 819">• Students won over 300 national-level prizes and more than 700 provincial-level prizes in academic competitions; <li data-bbox="574 851 1460 1117">• Ranked third across the country and first among engineering universities and colleges in “2021 Best China’s Private Universities Ranking of Shanghai Ranking” (軟科中國民辦高校排行榜 (2021)); ranked the first in Liaoning Province in “Comprehensive Strength Ranking of China’s Private Universities by WU Shulian”(武書連中國民辦大學綜合實力排行榜); <li data-bbox="574 1149 1460 1330">• Ranked first for 3 consecutive years in the “National Private and Independent College Teacher Teaching Development Index (全國民辦及獨立學院教師教學發展指數)” issued by the China Association of Higher Education (中國高等教育學會); <li data-bbox="574 1361 1460 1670">• Featured itself in the Global Top 100 Innovative Universities for the first time in the 2021 World’s Universities with Real Impact Ranking by Hanseatic League of Universities, together with Tsinghua University, Peking University, Cheung Kong Graduate School of Business, Beijing Normal University, Beijing Technology and Business University and the Hong Kong University of Science and Technology; <li data-bbox="574 1702 1460 1847">• Ranked fifth in the “Innovation and Entrepreneurship Competitiveness Rankings of China’s Private Universities” (中國民辦大學創新創業競爭力排行榜), according to Entrepreneurship Times (創業時代網);

School	Achievements
Dalian University (continued)	<ul style="list-style-type: none"> • Awarded “2021 Comprehensive Strength Private University” (2021 年度綜合實力民辦高校) at the 12th Xinhuanet Education Forum; and • Awarded as one of “The First Batch Cooperative University of Sino-Foreign Cultural Exchange omnimedia Industry-Education Integration Project” (中外人文交流全媒體產教融合項目首批合作院校), “Typical Demonstration University of Entrepreneurship and Innovation in China” (中國創業創新典型示範高校), and “Pilot Unit of Digital Campus Pilot Construction Project of Universities in Liaoning Province” (遼寧省高等學校數字校園試點建設項目試點單位).
Chengdu University	<p>offering 29 bachelor degree programmes, 12 junior college diploma programmes and 9 junior college to bachelor degree transfer programmes, where IT related programmes accounted for 74%, including 4 newly established bachelor degree programmes in medical imaging technologies, artificial intelligence, intelligent medical engineering and big data management and application for the 2021/2022 school year, and 1 newly established bachelor degree programme in visual communication design for the 2022/2023 school year.</p>

Honors and achievements in 2021

- A total of 6 programmes have been recognised as “Provincial-level First-class Bachelor Degree Programmes Construction Sites” (省級一流本科專業建設點);
- A total of 6 courses have been recognised as “Provincial-level First-class Bachelor Degree Courses” (省級一流本科課程);
- 3 courses were recognised as “Provincial-level Demonstration Courses for Ideological and Political Theory Courses”;

School	Achievements
Chengdu University (continued)	<ul style="list-style-type: none"> <li data-bbox="582 234 1457 414">• 2 provincial-level teaching achievement awards were received since 2019 (the latest session for national teaching achievement awards), and 59 provincial-level research programmes of teaching reform were approved in 2021; <li data-bbox="582 457 1457 585">• Students won 15 international prizes, over 180 national-level prizes and around 450 provincial-level prizes in academic competitions; <li data-bbox="582 627 1457 883">• Ranked the TOP three in Sichuan province in both “2021 Best China’s Private Universities Ranking of Shanghai Ranking” (軟科中國民辦高校排行榜 (2021)) and “Private Universities Ranking by Network of Science & Education Evaluation in China (Golden Apple Ranking)” (中國科教評價網 (金平果) 民辦院校排行榜); and <li data-bbox="582 915 1457 1091">• Won the title of “2021 University Brand Influence Award” (2021 年度院校品牌影響力獎) by China Education Online and “2021 Private University with Comprehensive Strength” (“2021 年度綜合實力民辦高校) by Netease Education.

School	Achievements
Guangdong University	<p>offering 23 bachelor degree programmes, 6 junior college diploma programmes and 10 junior college to bachelor degree transfer programmes, where IT related programmes accounted for 71%, including 3 newly established bachelor degree programmes in computer science and technology, artificial intelligence and health services and management for the 2021/2022 school year, and 1 newly established bachelor degree programme in robot engineering design for the 2022/2023 school year.</p>

Honors and achievements in 2021

- A total of 1 programme has been recognised as Provincial-level First-class Bachelor Degree Programmes Construction Sites (省級一流本科專業建設點);
- A total of 5 courses have been recognised as Provincial-level First-class Bachelor Degree Courses (省級一流本科課程);
- 2 courses were recognised as provincial-level demonstration courses for ideological and political theory;
- 1 provincial-level first prize was received since 2019 (the latest session for national teaching achievement awards), and 9 provincial-level research programmes of teaching reform were approved in 2021;
- Students won over 550 national-level prizes and more than 570 provincial-level prizes in academic competitions;
- Ranked fifth in Guangdong province in “Network of Science & Education Evaluation in China (Golden Apple Ranking)” (中國科教評價網 (金平果) 民辦院校排行榜); and
- Recognised as “2021 Model University in Employment and Entrepreneurship”.

1.2.2 Student enrolment

For the 2021/2022 school year, the number of new students enrolled of our three universities is over 15,000, representing an increase of approximately 18% as compared to the 2020/2021 school year, with an average registration rate of approximately 90% for bachelor degree programme students and junior college diploma programme students. Accordingly, the total number of student enrolment in our three universities reached 45,618 (as of 31 December 2021), hitting a record high in size.

	Student enrolment		Change	Percentage of Change
	As at 31 December 2021	As at 31 December 2020		
Dalian University				
Bachelor degree programmes	14,559	13,740	819	5.96%
Junior college diploma programmes	932	1,050	-118	-11.24%
Junior college to bachelor degree transfer programmes	1,410	724	686	94.75%
Subtotal	16,901	15,514	1,387	8.94%
Chengdu University				
Bachelor degree programmes	12,426	11,367	1,059	9.32%
Junior college diploma programmes	2,077	1,156	921	79.67%
Junior college to bachelor degree transfer programmes	1,703	591	1,112	188.16%
Subtotal	16,206	13,114	3,092	23.58%
Guangdong University				
Bachelor degree programmes	9,992	9,409	583	6.20%
Junior college diploma programmes	1,060	1,205	-145	-12.03%
Junior college to bachelor degree transfer programmes	1,459	—	1,459	—%
Subtotal	12,511	10,614	1,897	17.87%
Total	45,618	39,242	6,376	16.25%

1.2.3 Tuition fees and boarding fees

We conducted periodic review on and may raise our tuition fee level for each of our three universities as appropriate after taking into consideration the market conditions, the demand for our services and regulatory environment, and adjusted the tuition and boarding fees of some majors in our three universities for the 2021/2022 school year as appropriate. The following table sets forth the standards for tuition fees and boarding fees applicable to new student enrolment for the school years before and after adjustment.

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

Notes:

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

1.2.4 School capacity and utilization rate

We expanded our campus and upgraded our existing school facilities systematically to increase our school capacity and provide a better campus environment. During the Reporting Period, the main campus expansions are set as follows: (1) New campus of Dalian University, Bochuan Campus, was built and put into use: Bochuan Campus has a site area of 345 mu and a total gross floor area of approximately 207,000 square metres, including dormitories with a capacity of accommodating nearly 8,000 students (5,600 beds added in the Reporting Period); (2) New campus of Chengdu University has been in process of construction: New campus of Chengdu University has a site area of 198 mu and a total gross floor area of approximately 125,000 square metres, including dormitories with a capacity of accommodating approximately 5,000 students. The first stage of new campus project has been completed and has added 4,000 beds, and the second stage is expected to be completed in the first half in 2022. (3) The expansion project of Guangdong University has been in process of construction: the expansion project has a total gross building floor of approximately 75,000 square metres, including dormitories with a capacity of accommodating approximately 4,000 students. The project is expected to be completed in 2022.

The following table sets forth the school capacity and utilization rate as at 31 December 2021 and 31 December 2020, respectively.

	Campus capacity⁽¹⁾		Utilisation rate⁽²⁾	
	As at 31 December 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020
Dalian University	22,443	16,843	75.31% ⁽³⁾	92.1%
Chengdu University	16,870	12,878	96.06%	101.83% ⁽⁴⁾
Guangdong University	11,663	11,663	107.27% ⁽⁵⁾	91.01%
Total/Average	50,976	41,384	89.49%	94.82%

Notes:

- (1) The capacity of each school represents the total number of beds in student dormitories in each school year.
- (2) The utilization rate of each school is calculated as the total number of students enrolled in our full-time formal higher education programmes as of 31 December in each corresponding school year divided by the school capacity for that year.
- (3) Some beds of Dalian University are used by formal continuing education students due to the development of formal continuing education business.
- (4) 236 graduates-to-be in Chengdu University live outside the campus for the purposes of off-campus internships or practical trainings as at 31 December 2020.
- (5) 848 graduates-to-be in Guangdong University live outside the campus for the purposes of off-campus internships or practical trainings as at 31 December 2021.

1.2.5 Impressive accomplishments in the industry-education integration

We are committed to promoting the in-depth industry-education integration through all-around cooperation with enterprises in industries in a number of areas such as the construction of courses, cultivation of students, technology research and development and practical training, thus equipping our students with expertise and practical skills that can be directly applied to future employment, and enabling them to master what enterprises need without leaving the school, and apply what they have learned in school when they just start work.

The “Neuedu Baidu Artificial Intelligence College” and “Digital Media Creative Industrial College” established by Dalian University, were rated as the provincial-level modern industrial colleges in Liaoning Province. Also, “Neuedu Baidu Intelligent Industrial College” and “Neuedu generalized IT Industrial College”, were approved as Vocational Education Revitalizing Liaoning Industrial Colleges in Liaoning Province (遼寧省職業教育興遼產業學院). The “Network Security Industrial College”, established by Chengdu University, was among the list of the first batch of Provincial Modern Industrial Colleges in Sichuan Province (四川省首批省級現代產業學院), and the “Computer and Software College” was among the first batch of Characteristic Demonstration Software Colleges (四川省首批特色化示範性軟件學院).

During the Reporting Period, we have carried out extensive and effective school-enterprise cooperation with well-known companies such as Accenture Technology Solutions (埃森哲信息技術(大連)有限公司), Alpine Electronics (China) Co., Limited (阿爾派電子(中國)有限公司), Beijing Yonyou Government Affairs Software Limited (北京用友政務軟件股份有限公司), Pricewaterhousecoopers Business Services (Chengdu) Co., Ltd. (普華永道商務服務(成都)有限公司) and Zhongke Huineng Technology Co., Ltd. (中科匯能科技有限公司), and we have set over 500 training bases. Our three universities were approved for 82 industry-university cooperative education projects of the MOE in 2021. In the supply-demand matching employment education program of the Ministry of Education in 2021, Dalian University ranks the third in China with 49 university-enterprise cooperation projects, and is also the private university with the most university-enterprise cooperation projects in China.

1.2.6 Employment and entrepreneurship well advanced

We, taking post-graduate success in employment as one of the core indicators for quality higher education, provide graduates with comprehensive employment guidance services, and provide students with online recruitment channels and employment guidance through Neuedu featured human resource service platforms to ensure good employment. According to the research report of MYCOS, a third-party institution, as of 31 December 2021, the employment rates of 2021 graduates of our three universities were all more than 90%, with average salaries higher than the corresponding period of last year. Our outstanding graduates were employed by well-known enterprises such as Accenture, Tencent, Lenovo, Baidu, Netease, KPMG and Neusoft Corporation.

Adhering to the mission of “Empower Students with Innovative Education”, we proactively cultivate students’ innovation and entrepreneurship, and provide students with entrepreneurship coaching and services through our Students Office & Venture Offices (the “SOVO”). Currently, the SOVOs set up by our three universities have been all approved as national-level Mass Entrepreneurship Spaces. During the Reporting Period, a total of approximately 6,000 students from the three universities participated in the SOVO entrepreneurship projects, successfully incubating 74 virtual companies and 62 physical companies. In the undergraduate innovation and entrepreneurship training programmes of 2021, a total of 140 national-level programmes and 327 provincial-level programmes in the three universities have been approved. In September 2021, Dalian University ranked fifth across the country in the “2020 Top 300 in the Ranking of Innovation and Entrepreneurship Competitiveness of Private Universities in China (中國民辦大學創新創業競爭力排行榜 300 強 · 2020 榜單)” issued by Timesventure (創業時代網), hitting a record high.

1.3 Continuing Education Services

1.3.1 Formal continuing education

We proactively carried out formal continuing education services to serve a wider group of students and meet their needs for higher degrees and desire to learn more knowledge and skills, and play into full reuse of the resources of our three universities. During the Reporting Period, the new student enrolment for formal continuing education was 5,565, representing an increase of 81% as compared with that of 2020, hitting a record high. As of 31 December 2021, student enrolment of formal continuing education business in our three universities was 9,130, increasing by 33.3% as compared with the corresponding same period of last year. The revenue generated from formal continuing education was approximately RMB67 million during the Reporting Period.

1.3.2 Skill training for individual customers (2C training)

IT practitioners requires a high quality of professional training services for their introduction and continuous learning. We operated eight training schools across the country to provide quality IT skills training services, providing individual trainees with a wide range of online or offline train services of high quality on hot IT technologies such as JAVA, artificial intelligence, Python and BPO, and offer multiple employment supporting services, such as employment counseling, referral and internship arrangement to our trainees.

Our trainees were systematically trained, referred to and successfully employed by over 500 enterprises, including Accenture (China) Co., Ltd. (埃森哲(中國)有限公司), Sinosoft Company Ltd. (中科軟科技股份有限公司), Thunder Software Technology Co., Ltd. (中科創達軟件股份有限公司) and Client-Service International Inc. (北京科藍軟件系統股份有限公司). During the Reporting Period, the referral employment rate of 2C business reached 97%, and the annual salary of excellent trainees after probationary period was over RMB350,000, which fully reflected the high quality of Neuedu's 2C training business and its trainees' market competitiveness.

During the Reporting Period, the offline training services of the training schools of the Group in Shenyang, Dalian, Guangzhou, Nanjing and Qingdao were temporarily closed due to the regional outbreak of the COVID-19 pandemic, posing some impact on the business. In response to the pandemic, we actively adjusted our strategies, carrying out online learning and practical training through various platforms such as the Neuedu Practice and Training Platform and Neuedu Online APP. During the Reporting Period, 2C training business admitted a total of 14,388 trainees, realizing revenue of approximately RMB44 million.

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

To facilitate the provision of short-term training for institutional clients, we have proactively applied for training site qualifications and obtained more than 50 training site qualifications, based on which we provide customized short-term trainings to institutional clients including government authorities, educational institutes and enterprises. In 2021, the Group has obtained 3 national-level training qualifications, 7 provincial-level training qualifications and 7 municipal-level training qualifications.

Level	Name of Qualifications
National-level (3 items)	Competitors' Training Base for World Skills Competition Organized by the MHRSS (人社部世界技能大賽選手集訓基地) (network security and cloud computing)
	Quality Online Vocational Skills Training Platform and Digital Resources by the MHRSS (人社部優質線上職業技能培訓平台及數字資源)
	Member of Working Committee for Industrial and Information Vocational Skills Upgrading Programmes (工業和信息化職業技能提升行動工作委員會會員單位)
Provincial-level (7 items)	Liaoning Province Vocational Skills Training Demonstration Base (遼寧省職業技能培訓示範基地)
	CPC's Member Education Training Demonstration Base under Liaoning Province Education System (遼寧省教育系統黨員教育培訓示範基地)
	Liaoning Province Vocational Institution Teachers Quality Improvement Training Base (遼寧省職業院校教師素質提升培訓基地)
	Social Training Evaluation Organization for Vocational Skill Level Recognition in Liaoning Province (遼寧省職業技能等級認定社會培訓評價組織) (21 occupational categories and 31 types of work)
	Veterans Employment and Entrepreneurship Park in Liaoning Province (遼寧省退役軍人就業創業園地)

Level	Name of Qualifications
Provincial-level (continued)	<p>“Neuedu Online (東軟教育在線)” was selected as the Video-on-demand Platform for the Vocational Skills Upgrading Programmes by Beijing Municipal Bureau of Human Resources and Social Security (北京市人社局職業技能提升行動點播平台)</p> <p>the Pilot Unit for Vocational Skill Level Recognition of Universities and Colleges in Sichuan Province (四川省院校職業技能等級認定試點單位)</p>
Municipal-level (7 items)	<p>Competitors’ Training Base for World Skills Competition in Dalian (大連市世界技能大賽選手培訓基地)</p> <p>Social Training Evaluation Organization for Vocational Skill Level Recognition in Dalian (大連市職業技能等級認定社會培訓評價組織)</p> <p>Professional and Technical Personnel Continuing Education Base in Dalian (大連市專業技術人員繼續教育基地)</p> <p>2021 Training Base for Major Conversion and Skill Enhancement for Colleges and Universities Graduates in Dalian (大連市 2021 年高校畢業生專業轉換及技能提升培訓基地)</p> <p>Entrepreneurship Incubation Base for Veterans in Chengdu (成都市退役軍人創業孵化基地)</p> <p>Vocational Skills Training Institutions for Veterans in Chengdu (成都市退役軍人職業技能承訓機構)</p> <p>Vocational Skills Training Course Projects Undertaking Agency Designated by Bureau of Human Resources and Social Security in Foshan City (佛山市人社局承接職業技能培訓課程項目機構)</p>

During the Reporting Period, the Group recorded a significant increase in the 2B training business, with its business presence expanding from 12 provinces, municipalities or autonomous regions including Liaoning, Sichuan and Jiangsu, to 19 provinces, municipalities or autonomous regions including Anhui, Zhejiang and Yunnan. The Group carried out 99 charging programmes of 2B training, representing an increase of 28 programmes as compared with corresponding period of last year, with 8,861 trainees involved, realizing a revenue of approximately RMB21 million.

1.4 Education Resources and Apprenticeship Programme

1.4.1 Joint establishment of industrial colleges and academic majors

As for the research and development (“R&D”) of resource, we optimized and upgraded the comprehensive teaching resources of eight key majors in 2021, including Internet of Things Engineering, Software Engineering and Digital Media Technologies, and newly developed education and teaching resources for nine emerging majors, including Artificial Intelligence, Big Data Management and Application, Intelligence Science and Technology, thus developing into a comprehensive system of teaching resources comprised of 176 standard major courses and 1,082 systematic experiment projects of 1–5 level, which further expanded the specialised areas of joint establishment of academic majors.

As for marketing, under the national policies on promoting vocational education and industry-education integration, we seized the opportunity and vigorously expanded the business of joint establishment of industrial colleges and academic majors in cooperation with colleges and universities by capitalizing on our high-quality education resources developed by our professional team and our safe and reliable big data platform. Especially, for joint establishment of industrial colleges, we adopted the policy of grasping the large and letting go of the small, improving quality and cultivating excellence, thus delivering breakthrough results in terms of the scale and quality of the construction of industrial colleges. The number of newly registered students in the first session of “Neuedu Modern Industrial College” (東軟現代產業學院) jointly established with Meizhouwan Vocational Technology College (湄洲灣職業技術學院) reached 948, with a registration rate of 96%; The “Neuedu Information Industrial College (東軟信息產業學院)”, jointly established with Yunnan Technician College (雲南技師學院) (or Yunnan Vocational College Industry (雲南工貿職業技術學院)), has realised synchronous launch of cooperation among the three classes for the first year, with the number of students under cooperation reaching 822. The software college, jointly established by us with Dalian University of Technology, Northeastern University and China University of Petroleum, was approved among the first batch of the Characteristic Demonstration Software Colleges (特色化示範軟件學院). The “Artificial Intelligence Industrial Colleges”, jointly established with Nanjing University of Information Science and Technology, and the “Intelligent Software College”, jointly established with Guangzhou University, were rated as the national-level modern industrial colleges. In addition, a number of industrial colleges jointly established with colleges and universities were rated as the “Provincial-level Modern Industrial Colleges” and the “Vocational Education Revitalizing Liaoning Industrial Colleges in Liaoning Province (遼寧省職業教育興遼產業學院)”, etc.

During the Reporting Period, we have expanded the business of joint establishment of industrial colleges and academic majors to 18 provinces, municipalities and autonomous regions, the number of cooperating universities

and colleges reaching 73, 31 of which we have jointly established industrial colleges with, and nearly three fourths of the colleges and universities we cooperated with were public colleges and universities.

During the Reporting Period, the Group had a total of nearly 300 projects in joint establishment of academic majors, covering 21,156 students, realising a revenue of approximately RMB52 million. In addition, the Group entered into cooperative agreements on joint establishment of academic majors or industrial colleges with another 8 new colleges and universities during the Reporting Period, which are expected to be carried out in the coming school year.

1.4.2 Smart education platform, teaching content and practical training laboratory solutions

As for R&D of product, other than the newly developed teaching content, we also launched nine platform system products in 2021, including the Neuedu Smart Teaching Platform, Neuedu Practice Teaching Management System, Intelligent Student Management System and Professional Appraisal System, providing colleges and universities with more various products for digital-intelligent teaching and education management. We upgraded our first generation cloud laboratory product, and developed solutions for eight new laboratories at the same time, including Big Data Laboratory, Intelligent Robotics Laboratory and Internet of Things Laboratory, thus improving the comprehensive practical abilities of students through experiment monitoring, intelligent analysis and practice assessment.

As for marketing, we proactively improved the brand influence and product awareness of Neuedu by taking “Competition” and “Certification” as important means. During the Reporting Period, we have successfully organized and supported more than 30 IT competitions in the scale of provincial or municipal or the whole industry, in which over 400 colleges and universities participated. Neuedu Java Web Application Development Vocational Skills Level Certificate was selected as one of the fourth batch of 1+X certificates by the MOE, for which more than 140 colleges and universities have applied on a trial basis. In addition, the “Software Project Development Practical Training System V1.0”, our star product, was awarded the “Excellent Software Product in Liaoning Province” by Liaoning Software Industry Association. A number of events and honour enabled us to open the market and lay foundation for the sustainable development of business. During the Reporting Period, the Group sold 65 sets of education and teaching platform systems and 15 sets of laboratory products to 59 institutions.

In 2021, the total revenue from smart education platform, teaching content and practical training laboratory solutions was approximately RMB 69 million

1.4.3 Apprenticeship programme

The apprenticeship programme serves as a platform for students to obtain practical training in a real corporate environment and is an important part for our cooperation with other colleges and universities on joint establishment of industrial colleges and academic majors. The Group has been gradually promoting the transformation of apprenticeship programme model, replacing the self-established apprenticeship programme training bases with those jointly established with government, and replacing the project development and training programmes directly participated in by engineers with self-developed online training project resources. During the Reporting Period, we set 2 new apprenticeship programme training bases in Chengdu, Sichuan and Huzhou, Zhejiang, both jointly established with government. As of 31 December 2021, the number of jointly-established apprenticeship programme training bases of Neuedu reached 9, accounting for over sixty percent. In 2021, Ningbo Wanli Neuedu Execution Centre for Apprenticeship Programme, located in Ningbo, Zhejiang, was awarded an outstanding case of “Training Base for Industry-Education Integration” by the MOE.

1.5 Expansion into New Business — Online Education

Facing the change of education mode under the new situation, we made active exploration to the field of online education in responding to national policies, meeting the needs of the market and industry and efficiently reusing our education resources. Based on online learning and training platforms of PC terminal, such as the established MOOC Platform, Practical Curriculum Platform and Practical Project Training Platform, we have newly launched the Neuedu Online APP, our self-developed online learning platform of mobile terminal, enabling our students to fully use fragmented time to study anywhere, and laying foundation for the online and offline integration of the One Fundamental Business with Two Strategic Businesses of Neuedu.

Since its launch, “Neuedu Online” has been honoured as one of the online platform cooperating enterprises of the Education and Examination Center of the MIIT, ranking among 100 Quality Online Vocational Skill Platforms recommended by the MHRSS, awarded as the Video-on-demand Platform for Vocational Skills Upgrading Programmes by Beijing Bureau of Human Resources and Social Security (北京市人社局職業技能提升行動點播平台), and has been in cooperation with the Semiconductor Branch of China Integrated Circuit Association (中國集成電路協會) in area of blockchain online training.

As of 31 December 2021, the number of registered users of “Neuedu Online” exceeded 570,000, of which over 80,000 users paid during the Reporting Period. During the Reporting Period, the cumulative course duration was over 3,200 hours, of which the proportion of paid courses was nearly 70%, focusing on IT courses; and the total number of participants in lecturing reached over 15,000, with a cumulative lecturing duration of over 3,000 hours. In addition, nearly 10,000 persons participated in human resource assessment services and received professional employment suggestions through “Neuedu Online” during the Reporting Period.

1.6 Material Events During the Reporting Period

1.6.1 Putian cooperative education project progressed smoothly

In March 2021, the Group entered into a cooperative education agreement with Putian Municipal Government in Fujian Province, pursuant to which the fourth university(/college) under the Group will be established jointly. For details of the arrangement, please refer to the announcement dated 12 April 2021 and the Circular dated 20 May 2021 of the Company.

Meanwhile, the Group and Meizhouwan Vocational Technology College have jointly established Neuedu Modern Industrial College (東軟現代產業學院) (Xianyou Campus). Neuedu Modern Industrial College is located in Xianyou County, Putian City, Fujian Province, with a site area of 316.6 mu and a total gross floor area of 84,000 square metres, offering a capacity of accommodating approximately 3,000 students. The campus is used by Neuedu Modern Industrial College free of charge. Neuedu Modern Industrial College, which is under the direct management of the Group, has commenced enrolment for five majors in the 2021/2022 school year, and 948 new students registered for the first session, with a registration rate of 96%.

1.6.2 Completion of the purchase of the Minority Interest in Neusoft Ruixin

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

1.7 Impact of the COVID-19 Pandemic and the Response Measures of the Group

In view of the COVID-19 pandemic, the Group has taken necessary health precaution to safeguard the safety of our teachers and students. During the Reporting Period, students of the three universities of the Group returned to school normally in the spring semester of 2020/2021 school year and the autumn semester of 2021/2022 school year, and offline teaching was also resumed. We adopted closed-off management of local campus when the pandemic outbreak occurred in its region for a period of time, during which period we carried out online teaching to realise the normal operation of teaching during the pandemic, and also carried out part of the enrolment and employment work on line.

Some of our training schools and execution centres for apprenticeship programme were temporarily closed according to the local pandemic stage and the latest pandemic prevention policies of the local government due to the regional outbreak of the COVID-19 pandemic in some regions in China. In 2021, our 6 training schools located in Shenyang, Dalian, Nanjing, Qingdao and Guangzhou were closed for 426 days in total, during which period we actively adjusted our teaching methods and provided online education and practical training services through Neuedu MOOC Platform, Neuedu Practical Training Platform, Neuedu Online APP, etc.

The management has assessed and concluded that, the COVID-19 pandemic has no material effect on the operation and financial position (including the liquidity positions and the working capital sufficiency) of the Group for the year ended 31 December 2021, nor will it have material effect on the Group's future performance. The Group will pay continuous attention to the development of the COVID-19 pandemic so as to minimize the impact from the COVID-19 pandemic on the Group. If there is any material adverse effect on the operation or financial position in the future, the Group will make further announcement(s) as and when necessary and make representation in respect thereto in the financial statements.

2 FINANCIAL REVIEW

Revenue

Our revenue was RMB1,363.1 million for the year ended 31 December 2021, representing an increase of 23.9% as compared with the corresponding period of last year. Details of analysis are as follows:

- Revenue derived from our full-time formal higher education services was RMB1,025.2 million, representing an increase of 27.9% as compared with the corresponding period of last year, mainly due to (i) the increase of student enrolment and average tuition fee of our three universities, (ii) boarding fees amounting to RMB30.8 million returned to the students in 2020 as a result of the outbreak of the COVID-19 pandemic, whereas the three universities have resumed offline teaching and the students in the Three Universities have returned to campus in 2021.
- Revenue derived from our continuing education services was RMB132.6 million, representing an increase of 6.7% as compared with the corresponding period of last year, mainly due to the growth of formal continuing education and training services.
- Revenue generated from the education resources was RMB140.1 million, representing an increase of 51.5% as compared with the corresponding period of last year, mainly due to the rapid growth of revenue from joint establishment of academic majors, smart education platform and teaching resources, practical training laboratory solutions.
- Revenue generated from the apprenticeship program was RMB65.1 million, representing a decrease of 20.1% as compared with the corresponding period of last year, mainly attributable to the decrease on the staff of our engineer team. 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. We have been gradually replacing the project development and training programmes directly participated in by engineers with self-developed online training project resources.

Cost of Revenue

Our cost of revenue was RMB771.7 million for the year ended 31 December 2021, representing an increase of 13.7% as compared with the corresponding period of last year. Such increase was mainly due to that (i) the increase of staff remuneration resulted from the business growth; and (ii) the increase in depreciation and operating cost as the new campus of Dalian University and Chengdu University was built, and put into use.

Gross Profit

Gross profit was approximately RMB591.4 million for the year ended 31 December 2021, representing an increase of 40.5% as compared with the corresponding period of last year. Such increase was mainly due to that the increase in revenue outweighs the increase in costs.

Selling Expenses

Selling expenses was approximately RMB38.4 million for the year ended 31 December 2021, representing an increase of 18.2% as compared with the corresponding period of last year. Such increase was mainly due to our greater efforts to develop the market of continuing education services, education resources and apprenticeship programme as well as the stricter restrictions on staff travel in previous year as a result of the COVID-19 epidemic.

Administrative Expenses

Administrative expenses were approximately RMB144.7 million for the year ended 31 December 2021, representing a decrease of 37.4% as compared with the corresponding period of last year. Such decrease was mainly due to (i) the Group was listed on the main board of The Stock Exchange of Hong Kong Limited in September 2020, resulting the substantial amount of listing expenses in 2020, while no listing expenses were incurred in 2021; and (ii) the larger amount of share option cost incurred in 2020 as compared to that for 2021 due to the grant of share options by the Group.

Research and Development Expenses

Research and development expenses was approximately RMB46.1 million for the year ended 31 December 2021, representing an increase of 38.8% as compared with the corresponding period of last year. Such increase was mainly due to the Group's increased investment in research and development of education platform products and education resources and others, laying foundation to the sustainable development of business in the future.

Other Income

Other income was approximately RMB112.7 million for the year ended 31 December 2021, representing an increase of 8.8% as compared with the corresponding period of last year, mainly due to the increase in rental and property management income.

Other Expenses

Other expenses mainly include development of software system technology expenses, depreciation and maintenance expense related to properties rent out. Other expense was approximately RMB32.9 million for the year ended 31 December 2021, representing an increase of 37.5% as compared with the corresponding period of last year, mainly due to the increase in development of software system technology expenses.

Net Other Gains

Net other gains was approximately RMB4.2 million for the year ended 31 December 2021, representing an increase of 10.4% as compared with the corresponding period of last year, mainly due to the increase of gains on bank wealth management products.

Net Finance Expenses

Net finance expenses was approximately RMB67.4 million for the year ended 31 December 2021, representing a decrease of 3.3% as compared with the corresponding period of last year, mainly due to the decrease in exchange loss.

Income Tax Expense

Income tax expense was approximately RMB77.6 million for the year ended 31 December 2021, representing an increase of 128.0% as compared with the corresponding period of last year, mainly due to the increase in taxable profit and the raise of average tax rate during the Reporting Period.

Profit for the Year

As a result of the foregoing, for the year ended 31 December 2021, profit for the year increased by approximately 192.6% as compared with the corresponding period of last year. The basic earnings per share has also increased by approximately 207.1% as compared with the corresponding period of last year, mainly due to the increase in profit for the year during the Reporting Period.

Net profit attributable to owners of the Company was approximately RMB284.2 million for the year ended 31 December 2021, representing an increase of 282.8% as compared with the corresponding period of last year, mainly due to that (i) the increase in profit for the year; and (ii) the completion of acquisition of a total of 19.18% minority equity in the subsidiary Neusoft Ruixin by the Group on 1 June 2021.

Non-IFRS Measures

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

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

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

	For the year ended	
	31 December	
	2021	2020
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Profit for the year	301,220	102,936
Adjusted items:		
Share-based compensation expenses	18,444	111,144
Listing expenses	—	29,468
Net foreign exchange losses	8,468	32,269
Adjusted net profit	<u>328,132</u>	<u>275,817</u>

Adjusted Net Profit was approximately RMB328.1 million for the year ended 31 December 2021, representing an increase of 19.0% as compared with the corresponding period of last year. Adjusted Net Profit Margin were 24.1% and 25.1% for the year ended 31 December 2021 and 31 December 2020 respectively.

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

	For the year ended	
	31 December	
	2021	2020
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Profit attributable to owners of the Company	284,222	74,246
Adjusted items:		
Share-based compensation expenses	16,630	89,947
Listing expenses	—	29,468
Net foreign exchange losses	8,468	32,269
Adjusted net profit attributable to owners of the Company	<u>309,320</u>	<u>225,930</u>

Adjusted Net Profit Attributable to Owners of the Company was approximately RMB309.3 million for the year ended 31 December 2021, representing an increase of 36.9% as compared with the corresponding period of last year.

Financial and Liquidity Position

Liquidity, financial resources and capital structure

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

As at 31 December 2021, the issued share capital of the Company was HK\$133,741.12, and the number of issued ordinary shares was 668,705,600 at a par value of HK\$0.0002 each.

As at 31 December 2021, cash and cash equivalents of the Group amounted to approximately RMB1,228.5 million (31 December 2020: approximately RMB1,426.1 million). As at 31 December 2021, total borrowings of the Group amounted to approximately RMB2,167.2 million (31 December 2020: approximately RMB1,153.3 million). The maturity profile of the borrowings ranged from within one year to more than five years. Borrowings were all denominated in Renminbi. Interests were charged at fixed rates and floating rates. The Group did not carry out any interest rate hedging policy.

Treasury policy

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

Net current liabilities

As of 31 December 2021, net current liabilities amounted to approximately RMB354.7 million (31 December 2020: RMB139.4 million). Such increase on net current liabilities was mainly due to (i) an increase in payables for infrastructure constructions as a result of the upgrade and expansion of campus; and (ii) an increase in contract liabilities, mainly due to the increase in tuition fees and boarding fees received by the Group in advance at the beginning of the school year.

As of 31 December 2021, the current ratio of the Group (being current assets divided by current liabilities) was 0.81 (31 December 2020: 0.92).

Contingent liabilities

As of 31 December 2021, the Group did not have any unrecorded significant contingent liabilities or any material litigation against the Group.

Foreign exchange exposure

The majority of the Group's revenue and expenditures are denominated in RMB. During the year ended 31 December 2021, the Group did not experience any significant difficulties in or impacts on its operations or liquidity due to fluctuations in currency exchange rates. The Directors believe that the Group has sufficient foreign exchange to meet its own foreign exchange requirements and will adopt practical and effective measures to prevent exposure to exchange rate risk.

Charge on assets

As at 31 December 2021, the Group had bank borrowings of RMB1,359.3 million pledged by certain collection rights of tuition fees and boarding fees, and bank borrowings of RMB357.5 million pledged by certain equity interests.

Gearing ratio

As at 31 December 2021, the gearing ratio (being total debt divided by total equity, of which total debt refers to the sum of interest-bearing bank loans, other borrowings and lease liabilities) of the Group was 147.1% (31 December 2020: 67.5%).

Capital expenditures

The capital expenditures of the Group for the year ended 31 December 2021 amounted to approximately RMB1,102.3 million, which was primarily related to the upgrade and expansion of our campuses.

Material acquisitions or disposals of subsidiaries, associates and joint venture

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

Save as disclosed above, the Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2021.

Significant investments

As of 31 December 2021, the Company did not have any significant investment accounting for 5% of the company's total assets.

Future plans for material investments or capital assets

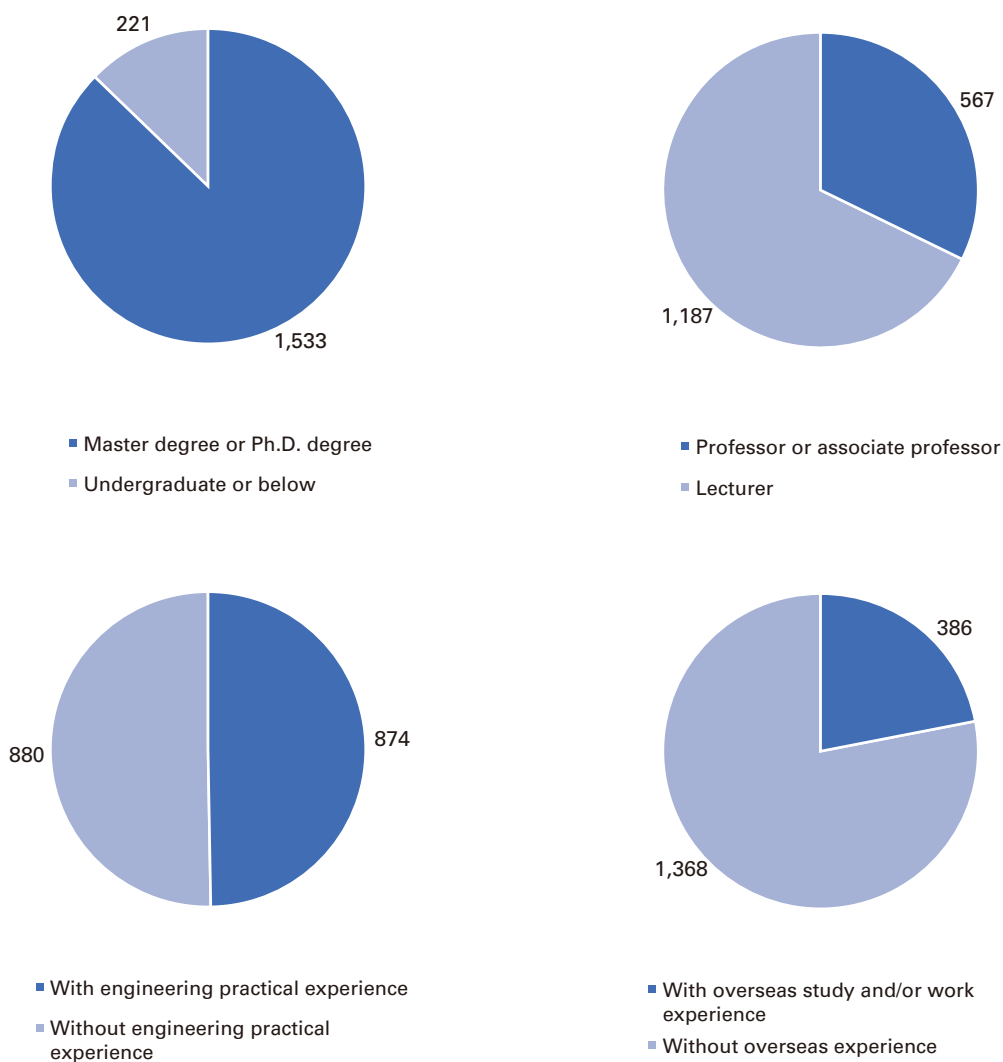
Dalian Education, a subsidiary of the Company, entered into the Cooperation Agreement (the “**Cooperation Agreement**”) with Fujian Jiantou Group Co., Limited (the “**Fujian Jiantou**”) on 12 April 2021. Pursuant to the Cooperation Agreement, (i) Fujian Jiantou will establish Putian Xianliang Education Technology Co. Limited (the “**Project Company**”) (莆田市賢良教育科技有限公司), which will be responsible for land acquisition and project construction; (ii) as the sponsor of the new college, the Project Company will be responsible for obtaining the relevant school operating license, and (iii) Fujian Jiantou agreed that Dalian Education (or other member companies of the Group) can acquire all equity interest in the Project Company after the completion of campus construction. Pursuant to the Cooperation Agreement, Dalian Education shall pay an earnest money of RMB200 million (the “**Earnest Money**”) to Fujian Jiantou. The Earnest Money will be financed by the relevant IPO proceeds (approximately RMB100 million) and its own internal resources (approximately RMB100 million). After the completion of the campus construction, Dalian Education and Fujian Jiantou will jointly appoint a qualified independent valuer to evaluate the 100% equity interest of the Project Company, so as to determine the price of transferring equity in the Project Company. For details, please refer to the announcement of the Company dated 12 April 2021 and the circular of the Company dated 20 May 2021. As of 31 December 2021, Dalian Education has paid RMB50 million of the Earnest Money to Fujian Jiantou pursuant to the Cooperation Agreement.

Save as disclosed under the section headed “Future Plans and Use of Proceeds” in the Prospectus of the Company dated 17 September 2020 and disclosed in this announcement, the Group did not have any other plans for material investments or capital assets as of 31 December 2021.

3 EMPLOYEE AND REMUNERATION POLICY

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

As of 31 December 2021, our three universities had 1,754 full-time teachers and 1,030 part-time teachers. 87.4% of the full-time teachers had a master degree or Ph.D. degree, approximately 32.3% being professors or associate professors, approximately 49.8% with engineering practice experience in enterprises, and 22% with overseas studies and/or work experience.



As of 31 December 2021, the Group had 3,246 employees, and the number of employees employed varied from time to time depending on needs. Among them, 1,325 of our employees were based in Liaoning province, 702 of our employees based in Sichuan province, and 768 of our employees were based in Guangdong province. The following table sets forth the total number of employees by function as of 31 December 2021:

Function	Number of employees	% of total
Full-time teachers ⁽¹⁾	1,832	56.4%
Engineers ⁽²⁾	320	9.9%
Research and development personnel ⁽²⁾	269	8.3%
Management and administrative staff ⁽²⁾	677	20.8%
Sales and marketing personnel ⁽²⁾	148	4.6%
Total	3,246	100.0%

Notes:

- (1) Include 1,754 full-time teachers in our three universities and 78 full-time teachers in the training business.
- (2) 164 of our engineers, research and development staff, and management and administrative staff also serve as part-time teachers in the three universities of the Group.

The Group believes that attracting, recruiting and retaining high-quality employees are essential to the success and sustainability of the Group. The Group provides employees with a competitive remuneration package, which is determined in accordance with prevailing industry practice and employees' educational backgrounds, experiences and performance. The emoluments of the Directors of the Company are determined with reference to the economy, the prevailing market conditions, the responsibilities and accountabilities undertaken and the performance of the Directors. As required by the applicable laws and regulations, the Group participates in various employee social security plans that are administered by local governments for its employees, including housing provident funds, pensions, medical insurance, maternity insurance, work-related injury insurance, unemployment insurance, among others. In addition, the Group provides its employees with relevant training courses suited to their personal career development, and provides them with benefits, including commercial insurance, corporate annuities, welfare medical examinations, and holiday gifts. For the year ended 31 December 2021, the total cost of employee remuneration of the Group (including Directors' fees) was RMB556.1 million (2020: 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 are set out in the section headed “Share Incentive Schemes” of the Appendix V to the Company’s Prospectus. As of 31 December 2021, 1,716,980 share options under the Pre-IPO Share Incentive Scheme have been cancelled, 2,444,925 share options having lapsed, and 2,038,400 share options been exercised; and no options under the Post-IPO Share Incentive Scheme have been granted, exercised, having lapsed or been cancelled.

4 FUTURE DEVELOPMENT

4.1 Development Environment

4.1.1 The release of “Regulations on the Implementation of the Law for Promoting Private Education” shows the policy direction

The “Regulations on the Implementation of the Law for Promoting Private Education of the PRC” (the “**Regulations on the Implementation of the Law for Promoting Private Education**”) was released in April 2021 and has been implemented officially from 1 September 2021. The Regulations on the Implementation of the Law for Promoting Private Education emphasizes on the premise of standardized management, encourage and support the participation of social forces in school operation, especially highlighting the overall positive encouragement of wider and deeper participation of social capital in the development of vocational education. The Regulations on the Implementation of the Law for Promoting Private Education also clarifies the policy measures of financial support, tax preference and land security, which provides more room for the development of private higher education institutes.

4.1.2 Vocational education enters a new development stage

In October 2021, the General Office of the CPC Central Committee and the General Office of the State Council jointly issued the Opinions on Promoting the “High-quality Development of the Modern Vocational Education” (the “**Opinions**”), which encourages listed companies and industry leaders to sponsor vocational education and encourages all enterprises to sponsor vocational education in accordance with laws. Vocational schools are encouraged to cooperate with social capital to build the infrastructures and training bases for vocational education, and to jointly build and share the public training bases. The Opinions also highlights the synergic promotion of the in-depth industry-education integration, and that all levels of governments shall list the industry-education integration in their economic and social development plans.

4.1.3 Continue to cultivate high-skilled talents and to focus on their lifelong skill training

On 30 June 2021, the MHRSS issued the “‘Skills China Action’ Implementation Plan” (the “**Implementation Plan**”), which expressly points out that during the 14th Five-Year period, over 40 million of new skilled talents shall be provided, and skilled talents shall account for 30% of the total employment. According to the “Planning Guide for the Development of Manufacturing Talents”, the IT talent gap in the PRC is expected to reach 9.5 million in 2025. The Implementation Plan also highlights the establishment and improvement of a lifelong vocational skill training system covering both urban and rural labourers throughout their whole work and study life, meeting their needs for employment and entrepreneurship and their needs for industry and work personal growth and high-quality development of talents. The publication of the Implementation Plan indicates that China will further focus on and strengthen the cultivation of high-skilled talents, and pay attention to the lifelong skill training for talents.

4.1.4 Further support, encourage and promote the industry-education integration

In May 2021, the National Development and Reform Commission, the MOE, and the MHRSS jointly issued the “Implementation Plan of Strengthening the Nation through Education Promotion Project during the Period of the 14th Five-Year Plan”, which states: “to concentrate on supporting a batch of high-quality vocational colleges and application-oriented undergraduate institutes to construct a batch of high-level and specialized training bases with industry-education integration.” In December 2021, the “Revised Draft of the Vocational Education Law of the Peoples’ Republic of China” (the “**Draft**”) was once again presented to the meeting of the NPC Standing Committee for review and consideration. The Draft expressly states that enterprises with industry-education integration will enjoy support on finance, fiscal policy, land, credit, etc. and enjoy tax preference in accordance with the relevant national regulations, and enterprises will be guided to set apprenticeship positions at a certain percentage of all positions. As the industry-education integration has been continually deployed nationwide and further implemented in all provinces, our business of application-oriented teaching system, continuing education, education resources and apprenticeship programme business will be further enhanced.

4.2 Development strategy

4.2.1 Increasing investment in school operation and insisting on high quality of school operation

Adhering to the educational concept of “Empower Students with Innovative Education”, we focus on the fundamental undertaking of cultivating people by fostering their virtues with the goal of promoting the comprehensive development of our students in the aspects of virtue, intelligence, physical conditions,

aesthetic and community service. We will continue implementing and repeatedly upgrade our TOPCARES education approach and take the road of education innovation with high quality and connotative development: Focusing on the field of “generalised IT + healthcare technology”, we will cooperate with leading enterprises in the industry to consolidate the construction of five typical industrial colleges; we will optimize the academic major group operating mechanism of “intra-group symbiosis and intergroup synergy”, and accelerate the cultivation of new majors and cross-integration between majors to build advantageous major groups leveraging on our National-level and Provincial-level First-class Bachelor Degree Programmes Construction Sites; we will deepen the reform of the TOPCARES education teaching, and through the way of strengthening the in-depth integration of information technology and education, we carry out comprehensive reforms on the presentation of teaching contents, access to learning resources, interaction between teachers and students, reconstruction of teaching space, and assessment and evaluation of courses, aiming to create a more mixed, interactive and open education ecology so as to continuously promote our education and teaching level; we will strengthen talents introduction and team building, and enhance the teaching capability and standards of our teachers; we will enhance the studying and living experience of our students by constantly improving our school operation conditions, upgrading experimental teaching environment and infrastructures, and optimizing network-based, digital and intelligent studying and living environment.

4.2.2 Deepening industry-education integration

By continuously satisfying the needs of the industries and enterprises, fully leveraging the enterprises’ customized cultivation, and driving the development of the front-end businesses by the needs of enterprises, we develop a cooperation model of “short-term customized cultivation + probation and internship assignment” to realise the growth on our business; we will proactively promote the cooperation with the small- and medium-sized enterprises within the region and industrial parks, and connect the regional industry chain and the innovation chain, so as to build a regional talent ecosystem on the carrier of industry colleges; we will strengthen the resource exchange by way of cooperation with large and medium-sized enterprises in the long run, and strategically cooperate with industry agencies, downstream talent importing enterprises, large internet factories, among other enterprises. in aspect of teaching, research and development, practice, etc. in the long run.

4.2.3 Increasing investment in R&D to develop the integrated R&D system

Facing the trend of digital and intelligent transformation of education in China, the Group will constantly increase the expenditure and personnel investment in R&D; we will continue to promote the construction of teaching resources of multiple majors, multiple types and multiple levels under the featured TOPCARES education approach of Neuedu; we will build integrated cloud experimental products by reconstructing and integrating existing practice system, further expanding the practical training products in the fields of artificial intelligence and medical imaging; we will carry on omni-directional integration leveraging on the existing single software system to build an online education service platform based on unified data and resource management, thus realizing platform aggregation of full-caliber users and providing one-stop support for typical service scenarios, including lessons teaching, online practice, online examination, innovation and entrepreneurship activities, graduation projects, quality monitoring, student management, project certifications, major assessment, skill competition, skill assessment and employment service; we will proactively explore the integrated application of artificial intelligence, big data, cloud computing, blockchain, virtual reality and other cutting-edge technologies on the platform.

4.2.4 Striving to develop online education

We will deploy the platform ecosystem of online programmes + practice and training + employment and entrepreneurship service targeting high education students based on our core of self-owned products and guided by customer needs; we will build the bridge for school-to-enterprise transition through building the big data system, pointing to learning achievements with learning behaviors, visualising the capabilities of the practitioners, and pinpointing the employment direction through our featured talent assessment system; we will open up a new talent cultivation model, thereby forming a closed loop of talents identifying, talents cultivation and talents delivery by promoting the certifications of skill improvement and carrying on the integration of assessment, study, practice, examination, certification and employment.

4.2.5 Optimizing the delivery model and expanding the sales network

We will focus on constructing a flexible and efficient sales and delivery network covering the country with local supports by holding regional and national competitions and events, so as to continuously increase the coverage among colleges or universities in cooperation; we will realise the diversified delivery model combining the “scattered delivery + centralised delivery” and the “offline delivery + online delivery” by strengthen the regional sales empowering, connecting regional departments in designing a clear sales network, and integrating the resources of third parties and agents; we will continue to deepen the cooperation relationship with material colleges and universities in cooperation so as to reach a stable and long-term strategic cooperation.

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 Initial Public Offering (the “IPO”) are approximately HK\$924.2 million (equals to approximately RMB777.5 million), which were intended to be used for the purposes set out in the Prospectus.

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

As of 31 December 2021, the use of proceeds from the IPO is as follows:

	% of net proceeds	Revised net proceeds from the IPO	Amount utilized as at 31 December 2021	Amount unutilized as at 31 December 2021	Expected timeline for fully utilising unutilized amount
		<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	
Upgrading our existing school facilities and expanding our campus ⁽¹⁾	51.4%	399.6	233.0	166.6	2022
Acquisition of other schools ⁽²⁾	12.9%	100.0	50.0	50.0	2022
Repay commercial loans	25.4%	198.0	198.0	—	N/A
Supplement working capital ⁽³⁾	10.3%	79.9	66.1	13.8	2022
Total	100%	777.5	547.1	230.4	2022

Notes:

- (1) The delay of expected timeline for fully utilizing unutilized amount planned for upgrading our existing school facilities and expanding our campus is primarily due to the impact of our university infrastructure construction payment process.
- (2) The delay of expected timeline for fully utilizing unutilized amount planned for acquisition of other schools is primarily due to the impact of the deposit payment process of cooperation projects.
- (3) The delay of expected timeline for fully utilizing unutilized amount planned for supplementing working capital is primarily due to our sufficient working capital after charging tuition fees in the second half year of 2021.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the year ended 31 December 2021.

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 27 May 2022. Notice of the 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 HK14.1 cents for the year ended 31 December 2021 to shareholders whose names appear on the register of members of the Company on 7 June 2022. The final dividend is subject to the approval of the Shareholders at the annual general meeting to be held on 27 May 2022, if approved, it will be paid in cash on or around 24 June 2022.

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 Friday, 20 May 2022 to Friday, 27 May 2022, 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 Thursday, 19 May 2022.

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 Thursday, 2 June 2022 to Tuesday, 7 June 2022, 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 Wednesday, 1 June 2022.

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 2021 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 the CG Code.

During the year ended 31 December 2021, the Company has complied with the code provisions of the CG Code and, where appropriate, adopted the recommended best practices as set out in the CG Code. The Company will continue to review and monitor its corporate governance practices to ensure the compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted Model Code for Securities Transactions by Directors of Listed Issues (the “**Model Code**”) set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors' securities transactions. 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 as the Company's code of conduct for dealings in securities of the Company by the Directors.

Having made specific enquiry of the Directors, except the matters described below, 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 2021. The Company has been notified by Dr. LIU Jiren (劉積仁) (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 of the Company (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 for the financial year 2020 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 2021, 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 2021, and confirmed that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made.

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 2021 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 2021. 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.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There were no significant events of the Group occurred after the Reporting Period to the date of this annual results announcement.

PUBLICATIONS OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (<https://www.neuedu.com/>). The annual report of the Group for the year ended 31 December 2021 will be available on the above websites of the Stock Exchange and the Company and despatched to shareholders of the Company in due course.

DEFINITIONS

“%”	per cent
“14th Five-Year”	the 14th Five-Year of national economic and social development of the People’s Republic of China, i.e., the five-year period of 2021–2025
“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” of the Prospectus of the Company
“APP”	an application, especially as downloaded by a user to a mobile device
“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
“BVI”	British Virgin Islands
“CG Code”	The Corporate Governance Code contained in the previous Appendix 14 of Listing Rules, which expired on 1 January 2022 and shall be in compliance with in the fiscal years commencing on or before 31 December 2021.
“Chengdu University”	Chengdu Neusoft University (成都東軟學院), established in 2003, and one of the higher education schools operated by our Group

“China” or “the PRC”	the People’s Republic of China, and for the purposes of this announcement only, except where the context requires otherwise, excluding Hong Kong, the Macao Special Administrative Region and Taiwan province of the People’s Republic of China
“Companies Ordinance”	Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, “our Company”, or “the Company”	Neusoft Education Technology Co. Limited (東軟教育科技有限公司), an exempted company with limited liability incorporated under the laws of the Cayman Islands on 20 August 2018
“Consolidated Affiliated Entity” or “Consolidated Affiliated Entities”	entities controlled by the Company through the Contractual Arrangements and considered as our subsidiaries
“Contractual Arrangements”	the contractual arrangements entered into by our Group as described in the section headed “Contractual Arrangements” of the Prospectus of the Company
“CPC”	the Communist Party of China (中國共產黨)
“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 Technology”	Dalian Neusoft Technology Development Co., Ltd. (大連東軟科技發展有限公司), a company incorporated under PRC Laws on 10 October 2013 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 our Group
“Director(s)”	the director(s) of the Company
“FY”	financial year ended 31 December, being our financial year end

“Group”, “we”, “us”, or “our”	The Company and its subsidiaries (including our Consolidated Affiliated Entities) from time to time or, where the context requires, in respect of the period prior to the Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of the Company at the relevant time
“Guangdong University”	Neusoft Institute, Guangdong (廣東東軟學院), established in 2003, and one of the higher education schools 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
“IFRS”	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
“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, on which the Shares of the Company 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
“MHRSS”	Ministry of Human Resources and Social Security of the People’s Republic of China (中華人民共和國人力資源和社會保障部)
“MIIT”	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部) (formerly known as Ministry of Information Industry)

“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)
“Minority Interest”	a total of 19.18% equity interest in Neusoft Ruixin originally held by 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., Limited (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)
“Neusoft Corporation”	Neusoft Corporation (東軟集團股份有限公司), a company incorporated under PRC Laws on 17 June 1991, which is listed on the Shanghai Stock Exchange (stock code: 600718) on 18 June 1996
“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
“NPC”	the National People’s Congress
“One Fundamental Business”	full-time formal higher education services, the fundamental business of the Group
“Pre-IPO Share Incentive Scheme”	the share option scheme of the Company as approved by the Board on 19 June 2019, as amended from time to time, and detailed in “Statutory and general information — Share Incentive Schemes — Pre-IPO Share Incentive Scheme” in Appendix V to the Prospectus of the Company dated 17 September 2020
“Post-IPO Share Incentive Scheme”	the share option scheme of the Company as approved by the Board on 11 September 2020 and detailed in “Statutory and general information — Share Incentive Schemes — Post-IPO Share Incentive Scheme” in Appendix V to the Prospectus of the Company dated 17 September 2020
“Prospectus”	the prospectus of the Company dated 17 September 2020
“Registered Shareholder” or “Neusoft Holdings”	Dalian Neusoft Holdings Co., Ltd. (大連東軟控股有限公司), a company incorporated under PRC Laws on 15 November 2011, a controlling shareholder and the registered shareholder of Dalian Neusoft Software Park Industry Development Co., Ltd. (大連東軟軟件園產業發展有限公司)
“Reporting Period”	the year ended 31 December 2021
“RMB” or “Renminbi”	Renminbi, the current lawful currency of China

“SFC”	Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) in the share capital of our Company, 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”	has the meaning ascribed to it in the Listing Rules
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules
“the Stock Exchange” or “the Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TOPCARES”	our unique approach that are bestowed with eight types of capabilities/skills, which are technical knowledge and reasoning, open thinking and innovation, personal and professional skills, communication and teamwork, attitude and manner, responsibility, ethical values, social values created by application practice. TOPCARES is an acronym of these eight phrases
“Two Strategic Businesses”	continuing education services, and education resources and apprenticeship programme, the two strategic businesses of the Group

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, 31 March 2022

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