

Neuedu

東軟教育科技有限公司

Neusoft Education Technology Co. Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 9616

2024 INTERIM REPORT



科技赋能智慧教育
Boost Smart Education with Digital Technologies

教育创造学生价值
Empower Students with Innovative Education

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairperson and Non-executive Director

Dr. LIU Jiren

Executive Director

Dr. WEN Tao

Non-executive Directors (aside from our Chairperson)

Mr. RONG Xinjie

Dr. ZHANG Xia

Dr. ZHANG Yinghui

Mr. SUN Yinhuan

Independent Non-executive Directors

Dr. LIU Shulian

Dr. QU Daokui

Dr. WANG Weiping

AUDIT COMMITTEE

Dr. LIU Shulian (Chairperson)

Dr. QU Daokui

Mr. RONG Xinjie

REMUNERATION COMMITTEE

Dr. QU Daokui (Chairperson)

Dr. LIU Jiren

Dr. WANG Weiping

NOMINATION COMMITTEE

Dr. LIU Jiren (Chairperson)

Dr. LIU Shulian

Dr. WANG Weiping

COMPANY SECRETARIES

Ms. HE Jing

AUTHORISED REPRESENTATIVES

Dr. WEN Tao

Ms. HE Jing

REGISTERED OFFICE

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Camana Bay
Grand Cayman, KY1-9009
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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Ganjingzi District, Dalian
Liaoning, China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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No. 23 Harbour Road
Wanchai, Hong Kong

PRINCIPAL SHARE REGISTRAR

Ogier Global (Cayman) Limited

89 Nexus Way
Camana Bay
Grand Cayman, KY1-9009
Cayman Islands

HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited

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

LEGAL ADVISERS

As to Hong Kong Laws:

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Suites 3304-3309, 33/F,
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Central, Hong Kong

As to PRC Laws:

Tian Yuan Law Firm

Unit 509, Block A, International Enterprise Building
No. 35, Financial Street, Xicheng District
Beijing, China

AUDITOR

PricewaterhouseCoopers

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

PRINCIPAL BANKS

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

STOCK CODE

9616

COMPANY WEBSITE

<http://www.neuedu.com>

LISTING DATE

29 September 2020

HIGHLIGHTS

| Month | Neuedu Highlights |
|---------|---|
| 2024.01 | Neusoft Education Technology has been selected as a member of the MIIT list of typical products, applications, and service cases in the new generation of information technology for 2023 (first batch) |
| 2024.01 | Neuedu has received the “Outstanding Contribution Award” for the Belt and Road and BRICS Future Skills Challenge (一帶一路暨金磚國家技能發展與技術創新大賽) |
| 2024.02 | Dalian University was approved as a 2023 Industrial Internet Security Talent Cultivation Pilot Demonstration Project by the MIIT, the only university approved of a national-level industrial internet related pilot demonstration project across China this year |
| 2024.03 | Neuedu has acquired Neusoft Healthcare and its subsidiaries/entities, forging a new integrated development ecosystem that combines education, healthcare and wellness, thereby initiating a new strategic chapter |
| 2024.04 | Neuedu has launched various products such as HarmonyOS OpenHarmony Information Technology Innovation Practical Training Lab and Virtual Studio Practical Training Lab, empowering partner institutions to provide students with practical training activities in popular industries |
| 2024.05 | Dalian University has introduced its first AI digital lecturer, “Xiaoruan”, to teach students about the history of the Communist Party of China, marking an important step forward for the application of AI to empower smart education in Neuedu |
| 2024.05 | Neuedu has released its first domestic educational metaverse platform, Neuedu Metaverse Creation Sharing Platform – OpenNEU, which empowers partner institutions’ digital teaching activities through features such as teaching Q&A digital avatars, multi-scene virtual space design, multi-dimensional gamified task systems, multi-person collaborative interaction mechanisms, and community activities |
| 2024.05 | Neuedu has completed the acquisition of Neusoft Healthcare and its subsidiaries/entities, the financial performance of which has all been consolidated into the Group’s financial statements since the completion of the acquisition |
| 2024.06 | Neuedu’s metaverse healthcare training products were showcased at the “Culture Night” Science and Innovation Exhibition during the 2024 Dalian Summer Davos Forum, demonstrating metaverse technology’s empowerment of the healthcare and education industries to representatives from over 100 countries and regions worldwide |
| 2024.06 | For the third consecutive year, Neusoft Education Technology has served as a proposer in the industry-themed track of the China International College Students’ Innovation Contest, with 10 proposals successfully selected for the 2024 contest |
| 2024.06 | Dalian University has ranked among the top 100 universities globally in the 2024 World Universities’ Rankings for Innovation (WURI) for the fourth consecutive year, ranking fourth among the seven Chinese universities included in the TOP 100, including Tsinghua University and Peking University. In addition, it ranks seventh in the world in the “Generative AI Applications” category |

FINANCIAL HIGHLIGHTS

Selected Interim Condensed Consolidated Income Statement

| | For the six months ended 30 June | | |
|--|----------------------------------|--------------------------------|-------------------------|
| | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) | Percentage of change |
| Revenue | 968,108 | 918,430 | 5.4% |
| Cost of revenue | (457,452) | (459,110) | -0.4% |
| Gross profit | 510,656 | 459,320 | 11.2% |
| Selling expenses | (21,429) | (20,726) | 3.4% |
| Administrative expenses | (92,228) | (75,046) | 22.9% |
| Research and development expenses | (20,623) | (20,215) | 2.0% |
| Net impairment losses on financial assets | (14,434) | (2,826) | 410.8% |
| Other income | 55,499 | 68,373 | -18.8% |
| Other expense | (14,629) | (16,578) | -11.8% |
| Other gains – net | 315 | 3,593 | -91.2% |
| Operating profit | 403,127 | 395,895 | 1.8% |
| Finance expenses – net | (42,829) | (39,717) | 7.8% |
| Profit before income tax | 360,298 | 356,178 | 1.2% |
| Income tax expenses | (82,727) | (82,445) | 0.3% |
| Profit for the period | 277,571 | 273,733 | 1.4% |
| Profit for the period attributable to owners of the Company | 277,414 | 274,138 | 1.2% |
| Adjusted Net Profit (Note 1) | 276,794 | 271,851 | 1.8% |
| Adjusted net profit attributable to owners of the Company | 276,637 | 272,256 | 1.6% |

Note 1:

For the six months ended 30 June 2024, the Adjusted Net Profit is the profit for the period after deducting the effect of net exchange gains of RMB777,000.

For the six months ended 30 June 2023, the Adjusted Net Profit is the profit for the period after deducting the effect of net exchange gains of RMB1,882,000.

MANAGEMENT DISCUSSION AND ANALYSIS

1 ABOUT US

As China's leading IT higher education technology group and a provider of digital talent education services, Neuedu focuses on the IT and healthcare technology sectors, fostering a distinctive business ecosystem centered on "full-time formal higher education services as the fundamental business and with education resources and continuing education services as our two strategic businesses". In 2024, in light of socio-economic trends and demographic shifts, we have demonstrated foresight and preparedness by strategically expanding into the healthcare and wellness sector, building upon our existing "One Fundamental Business with Two Strategic Businesses" business model. Looking ahead, we will leverage our research and development capabilities in "education + technology + healthcare and wellness" to forge a new integrated development paradigm that intertwines education, healthcare, and wellness, thereby embarking on a fresh strategic chapter.

The following table outlines the revenue performance of our various business segments during the Reporting Period:

| | For the six months ended 30 June | | Percentage of change | Percentage of total revenue |
|--|----------------------------------|--------------------------------|----------------------|-----------------------------|
| | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) | | |
| Education Business | | | | |
| Full-time formal higher education services | 802,937 | 748,950 | 7.2% | 82.9% |
| Education resources | 101,509 | 102,476 | -0.9% | 10.5% |
| Continuing education services | 56,792 | 64,897 | -12.5% | 5.9% |
| Healthcare and Wellness Business | 6,870 | – | N/A | 0.7% |
| Others | – | 2,107 | -100.0% | 0.0% |
| Total | 968,108 | 918,430 | 5.4% | 100% |

2 BUSINESS REVIEW

2.1 Education Business – Stable Development with “One Fundamental Business with Two Strategic Businesses”

2.1.1 Full-time formal higher education services – Strengthen the quality of education across the three universities and consolidate our leading position in the industry

Relying on Neusoft's robust industrial foundation and technological resources, since 2000, Neuedu has established three IT application-oriented undergraduate universities with a high starting point and standards in Dalian, Liaoning, Chengdu, Sichuan, and Foshan, Guangdong, under brand-new institutional mechanisms, namely, Dalian Neusoft University of Information, Chengdu Neusoft University, and Neusoft Institute, Guangdong.

2.1.1.1 *Steady improvement in teaching quality*

Dalian University offers 33 bachelor degree programmes, 7 junior college diploma programmes, 3 junior college to bachelor degree transfer programmes, and 5 vocational bachelor degree programmes, including 1 new bachelor degree programme approved to establish in the 2024/2025 school year – Cyberspace Security; it has cumulatively obtained 7 National-level First-class Bachelor Degree Programme Construction Sites (國家級一流本科專業建設點) and 8 Provincial-level First-class Bachelor Degree Programme Construction Sites (省級一流本科專業建設點), 2 National-level First-class Bachelor Degree Courses (國家級一流本科課程) and 115 Provincial-level First-class Bachelor Degree Courses (省級一流本科課程); it is the only private university in China that has won the first prize of National-level Teaching Achievement (國家級教學成果獎) twice. Its teaching quality continued to improve steadily during the Reporting Period:

- Ranked second in China and first in Liaoning Province in the WUSHULIAN China’s First-Class Private Universities Rankings (2024);
- Ranked among the top 100 universities globally in the 2024 World Universities’ Rankings for Innovation (WURI) for the fourth consecutive year, ranking fourth among the seven Chinese universities included in the TOP 100, including Tsinghua University and Peking University. In addition, it ranks seventh in the world in the “Generative AI Applications” category;
- Ranked first in the National Undergraduates Computer Competition Index (全國普通高校大學生計算機競賽指數), being the only private university among the top 6% of the 1,000+ undergraduate universities covered by the index;
- Approved as a 2023 Industrial Internet Security Talent Cultivation Pilot Demonstration Project by the MIIT, the only university approved of a national-level industrial internet related pilot demonstration across China project this year;
- Received the “2024 Digital Intelligence Industrial College Award” at the 14th Conference on Digital Talent Development and Industry-Education Integration Education Night and Award Ceremony.

Chengdu University offers 31 bachelor degree programmes, 2 junior college diploma programmes, 16 junior college to bachelor degree transfer programmes, and 2 vocational bachelor degree programmes; it has cumulatively obtained 1 National-level First-class Bachelor Degree Programme Construction Site and 6 Provincial-level First-class Bachelor Degree Programme Construction Sites, 1 National-level First-class Bachelor Degree Course and 25 Provincial-level First-class Bachelor Degree Courses. Its teaching quality continued to improve steadily during the Reporting Period:

- 1 course, Deep Learning and Machine Vision, was approved for the first batch of advanced courses in colleges and universities in Sichuan Province;

MANAGEMENT DISCUSSION AND ANALYSIS

- Won 4 third prizes in the 4th Sichuan Provincial University Teachers' Teaching Innovation Competition organized by the Sichuan Provincial Department of Education;
- Officially launched the Chengdu Neuedu "2024 Huawei HarmonyOS Targeted Class" project in March 2024, in collaboration with Huawei's Global Talent Training Center and Chengdu Zhiliaohuizhi Technology Co., Ltd., an officially authorized Huawei talent training partner;
- Received the "Huawei Cloud Best Ecosystem Development Award" for its outstanding contributions to Huawei Cloud's ecosystem development;
- Selected as a "Chengdu's China Software City Construction Influential Partner".

Guangdong University offers 23 bachelor degree programmes, 3 junior college diploma programmes, 10 junior college to bachelor degree transfer programmes; it has cumulatively obtained 3 Provincial-level First-class Bachelor Degree Programme Construction Sites, 1 National-level First-class Bachelor Degree Course and 20 Provincial-level First-class Bachelor Degree Courses. Its teaching quality continued to improve steadily during the Reporting Period:

- Ranked 24th in China among private universities in the Ranking of Private Colleges and Universities by China Science and Education Evaluation Network (Jinpingguo) (中國科教評價網(金平果)民辦院校排行榜);
- Ranked 14th in China in the "National Competition Rankings for Private Universities (2019-2023)" (全國普通高校大學生競賽排行榜民辦榜單(2019-2023)) of the China Association of Higher Education (中國高等教育學會);
- Following recognition as an "Excellent Organization for IPv6 Deployment in Guangdong Province" in 2021 and 2022, it received the honorary title of "Benchmark Organization for IPv6 Deployment in Guangdong Province in 2023", being the only private university among the benchmark organizations.
- Launched its first batch of micro-major construction projects, offering two micro-majors: "HarmonyOS Software Application Development" and "Big Data Management and Application", to meet the market's demand for innovative and composite talent cultivation.

MANAGEMENT DISCUSSION AND ANALYSIS

2.1.1.2 Overall increase in admission quota

Outstanding education quality and excellent brand reputation have facilitated the continuous growth of our admission quota. In the 2024/2025 school year, the total admission quota in the three universities under the Group has achieved an overall increase, exceeding 20,000 students in total, which represents an increase of 687 students from the previous school year and a year-on-year growth of approximately 3.5%.

| | Admission quota | | | Percentage of change |
|---|--------------------------|--------------------------|--------|----------------------|
| | 2024/2025 School year | 2023/2024 School year | Change | |
| Dalian University | | | | |
| Bachelor degree programmes | 4,133 | 4,013 | 120 | 3.0% |
| Junior college diploma programmes | 1,869 | 1,096 | 773 | 70.5% |
| Junior college to bachelor degree transfer programmes | 3,249 | 2,899 | 350 | 12.1% |
| Subtotal | 9,251 | 8,008 | 1,243 | 15.5% |
| Chengdu University | | | | |
| Bachelor degree programmes | 5,800 | 5,574 | 226 | 4.1% |
| Junior college diploma programmes | 100 | 100 | – | – |
| Junior college to bachelor degree transfer programmes | 823 | 823 | – | – |
| Subtotal | 6,723 | 6,497 | 226 | 3.5% |
| Guangdong University | | | | |
| Bachelor degree programmes | 2,206 | 2,633 | -427 | -16.2% |
| Junior college diploma programmes | 100 | 155 | -55 | -35.5% |
| Junior college to bachelor degree transfer programmes | 1,900 | 2,200 | -300 | -13.6% |
| Subtotal | 4,206 | 4,988 | -782 | -15.7% |
| Total | 20,180 | 19,493 | 687 | 3.5% |

MANAGEMENT DISCUSSION AND ANALYSIS

2.1.1.3 Students enrollments reaching a new high

As of 30 June 2024, the total number of student enrollments in the three universities amounted to approximately 57,000, marking a year-on-year increase of approximately 7.5% compared with that of 2023, setting a new record high.

| | Student enrollments | | | |
|---|-----------------------|-----------------------|--------|-------------------------|
| | As at 30 June 2024 | As at 30 June 2023 | Change | Percentage of change |
| Dalian University | | | | |
| Bachelor degree programmes | 15,244 | 14,922 | 322 | 2.2% |
| Junior college diploma programmes | 1,289 | 871 | 418 | 48.0% |
| Junior college to bachelor degree transfer programmes | 4,696 | 2,805 | 1,891 | 67.4% |
| Subtotal | 21,229 | 18,598 | 2,631 | 14.1% |
| Chengdu University | | | | |
| Bachelor degree programmes | 17,312 | 14,968 | 2,344 | 15.7% |
| Junior college diploma programmes | 1,387 | 2,118 | -731 | -34.5% |
| Junior college to bachelor degree transfer programmes | 3,235 | 3,601 | -366 | -10.2% |
| Subtotal | 21,934 | 20,687 | 1,247 | 6.0% |
| Guangdong University | | | | |
| Bachelor degree programmes | 9,826 | 9,878 | -52 | -0.5% |
| Junior college diploma programmes | 307 | 674 | -367 | -54.5% |
| Junior college to bachelor degree transfer programmes | 3,485 | 2,982 | 503 | 16.9% |
| Subtotal | 13,618 | 13,534 | 84 | 0.6% |
| Total | 56,781 | 52,819 | 3,962 | 7.5% |

MANAGEMENT DISCUSSION AND ANALYSIS

2.1.1.4 Appropriate upward adjustment on tuition fees and boarding fees

We continuously optimize our pricing strategy and adjust the tuition fees and boarding fees of our three universities in the 2024/2025 school year as appropriate. In particular, we have made an increase in the tuition fee standards for certain bachelor degree programmes, junior college diploma programmes, and junior college to bachelor degree transfer programmes in Chengdu University, and a general increase in the tuition fee standards for bachelor degree programmes and junior college to bachelor degree transfer programmes in Guangdong University. In addition, we have continued to improve student accommodation conditions and increased the boarding fees accordingly.

| | Tuition fee standards (RMB per year) | | Boarding fees (RMB per year) | |
|---|---|---|---|---|
| | 2024/2025 School year ⁽¹⁾ | 2023/2024 School year ⁽¹⁾ | 2024/2025 School year ⁽¹⁾ | 2023/2024 School year ⁽¹⁾ |
| | Dalian University | | | |
| Bachelor degree programmes | 28,000-34,000 | 28,000-34,000 | 2,400/4,800 ⁽⁴⁾ | 2,400 |
| Junior college diploma programmes | 28,000 ⁽²⁾ | 28,000 ⁽²⁾ | 2,400/4,800 ⁽⁴⁾ | 2,400 |
| Junior college to bachelor degree transfer programmes | 28,000 | 28,000 | 2,400 | 2,400 |
| Chengdu University | | | | |
| Bachelor degree programmes | 18,000-20,000 | 18,000-20,000 | 2,000 | 2,000 |
| Junior college diploma programmes | 19,000-20,000 | 18,000-19,000 | 2,000 | 2,000 |
| Junior college to bachelor degree transfer programmes | 18,000-20,000 | 18,000-19,000 | 2,000 | 2,000 |
| Guangdong University | | | | |
| Bachelor degree programmes | 30,800-33,800 ⁽³⁾ | 28,000-32,000 ⁽³⁾ | 3,000 | 3,000 |
| Junior college diploma programmes | 23,000 | 23,000 | 3,000 | 3,000 |
| Junior college to bachelor degree transfer programmes | 30,800-33,800 | 28,000-32,000 | 3,000 | 3,000 |

Notes:

- (1) The tuition fees and boarding fees for each school year are only applicable to new students enrolled in that school year.
- (2) Other than that, the tuition fee standard for the cooperation programme for Dalian University with Ueda Gakuen Osaka Sogo College of Design, Japan (for junior college diploma programmes) is RMB4,800 per year for the new students of the 2024/2025 and 2023/2024 school year.
- (3) Other than that, the tuition fee standard for the cooperation programme for Guangdong University with the University of the West of England, UK (for bachelor degree programmes) is RMB68,000 per year for the new students of the 2024/2025 and 2023/2024 school year.
- (4) The boarding fee standard for double rooms in Dalian University is RMB4,800 per year.

MANAGEMENT DISCUSSION AND ANALYSIS

2.1.1.5 Quality students

With excellent teaching ability and brand reputation, our universities have been widely recognised by outstanding students and their parents from all over the country. The quality of students of Chengdu University ranks first among science colleges in the 2022 China Private University Student Quality Rankings (2022年中國民辦大學生源質量排名) released by China University Rankings (CNUR) (中國大學排行榜官網).

As of the date of this report, the enrolment for the 2024/2025 school year has basically completed with admission scores all significantly higher than provincial university cut-off scores, among which: in Dalian University, the highest admission score of physics stream is 86 scores higher than provincial university cut-off scores; in Chengdu University, the highest admission score of science stream is 86 scores higher than provincial university cut-off scores; in Guangdong University, the highest admission score of physics stream is 59 scores higher than provincial university cut-off scores. We believe that the high quality of students proves that our comprehensive strength of majors in related fields has been well recognised by the market.

2.1.2 Education resources

Leveraging Neusoft's robust industrial strengths and the rich educational experience accumulated from its academic programmes, Neuedu has digitized, productized, and platformized its leading educational concepts, methodologies, models, systems, and standards, establishing a 4S product service system spanning four levels: resources, software, platforms, and data (CaaS – Content as a Service, SaaS – Software as a Service, PaaS – Platform as a Service, DaaS – Data as a Service). Through various forms such as joint establishment of industrial colleges and academic majors, smart education platform software and teaching content, and smart practical training laboratories, Neuedu continuously empowers more undergraduate universities and vocational colleges with first-class educational products and services. During the Reporting Period, the revenue generated from the education resources business was approximately RMB101.5 million.

2.1.2.1 Joint establishment of industrial colleges and academic majors

Leveraging its unique advantages and self-developed products, Neuedu has launched initiatives for the joint establishment of industrial colleges and academic majors with higher education institutions and vocational colleges, helping client institutions deepen the integration of industry and education and enhance the quality of talent cultivation based on its high-quality educational resources. In the first half of 2024, we optimized the cooperation structure for joint establishment of academic majors, deepened the large-scale and high-yielding programmes of joint establishment of academic majors, and collaborated with 54 institutions on the joint establishment of industrial colleges and academic majors, with a total of 224 cooperation projects covering approximately 20,000 students.

During the collaboration process, we provided comprehensive educational support services to partner institutions, including facilitating educational and teaching reforms, building first-class courses, developing institutional textbooks, teacher development and competency enhancement in competitions. In addition, relying on the apprenticeship programme and the industry project case library, we offered applied practical projects and employment and entrepreneurship guidance to students in relevant majors. Taking the Neuedu Information Industrial College (東軟信息產業學院) that we jointly established with Yunnan Technician College (雲南技師學院) as an example – as of 30 June 2024, Neuedu Information Industrial College of Yunnan Technician College has completed the construction of 2 high-quality online courses and 3 high-quality teaching materials, and established the first batch of specialty majors with a focus on computer programming (software technology); 9 training rooms have been set up and equipped with the training platforms, teaching platforms and corresponding course resources; we successfully created the college's own teaching resource library with 22 new teaching resources; we also provided support in successfully cultivating 2 innovative and entrepreneurial projects and visiting more than 70 enterprises for employment, which provided approximately 1,500 jobs for the college.

As the 4S-OMO service model gradually takes root and continues to empower client institutions, the advantages of our education resources business have become increasingly evident, leading to significant improvements in teacher capabilities, student potential, and major strengths at our partner institutions. In the first half of 2024, we assisted Yunnan Technician College in winning a gold medal at the National Rural Revitalization Vocational Skills Competition (全國鄉村振興職業技能大賽), achieving a breakthrough for Yunnan Province in gold medal history in National Rural Revitalization Vocational Skills Competition; Furthermore, our partners collectively won 41 provincial awards in various provincial and national competitions such as the Blue Bridge Cup National Software and Information Technology Major Talent Contest (藍橋杯全國軟件和信息技術專業人才大賽), China Undergraduates Computer Design Contest (中國大學生計算機設計大賽) and China Undergraduates Service Outsourcing Innovation and Entrepreneurship Contest (中國大學生服務外包創新創業大賽), 11 of which have been advancing to regional and national levels.

2.1.2.2 Smart education platform software and teaching contents

Leveraging the 4S service model, we provide smart education platforms and software covering areas such as educational management, teaching operations, and practical teaching, focusing on building the Neuedu intelligent education ecosystem, empowering institutions to achieve personalized and intelligent education driven by data. In the first half of 2024, we launched the Metaverse Creation Sharing Platform – OpenNEU (元宇宙創意創作分享平台– OpenNEU), the Comprehensive Innovation Quality Development Platform (全維創新素質發展平台), and the Intelligent Platform for Educational Quality Monitoring and Evaluation (教育質量監測評估數智化平台). Based on continuous application and practical verification in three universities, we integrated multiple system functions such as the examination system, talent management and training system, and graduation design management system, and iteratively upgraded the integrated Neuedu Smart Education Platform. As of 30 June 2024, our smart education platforms and software products are as shown in the table below:

MANAGEMENT DISCUSSION AND ANALYSIS

| Smart education platforms | Education management software |
|---|--|
| <ul style="list-style-type: none"> • Neuedu Smart Education Platform • Cloud Practice Platform • Cloud Training Platform • Metaverse Creation Sharing Platform – OpenNEU • Comprehensive Innovation Quality Development Platform | <ul style="list-style-type: none"> • Innovation and Entrepreneurship Education Management System • Engineering Education Certification Support System • Intelligent Platform for Educational Quality Monitoring and Evaluation • Major Assessment and Evaluation System • Teaching Quality Evaluation System • Intelligent Student Management System |

Leveraging on the superior majors of Neuedu, focusing on the key elements of TOPCARES education approach, interactive design and the introduce of “Five New”, we have developed digital teaching content covering six core academic majors, namely, computer science & software, artificial intelligence, big data, digital media, healthcare and entrepreneurship and innovation, including teaching resources of major talent training plans, courses, projects, practical training laboratories, activities, entrepreneurship and innovation, graduation projects, which constitute a systematic content resource package, in order to enable us to empower the client universities and colleges to promote their teaching quality in a whole-process, all-round and multidimensional way. As of 30 June 2024, we have completed the research and development 223 courses and 9,273 projects of level 1-5 catering to majors such as software engineering, artificial intelligence, and virtual reality technology.

2.1.2.3 Smart practical training laboratories

In line with the forefront of the industry and fully aligning with industrial practical experience and demands, we have established smart practical training laboratories that cater to the cultivation of applied talents and practical teaching in universities. Equipped with core project resources at all levels of each academic major and together with the physical environment and related software and hardware equipment, the smart practical training laboratories provide a well-developed integrated solution for practical training of academic majors. In the first half of 2024, we newly launched several practical training labs including the HarmonyOS OpenHarmony Information Technology Innovation Practical Training Lab, Intelligent and Connected Vehicle Practical Training Lab, Large Model Practical Training Lab, Virtual Studio Practical Training Lab, and Smart Manufacturing Dual Carbon Control System Practical Training Lab, forming a portfolio of smart practical training lab products that cover Neuedu’s five predominant advantageous major clusters:

MANAGEMENT DISCUSSION AND ANALYSIS

| Majors | Smart Practical Training Laboratories |
|-----------------------------|---|
| Computer Science & Software | Intelligent and Connected Vehicle Practical Training Lab (智能網聯汽車實訓室), HarmonyOS OpenHarmony Information Technology Innovation Practical Training Lab (鴻蒙OpenHarmony信創實訓室), Smart Manufacturing Dual Carbon Control System Practical Training Lab (智能製造雙碳管控系統實訓室), In-Vehicle Testing Practical Training Lab (車載測試實訓室), Healthcare and Wellness Maintenance Practical Training Lab (Platform Development) (健康頤養實訓室(平台開發)), Internet Software Testing Practical Training Lab (互聯網軟件測試實訓室) |
| Artificial Intelligence | Large Model Practical Training Lab (大模型實訓室), Autonomous Driving Practical Training Lab (無人駕駛實訓室), Natural Language Processing Practical Training Lab (自然語言處理實訓室), Computer Vision Analysis Practical Training Lab (計算機視覺分析實訓室), Intelligent Speech Training Practical Training Lab (智能語音訓練實訓室), Intelligent Monitoring Practical Training Lab (智慧監控實訓室), Medical Imaging Practical Training Lab (醫學影像實訓室) |
| Big Data | Big Data Acquisition and Processing Practical Training Lab (大數據採集與處理實訓室), Big Data Analysis and Visualization Practical Training Lab (大數據分析與可視化實訓室), Big Data Implementation and Operation & Maintenance Practical Training Lab (大數據實施與運維實訓室), Big Data Technology Practical Training Lab (大數據技術實訓室), Transportation Big Data Practical Training Lab (交通大數據實訓室), Financial Big Data Practical Training Lab (金融大數據實訓室), E-commerce Big Data Practical Training Lab (電商大數據實訓室), Telecommunications Big Data Practical Training Lab (電信大數據實訓室) |
| Digital Media | Omnimedia – Virtual Studio Practical Training Lab (全媒體類–虛擬演播實訓室), AI-XR Digital Interaction Engine Technology Development Practical Training Lab (AI-XR數字交互引擎技術開發實訓室), Metaverse Future Education Platform – Digital Media Interaction Practical Training Lab (元宇宙未來教育平台–數字媒體交互實訓室), Metaverse Smart Healthcare & Wellness Future Education Platform (元宇宙智慧康養未來教育平台), Neuedu Metaverse Offering Institutional Virtual Simulation 2.0 Construction Solutions Based on Blockchain Technology (東軟教育元宇宙提供基於區塊鏈技術的院校虛仿2.0建設解決方案) |

MANAGEMENT DISCUSSION AND ANALYSIS

2.1.3 Continuing education services

Supported by three universities, a nationwide delivery network, online education platforms, and human resource services, we have established a continuing education service system encompassing 2B training services, 2C training services, and formal continuing education, while also newly expanding into the field of elderly education. During the Reporting Period, the continuing education services generated a revenue of approximately RMB56.8 million.

2.1.3.1 2B training services

Relying on its nearly 80 national, provincial, municipal, and industry-level training qualifications, Neuedu provides extensive, comprehensive, professional, and high-quality government-enterprise services and solutions to government, enterprises, universities, and other institutional clients, covering areas such as teacher training, digital special training, vocational skills training, civil servant training, and talent training bases.

In the first half of 2024, we continued to solidly advance the application for training qualifications and, were once again following 2020 approved as a National High-Skilled Talent Training Base (國家級高技能人才培訓基地). In addition, we were approved as a 2023 Industrial Internet Security Talent Cultivation Pilot Demonstration Project by the MIIT, the only university approved of a national-level industrial internet related pilot demonstration project across China this year. During the Reporting Period, we implemented 42 2B training projects for 33 institutions across 12 provincial regions, covering nearly 3,000 trainees.

2.1.3.2 2C training services

Drawing on its over 20 years of resource accumulation and deep industrial experience in the education sector, Neuedu, in conjunction with the 4S-OMO service delivery system, provides students and working professionals with a wide range of professional learner services in areas such as professional skill certification, digital literacy enhancement, language proficiency, professional qualifications, and association & vendor certifications. We also offer internship and employment opportunities in real corporate environments. As of 30 June 2024, Neuedu has established partnerships with over 2,000 renowned enterprises, including Neusoft, IBM, JD.com, Alibaba, and Baidu, to create a closed-loop rolling talent delivery and diversified cooperation model.

Neuedu continues to deepen and upgrade its online-offline integrated delivery system, optimizing training delivery quality and efficiency. We actively promote our self-developed online education platforms including Neuedu Online and Neuedu IT Cloud Class, as skill enhancement and qualification certification platforms for a broader range of social groups. As of 30 June 2024, Neuedu Online and Neuedu IT Cloud Class had registered users of approximately 2.3 million, and during the Reporting Period, approximately 12,000 individuals participated in 2C training.

2.1.3.3 Formal continuing education

To cater to the diverse students' urgent need for pursuing higher degrees, deepening professional knowledge, and acquiring new skills, while efficiently reusing the rich and high-quality educational resources of our three universities, we offer formal continuing education services. As of 30 June 2024, the total number of students enrolled in formal continuing education across the three universities were over 4,400, marking a year-on-year decrease of approximately 16.7%.

Concurrently, we continuously strengthen international cooperation in continuing education, actively expanding international formal continuing education programmes such as junior college to bachelor degree transfer programmes, bachelor degree to master degree transfer programmes, junior college to master degree transfer programmes with universities in Russia, the United Kingdom, Singapore, Sri Lanka, Australia, the United States, Japan, and other countries. In the first half of 2024, Dalian University recruited a total of 131 students for short-term training and exchange programmes targeting students from Russia, India, Sri Lanka, Australia, Malaysia, Indonesia, Japan, and other countries. Explanation sessions for overseas training programmes reached over 2,000 student attendances.

2.1.3.4 Elderly education business

Capitalizing on the development opportunities presented by the aging population trend, Neuedu leverages the robust teaching faculty and R&D advantages of our three universities, integrates healthcare and wellness industry resources, and focuses on the “digital + arts + health” sector, adhering to the era’s positioning of “embodying intelligent features, highlighting technological advantages, and catering to the needs of the elderly”, and constructs a unique and integrated elderly education product, Neuedu Phoenix Academy, that integrates “education, healthcare, wellness, and travel”. We have created a special “LIFECARES” model for elderly education, which encapsulates leisure, wellness, healthcare, education, and social engagement, tailored to meet the individual needs of seniors in learning, socializing, and health. Through the independent or combined implementation of multiple modules, we empower seniors’ joyful lives with top-notch healthcare and wellness services and platform services, comprehensively covering their diverse life stages from early retirement to advanced age, ensuring that educational content and services precisely align with their specific needs at different life stages, helping them achieve “enjoyment, wellness, healthcare, education, and engagement in old age”.

Currently, Neuedu Phoenix Academy primarily offers distinctive courses in three major sections: “AI and Artistic Creation”, “Health and Rehabilitation”, and “Mental Wellness Travel”.

- **AI and Artistic Creation:** Focusing on themes such as family and friends, personal memoirs, and life documentaries, this section leverages Neuedu’s self-developed AI large model learning platform to enable seniors to experience AI-powered writing, painting, music, and video creation. It also includes more practical courses like mobile photography, short video production, and watercolor therapy.
- **Health and Rehabilitation:** Drawing on the expertise of nursing homes and tertiary specialist hospitals, this section offers scientific and professional course guidance covering elderly nutrition, exercise and rehabilitation, and mental well-being, helping seniors achieve physical and mental fulfillment and health.
- **Mental Wellness Travel:** Leveraging Neuedu Phoenix Academy’s partnerships with wellness hotels in Yunnan, Hainan, Sichuan, and other regions, this section constructs short-term study tours covering themes like natural scenery, historical culture, and health preservation, tailored to seniors’ physical conditions and interests.

MANAGEMENT DISCUSSION AND ANALYSIS

2.2 Healthcare and Wellness Business – the “Education-Healthcare-Wellness” Integrated Strategic Layout

To proactively address the profound impacts and unique opportunities arising from China’s increasingly prominent “aging” society, we have strategically embarked on expanding and deepening our presence in the silver economy market. We profoundly recognize that as the proportion of the elderly population continues to rise, their spiritual and cultural needs, healthcare requirements, and desires for social engagement are also growing, thereby opening up vast development prospects for the silver economy market.

We plan to forge a new integrated development model encompassing “education, healthcare, and wellness”, ingeniously blending the three key sectors of education, healthcare, and wellness care to provide comprehensive support for enhancing the quality of life and well-being of the elderly population. This will foster a stable, interoperable, mutually supportive, efficient, and sustainable new business format, where education enhances healthcare and wellness, healthcare transitions into wellness and supplements education, and wellness supports and complements both healthcare and education.

Firstly, hospitals and nursing homes will serve as practical training bases for students from our three universities’ relevant majors, not only offering invaluable internship opportunities to students but also infusing fresh blood and innovative thinking into hospitals and nursing homes. Secondly, the academic major achievements and expertise accumulated of three universities can serve as a foundation for the development of elderly education relevant courses, further enriching the wellness lives of nursing home residents. Meanwhile, elderly education can provide a broad customer base for nursing homes and hospitals. In addition, hospitals, as the ultimate safeguard, provide robust medical support for the operations of elderly education and nursing homes. This innovative “education-healthcare-wellness” integrated development model offers comprehensive services to the elderly, fostering a strong brand image and earning their trust.

To realize the strategic deployment of integrated “education-healthcare-wellness” development, Neuedu has initiated a series of actions and preliminarily established a business framework for this integrated approach. On 26 March 2024, the Group entered into a share transfer agreement with Neusoft Holdings regarding the acquisition of Neusoft Healthcare and its subsidiaries (including two hospitals and a nursing home), with the relevant capital contributions made accordingly. The acquisition was completed on 31 May 2024. For details, please refer to the Company’s announcements dated 26 March 2024, 16 May 2024 and 31 May 2024.

2.2.1 Healthcare business

2.2.1.1 Cardiovascular Hospital

Dalian Ruikang Cardiovascular Hospital (“**Cardiovascular Hospital**”), invested and jointly operated by Neusoft Healthcare, a subsidiary of Neuedu, and the Cardiovascular Hospital of the Second Affiliated Hospital of Dalian Medical University, is a non-profit tertiary-level cardiovascular disease specialist hospital. It opened in January 2022 and obtained outpatient and inpatient medical insurance settlement qualifications around April and May 2022, with its fee standards determined according to the medical insurance pricing of municipal tertiary hospitals.

As a teaching hospital characterized by its strong specialist departments and comprehensive medical services, Cardiovascular Hospital focuses on pan-vascular disease management and provides comprehensive medical services throughout the entire life cycle. It coordinates the planning and development of related key disciplines. Currently, the hospital operates seven departments, including cardiology, neurology, general surgery, general internal medicine, general surgery, medical weight loss center, ICU, and emergency department. With a total area of over 60,000 square meters and a gross building area of over 20,000 square meters, it can accommodate 300 beds (180 currently open) and has established centers for minimally invasive surgery, interventional surgery, and chronic pain treatment.

Integrating medical treatment, education, research, prevention, and talent cultivation, Cardiovascular Hospital promotes the integrated development of “education, medicine, and research”. It brings together leading medical experts from the national level, the Second Affiliated Hospital of Dalian Medical University, and the First Affiliated Hospital of Dalian Medical University, fully leveraging the functions of affiliated hospitals. In the first half of 2024, it provided internship training to 30 interns and over 100 students from Dalian University, becoming an essential base for practical training for students majoring in healthcare technology. Leveraging Neuedu’s advanced technological advantages, Cardiovascular Hospital is a fully intelligent hospital with smart processes, equipped with state-of-the-art medical equipment such as Philips CVx echocardiography, 512CT, DSA, and 1.5T MRI, to meet various diagnostic and treatment needs. In the first half of 2024, Cardiovascular hospital received nearly 20,000 outpatient and emergency visits and admitted nearly 3,000 patients.

2.2.1.2 Stomatological Hospital

Dalian Ruikang Zhuomei Stomatology Hospital Co., Ltd. (“**Stomatological Hospital**”), invested and constructed by Neusoft Healthcare, a subsidiary of Neuedu, is the second large-scale tertiary-standard stomatological specialist hospital in Dalian. It opened in June 2023 and obtained outpatient medical insurance settlement qualifications in September 2023.

Occupying an area of 10,000 square meters, Stomatological Hospital could accommodate 150 dental chairs and 50 beds at full capacity. It houses six major medical centers: Children’s Dental Medical Center, Orthodontics and Aesthetic Center, Maxillofacial Surgery and Implantology Center, Comprehensive Stomatological Medical Center, VIP Special Medical Center, and Characteristic Outpatient Clinic, catering to the needs for oral health diagnosis and treatment and healthcare of pediatric dentistry, dental implants, maxillofacial surgery, aesthetic restoration, orthodontics, and comprehensive stomatological treatment.

MANAGEMENT DISCUSSION AND ANALYSIS

Integrating clinical practice, education, training, research, and prevention, Stomatological Hospital collaborates closely with multiple hospitals, expert doctor groups, and universities to share diagnostic and treatment services. It combines medical and engineering expertise to build a smart stomatological hospital. Managed by a team of high-level experts, the hospital introduces international advanced diagnostic and treatment equipment and smart medical systems, establishing a high-level stomatological medical talent team. It strictly adheres to tertiary-level hospital infection prevention and control standards, providing comfortable, convenient, and intelligent medical services. Committed to public oral health education, diagnosis, and management, the hospital innovates the oral medical service and treatment system. In the first half of 2024, Stomatological Hospital received over 10,000 outpatient visits.

2.2.2 Wellness business

2.2.2.1 *Wecare Family Nursing Home*

Covering a total area of approximately 5,000 square meters, Wecare Family Nursing Home is designed with 50 rooms and 59 beds. Officially opened in January 2024, it has achieved a remarkable occupancy rate of 34% within just half a year.

As a nursing home that deeply integrates medical care and elderly support, Wecare Family breaks the conventional separation between medical treatment and elderly care, sharing medical services from tertiary hospitals. Its mission is to address the industry's pain points such as weak medical capabilities and untimely access to medical care in traditional nursing homes, and low comfort levels for long-term hospitalization.

- **Deep Integration of Medical Care and Elderly Support:** Leveraging the high-quality medical resources of Neuedu Health Park, Wecare Family collaborates with the Cardiovascular Hospital (a tertiary hospital) and Stomatological Hospital within the park, to provide comprehensive medical service guarantees. Elders can receive routine laboratory sampling, vital sign monitoring, color doppler ultrasound, medication management, and other medical services right at their bedside. They also enjoy chronic disease management, regular ward rounds, online consultations from designated doctors, and access to a 180-meter express medical emergency green channel that connects directly to the Cardiovascular Hospital and Stomatological Hospital for examination and treatment. Furthermore, consultation on demand and accompaniment for medical appointments are also provided.
- **AI-Powered Monitoring Technology:** Millimeter-wave radar sensors are installed at every bedside, precisely detecting situations such as elders leaving their beds or falling and immediately notifying staff. Wearable smart bracelets continuously track elders' heart rate, blood oxygen levels, sleep quality, and other health indicators, assisting staff in medication administration and rehabilitation training. Customized family apps keep families updated in real-time about elders' diets, daily routines, and health status, enhancing their sense of security.
- **Elderly education Programmes:** Drawing upon the adjacent Neuedu Phoenix Academy's elderly education programmes, Wecare Family offers a diverse curriculum featuring "AI and Artistic Creation + Health and Rehabilitation + Mental Wellness Travel". These programmes empower elders to reconstruct their lives, boost confidence, make new friends, and achieve better health in the digital age, and to enhance their self-cultivation and realize self-worth within a culturally and artistically rich living space.

- **Personalized Wellness Activities:** Equipped with various intelligent assessment and training systems for cognition, swallowing, respiration, speech, movement, and bedside care, Wecare Family collaborates with rehabilitation specialists to tailor personalized elderly care and rehabilitation plans based on individual health conditions. These plans aim to improve elders' daily cognitive abilities and physical activity levels, restore mental and physical strength, alleviate functional impairments, and help disabled and semi-disabled elders regain physical balance and rhythm.

3 FINANCIAL REVIEW

Revenue

Our revenue was RMB968.1 million for the six months ended 30 June 2024, representing an increase of 5.4% as compared with the corresponding period of last year. Details of analysis are as follows:

- Revenue derived from our full-time formal higher education services was approximately RMB802.9 million, representing an increase of 7.2% as compared with the corresponding period of last year, mainly due to the increase of student enrolment and average tuition fee in our three universities.
- Revenue generated from the education resources was approximately RMB101.5 million, representing a decrease of 0.9% as compared with the corresponding period of last year, mainly due to the decrease in revenue from joint establishment academic majors.
- Revenue generated from the continuing education services was approximately RMB56.8 million, representing a decrease of 12.5% as compared with the corresponding period of last year, mainly due to the decrease in revenue from formal continuing education.
- Revenue generated from the healthcare and wellness business was approximately RMB6.9 million, mainly due to that the Group completed the acquisition of Neusoft Healthcare on 31 May 2024.

Gross Profit

Gross profit was approximately RMB510.7 million for the six months ended 30 June 2024, representing an increase of 11.2% as compared with the corresponding period of last year. Such increase was mainly due to the increase in revenue.

Administrative Expenses

Administrative expenses was approximately RMB92.2 million for the six months ended 30 June 2024, representing an increase of 22.9% as compared with the corresponding period of last year. Such increase was mainly due to (i) the increase in start-up costs of health and wellness business, (ii) the increased professional fees in relation to the acquisition of Neusoft Healthcare and others, and (iii) increased administrative expenses brought by the consolidation of Neusoft Healthcare Group.

Net Impairment Losses on Financial Assets

Net impairment losses on financial assets was approximately RMB14.4 million for the six months ended 30 June 2024, representing an increase of 410.8% as compared with the corresponding period of last year, mainly due to the increase of aging relating to trade receivables.

MANAGEMENT DISCUSSION AND ANALYSIS

Other Income

Other income was approximately RMB55.5 million for the six months ended 30 June 2024, representing a decrease of 18.8% as compared with the corresponding period of last year, mainly due to the decrease of government grants.

Net Finance Expenses

Net finance expenses was approximately RMB42.8 million for the six months ended 30 June 2024, representing an increase of 7.8% as compared with the corresponding period of last year, mainly due to the increase of interest expenses from borrowings.

Income Tax Expenses

Income tax expenses was approximately RMB82.7 million for the six months ended 30 June 2024, representing an increase of 0.3% as compared with the corresponding period of last year, mainly due to the increase in taxable profit.

Profit for the Period

As a result of the foregoing, for the six months ended 30 June 2024, profit for the period increased by approximately 1.4% as compared with the corresponding period of last year, and the earnings per share increased by about 2.4% compared with the corresponding period of last year.

Net profit attributable to owners of the Company was approximately RMB277.4 million for the six months ended 30 June 2024, representing an increase of 1.2% as compared with the corresponding period of last year, mainly due to the increase in profit for the period.

Non-IFRS Accounting Standards Measures

To supplement the Group's Consolidated Financial Statements which are presented in accordance with IFRS Accounting Standards, the Group also use "Adjusted Net Profit", "Adjusted Net Profit Attributable to Owners of the Company" and "Adjusted Net Profit Margin" as additional financial measures. The Group's Adjusted Net Profit is calculated as profit for the period/year after deducting the impact of net exchange losses/(gains). The Adjusted Net Profit Attributable to Owners of the Company is calculated as profit for the period/year attributable to owners of the Company after deducting the impact of net exchange losses/(gains). The Group defines Adjusted Net Profit Margin as Adjusted Net Profit divided by revenue. IFRS Accounting Standards does not define the Adjusted Net Profit, Adjusted Net Profit Attributable to Owners of the Company or Adjusted Net Profit Margin. The use of the Adjusted Net Profit, the Adjusted Net Profit attributable to owners of the Company and the Adjusted Net Profit Margin as the analysis tools has significant restrictions, because each of them does not include all items affecting the Group's profit for the period/year and the profit attributable to the owner of the company within the period/year. 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 Accounting Standards measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations of the Group in the same manner adopted by the management of the Company and in comparing financial results across accounting periods with peer companies.

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

| | For the six months ended 30 June | |
|-----------------------|----------------------------------|--------------------------------|
| | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| Profit for the period | 277,571 | 273,733 |
| Adjusted items: | | |
| Exchange gains – net | (777) | (1,882) |
| Adjusted Net Profit | 276,794 | 271,851 |

Adjusted Net Profit was approximately RMB276.8 million for the six months ended 30 June 2024, representing an increase of 1.8% as compared with the corresponding period of last year. Adjusted Net Profit Margin were 28.6% and 29.6% for the six months ended 30 June 2024 and 30 June 2023 respectively.

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

| | For the six months ended 30 June | |
|---|----------------------------------|--------------------------------|
| | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| Profit for the period attributable to owners of the Company | 277,414 | 274,138 |
| Adjusted items: | | |
| Exchange gains – net | (777) | (1,882) |
| Adjusted Net Profit Attributable to Owners of the Company | 276,637 | 272,256 |

Adjusted Net Profit Attributable to Owners of the Company was approximately RMB276.6 million for the six months ended 30 June 2024, representing an increase of 1.6% as compared with the corresponding period of last year.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial and Liquidity Position

Liquidity, financial resources and capital structure

The Shares of the Company were successfully listed on the Main Board of the Stock Exchange on 29 September 2020.

As at 30 June 2024, the issued share capital of the Company was HK\$129,241, and the number of issued ordinary Shares was 646,205,135 of HK\$0.0002 each.

As at 30 June 2024, cash and cash equivalents of the Group amounted to approximately RMB874.6 million (31 December 2023: approximately RMB1,708.4 million). As at 30 June 2024, total borrowings from financial institutions of the Group amounted to approximately RMB2,808.9 million (31 December 2023: approximately RMB2,724.9 million). The maturity range of loan is from one year to more than five years. Borrowings were all denominated in Renminbi. Interests were charged at fixed rates and floating rates, with approximately RMB205.1 million for fixed rate loans and approximately RMB2,603.8 million for floating rate loans. The Group finances its working capital requirements through a combination of funds generated from operations and alternative funding resources from equity and debt. The Group did not carry out any interest rate hedging policy.

Treasury policy

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

Current ratio

As at 30 June 2024, the current ratio of the Group (i.e. current assets divided by current liabilities) was 0.81 (31 December 2023: 0.84).

Contingent liabilities

As at 30 June 2024, the Group did not have any contingent liabilities or any material litigation against the Group.

Foreign exchange exposure

The majority of the Group's revenue and expenditures are denominated in RMB. During the six months ended 30 June 2024, the Group did not experience any significant difficulties in or impacts on its operations or liquidity due to fluctuations in currency exchange rates. The Group is currently not engaged in hedging activities that are designed or intended to manage foreign exchange rate risk. The Directors believe that the Group has sufficient foreign exchange to meet its own foreign exchange requirements and will adopt practical and effective measures to prevent exposure to exchange rate risk.

Charge on assets

As at 30 June 2024, the Group had (i) bank borrowings of RMB1,845.8 million pledged by certain collection rights of tuition fees and boarding fees, and (ii) bank borrowings of RMB266.6 million pledged by certain equity interests.

Gearing ratio

As at 30 June 2024, 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 138.3% (31 December 2023: 133.6%).

Capital expenditures

The capital expenditures of the Group for the six months ended 30 June 2024 amounted to approximately RMB119.8 million, which was primarily related to the upgrade and expansion of our campuses.

Material acquisitions or disposals of subsidiaries, associates and joint venture

On 26 March 2024, the Group entered into a share transfer agreement with Neusoft Holdings regarding the acquisition of Neusoft Healthcare and its subsidiaries (including two hospitals and a nursing home), with the relevant capital contributions made accordingly. Such acquisition was completed on 31 May 2024. For details, please refer to the Company's announcements dated 26 March 2024, 16 May 2024 and 31 May 2024.

Save as disclosed above, for the six months ended 30 June 2024, the Group had no other material acquisitions or disposals of subsidiaries, associates and joint ventures.

Significant investments

As at 30 June 2024, the Company did not have any significant investment accounting for 5% or more of the Company's total assets.

Future plans for material investments or capital assets

Save as disclosed under the section headed "Use of Proceeds from the IPO" of this report, the Group did not have any other plans for material investments or capital assets as of the date of this report.

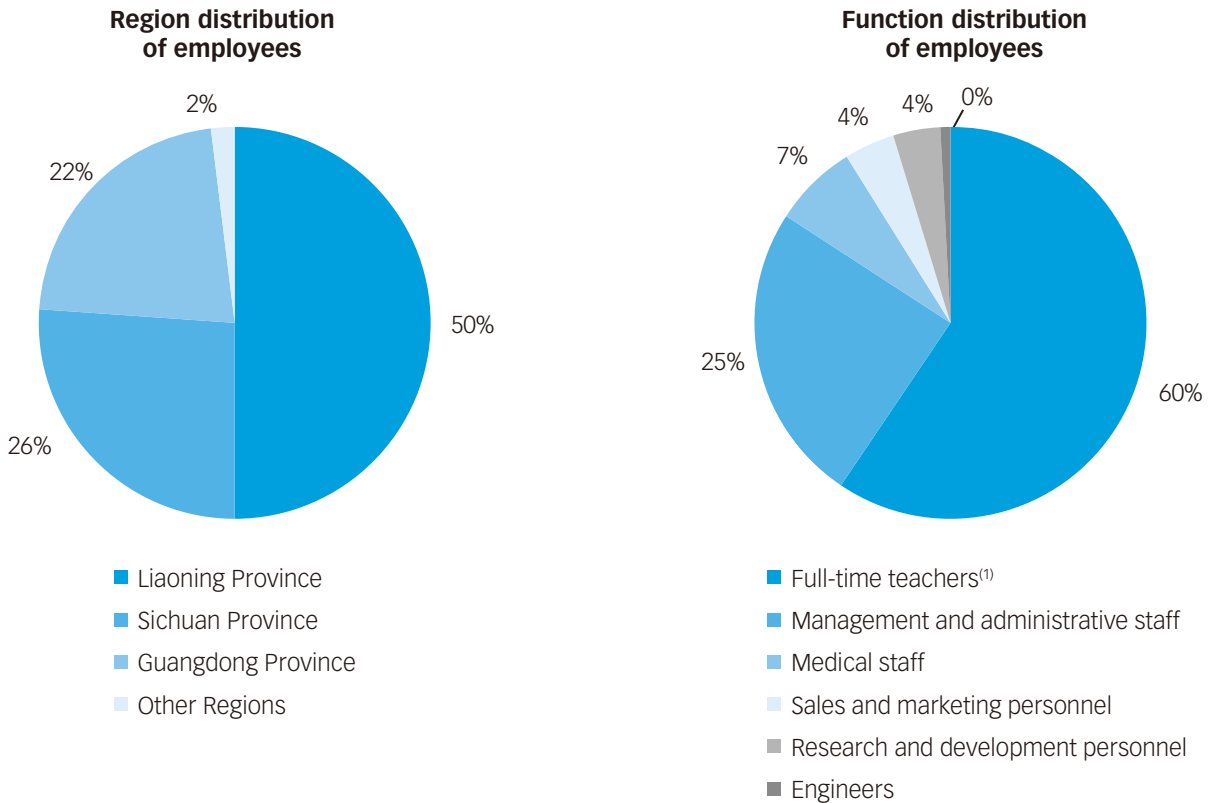
4 EMPLOYEE AND REMUNERATION POLICY

We believe that an experienced and dedicated faculty is essential to our success and are committed to building a professional, practical and internationalised faculty of a high standard. We insist on hiring outstanding teachers who have strong academic knowledge and/or practical skills in their respective professional fields, open mind to innovative teaching methods and caring about the health of students. In addition, to better serve our integrated "education-healthcare-wellness" strategic layout, we have also recruited a high-level, professional, and experienced team of doctors.

As of 30 June 2024, there were a total of 2,208 full-time teachers and 1,076 part-time teachers in our three universities. Approximately 94% of the full-time teachers have a master degree or Ph.D. degree, approximately 53% with engineering practice experience in enterprises, and approximately 21% with overseas studies and/or work experience. Our medical and nursing team comprises 284 individuals, including 27 part-time doctors. Approximately 68% of the doctor team have over ten years of experience, and 37% have over twenty years of experience. Furthermore, we collaborate closely with multiple hospitals and doctor groups, providing a multi-site practice sharing platform for renowned doctors and building a robust medical team cooperation and service network.

MANAGEMENT DISCUSSION AND ANALYSIS

As of 30 June 2024, the Group had 3,755 full-time employees, of which the distributions by regions and functions are set forth as the charts below.



(1) Including 2,208 full-time teachers in our three universities and 43 full-time teachers for training business.

The Company 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. At the same time, as required by the applicable Laws and regulations, the Group participates in various employee social security plans for its employees that are administered by local governments, including, among others, housing provident funds, pensions, medical insurance, maternity insurance, work-related injury insurance and unemployment insurance. In addition, the Group provides its employees with relevant training courses suited to their personal development, and provides them with benefits, including commercial insurance, corporate annuities, welfare medical examinations, and holiday gifts. For the six months ended 30 June 2024, the total cost of employee remuneration of the Group (including Directors' fees) was RMB340.6 million (For the six months ended 30 June 2023: RMB346.9 million).

The Company adopted a Pre-IPO Share Incentive Scheme on 19 June 2019 and a Post-IPO Share Incentive Scheme on 11 September 2020 to motivate Directors and eligible employees. Details of such plans are set out in the section headed "Share Incentive Schemes" of the Appendix V to the Company's Prospectus. As of 30 June 2024, (i) 33,135,452 options have been cancelled, 4,465,116 options have lapsed, and 3,373,935 options have been exercised under the Pre-IPO Share Incentive Scheme; and (ii) no options have been granted, exercised, lapsed or cancelled under the Post-IPO Share Incentive Scheme.

5 FUTURE DEVELOPMENT

5.1 Development Environment

5.1.1 Rapid growth of the “silver economy” spurs the development of elderly education and healthcare markets

According to data from the National Bureau of Statistics, by the end of 2023, China’s population aged 60 and above reached approximately 300 million, accounting for 21.1% of the country’s total population. Among them, the population aged 65 and above exceeded 200 million, accounting for 15.4% of the country’s total population. Currently, the size of the silver economy stands at around RMB7 trillion, accounting for approximately 6% of GDP. It is estimated that China will enter a stage of severe aging by around 2035, with the elderly population aged 60 and above exceeding 400 million, accounting for more than 30% of the total population, and the silver economy reaching a size of approximately RMB30 trillion, accounting for about 10% of GDP.

In January 2024, the General Office of the State Council issued the “Opinions on Developing the Silver Economy and Enhancing the Welfare of the Elderly”, introducing the concept of the “silver economy” and proposing 26 measures under four aspects for both the “aging economy during the elderly stage” and the “pre-aging economy during the pre-elderly stage”. These measures aim to accelerate the large-scale, standardized, clustered, and branded development of the silver economy, cultivate high-tech products and high-quality service models, and enable the elderly to share the fruits of development and enjoy a happy later life. Emphasis is placed on optimizing elderly health services, improving elderly care services, enriching cultural and sports services for the elderly, and fostering new formats of smart and healthy elderly care.

In July 2024, the Third Plenary Session of the 20th Central Committee of the Communist Party of China reviewed and approved the “Decision of the Communist Party of China Central Committee on Further Comprehensively Deepening Reforms and Advancing Chinese-style Modernization”, which explicitly calls for optimizing the supply of basic elderly care services, fostering community-based elderly care service institutions, improving the operational mechanisms of public elderly care institutions, encouraging and guiding the active participation of enterprises and other social forces, promoting mutual assistance in elderly care services, and facilitating the integration of healthcare and eldercare.

5.1.2 Shortage of talent in healthcare, medical services, and elderly care spurs the development of related majors

In December 2023, the General Office of the MOE issued the “Guidance on the Cultivation of Talents for Health Services and Health Industries”, encouraging universities to accelerate the establishment of a number of adaptive and leading new medical majors. These include bachelor degree programmes such as health management and services, medical imaging technology, and intelligent medical engineering, as well as junior college diploma programmes in health management and services, and elderly care services and management.

MANAGEMENT DISCUSSION AND ANALYSIS

In January 2024, 12 departments including the Ministry of Civil Affairs jointly issued the “Opinions on Strengthening the Construction of the Elderly Care Service Talent Pool”, proposing to “focus on meeting the diverse, multi-level, and high-quality elderly care service needs”. The document calls for attracting, cultivating, utilizing, and retaining talents in all aspects, focusing on developing skilled talents in elderly care services, in order to build a moderately sized, structurally rational, and morally and technically competent elderly care talent team, providing strong talent support for the high-quality development of elderly care services in the new era. In February 2024, the National Development and Reform Commission revised and released the “Guidance Catalog for Industrial Restructuring (2024 Edition)”, explicitly encouraging the development of aging services and the cultivation of elderly care talents.

5.1.3 Adhering to high-quality development as the lifeblood of education and actively promoting the deep integration of industry and education

The “2024 Government Work Report” issued in March 2024 clearly stated the need to strengthen the construction of a high-quality education system, adhering to high-quality development as the lifeblood of education at all levels and types, guiding and regulating the development of private education, and vigorously improving the quality of vocational education.

In May 2024, the General Offices of the Communist Party of China Central Committee and the State Council issued the “Opinions on Promoting the High-quality Development of Modern Vocational Education”, explicitly advocating for the integration of industry and education, as well as school-enterprise cooperation, to foster a development pattern featuring positive interactions between industry and education and complementary advantages between schools and enterprises. Governments at all levels are encouraged to take cities as nodes, industries as pivots, and enterprises as key points, and establish a batch of pilot cities for industry-education integration, foster benchmark industries that lead in this area, and cultivate a group of industry-leading enterprises engaged in industry-education integration.

In March 2024, the Ministry of Education and three other departments jointly issued the “Key Points for Enhancing National Digital Literacy and Skills in 2024”, which specifically emphasizes the implementation of the integration project of digital skills into industry and education. Enterprises are encouraged to establish joint colleges, laboratories, and internship bases with general universities and vocational colleges, thereby enriching the supply of high-quality digital resources and constructing a lifelong digital learning system to facilitate new achievements in promoting national digital literacy and skills.

5.1.4 AI extensively empowers social services, and the development of the digital economy urgently needs digital talent support

The “Key Points for Digital Economy Development in 2024” explicitly states the need to enhance the digitalization and intelligence of social services such as elderly care, education, healthcare, and social security. In March 2024, the Ministry of Education launched the AI-Powered Education Initiative, aiming to promote the integrated application of AI in teaching and learning, elevate national digital education literacy and skills, and develop dedicated AI large models for education, thereby injecting new momentum into educational development. The “Action Plan for the Development of Smart Healthcare Aging Industry (2021-2025)” highlights the importance of strengthening interdisciplinary and cross-sectoral cooperation to promote the integrated innovation and converged application of new-generation information technologies like the internet of things, big data, cloud computing, AI, block-chain, ultra-high-definition video, and virtual reality in the health and aging sectors, thereby enhancing the intelligence level of healthcare and aging products and services.

The widespread application of AI and the rapid development of the digital economy have posed new demands for the cultivation of innovative, applied, and composite digital talents. In April 2024, the MHRSS, the Central Organization Department, the Ministry of Education, and six other departments jointly issued the “Action Plan for Accelerating the Cultivation of Digital Talents to Support the Development of the Digital Economy (2024-2026)”, which clarifies the need to closely align with the development requirements of digital industrialization and industrial digitization and solidly carry out special actions for the cultivation, attraction, retention, and utilization of digital talents over a period of approximately three years. The goal is to increase the effective supply of digital talents, create a clustering effect, and strive to build a high-level digital talent team with a large scale, excellent quality, optimized structure, and rational distribution, thereby better supporting the high-quality development of the digital economy.

5.2 Development Strategies

5.2.1 Deepening the development of elderly education and constructing an integrated “education-healthcare-wellness” ecosystem

On the one hand, we will fully utilize the excellent teaching faculties, high-quality educational resources, and advanced teaching facilities of our three universities, and combine the advantageous majors of Neuedu with the interests and hobbies of the elderly, in order to develop and design a wide range of diversified elderly education courses. Through our integrated online and offline platform, we will provide more flexible teaching services for the elderly. On the other hand, relying on the campuses’ infrastructure, we will establish various new practical training bases for healthcare, wellness, tourism, and other fields, forming more operational assets and resources for the universities. This will fully realize the interconnection, interaction, sharing, and mutual utilization of resources between the universities and their affiliated institutions, driving the integrated fusion of “education-healthcare-wellness” and forming a stable, mutually beneficial, efficient, and sustainable triangular pyramid-shaped new business model.

5.2.2 Actively expanding the cooperation network and forming the new benchmark in China’s elderly care technology industry

We plan to actively seek strategic partnerships with renowned domestic and international wellness centers, healthcare groups, universities, and research institutions to achieve resource sharing. We intend to refer to international advanced standards to formulate and improve the wellness service standard system. We will jointly establish a research and development center for elderly care technology, collaborate on the development of innovative smart elderly care technology products and smart healthcare and wellness systems, and apply them in our healthcare and wellness training bases, which are built as showcases for smart elderly care technology products and systems and committed to become the new benchmark in China’s elderly care technology industry. Simultaneously, we plan to establish joint training programmes for wellness talents, jointly construct an internationally advanced wellness talent training system, and continuously output wellness talents to domestic and international elderly care institutions.

MANAGEMENT DISCUSSION AND ANALYSIS

5.2.3 Accelerating the professional layout of healthcare and wellness services with a focus on quality enhancement and cultivation improvement to support our business development

We will continue to prioritize quality enhancement and cultivation improvement, with internal construction as the foundation. We will work on the construction and layout of major groups, develop first-class majors, and build an interactive ecosystem for collaborative education, accelerating the development of our three universities into first-class applied universities. We will adhere to deepening the integration of industry and education, implementing teaching reforms, focusing on enhancing research capabilities, continuously optimizing the talent team, effectively improving resource utilization, and develop our three universities into model universities for education resources, providing continuous support for our first-class platforms, resources, models, and management outputs. Focusing on the advantageous major clusters of "IT + digital media + smart healthcare & wellness", we will cultivate a group of interdisciplinary, digital, innovative, practical, and high-quality healthcare and wellness professionals to support our integrated "education-healthcare-wellness" ecosystem for specialized elderly services.

5.2.4 Building the integrated and intelligent platforms leveraging advanced technologies and superior resources

Guided by our unique TOPCARES methodology and integrating "new theories, new technologies, new applications, new tools, and new products", we will harness new technologies such as the metaverse to empower education with artificial intelligence, continuously optimizing the construction of education and teaching, practical training platform resources, expanding and upgrading various education resource contents, and establishing a product matrix centered on the integrated Neuedu Smart Education Platform. Meanwhile, with "technological research and development" as the bridge, we will empower healthcare and wellness with artificial intelligence, fully leveraging and sharing existing superior resources to create an intelligent healthcare and wellness platform that connects and integrates the entire elderly care sector, enabling the integrated and coordinated development of education, medicine, and care, and opening up a second growth curve beyond academic education.

5.2.5 Continuously improving product services to establish Neuedu's leading brand with distinctive features

We will precisely identify the cooperation needs of clients at all levels, continuously optimize service processes and content, enhance delivery quality and efficiency, accelerate the expansion of product and service sales networks, and establish our leading brand in education resources and continuing education services with distinctive features.

In the field of education resources, we will integrate real-time industry policies and market demands, taking our three universities as best practices, to further innovate and improve our "resources + platform + services" holistic solution based on the 4S service model, which will empower our partners with digital management and smart teaching capabilities, driving high-quality development in higher education and vocational education.

In the field of continuing education services, we will take the qualification application for training bases as the core growth driver, and continuously launch digital literacy enhancement courses that meet market demands relying on the Neuedu Online and Neuedu IT Cloud Class online education platforms, empowering learners to recreate their self-worth and enabling partners to revalue their human resources.

OTHER INFORMATION

1 INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE ISSUER OR ITS ASSOCIATED CORPORATIONS

As of 30 June 2024, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), that fall to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions that he/she is taken or deemed to have under such provisions of the SFO), or that have been recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or that will be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, are set out below:

Interest in the Company

| Name of Director | Nature of interest | Number of Shares held | Approximate percentage of interest in the Company ⁽³⁾ |
|----------------------------|--------------------------------------|-----------------------|--|
| LIU Jiren ⁽¹⁾ | Interest in a controlled corporation | 408,241,200 | 63.18% |
| SUN Yinhuan ⁽²⁾ | Founder of a discretionary trust | 65,010,000 | 10.06% |

Notes:

- (1) Dr. LIU Jiren: (a) wholly-owns Kang Ruidao First, which holds all of the voting rights of Kang Ruidao; and (b) has more than one-third ultimate control over Dongkong First and Dongkong Second through a series of intermediary entities. Under the SFO, Dr. LIU Jiren is deemed to be interested in the full amount of equity interests held by each of Kang Ruidao, Dongkong First and Dongkong Second in the Company.
- (2) Deluxe Trust was established by Mr. SUN Yinhuan and is held by TMF (Cayman) Ltd. as the trustee, which indirectly owns 99% of Deluxe Glorious Limited, which in turn owns 40% of Century Bliss. Under the SFO, Mr. SUN Yinhuan, as the founder of Deluxe Trust, is deemed to be interested in the entire equity interest in the Company held by Century Bliss.
- (3) The percentage represents the total number of the Shares held by each Director or chief executive as at 30 June 2024 divided by the number of issued Shares of the Company as at 30 June 2024 (646,205,135 Shares).

OTHER INFORMATION

Interest in associated corporations

Dalian Development

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

Note:

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

Save as disclosed above, as of 30 June 2024, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), that were recorded in the register required to be kept pursuant to Section 352 of the SFO, or that will be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

2 INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES

As of 30 June 2024, as far as the Directors are aware, the following persons (not being the Directors or chief executive of the Company) have or are taken or deemed to have interests and short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations, that fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or that are recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as follows:

Interests in the Company

| Shareholders | Capacity/Nature of interest | Number of Shares held | Approximate percentage of interest in the Company ⁽⁶⁾ |
|---|--------------------------------------|-----------------------|--|
| Kang Ruidao ⁽¹⁾ | Beneficial interest | 154,344,200 | 23.88% |
| Kang Ruidao First ⁽¹⁾ | Interest in a controlled corporation | 154,344,200 | 23.88% |
| Dongkong First ⁽²⁾⁽³⁾ | Beneficial interest | 133,897,000 | 20.72% |
| Dongkong Second ⁽²⁾⁽³⁾ | Beneficial interest | 120,000,000 | 18.57% |
| Neusoft International ⁽²⁾ | Interest in a controlled corporation | 253,897,000 | 39.29% |
| Neusoft Holdings ⁽²⁾ | Interest in a controlled corporation | 253,897,000 | 39.29% |
| Century Bliss ⁽⁴⁾ | Beneficial interest | 65,010,000 | 10.06% |
| Deluxe Glorious Limited ⁽⁴⁾ | Interest in a controlled corporation | 65,010,000 | 10.06% |
| Deluxe Capital Limited ⁽⁴⁾ | Interest in a controlled corporation | 65,010,000 | 10.06% |
| TMF (Cayman) Ltd. ⁽⁴⁾ | Trustee of a trust | 65,010,000 | 10.06% |
| CHENG Huiyan ⁽⁴⁾ | Interest of spouse | 65,010,000 | 10.06% |
| FIL Limited ⁽⁵⁾ | Interest in a controlled corporation | 38,782,627 | 6.00% |
| Pandanus Partners L.P. ⁽⁵⁾ | Interest in a controlled corporation | 38,782,627 | 6.00% |
| Pandanus Associates Inc. ⁽⁵⁾ | Interest in a controlled corporation | 38,782,627 | 6.00% |

OTHER INFORMATION

Notes:

- (1) Kang Ruidao First holds all of the voting shares of Kang Ruidao. Under the SFO, Kang Ruidao First Inc. is deemed to be interested in all the Shares of the Company held by Kang Ruidao.
- (2) Both Dongkong First and Dongkong Second are wholly-owned subsidiaries of Neusoft International, which is a wholly-owned subsidiary of Neusoft Holdings. Under the SFO, each of Neusoft International and Neusoft Holdings is deemed to be interested in the full aggregate amount of Shares held by Dongkong First and Dongkong Second in the Company.
- (3) Under a supplemental trust loan agreement entered into between Neusoft Holdings and China Industrial International Trust Limited (“CIIT”) dated 20 June 2019, Dongkong First and Dongkong Second granted securities over all of their Shares in favour of CIIT for the performance of Neusoft Holdings’ obligations under its facility agreement with CIIT’s affiliate. Neusoft International notified the Company that Dongkong First and Dongkong Second have pledged 127,465,000 Shares and 120,000,000 Shares of the Company respectively, to CIIT for the guarantee of the above loans.
- (4) Century Bliss is controlled as to more than one-third by Deluxe Glorious Limited, which is controlled as to more than one-third by Deluxe Capital Limited. Deluxe Capital Limited is a wholly-owned subsidiary of TMF (Cayman) Ltd., which is the trustee of the Deluxe Trust (established by Mr. SUN Yinhan). Under the SFO, Ms. Cheng Huiyan, as the spouse of Mr. SUN Yinhan (the founder of Deluxe Trust), is deemed to be interested in the entire equity interest in the Company held by Century Bliss. Accordingly, Ms. Cheng Huiyan, TMF (Cayman) Ltd., Deluxe Glorious Limited and Deluxe Capital Limited are deemed to be interested in all the Shares of the Company held by Century Bliss under the SFO.
- (5) FIL Limited is deemed to be interested in 38,782,627 Shares of the Company through a series of subsidiaries. FIL Limited is controlled as to more than one-third by Pandanus Partners L.P., which is 100% controlled by Pandanus Associates Inc. Accordingly, Pandanus Partners L.P. and Pandanus Associates Inc. are deemed to be interested in all the Shares of the Company held by FIL Limited under the SFO.
- (6) The percentage represents the total number of the Shares held by each Shareholder as at 30 June 2024 divided by the number of issued Shares of the Company as at 30 June 2024 (646,205,135 Shares).

Save as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 June 2024 (other than those owned by the Directors and chief executive of the Company) that fall to be disclosed to the Company pursuant to the Divisions 2 and 3 of Part XV of the SFO, or that have been recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

3 PRE-IPO SHARE INCENTIVE SCHEME

A Pre-IPO Share Incentive Scheme was adopted by the Board of the Company on 19 June 2019, and subsequently approved and endorsed by Shareholders on 24 June 2019. The purpose of the Pre-IPO Share Incentive Scheme is to provide participants with an opportunity to acquire proprietary interests in the Company and to encourage them to make efforts to benefit the Group and the Shareholders as a whole, and to enhance the value of our Company and Shares. The terms of the Pre-IPO Share Incentive Scheme are not subject to Chapter 17 of the Listing Rules.

For details of the Pre-IPO Share Incentive Scheme, please refer to the section “Statutory and General Information-Share Incentive Schemes – Pre-IPO Share Incentive Scheme” in Appendix V of the Company’s Prospectus. On 31 August 2020, the Company granted share options to 246 participants pursuant to the Pre-IPO Share Incentive Scheme, involving a total of 50,000,000 Shares, representing approximately 7.74% of the total issued Shares of the Company as at 30 June 2024.

As of 30 June 2024, 33,135,452 options have been cancelled, and 4,465,116 options have lapsed, together with 3,373,935 options that have been exercised under the Pre-IPO Share Incentive Scheme.

4 POST-IPO SHARE INCENTIVE SCHEME

The Company conditionally adopted a Post-IPO Share Incentive Scheme on 11 September 2020 with effect from the Listing Date. The principal terms of the Post-IPO Share Incentive Scheme are governed by Chapter 17 of the Listing Rules. For details of the Post-IPO Share Incentive Scheme, please refer to the section headed “Statutory and General Information-Share Incentive Schemes – Post-IPO Share Incentive Scheme” in Appendix V of the Company’s Prospectus and the section headed “Directors’ Report” in the annual report of the Company for 2023. The purpose of the Post-IPO Share Incentive Scheme is to provide participants with the opportunity to acquire proprietary interests in the Company and to encourage participants to make efforts to benefit the Company and Shareholders as a whole, and to enhance the value of the Company and its Shares. The Post-IPO Share Incentive Scheme is further intended to provide the Company with a flexible means of retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to participants. The maximum number of Shares in respect of which options that might be granted pursuant to the terms and conditions of the Post-IPO Share Incentive Scheme and any other schemes shall not exceed 10% of the issued Shares of the Company as at the Listing date, being 66,666,720 Shares. As of 1 January 2024 and 30 June 2024, the numbers of Shares in respect of options available for grant under the Post-IPO Share Incentive Scheme were both 66,666,720 Shares. The Post-IPO Share Incentive Scheme shall be valid for the period of ten years commencing on the Listing date, and as of the date of this report, the remaining period is approximately 6 years.

As of 30 June 2024, no options have been granted, exercised, cancelled or lapsed in accordance with the Post-IPO Share Incentive Scheme and there were no outstanding options as at 30 June 2024. As a result, the number of Shares that may be issued in respect of the options granted under the Post-IPO Share Incentive Scheme during the Reporting Period divided by the weighted average number of Shares for the Reporting Period is not applicable.

OTHER INFORMATION

5 USE OF PROCEEDS FROM THE IPO

The Shares of the Company have been listed on the Main Board of the Stock Exchange on 29 September 2020. The net proceeds from the Initial Public Offering (“**IPO**”) were approximately HK\$924.2 million (approximately RMB777.5 million), which were intended to be used for the purposes set out in the Prospectus.

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

On 8 March 2024, the Board resolved to further reallocate the unutilised IPO proceeds of approximately RMB100.0 million (representing approximately 12.9% of the IPO proceeds) originally intended to be used for the acquisition of other schools, of which approximately RMB93.4 million to repay commercial loans, and approximately RMB6.6 million to supplement working capital. For related details, please refer to the announcement of the Company dated 8 March 2024.

As of 30 June 2024, the use of proceeds from the IPO is as follows:

| | % of net proceeds | Revised net proceeds from the IPO RMB million | Amount utilised during the six months ended 30 June 2024 RMB million | Amount utilised as at 30 June 2024 RMB million | Amount unutilised as at 30 June 2024 RMB million | Expected timeline for fully utilising unutilised amount |
|--|----------------------|--|--|--|--|---|
| Upgrading our existing school facilities and expanding our campus | 51.4% | 399.6 | – | 399.6 | – | N/A |
| Repay commercial loans | 37.5% | 291.4 | 69.9 | 267.9 | 23.5 | by 30 June 2025 ^(Note) |
| Supplement working capital | 11.1% | 86.5 | 6.6 | 86.5 | – | N/A |
| Total | 100% | 777.5 | 76.5 | 754.0 | 23.5 | |

Note: The delay of expected timeline for fully utilising unutilised amount planned to repay commercial loans is because the bank loans are not due yet.

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

None of the Company or any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares (as defined in the Listing Rules)) during the six months ended 30 June 2024. The Company did not hold any treasury shares as of 30 June 2024.

7 CHANGES IN BOARD AND CHANGES IN DIRECTOR INFORMATION

For the six months ended 30 June 2024 and up to the date of this report, the changes in the Board of the Company and the changes in Director information are as follows:

1. Dr. LIU Jiren, the chairperson and a non-executive Director of the Company, (i) has ceased to be a director and the chairperson of Shanghai Ruikang Cooperative Medical Service Co., Ltd. (上海睿康協同醫療服務有限公司), a member of the Group, since July 2024; (ii) has served as a director of Dalian Neusoft Industry Management Services Co., Ltd. (大連東軟產業管理服務有限公司), a member of the Group, since July 2024; and (iii) has served as a director of Dalian Dongruan Ruixin Health Technology Co., Ltd. (大連東軟睿新健康科技有限公司), a member of the Group, since August 2024.
2. Dr. WEN Tao, an executive Director of the Company, (i) has ceased to be executive director of Shanghai Ruixiang Information Technology Co., Ltd. (上海芮想信息科技有限公司), a member of the Group, since March 2024; (ii) has served as the chairperson of Dalian Neusoft Industry Management Services Co., Ltd. (大連東軟產業管理服務有限公司), a member of the Group, since July 2024; and (iii) has served as the chairperson of Dalian Dongruan Ruixin Health Technology Co., Ltd. (大連東軟睿新健康科技有限公司), a member of the Group, since August 2024.
3. Mr. RONG Xinjie, a non-executive Director of the Company, (i) has been appointed as chief executive officer of Neusoft Corporation (東軟集團股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 600718)) since January 2024; (ii) has been appointed as chairman of Dalian Dongruan Zhixing Technology Co., Ltd. (大連東軟智行科技有限公司) since March 2024; and (iii) has been appointed as chairman of Dalian Qixian Zhiyuan Science and Technology Research Institute Co., Ltd. (大連七賢智遠科技研究院有限公司) since April 2024.
4. Dr. QU Daokui, an independent non-executive Director of the Company, has served as dean of the Yellow River Institute of Robotics of Shandong Industrial Technology Research Institute (山東產業技術研究院機器人黃河創新院) since March 2024.

Save as disclosed above, there have been no changes in the information of Directors and chief executive of the Company for the six months ended 30 June 2024 and up to the date of this report as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

8 AUDIT COMMITTEE

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

The Audit Committee has reviewed the interim results and the interim report of the Group for the six months ended 30 June 2024, and confirms that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made. The interim financial information for the six months ended 30 June 2024 is unaudited, but has been reviewed by the Company's auditor, PricewaterhouseCoopers, in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the International Auditing and Assurance Standards Board.

OTHER INFORMATION

9 COMPLIANCE WITH THE CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. In addition, the Company has also adopted a code of conduct regarding the Directors securities transactions (“**Code of Conduct**”) on terms no less exacting than the required standard set out in the Model Code.

Having made specific enquiry of the Directors, all Directors confirmed that they have complied with the Model Code and the Code of Conduct during the six months ended 30 June 2024.

10 COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining and promoting stringent corporate governance. The corporate governance principles of the Company are to promote effective internal control measures, to uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, to ensure that its business and operations are conducted in accordance with applicable Laws and regulations, and to enhance the transparency and accountability of the Board to Shareholders. The Company’s corporate governance practices are based on the principles and code provisions as set out in Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Listing Rules.

For the six months ended 30 June 2024, the Company has complied with the code provisions of the CG Code and, where appropriate, adopted the recommended best practices as set out in the CG Code.

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

11 SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company has maintained the prescribed minimum public float under the Listing Rules during the six months ended 30 June 2024.

12 INTERIM DIVIDEND

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

13 MATERIAL EVENTS AFTER THE REPORTING PERIOD

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

By order of the Board

Dr. LIU Jiren

Chairperson and non-executive Director

Hong Kong, 27 August 2024

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



羅兵咸永道

To the Board of Directors of Neusoft Education Technology Co. Limited

(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 40 to 93, which comprises the interim condensed consolidated balance sheet of Neusoft Education Technology Co. Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) as at 30 June 2024 and the interim condensed consolidated income statement, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting”. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 27 August 2024

PricewaterhouseCoopers, 22/F Prince’s Building, Central, Hong Kong

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INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

| | Note | Six months ended 30 June | |
|--|------|--------------------------------|--------------------------------|
| | | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| Revenue | 7 | 968,108 | 918,430 |
| Cost of revenue | 11 | (457,452) | (459,110) |
| Gross profit | | 510,656 | 459,320 |
| Selling expenses | 11 | (21,429) | (20,726) |
| Administrative expenses | 11 | (92,228) | (75,046) |
| Research and development expenses | 11 | (20,623) | (20,215) |
| Net impairment losses on financial assets | | (14,434) | (2,826) |
| Other income | 8 | 55,499 | 68,373 |
| Other expenses | 9 | (14,629) | (16,578) |
| Other gains – net | 10 | 315 | 3,593 |
| Operating profit | | 403,127 | 395,895 |
| Finance income | 13 | 8,032 | 6,620 |
| Finance expenses | 13 | (50,861) | (46,337) |
| Finance expenses – net | 13 | (42,829) | (39,717) |
| Profit before income tax | | 360,298 | 356,178 |
| Income tax expenses | 14 | (82,727) | (82,445) |
| Profit for the period | | 277,571 | 273,733 |
| Profit attributable to: | | | |
| – Owners of the Company | | 277,414 | 274,138 |
| – Non-controlling interests | | 157 | (405) |
| | | 277,571 | 273,733 |
| Earnings per share attributable to owners of the Company (expressed in RMB per share) | | | |
| Basic earnings per share | 16 | 0.43 | 0.42 |
| Diluted earnings per share | 16 | 0.43 | 0.42 |

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Six months ended 30 June | |
|---|--------------------------------|--------------------------------|
| | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| Profit for the period | 277,571 | 273,733 |
| Other comprehensive (loss)/income | | |
| <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 | 61 | – |
| <i>Items that will not be reclassified to profit or loss</i> | | |
| Exchange differences on translation | (1,410) | (1,899) |
| Other comprehensive loss for the period | (1,349) | (1,899) |
| Total comprehensive income for the period | 276,222 | 271,834 |
| Total comprehensive income attributable to: | | |
| – Owners of the Company | 276,065 | 272,239 |
| – Non-controlling interests | 157 | (405) |
| | 276,222 | 271,834 |

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

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

| | Note | As at 30 June 2024 RMB'000 (Unaudited) | As at 31 December 2023 RMB'000 (Audited) |
|---|------|--|--|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 17 | 3,642,489 | 3,357,441 |
| Intangible assets | 18 | 538,427 | 273,883 |
| Right-of-use assets | 19 | 612,755 | 610,343 |
| Investment properties | 20 | 18,600 | 271,400 |
| Deferred income tax assets | 21 | 72,022 | 45,659 |
| Other receivables | 23 | – | 40,000 |
| Prepayments and other assets | 24 | 81 | 4,515 |
| Financial assets at fair value through profit or loss | 25 | 22,500 | 22,500 |
| Total non-current assets | | 4,906,874 | 4,625,741 |
| Current assets | | | |
| Inventories | | 12,622 | 9,375 |
| Trade and notes receivables | 22 | 84,257 | 74,149 |
| Other receivables | 23 | 23,829 | 19,113 |
| Prepayments and other assets | 24 | 96,722 | 115,399 |
| Financial assets at fair value through profit or loss | 25 | 175,877 | 76,224 |
| Restricted cash | 26 | 64,214 | 62,804 |
| Cash and cash equivalents | 26 | 874,618 | 1,708,427 |
| Total current assets | | 1,332,139 | 2,065,491 |
| Total assets | | 6,239,013 | 6,691,232 |
| Equity and liabilities | | | |
| Equity attributable to owners of the Company | | | |
| Share capital | 27 | 113 | 113 |
| Share premium | 27 | 2,444,289 | 2,659,698 |
| Reserves | | (1,930,179) | (1,928,825) |
| Retained earnings | | 1,604,036 | 1,326,622 |
| Subtotal | | 2,118,259 | 2,057,608 |
| Non-controlling interest | | 8,758 | 8,601 |
| Total equity | | 2,127,017 | 2,066,209 |

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

| | Note | As at 30 June 2024 RMB'000 (Unaudited) | As at 31 December 2023 RMB'000 (Audited) |
|--------------------------------------|------|--|--|
| Liabilities | | | |
| Non-current liabilities | | | |
| Trade and other payables | 29 | 675 | 675 |
| Borrowings | 30 | 2,343,078 | 2,073,861 |
| Deferred tax liabilities | 21 | 56,736 | 42,270 |
| Lease liabilities | 19 | 25,844 | 27,572 |
| Deferred income | 31 | 32,964 | 34,015 |
| Total non-current liabilities | | 2,459,297 | 2,178,393 |
| Current liabilities | | | |
| Trade and other payables | 29 | 852,353 | 616,401 |
| Current income tax liabilities | | 70,475 | 53,522 |
| Contract liabilities | 7(c) | 225,624 | 1,067,911 |
| Borrowings | 30 | 465,863 | 651,043 |
| Deferred tax liabilities | 21 | – | 10,717 |
| Lease liabilities | 19 | 7,628 | 8,255 |
| Deferred income | 31 | 30,756 | 38,781 |
| Total current liabilities | | 1,652,699 | 2,446,630 |
| Total liabilities | | 4,111,996 | 4,625,023 |
| Total equity and liabilities | | 6,239,013 | 6,691,232 |

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

On behalf of the Board

DR. LIU Jiren

Director

DR. WEN Tao

Director

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

| | Attributable to owners of the Company | | | | | | | | | |
|---|---------------------------------------|--------------------------|---------------------------|----------------------------|------------------------------|--------------------------|------------------------------|----------------------|--------------------------------------|------------------|
| | Share capital RMB'000 | Share premium RMB'000 | Merger reserve RMB'000 | Capital reserve RMB'000 | Statutory reserve RMB'000 | Other reserve RMB'000 | Retained earnings RMB'000 | Sub-total RMB'000 | Non-controlling interests RMB'000 | Total RMB'000 |
| (Unaudited) | | | | | | | | | | |
| Balance at 1 January 2024 | 113 | 2,659,698 | (1,756,337) | (374,483) | 195,661 | 6,334 | 1,326,622 | 2,057,608 | 8,601 | 2,066,209 |
| Comprehensive income | | | | | | | | | | |
| Profit for the period | - | - | - | - | - | - | 277,414 | 277,414 | 157 | 277,571 |
| Other comprehensive (loss)/income | | | | | | | | | | |
| Revaluation gains arising from transfer of property, plant and equipment and right-of-use assets to investment properties | - | - | - | - | - | 61 | - | 61 | - | 61 |
| Exchange differences on translation | - | - | - | - | - | (1,410) | - | (1,410) | - | (1,410) |
| Total comprehensive income | - | - | - | - | - | (1,349) | 277,414 | 276,065 | 157 | 276,222 |
| Transactions with owners | | | | | | | | | | |
| Exercise of share options | 0 | 10 | - | (5) | - | - | - | 5 | - | 5 |
| Dividends distribution | - | (215,419) | - | - | - | - | - | (215,419) | - | (215,419) |
| | 0 | (215,409) | - | (5) | - | - | - | (215,414) | - | (215,414) |
| Balance at 30 June 2024 | 113 | 2,444,289 | (1,756,337) | (374,488) | 195,661 | 4,985 | 1,604,036 | 2,118,259 | 8,758 | 2,127,017 |

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

| | Attributable to owners of the Company | | | | | | | | | Non-controlling interests | Total |
|-------------------------------------|---------------------------------------|---------------|----------------|-----------------|-------------------|---------------|-------------------|-----------|---------|---------------------------|---------|
| | Share capital | Share premium | Merger reserve | Capital reserve | Statutory reserve | Other reserve | Retained earnings | Sub-total | | | |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| (Unaudited) | | | | | | | | | | | |
| Balance at 1 January 2023 | 113 | 2,756,159 | (1,756,337) | (374,483) | 183,317 | 9,057 | 909,426 | 1,727,252 | 8,500 | 1,735,752 | |
| Comprehensive income | | | | | | | | | | | |
| Profit for the period | - | - | - | - | - | - | 274,138 | 274,138 | (405) | 273,733 | |
| Other comprehensive loss | | | | | | | | | | | |
| Exchange differences on translation | - | - | - | - | - | (1,899) | - | (1,899) | - | (1,899) | |
| Total comprehensive income | - | - | - | - | - | (1,899) | 274,138 | 272,239 | (405) | 271,834 | |
| Transactions with owners | | | | | | | | | | | |
| Dividends distribution | - | (96,461) | - | - | - | - | - | (96,461) | - | (96,461) | |
| Balance at 30 June 2023 | 113 | 2,659,698 | (1,756,337) | (374,483) | 183,317 | 7,158 | 1,183,564 | 1,903,030 | 8,095 | 1,911,125 | |

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

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Note | Six months ended 30 June | |
|---|-------|--------------------------------|--------------------------------|
| | | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| Cash flows from operating activities | | | |
| Cash used in operations | | (415,341) | (318,222) |
| Income taxes paid | | (84,427) | (95,920) |
| Net cash used in operating activities | | (499,768) | (414,142) |
| Cash flows from investing activities | | | |
| Payments for acquisition of subsidiaries, net of cash acquired | 33(b) | (46,927) | – |
| Purchases of property, plant and equipment | | (119,311) | (285,360) |
| Proceeds from sale of property, plant and equipment | | 119 | 105 |
| Purchases of intangible assets | | (503) | (568) |
| Purchases of financial assets measured at fair value through profit and loss | 5.3 | (180,000) | (80,000) |
| Settlement of financial assets measured at fair value through profit and loss | 5.3 | 84,354 | 394,672 |
| Changes in restricted bank deposits | | (606) | 1,259 |
| Interest received | | 8,032 | 6,620 |
| Net cash (used in)/generated from investing activities | | (254,842) | 36,728 |
| Cash flows from financing activities | | | |
| Proceeds from bank borrowings | | 490,210 | 268,333 |
| Repayments of bank borrowings | | (489,119) | (167,945) |
| Net proceeds from exercise of share options | | 5 | – |
| Repayments of borrowings to a related party | | (6,000) | – |
| Repayments of borrowings to non-bank financial institutions | | (7,798) | – |
| Dividends paid to shareholders of the Company | 15 | – | (1,516) |
| Interest paid | | (63,675) | (48,400) |
| Principal elements of lease payments | | (3,599) | (3,048) |
| Net cash (used in)/generated from financing activities | | (79,976) | 47,424 |
| Net decrease in cash and cash equivalents | | (834,586) | (329,990) |
| Cash and cash equivalents at the beginning of the period | 26 | 1,708,427 | 1,183,811 |
| Effects of exchange rate changes on cash and cash equivalent | | 777 | 1,882 |
| Cash and cash equivalents at the end of period | 26 | 874,618 | 855,703 |

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL INFORMATION

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

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

On 31 May 2024, Dalian Neusoft Ruixin Technology Development Co., Ltd. (“**Neusoft Ruixin**”), a wholly-owned subsidiary of the Company, acquired 100% equity interest of Neusoft Health Medical Management Co., Ltd. (“**Neusoft Healthcare**”) from Dalian Neusoft Holdings Co., Ltd. (“**Neusoft Holdings**”) at cash consideration of RMB81,000,000. Following the completion of acquisition, Neusoft Healthcare and its subsidiaries (“**Neusoft Healthcare Group**”) became indirect owned subsidiaries of the Company and their financial results were consolidated into the consolidated financial statements of the Group since the acquisition day. Details can be referred to the announcements of the Company dated 26 March 2024, 16 May 2024 and 31 May 2024.

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

The interim condensed consolidated financial information was approved by the board of directors of the Company on 27 August 2024.

2. BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with International Accounting Standard (“**IAS**”) 34, “Interim Financial Reporting”. The interim condensed consolidated financial information should be read in conjunction with the annual audited financial statements of the Group for the year ended 31 December 2023 which have been prepared in accordance with the International Financial Reporting Standards (“**IFRS Accounting Standards**”) as set out in the 2023 annual report of the Company dated 26 March 2024 (“**2023 Financial Statements**”), and any public announcement made by the Company during the six months ended 30 June 2024 (the “**Interim Report Period**”).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

3. MATERIAL ACCOUNTING POLICIES

The accounting policies applied are consistent with those used in the preparation of 2023 Financial Statements, except for the adoption of new and amended IFRS Accounting Standards as set out below.

(a) New and amended IFRS Accounting Standards adopted by the Group

The following new and amended standards, and annual improvements are effective for the first time for the periods commencing on 1 January 2024 and are applicable for the Group:

- Amendments to IAS 1 – Classification of liabilities as current or non-current and non-current liabilities with covenants
- Amendments to IFRS 16 – Lease liability in sale and leaseback
- Amendments to IAS 7 and IFRS 7 – Supplier finance arrangements

The adoption of these new and amended standards has had no significant impact on the results and the financial position of the Group.

(b) New and amended IFRS Accounting Standards issued but not yet adopted by the Group

| | | Effective for accounting periods beginning on or after |
|-------------------------------------|--|--|
| Amendments to IAS 21 | Lack of exchangeability | 1 January 2025 |
| Amendment to IFRS 9 and IFRS 7 | Classification and Measurement of Financial Instruments | 1 January 2026 |
| IFRS 18 | Presentation and Disclosure in Financial Statement | 1 January 2027 |
| IFRS 19 | Subsidiaries without Public Accountability: Disclosures | 1 January 2027 |
| Amendments to IFRS 10 and IAS 28 | Sale or contribution of assets between an investor and its associate or joint venture | To be determined |

Certain new standards have been published that are not mandatory for the year ended 31 December 2024 and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

- (c) Due to the acquisition of Neusoft Healthcare in the Interim Report Period, the Group has applied the following material accounting policies:

Revenue from contracts with customers

Neusoft Healthcare Group mainly engaged in the provision of healthcare and wellness services, and revenue is primarily derived from providing stomatological and cardiovascular medical service to customers.

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts.

The majority of Neusoft Healthcare Group's revenue came from stomatological and cardiovascular medical service, and is recognized when the related services rendered. Majority customers of the Neusoft Healthcare Group has entered into governments' social insurance schemes which are run by government organisations. In accordance with China government's medical insurance policy, some of the consideration is beared and paid by the individual customers when services rendered, and the remaining consideration will be settled by governments' social insurance schemes. Neusoft Healthcare Group claims the consideration in relation to medical services provided by Dalian Ruikang Zhuomei Stomatology Hospital Co., Ltd. ("**Stomatological Hospital**") and Dalian Ruikang Cardiovascular Hospital ("**Cardiovascular Hospital**") with relevant governments' social insurance schemes.

As the final settlement amount depends on the final approved annual quota for the medical fees from a higher government, the variables have been treated as changes in variable considerations. The Group estimates the variable considerations using the most likely amount, which is based on historical practice and all reasonably available information, and adjusts to the actual amount for the satisfied medical services in the period when the annual quota is agreed.

(i) Stomatological Hospital

Orthodontics and implantology services

Revenue from the rendering of orthodontics services and implantology services is recognised over time, as the Group's performance creates an asset with no alternative use and the Group has an enforceable right to payment for performance completed to date.

The Group uses an input method to measure progress towards complete satisfaction of the service. The input method recognises revenue on the basis of staff costs and/or costs of inventories, consumables and customised products, when appropriate, relative to the total expected costs to complete the respective service. When the payments received from customers exceed the services rendered, a contract liability is recognised.

Other dental services

Revenue from the rendering of other dental services is recognised at a point in time when the performance obligation is satisfied by transferring control of the services to the customer. Such dental services are generally completed within a very short period of time, generally with a short of days.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

- (c) Due to the acquisition of Neusoft Healthcare in the Interim Report Period, the Group has applied the following material accounting policies: (Continued)

Revenue from contracts with customers (Continued)

(ii) Cardiovascular Hospital

Outpatient services

The outpatient services generally contain more than one performance obligations, including (i) provision of consultation services and (ii) sale of pharmaceutical products. The Group allocates the transaction price to each performance obligation based on the relative stand-alone selling price of each performance obligation. Revenue is recognized when the customer obtains the control of the services or pharmaceutical products, which is generally completed in a short of days.

Inpatient services

Inpatient services generally contain more than one performance obligations, including (i) provision of consultation services, (ii) provision of inpatient healthcare and wellness services and (iii) sale of pharmaceutical products. The Group allocates the transaction price to each performance obligation on a relative standalone selling price basis.

For (i) provision of consultation services and (iii) sale of pharmaceutical products, revenue is recognized when the patient obtains the control of the consultation services or pharmaceutical products and the Group has satisfied its performance obligations with present right to payment and the collection of the consideration is probable.

For (ii) provision of inpatient healthcare and wellness services, the revenue is recognized over the service period as the patient simultaneously receives the services and consumes the benefits provided by the Group's performance when the Group performs.

Sale and leaseback arrangement

The Group entered into sale and leaseback agreements with leasing companies that the Group has the option to repurchase the equipment. As the lessee, the Group assesses and determines whether the assets transferred in the sale and leaseback arrangement constitute sales according to IFRS 15, "Revenue from contracts with customers".

If the assets transferred in the sale and leaseback arrangement don't constitute sales, the Group will continue to recognize the assets transferred and the transaction should be accounted for as a secured borrowing equalling to the transfer income.

Intangible assets

(i) Medical license

The medical license acquired in a business combination are recognised at fair value at the acquisition date. The medical license has a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of the license over the estimated useful life of 27.5 years.

4. CRITICAL ESTIMATES AND JUDGEMENTS

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

In preparing interim condensed consolidated financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were substantially the same as those applied to the 2023 Financial Statements, except for estimates and judgements that were firstly made as set out below, which related to newly acquired subsidiaries, Neusoft Healthcare Group.

Control over the not-for-profit hospital under the sponsorship rights and service agreement

The Group entered into a service agreement with Cardiovascular Hospital, a not-for-profit hospital, in which the Group agrees to provide management services to the Cardiovascular Hospital and receive management fees. The hospital management fees were based on certain percentages of the revenue and net income before tax generated by the Cardiovascular Hospital.

Management assessed whether or not the Group has control over the Cardiovascular Hospital through the sponsorship rights and the service agreement based on whether the Group has the practical ability to direct the hospital's relevant activities unilaterally. In making their judgement, management considered the composition of the internal governance bodies and also certain committees which oversee the operations of the hospital. After assessment, management concluded that the Group obtains the decision-making power under their sponsorship rights to direct the relevant activities of the hospital and is considered to have the ability to generate variable returns through the service agreement. So, the Group could control and thus consolidate the hospital.

Business combination not under common control

The Group accounts for business combinations by using acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The determination and allocation of fair values to the identifiable assets acquired and liabilities assumed is based on various assumptions and valuation methodologies requiring considerable management judgment. The most significant variables in these valuations are discount rates and the forecasted cash flows, as well as the assumptions and estimates used based on the risk inherent in the related activity's current business model and industry comparisons.

5. FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

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

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the 2023 Financial Statements.

There have been no significant changes in the financial risk management policies for the six months ended 30 June 2024.

5.2 Liquidity risk

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

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

As at 30 June 2024, the Group has cash and cash equivalents of approximately RMB874,618,000 (31 December 2023: RMB1,708,427,000) (Note 26), trade and notes receivables of approximately RMB114,278,000 (31 December 2023: RMB90,664,000) (Note 22), other receivables of approximately RMB24,305,000 (31 December 2023: RMB60,333,000) (Note 23) and undrawn bank borrowing facilities RMB979,862,000 (31 December 2023: RMB1,009,894,000) (Note 30(c)) that are expected to readily generate cash inflows for managing liquidity risk.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2 Liquidity risk (Continued)

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

| | Less than 1 year RMB'000 | Between 1 and 2 years RMB'000 | Between 2 and 5 years RMB'000 | Over 5 years RMB'000 | Total RMB'000 | Carrying amount of Liabilities RMB'000 |
|---|--------------------------------|--|--|----------------------------|------------------|---|
| (Unaudited) | | | | | | |
| At 30 June 2024 | | | | | | |
| Borrowings (principal plus interests) | 588,661 | 412,275 | 928,365 | 1,572,080 | 3,501,381 | 2,808,941 |
| Trade and other payables (excluding non-financial liabilities) | 585,444 | – | – | – | 585,444 | 585,444 |
| Lease liabilities | 9,074 | 9,766 | 16,408 | 2,183 | 37,431 | 33,472 |
| | 1,183,179 | 422,041 | 944,773 | 1,574,263 | 4,124,256 | 3,427,857 |
| (Audited) | | | | | | |
| At 31 December 2023 | | | | | | |
| Borrowings (principal plus interests) | 701,425 | 344,647 | 743,162 | 1,552,774 | 3,342,008 | 2,724,904 |
| Trade and other payables (excluding non-financial liabilities) | 519,805 | – | – | – | 519,805 | 519,805 |
| Lease liabilities | 9,836 | 9,276 | 18,922 | 2,348 | 40,382 | 35,827 |
| | 1,231,066 | 353,923 | 762,084 | 1,555,122 | 3,902,195 | 3,280,536 |

5.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 30 June 2024 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Fair value estimation (Continued)

The following table presents the Group's financial assets that are required to be measured at fair value as at 30 June 2024 and 31 December 2023.

| | Level 3 RMB'000 |
|---|--------------------|
| At 30 June 2024 (Unaudited) | |
| Financial assets at fair value through profit or loss | 198,377 |
| At 31 December 2023 (Audited) | |
| Financial assets at fair value through profit or loss | 98,724 |

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

There was no transfer between level 1, 2 and 3 for recurring fair value measurements during six months ended 30 June 2024 and 2023. The following table presents the movement in level 3 instruments for the six months ended 30 June 2024 and 2023.

| | Financial products sponsored and managed by banks (Level 3) RMB'000 | Unlisted fund investments at fair value (Level 3) RMB'000 |
|--|--|--|
| (Unaudited) | | |
| Balance at 1 January 2024 | 76,224 | 22,500 |
| Acquisition of subsidiaries (Note 33) | 2,600 | – |
| Additions | 180,000 | – |
| Settlements | (84,354) | – |
| Gain and loss recognised in profit or loss (Note 10) | 1,407 | – |
| Balance at 30 June 2024 | 175,877 | 22,500 |
| Net unrealised gains included in profit or loss for the period | 1,181 | – |
| (Unaudited) | | |
| Balance at 1 January 2023 | 390,449 | – |
| Additions | 80,000 | – |
| Settlements | (394,672) | – |
| Gain and loss recognised in profit or loss (Note 10) | 2,277 | – |
| Balance at 30 June 2023 | 78,054 | – |
| Net unrealised gains included in profit or loss for the period | 1,947 | – |

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Fair value estimation (Continued)

The level 3 instruments represent bank wealth management products and unlisted fund investments, measured at fair value through profit or loss (Note 25). These instruments are not traded in an active market and do not have observable market data. The main level 3 input used by the Group is derived and evaluated as contingent consideration, by which the finance department of the Group estimates the expected cash flows based on the terms of the contract and how the current economic environment is likely to impact it.

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

The valuation of the level 3 instruments mainly includes financial assets at fair value through profit or loss (Note 25). The following table summarises the quantitative information about the significant unobservable inputs used in the recurring level 3 fair value measurements.

| Description | As at 30 June 2024 | As at 31 December 2023 | Unobservable inputs | As at 30 June 2024 | As at 31 December 2023 | Relationship of unobservable input to fair value |
|---|--------------------------|------------------------------|-------------------------|--------------------------|------------------------------|---|
| | RMB'000 (Unaudited) | RMB'000 (Audited) | | | | |
| Financial assets at fair value through profit or loss | 175,877 | 76,224 | Expected rate of return | 2.3%-2.7% | 2.1%-2.9% | The higher the expected rate of return, the higher the fair value |
| Unlisted fund investments at fair value | 22,500 | 22,500 | Net assets value | - | - | The higher the net asset value, the higher the fair value |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

6. SEGMENT INFORMATION

(a) Description of segments and principal activities

The Group's business activities, for which discrete financial information is available, are regularly reviewed and evaluated by the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that make strategic decisions. Due to the acquisition of Neusoft Healthcare Group in the Interim Report Period, the Group has entered into business of healthcare and wellness services, which have different products and services and different risk and rewards compared with Group's education services. As a result, the Group determined that it has operating segments as follows and CODM reviewed related financial information separately.

- Education services
- Healthcare and wellness services

The CODM assesses the performance of the operating segments mainly based on segment revenues, segment cost of revenue, gross profit or loss and operating profit or loss. Transactions between segments are carried out at arm's length and are eliminated on consolidation.

The segment information provided to the Group's CODM for the reportable segments for the period ended 30 June 2024 is as follows:

| | Unaudited Six months ended 30 June 2024 | | | Total RMB'000 |
|--------------------------------|--|---|--|------------------|
| | Education services RMB'000 | Healthcare and wellness services RMB'000 | Eliminations of intersegment transactions RMB'000 | |
| Revenue | 961,238 | 6,870 | – | 968,108 |
| Cost of revenue | (450,055) | (8,813) | 1,416 | (457,452) |
| Gross profit/(loss) | 511,183 | (1,943) | 1,416 | 510,656 |
| Operating expenses | (101,811) | (4,302) | (1,416) | (107,529) |
| Operating profit/(loss) | 409,372 | (6,245) | – | 403,127 |

(b) Geographical information

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

(c) Information and major customers

No single customer accounted for more than 10% of the Group's total revenues during the six months ended 30 June 2024 and 2023.

7. REVENUE

| | Six months ended 30 June | |
|---|--------------------------------|--------------------------------|
| | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| Education services | | |
| Full-time formal higher education services | 802,937 | 748,950 |
| – Tuition fees | 737,135 | 690,244 |
| – Boarding fees | 63,685 | 57,941 |
| – Rental income of telecommunication device | 2,117 | 765 |
| Education resources | 101,509 | 102,476 |
| Continuing education services | 56,792 | 64,897 |
| Others | – | 2,107 |
| | 961,238 | 918,430 |
| Healthcare and wellness services | 6,870 | – |
| | 968,108 | 918,430 |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

7. REVENUE (CONTINUED)

(a) Revenue from contracts with customers

| | Six months ended 30 June | |
|---|--------------------------------|--------------------------------|
| | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| <i>Revenue from the transfer of goods and services over time</i> | | |
| Education services | | |
| Full-time formal higher education services | 800,820 | 748,185 |
| – Tuition fees | 737,135 | 690,244 |
| – Boarding fees | 63,685 | 57,941 |
| Education resources | 35,698 | 51,417 |
| Continuing education services | 56,792 | 64,897 |
| Others | – | 2,107 |
| | 893,310 | 866,606 |
| Healthcare and wellness services | 659 | – |
| <i>Revenue from the transfer of goods and services at a point in time</i> | | |
| Education services | | |
| Education resources | 65,811 | 51,059 |
| Healthcare and wellness services | 6,211 | – |
| | 965,991 | 917,665 |

(b) Revenue from other sources

| | Six months ended 30 June | |
|---|--------------------------------|--------------------------------|
| | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| Full-time formal higher education services | | |
| – Rental income of telecommunication device | 2,117 | 765 |

7. REVENUE (CONTINUED)

(c) Contract liabilities

The Group recognised the following revenue-related contract liabilities, which represented the unsatisfied performance obligation as at 30 June 2024 and 31 December 2023 will be expected to be recognised within one year:

| | As at 30 June 2024 RMB'000 (Unaudited) | As at 31 December 2023 RMB'000 (Audited) |
|---|--|--|
| Education services | | |
| Full-time formal higher education services | 183,786 | 969,258 |
| – Tuition fees | 162,576 | 884,453 |
| – Boarding fees | 21,210 | 84,805 |
| Education resources | 9,032 | 42,674 |
| Continuing education services | 25,691 | 51,934 |
| Development of software system technology | 3,375 | 4,045 |
| | 221,884 | 1,067,911 |
| Healthcare and wellness services | 3,740 | – |
| | 225,624 | 1,067,911 |

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

(1) Revenue recognised in relation to contract liabilities

The following table shows the revenue recognised during the six months ended 30 June 2024 and 2023 related to brought-forward contract liabilities:

| | Six months ended 30 June | |
|---|--------------------------------|--------------------------------|
| | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| Revenue recognised that was included in the contract liabilities balance at the beginning of the period | | |
| Full-time formal higher education services | 800,820 | 748,185 |
| – Tuition fees | 737,135 | 690,244 |
| – Boarding fees | 63,685 | 57,941 |
| Education resources | 37,070 | 24,864 |
| Continuing education services | 46,961 | 49,223 |
| Development of software system technology | 1,851 | 2,487 |
| | 886,702 | 824,759 |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

7. REVENUE (CONTINUED)

(c) Contract liabilities (Continued)

(2) Unsatisfied contracts

| | As at 30 June 2024 RMB'000 (Unaudited) | As at 31 December 2023 RMB'000 (Audited) |
|---|--|--|
| Expected to be recognised within one year | | |
| Education services | | |
| Full-time formal higher education services | 183,786 | 969,258 |
| – Tuition fees | 162,576 | 884,453 |
| – Boarding fees | 21,210 | 84,805 |
| Education resources | 71,753 | 144,868 |
| Continuing education services | 25,691 | 51,934 |
| Development of software system technology | 3,375 | 4,045 |
| | 284,605 | 1,170,105 |
| Healthcare and wellness services | 3,740 | – |
| | 288,345 | 1,170,105 |

8. OTHER INCOME

| | Six months ended 30 June | |
|---|--------------------------------|--------------------------------|
| | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| Rental income from properties | 22,712 | 24,079 |
| Property service and management income | 18,936 | 20,931 |
| Government grants and subsidies | 9,475 | 18,670 |
| Development of software system technology | 3,559 | 3,848 |
| Others | 817 | 845 |
| | 55,499 | 68,373 |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

9. OTHER EXPENSES

| | Six months ended 30 June | |
|---|--------------------------------|--------------------------------|
| | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| Depreciation of property, plant and equipment | 3,796 | 4,094 |
| Property maintenance and fire protection expenses | 3,911 | 4,023 |
| Development of software system technology expenses | 4,659 | 5,456 |
| Utilities expenses | 1,057 | 1,366 |
| Employee benefit expenses | 505 | 559 |
| Amortisation of land use rights and intangible assets | 296 | 342 |
| Others | 405 | 738 |
| | 14,629 | 16,578 |

10. OTHER GAINS – NET

| | Six months ended 30 June | |
|---|--------------------------------|--------------------------------|
| | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| Gains on financial assets at fair value through profit or loss | 1,407 | 2,277 |
| Donation received | 140 | 311 |
| Net (losses)/gains on disposal of property, plant and equipment | (1,322) | 8 |
| Others | 90 | 997 |
| | 315 | 3,593 |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

11. EXPENSES BY NATURE

| | Six months ended 30 June | |
|---|--------------------------|-------------|
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| Employee benefit expenses | 340,129 | 346,309 |
| Depreciation and amortisation expenses | 97,828 | 85,773 |
| Office, utilities and miscellaneous expenses | 48,709 | 41,218 |
| Property management, landscaping and maintenance expenses | 28,538 | 28,081 |
| Rental expenses | 19,934 | 20,578 |
| Subcontract cost | 11,981 | 9,092 |
| Cost of goods sold | 14,165 | 21,986 |
| Consulting and professional fees | 7,500 | 2,513 |
| Taxes and fees | 4,549 | 4,557 |
| Others | 18,399 | 14,990 |
| | 591,732 | 575,097 |

12. EMPLOYEE BENEFIT EXPENSES

| | Six months ended 30 June | |
|-----------------------------------|--------------------------|-------------|
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| Salaries and bonuses | 264,496 | 279,053 |
| Contributions to pension plan (a) | 33,833 | 30,303 |
| Welfare and other expenses | 42,305 | 37,512 |
| | 340,634 | 346,868 |

(a) Contributions to pension plan

The employees of the Group in the PRC are members of a state-managed pension obligations operated by the PRC Government. The Group is required to contribute a specified percentage of payroll costs as determined by respective local government authority to the pension obligations to fund the benefits.

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

13. FINANCE INCOME AND EXPENSES

| | Six months ended 30 June | |
|--|--------------------------------|--------------------------------|
| | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| Finance income | | |
| Interest income from deposits | 7,225 | 6,620 |
| Interest income from loan to a related party | 807 | – |
| | 8,032 | 6,620 |
| Finance expenses | | |
| Interest expenses from borrowings | (61,941) | (58,268) |
| Interest expenses from lease liabilities | (870) | (904) |
| Other charges | (146) | (130) |
| Net foreign exchange gains | 777 | 1,882 |
| Less: Amount capitalised (a) | 11,319 | 11,083 |
| | (50,861) | (46,337) |
| Finance expenses – net | (42,829) | (39,717) |

(a) Finance costs have been capitalised on qualifying assets at an average interest rate of 4.45% per annum for the six months ended 30 June 2024 (31 December 2023: 4.52%).

14. INCOME TAX EXPENSES

| | Six months ended 30 June | |
|-------------------------------|--------------------------------|--------------------------------|
| | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| Current income tax | 92,436 | 82,752 |
| Deferred income tax (Note 21) | (9,709) | (307) |
| | 82,727 | 82,445 |

(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.

14. INCOME TAX EXPENSES (CONTINUED)

(iii) Hong Kong profit tax

No provision for Hong Kong profit tax was provided as the Company and the Group did not have assessable profits in Hong Kong during the six months ended 30 June 2024 and 2023.

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

CIT is provided on assessable profits of entities incorporated in the PRC. Pursuant to the Corporate Income Tax Law of the PRC (the "CIT Law"), which was effective from 1 January 2008, the CIT was 25% during the six months ended 30 June 2024 and 2023.

(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 Mainland China and Hong Kong, the relevant withholding tax rate will be 5%. Since the equity holder of the PRC subsidiaries of the Company is a Hong Kong incorporated company and meet the relevant requirements pursuant to the tax arrangement between Mainland China and Hong Kong, the relevant withholding tax rate of 5% is used. As at 30 June 2024, accruals of RMB4,853,000 has been made by the Company based on the current plan of dividends distribution of its PRC subsidiaries.

Apart from the above, 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.

(vi) Preferential EIT rate

Certain subsidiaries are entitled to preferential tax rates ranging from 15% to 20%, which are:

- Dalian Yunguan Information Technology Co., Ltd. is qualified as a high-tech enterprise in 2021. It is subject to an EIT of 15% during the six months ended 30 June 2024 and 2023.
- Neusoft Education Technology Group Co., Ltd. is qualified as high-tech enterprise in 2021. It is subject to an EIT rate of 15% during the six months ended 30 June 2024 and 2023.
- The subsidiaries of Tianjin Neusoft Ruidao Education Information Technology Co., Ltd. ("**Tianjin Ruidao**") except Shenyang Neusoft Ruidao Education Services Co., Ltd. are small low-profit enterprises, followed by a reduced tax rate of 20% during the six months ended 30 June 2024. The subsidiaries of Tianjin Ruidao except Dalian Neusoft Ruichuang Technology Development Co., Ltd. are small low-profit enterprises, followed by a reduced tax rate of 20% during the six months ended 30 June 2023.
- Chengdu Neusoft Education Technology Co., Ltd. is a small low-profit enterprise, followed by a reduced tax rate of 20% during the six months ended 30 June 2024 and 2023.
- Dalian Neusoft Technology Development Co., Ltd. is a small low-profit enterprise, followed by a reduced tax rate of 20% during the six months ended 30 June 2024 and 2023.

14. INCOME TAX EXPENSES (CONTINUED)

(vi) Preferential EIT rate (Continued)

- Nanjing Neusoft Ruidao Digital Technology Co., Ltd. is a small low-profit enterprise, followed by a reduced tax rate of 20% during the six months ended 30 June 2024 and 2023.
- Huzhou Ruidao Digital Technology Co., Ltd. is a small low-profit enterprise, followed by a reduced tax rate of 20% during the six months ended 30 June 2024 and 2023.
- Putian Neusoft Digital Technology Lab Co., Ltd. is a small low-profit enterprise, followed by a reduced tax rate of 20% during the six months ended 30 June 2024 and 2023.
- Zhengzhou Neusoft Ruidao Digital Technology Co., Ltd. is a small low-profit enterprise, followed by a reduced tax rate of 20% during the six months ended 30 June 2024 and 2023.
- Chengdu Ruixiang Vocational Skills Training School Co., Ltd. is a small low-profit enterprise, followed by a reduced tax rate of 20% during the six months ended 30 June 2024.
- Ningbo Wanli Neusoft Digital Technology Co., Ltd. is a small low-profit enterprise, followed by a reduced tax rate of 20% during the six months ended 30 June 2024.
- Suzhou Neusoft Ruixiang Technology Co., Ltd. is a small low-profit enterprise, followed by a reduced tax rate of 20% during the six months ended 30 June 2024.

(vii) Deferred tax assets not recognised

For the period ended 30 June 2024, the Group has unused tax losses RMB264,590,000 (31 December 2023: RMB131,944,000), which will expire in one to five years for offsetting against future profits. Deferred tax assets have not been recognised in respect of these tax losses as they have arisen in subsidiaries that have been loss-making for recent years and it is not considered probable that future taxable profits will be available against which the tax losses can be utilised.

15. DIVIDENDS

A final dividend of HKD0.366 per share for the year ended 31 December 2023, in an aggregate amount of HKD236,511,000 (approximately equivalent to RMB215,419,000) was approved at the annual general meeting held on 28 May 2024 and declared to the owners of the Company.

No final dividend has been paid during six months ended 30 June 2024 (six months ended 30 June 2023: RMB1,516,000).

No interim dividend has been declared or paid by the Company during the six months ended 30 June 2024 and 2023.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

16. EARNINGS PER SHARE

(a) Basic

Basic earnings per share for the six months ended 30 June 2024 and 2023 are calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the periods.

| | Six months ended 30 June | |
|---|--------------------------|---------------------|
| | 2024 (Unaudited) | 2023 (Unaudited) |
| Profit attributable to owners of the Company (RMB'000) | 277,414 | 274,138 |
| Weighted average number of ordinary shares in issue (thousands) | 646,205 | 646,204 |
| Basic earnings per share (in RMB) | 0.43 | 0.42 |

(b) Diluted

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

| | Six months ended 30 June | |
|--|--------------------------|---------------------|
| | 2024 (Unaudited) | 2023 (Unaudited) |
| Profit attributable to owners of the Company (RMB'000) | 277,414 | 274,138 |
| Weighted average number of ordinary shares in issue (thousands) | 646,205 | 646,204 |
| Adjustments for share options granted to employees (thousands) | – | 2,360 |
| Weighted average number of ordinary shares for calculation of diluted earnings per share (thousands) | 646,205 | 648,564 |
| Diluted earnings per share (in RMB) | 0.43 | 0.42 |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

17. PROPERTY, PLANT AND EQUIPMENT

| | Buildings RMB'000 | Renovation RMB'000 | Motor vehicles RMB'000 | Medical equipment RMB'000 | Electronic equipment RMB'000 | Furniture and fixtures RMB'000 | Others RMB'000 | Construction in progress RMB'000 | Total RMB'000 |
|--|----------------------|-----------------------|------------------------------|---------------------------------|------------------------------------|--------------------------------------|-------------------|--|------------------|
| (Unaudited) | | | | | | | | | |
| Six months ended | | | | | | | | | |
| 30 June 2024 | | | | | | | | | |
| Opening net book amount | 2,569,244 | 29,211 | 1,462 | - | 89,981 | 62,533 | 11,841 | 593,169 | 3,357,441 |
| Acquisition of subsidiaries (Note 33) | - | 89 | 152 | 49,171 | 1,005 | 2,984 | 629 | - | 54,030 |
| Additions | - | 2,043 | - | 14 | 11,116 | 9,256 | 360 | 54,926 | 77,715 |
| Transfer upon completion | 19,090 | - | - | - | - | - | - | (19,090) | - |
| Transfer to investment properties | (11,500) | - | - | - | - | - | - | - | (11,500) |
| Transfer from investment properties (a) | 250,507 | - | - | - | - | - | - | - | 250,507 |
| Disposals | (229) | (1,056) | - | - | (188) | (2,658) | (42) | (280) | (4,453) |
| Depreciation of disposals | 110 | 98 | - | - | 175 | 2,597 | 32 | - | 3,012 |
| Depreciation charge | (50,450) | (4,123) | (228) | (711) | (19,217) | (8,195) | (1,339) | - | (84,263) |
| Closing net book amount | 2,776,772 | 26,262 | 1,386 | 48,474 | 82,872 | 66,517 | 11,481 | 628,725 | 3,642,489 |
| At 30 June 2024 | | | | | | | | | |
| Cost | 3,584,205 | 91,624 | 6,586 | 49,185 | 352,394 | 218,328 | 33,026 | 628,725 | 4,964,073 |
| Accumulated depreciation | (807,433) | (65,362) | (5,200) | (711) | (269,522) | (151,811) | (21,545) | - | (1,321,584) |
| Net book amount | 2,776,772 | 26,262 | 1,386 | 48,474 | 82,872 | 66,517 | 11,481 | 628,725 | 3,642,489 |
| (Unaudited) | | | | | | | | | |
| Six months ended | | | | | | | | | |
| 30 June 2023 | | | | | | | | | |
| Opening net book amount | 2,302,371 | 34,333 | 877 | - | 85,350 | 54,233 | 10,173 | 448,156 | 2,935,493 |
| Additions | 509 | 1,425 | 966 | - | 11,113 | 1,057 | 92 | 158,926 | 174,088 |
| Disposals | - | - | (403) | - | (771) | (250) | - | - | (1,424) |
| Depreciation of disposals | - | - | 383 | - | 718 | 226 | - | - | 1,327 |
| Depreciation charge | (44,904) | (5,580) | (134) | - | (15,917) | (5,447) | (1,072) | - | (73,054) |
| Closing net book amount | 2,257,976 | 30,178 | 1,689 | - | 80,493 | 49,819 | 9,193 | 607,082 | 3,036,430 |
| At 30 June 2023 | | | | | | | | | |
| Cost | 2,967,873 | 86,347 | 6,051 | - | 309,009 | 189,619 | 28,319 | 607,082 | 4,194,300 |
| Accumulated depreciation | (709,897) | (56,169) | (4,362) | - | (228,516) | (139,800) | (19,126) | - | (1,157,870) |
| Net book amount | 2,257,976 | 30,178 | 1,689 | - | 80,493 | 49,819 | 9,193 | 607,082 | 3,036,430 |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

- (a) Due to the acquisition of Neusoft Healthcare Group in the Interim Report Period, part of investment properties of RMB250,507,000 have been changed to internal use since the acquisition date. Accordingly, these properties have been reclassified as the Group's property, plant and equipment since then.
- (b) The Group's non-bank borrowings as at 30 June 2024 of RMB45,204,000 (31 December 2023: RMB742,000) were secured by certain medical equipment, electronic equipment and others with a total net book amount of RMB50,698,000 (31 December 2023: RMB970,000).
- (c) Construction in progress as at 30 June 2024 comprises buildings being constructed.
- (d) As at 30 June 2024, buildings with net book amounts of RMB63,426,000 (31 December 2023: RMB65,997,000) had been leased out.

18. INTANGIBLE ASSETS

| | Goodwill RMB'000 | Brand RMB'000 | Medical license RMB'000 | Customer relationship RMB'000 | Software RMB'000 | Total RMB'000 |
|---------------------------------------|---------------------|------------------|-------------------------------|-------------------------------------|---------------------|------------------|
| (Unaudited) | | | | | | |
| Six months ended 30 June 2024 | | | | | | |
| Opening net book amount | 134,937 | 89,499 | – | 41,258 | 8,189 | 273,883 |
| Acquisition of subsidiaries (Note 33) | 196,016 | – | 59,495 | – | 13,447 | 268,958 |
| Additions | – | – | – | – | 503 | 503 |
| Amortisation | – | – | (180) | (3,345) | (1,392) | (4,917) |
| Closing net book amount | 330,953 | 89,499 | 59,315 | 37,913 | 20,747 | 538,427 |
| At 30 June 2024 | | | | | | |
| Cost | 330,953 | 89,499 | 59,495 | 66,907 | 47,912 | 594,766 |
| Accumulated amortisation | – | – | (180) | (28,994) | (27,165) | (56,339) |
| Net book amount | 330,953 | 89,499 | 59,315 | 37,913 | 20,747 | 538,427 |
| (Unaudited) | | | | | | |
| Six months ended 30 June 2023 | | | | | | |
| Opening net book amount | 134,937 | 89,499 | – | 47,949 | 10,847 | 283,232 |
| Additions | – | – | – | – | 568 | 568 |
| Amortisation | – | – | – | (3,345) | (1,744) | (5,089) |
| Closing net book amount | 134,937 | 89,499 | – | 44,604 | 9,671 | 278,711 |
| At 30 June 2023 | | | | | | |
| Cost | 134,937 | 89,499 | – | 66,907 | 34,749 | 326,092 |
| Accumulated amortisation | – | – | – | (22,303) | (25,078) | (47,381) |
| Net book amount | 134,937 | 89,499 | – | 44,604 | 9,671 | 278,711 |

19. LEASES

The Group as a lessee:

(i) Amounts recognised in the consolidated statements of balance sheet

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

| | As at 30 June 2024 RMB'000 (Unaudited) | As at 31 December 2023 RMB'000 (Audited) |
|----------------------------|--|--|
| Right-of-use assets | | |
| Land use rights | 580,606 | 574,849 |
| Leased properties | 32,149 | 35,494 |
| | 612,755 | 610,343 |
| Lease liabilities | | |
| Current | 7,628 | 8,255 |
| Non-current | 25,844 | 27,572 |
| | 33,472 | 35,827 |

(ii) Amounts recognised in the consolidated income statement

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

| | Six months ended 30 June 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
|--|--|--------------------------------|
| Depreciation charge of right-of-use assets | 12,740 | 12,066 |
| Interest expenses (Note 13) | 870 | 904 |
| Expenses relating to short-term leases (Note 11) | 19,934 | 20,578 |
| | 33,544 | 33,548 |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

19. LEASES (CONTINUED)

The Group as a lessor:

The Group leases certain buildings to related parties and third parties under operating lease agreements. Lease payments for the contracts include Consumer Price Index increases, but there are no other variable lease payments that depend on an index or rate. Although the Group is exposed to changes in the residual value at the end of the current leases, the Group typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Rental income recognised during the six months ended 30 June 2024 was RMB22,712,000 (six months ended 30 June 2023: RMB24,079,000) (Note 8).

As at 30 June 2024, the Group has future minimum lease payments receivable on leases of properties are as follows:

| | As at 30 June 2024 RMB'000 (Unaudited) | As at 31 December 2023 RMB'000 (Audited) |
|---|--|--|
| No later than 1 year | 30,982 | 40,871 |
| Later than 1 year and no later than 5 years | 39,303 | 112,341 |
| Later than 5 years | 1,734 | 46,402 |
| | 72,019 | 199,614 |

20. INVESTMENT PROPERTIES

| | Six months ended 30 June | |
|--|--------------------------------|--------------------------------|
| | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| Opening net book amount | 271,400 | 271,400 |
| Transfer from property, plant and equipment | 11,500 | – |
| Transfer from right-of-use assets | 919 | – |
| Transfer to property, plant and equipment (Note 17(a)) | (250,507) | – |
| Transfer to right-of-use assets | (14,793) | – |
| Fair value gains on investment properties, net | 81 | – |
| | 18,600 | 271,400 |

20. INVESTMENT PROPERTIES (CONTINUED)

Valuation techniques

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

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

21. DEFERRED INCOME TAX ASSETS AND LIABILITIES

| | As at 30 June 2024 RMB'000 (Unaudited) | As at 31 December 2023 RMB'000 (Audited) |
|---|--|--|
| Deferred income tax assets | | |
| Deferred income tax assets to be recovered within 12 months | 17,267 | 12,584 |
| Deferred income tax assets to be recovered after more than 12 months | 66,421 | 40,003 |
| | 83,688 | 52,587 |
| Deferred income tax liabilities | | |
| Deferred income tax liabilities to be settled within 12 months | (11,352) | (15,307) |
| Deferred income tax liabilities to be settled after more than 12 months | (57,050) | (44,608) |
| | (68,402) | (59,915) |
| Offsetting | (11,666) | (6,928) |
| Deferred income tax assets after offsetting | 72,022 | 45,659 |
| Deferred income tax liabilities after offsetting | (56,736) | (52,987) |

21. DEFERRED INCOME TAX ASSETS AND LIABILITIES (CONTINUED)

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

| | Six months ended 30 June | |
|---|--------------------------------|--------------------------------|
| | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| Beginning of the period | 52,587 | 38,040 |
| Acquisition of subsidiaries (Note 33) | 27,732 | – |
| Credited to the consolidated income statement | 3,369 | 544 |
| End of the period | 83,688 | 38,584 |

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

| | Six months ended 30 June | |
|---|--------------------------------|--------------------------------|
| | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| Beginning of the period | (59,915) | (41,259) |
| Acquisition of subsidiaries (Note 33) | (14,807) | – |
| Credited/(debited) to the consolidated income statement | 6,340 | (237) |
| Debited to the other comprehensive income | (20) | – |
| End of the period | (68,402) | (41,496) |

21. DEFERRED INCOME TAX ASSETS AND LIABILITIES (CONTINUED)

The movements in deferred income tax assets and liabilities of the Group during the six months ended 30 June 2024 and 2023, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

(a) Deferred tax assets

| | Unrealised gain on intra-group transactions RMB'000 | Asset impairment provision RMB'000 | Depreciation RMB'000 | Tax losses RMB'000 | Lease liability RMB'000 | Total RMB'000 |
|---|---|---|---|-------------------------|-------------------------------|------------------|
| (Unaudited) | | | | | | |
| Balance at 1 January 2024 | 33,617 | 4,706 | 3,293 | 3,527 | 7,444 | 52,587 |
| Acquisition of subsidiaries (Note 33) | - | - | - | 27,732 | - | 27,732 |
| (Debited)/credited to the consolidated income statement | (469) | 1,292 | 1,709 | 1,322 | (485) | 3,369 |
| Balance at 30 June 2024 | 33,148 | 5,998 | 5,002 | 32,581 | 6,959 | 83,688 |
| | | Unrealised gain on intra-group transactions RMB'000 | Asset impairment provision RMB'000 | Depreciation RMB'000 | | Total RMB'000 |
| (Unaudited) | | | | | | |
| Balance at 1 January 2023 | | 34,523 | 1,756 | 1,761 | | 38,040 |
| (Debited)/credited to the consolidated income statement | | (35) | 177 | 402 | | 544 |
| Balance at 30 June 2023 | | 34,488 | 1,933 | 2,163 | | 38,584 |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

21. DEFERRED INCOME TAX ASSETS AND LIABILITIES (CONTINUED)

(b) Deferred tax liabilities

| | Customer relationship RMB'000 | Brand RMB'000 | Medical license RMB'000 | Depreciation RMB'000 | Financial assets measured at fair value RMB'000 | Withholding tax on undistributed profits of subsidiaries in Mainland China RMB'000 | Right-of-use assets RMB'000 | Total RMB'000 |
|---|----------------------------------|------------------|----------------------------|-------------------------|--|---|--------------------------------|------------------|
| (Unaudited) | | | | | | | | |
| Balance at 1 January 2024 | (9,890) | (22,374) | - | (9,112) | (646) | (10,717) | (7,176) | (59,915) |
| Acquisition of subsidiaries (Note 33) | - | - | (14,807) | - | - | - | - | (14,807) |
| Credited/(debited) to the consolidated income statement | 835 | - | 44 | (842) | (231) | 5,864 | 670 | 6,340 |
| Debited to the other comprehensive income | - | - | - | (20) | - | - | - | (20) |
| Balance at 30 June 2024 | (9,055) | (22,374) | (14,763) | (9,974) | (877) | (4,853) | (6,506) | (68,402) |

| | Customer relationship RMB'000 | Brand RMB'000 | Depreciation RMB'000 | Financial assets measured at fair value RMB'000 | Total RMB'000 |
|---|----------------------------------|------------------|-------------------------|--|------------------|
| (Unaudited) | | | | | |
| Balance at 1 January 2023 | (11,595) | (22,374) | (6,623) | (667) | (41,259) |
| Credited/(debited) to the consolidated income statement | 835 | - | (1,252) | 180 | (237) |
| Balance at 30 June 2023 | (10,760) | (22,374) | (7,875) | (487) | (41,496) |

22. TRADE AND NOTES RECEIVABLES

| | As at 30 June 2024 RMB'000 (Unaudited) | As at 31 December 2023 RMB'000 (Audited) |
|---|--|--|
| Trade receivables | | |
| Due from related parties <i>(Note 35(b))</i> | – | 11,193 |
| Receivables from education resources services | 100,496 | 75,402 |
| Receivables from healthcare and wellness service | 7,466 | – |
| Receivables from continuing education services | 5,806 | 2,464 |
| Others | 469 | 510 |
| | 114,237 | 89,569 |
| Less: Provision for impairment of trade receivables | (30,021) | (16,515) |
| Trade receivables – net | 84,216 | 73,054 |
| Notes receivables | 41 | 1,095 |
| Total trade and notes receivables | 84,257 | 74,149 |

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

- (a) As at 30 June 2024 and 31 December 2023, the aging analysis of the trade receivables on the basis of recognition date was as follows:

| | As at 30 June 2024 RMB'000 (Unaudited) | As at 31 December 2023 RMB'000 (Audited) |
|--------------------|--|--|
| Less than 6 months | 56,614 | 45,610 |
| 6 months to 1 year | 21,689 | 28,925 |
| 1 to 2 years | 25,975 | 4,996 |
| More than 2 years | 9,959 | 10,038 |
| | 114,237 | 89,569 |

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

23. OTHER RECEIVABLES

| | As at 30 June 2024 RMB'000 (Unaudited) | As at 31 December 2023 RMB'000 (Audited) |
|--|--|--|
| Loan receivable from a related party <i>(Note 35(a))</i> | – | 40,286 |
| Loan receivable from third parties | 1,170 | 1,170 |
| Advance to staff | 4,319 | 1,573 |
| Advance to third parties | 1,625 | 1,265 |
| Deposits | 14,980 | 14,108 |
| Others | 2,211 | 1,931 |
| | 24,305 | 60,333 |
| Less: Provision for impairment of other receivables | (476) | (1,220) |
| Other receivables – net | 23,829 | 59,113 |
| Less: non-current portion | | |
| – Loan receivable from a related party <i>(Note 35(a))</i> | – | (40,000) |
| Other receivables – current portion | 23,829 | 19,113 |

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

24. PREPAYMENTS AND OTHER ASSETS

| | As at 30 June 2024 RMB'000 (Unaudited) | As at 31 December 2023 RMB'000 (Audited) |
|---|--|--|
| Prepayment for utilities | 4,132 | 4,837 |
| Prepayment for leases | 4,408 | 13,736 |
| Prepayment to others | 12,016 | 25,991 |
| Deductible VAT input | 74,695 | 70,483 |
| Others | 1,552 | 5,790 |
| | 96,803 | 120,837 |
| Less: Provision for impairment of other assets | – | (923) |
| Prepayments and other assets – net | 96,803 | 119,914 |
| Less: non-current portion – Others | (81) | (4,515) |
| Prepayments and other assets – current portion | 96,722 | 115,399 |

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

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | As at 30 June 2024 RMB'000 (Unaudited) | As at 31 December 2023 RMB'000 (Audited) |
|--|--|--|
| Current assets | | |
| Financial products sponsored and managed by banks (Note 5.3) | 175,877 | 76,224 |
| Non-current assets | | |
| Unlisted fund investments (Note 5.3) | 22,500 | 22,500 |

26. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

(a) Cash and cash equivalents

| | As at 30 June 2024 RMB'000 (Unaudited) | As at 31 December 2023 RMB'000 (Audited) |
|---------------|--|--|
| Cash on hand | 518 | 122 |
| Cash at banks | 874,100 | 1,708,305 |
| | 874,618 | 1,708,427 |

(b) Restricted cash

| | As at 30 June 2024 RMB'000 (Unaudited) | As at 31 December 2023 RMB'000 (Audited) |
|-----------------------------|--|--|
| Deposits in escrow accounts | 3,987 | 2,577 |
| Frozen deposits (i) | 60,227 | 60,227 |
| | 64,214 | 62,804 |

- (i) The balances mainly included frozen deposits based on a court order arising from disputes with a supplier.

27. SHARE CAPITAL

Authorised:

As at 30 June 2024 and 2023, the number of ordinary shares and nominal value of ordinary shares remained at 1,900,000,000 and HKD380,000 respectively.

| | Number of ordinary shares | Nominal value of ordinary shares HKD | Equivalent nominal value of ordinary shares RMB'000 | Share premium RMB'000 | Total share capital and share premium RMB'000 |
|---------------------------|---------------------------------|--|---|-----------------------------|---|
| Issued: | | | | | |
| (Unaudited) | | | | | |
| As at 1 January 2023 | 646,203,535 | 129,241 | 113 | 2,756,159 | 2,756,272 |
| Dividends distribution | – | – | – | (96,461) | (96,461) |
| As at 30 June 2023 | 646,203,535 | 129,241 | 113 | 2,659,698 | 2,659,811 |
| (Unaudited) | | | | | |
| As at 1 January 2024 | 646,203,535 | 129,241 | 113 | 2,659,698 | 2,659,811 |
| Exercise of share options | 1,600 | 0 | 0 | 10 | 10 |
| Dividends distribution | – | – | – | (215,419) | (215,419) |
| As at 30 June 2024 | 646,205,135 | 129,241 | 113 | 2,444,289 | 2,444,402 |

28. SHARE OPTION

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

On 11 September 2020, the Board of Directors of the Company conditionally adopted the principal terms of the Post-IPO Share incentive scheme (the “**Post-IPO Share Incentive Scheme**”). The purpose of the Post-IPO Share Incentive Scheme is to provide participants with the opportunity to acquire proprietary interests in the Company and to encourage and retain participants to make contributions to the long-term growth and profits of the Group. The total number of share options available for grant under Post-IPO Share Incentive Scheme was 66,666,720. As of 30 June 2024, no options have been granted or agreed to be granted pursuant to Post-IPO Share Incentive Scheme.

28. SHARE OPTION (CONTINUED)

Pre-IPO Share Incentive Scheme

Share options granted to participants

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

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

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

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

| | Number of share options | Average exercise price per share option (HKD) |
|--|----------------------------|---|
| (Unaudited) | | |
| Outstanding as of 1 January 2024 | 32,018,897 | 3.11 |
| Cancelled during the period | (22,991,800) | 3.11 |
| Exercised during the period | (1,600) | 3.11 |
| Outstanding as of 30 June 2024 | 9,025,497 | 3.11 |
| Exercisable as of 30 June 2024 (Unaudited) | 8,762,997 | 3.11 |

The weighted-average remaining contract life for outstanding share options was 6.17 years as of 30 June 2024 (31 December 2023: 6.67 years).

On 10 October 2023, cancellation of the Pre-IPO share options has been approved by the Board of Directors of the Company, 22,991,800 share options have been cancelled during six months ended 30 June 2024.

Fair value of share options

The Group has used the Binomial option-pricing model to determine the fair value of the share option as of the grant date.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

29. TRADE AND OTHER PAYABLES

| | As at 30 June 2024 RMB'000 (Unaudited) | As at 31 December 2023 RMB'000 (Audited) |
|---|--|--|
| Trade payables | | |
| Amount due to related parties <i>(Note 35(b))</i> | 535 | – |
| Amount due to third parties | 14,497 | 11,320 |
| | 15,032 | 11,320 |
| Other payables | | |
| Amount due to related parties <i>(Note 35(b))</i> | 99,027 | 2,763 |
| Miscellaneous expenses received from students | 39,680 | 56,589 |
| Salary and welfare payables | 46,842 | 85,573 |
| Deposits | 26,092 | 31,852 |
| Government subsidies payable to students | 49,128 | 19,639 |
| Payables for purchases of property, plant and equipment | 313,714 | 366,629 |
| Payables for purchases of intangible assets | 7,439 | – |
| Payables for administrative cost | 12,899 | 13,670 |
| Tax payables | 4,883 | 11,698 |
| Dividends payable | 215,859 | – |
| Notes payable | 3,033 | – |
| Others | 19,400 | 17,343 |
| Less: non-current portion | | |
| – Amount due to third parties | (675) | (675) |
| Other payables – current portion | 837,321 | 605,081 |
| Total trade and other payables | 852,353 | 616,401 |

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

The credit terms of trade payables granted to the Group are generally no more than 180 days. As at 30 June 2024 and 31 December 2023, the aging analysis of the trade payable based on invoice dates was as follows:

| | As at 30 June 2024 RMB'000 (Unaudited) | As at 31 December 2023 RMB'000 (Audited) |
|--------------------|--|--|
| Less than 6 months | 15,032 | 11,320 |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30. BORROWINGS

| | As at 30 June 2024 RMB'000 (Unaudited) | As at 31 December 2023 RMB'000 (Audited) |
|---|--|--|
| Long-term borrowings | | |
| Bank borrowings | | |
| – secured | 2,112,364 | 2,139,032 |
| – unsecured | 484,270 | 423,505 |
| Less: current portion of long-term borrowings | | |
| – secured | (238,380) | (220,171) |
| – unsecured | (44,266) | (268,505) |
| | 2,313,988 | 2,073,861 |
| Borrowings from non-bank financial institutions (g) | | |
| – secured | 45,204 | 742 |
| Less: current portion of long-term borrowings | | |
| – secured | (16,114) | (742) |
| | 29,090 | – |
| Short-term borrowings | | |
| Bank borrowings | | |
| – secured | – | 13,925 |
| – unsecured | 167,103 | 147,700 |
| Add: current portion of long-term borrowings | | |
| – secured | 238,380 | 220,171 |
| – unsecured | 44,266 | 268,505 |
| | 449,749 | 650,301 |
| Borrowings from non-bank financial institutions (g) | | |
| – secured | – | – |
| Add: current portion of long-term borrowings | | |
| – secured | 16,114 | 742 |
| | 16,114 | 742 |
| Total borrowings | 2,808,941 | 2,724,904 |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30. BORROWINGS (CONTINUED)

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

| | As at 30 June 2024 RMB'000 (Unaudited) | As at 31 December 2023 RMB'000 (Audited) |
|-------------------------------|--|--|
| Neusoft Holdings (Note 35(d)) | 1,845,970 | 1,845,692 |

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

| | As at 30 June 2024 (Unaudited) | As at 31 December 2023 (Audited) |
|-----------------|---|---|
| Bank borrowings | 4.37% | 4.55% |

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

| | As at 30 June 2024 RMB'000 (Unaudited) | As at 31 December 2023 RMB'000 (Audited) |
|---------------------------|--|--|
| Bank borrowing facilities | 979,862 | 1,009,894 |

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

| | As at 30 June 2024 RMB'000 (Unaudited) | As at 31 December 2023 RMB'000 (Audited) |
|-----------------------|--|--|
| Within 1 year | 465,863 | 651,043 |
| Between 1 and 2 years | 313,610 | 251,974 |
| Between 2 and 5 years | 694,180 | 526,512 |
| More than 5 years | 1,335,288 | 1,295,375 |
| | 2,808,941 | 2,724,904 |

(e) As at 30 June 2024, the Group's borrowings are denominated in RMB.

30. BORROWINGS (CONTINUED)

- (f) As at 30 June 2024, the loan balance with RMB300,980,000 (31 December 2023: RMB293,340,000) of Neusoft Institute, Guangdong (“**Guangdong University**”) was pledged by the collection rights of the tuition fees from 1 January 2022 to 31 December 2037 to the bank. Pursuant to the loan agreements, Guangdong University opened a bank account in the bank without any restrictions on use. However, if any events of defaults or events that could trigger the bank’s doubts of on-time repayment ability, the bank has the right to freeze the deposits in the account. As at 30 June 2024, the balance in this bank account is RMB132,891,000 (31 December 2023: RMB356,215,000).

As at 30 June 2024, the loan balance with RMB371,466,000 (31 December 2023: RMB389,312,000) of Dalian Neusoft University of Information (“**Dalian University**”) was pledged by the collection rights of the boarding fees from 26 April 2019 to 26 April 2034 to the bank. Pursuant to the loan agreement, Dalian University opened a bank account in the bank without any restrictions on use. However, if any events of defaults or events that could trigger the bank’s doubts of on-time repayment ability, the bank has the right to freeze the deposits in the account. As at 30 June 2024, the balance in this bank account is RMB39,000 (31 December 2023: RMB17,038,000).

As at 30 June 2024, the loan balance with RMB764,618,000 (31 December 2023: RMB750,000,000) of Dalian University was pledged by the collection rights of the tuition fees from 19 November 2020 to 18 November 2035 to the bank.

As at 30 June 2024, the loan balance with RMB408,700,000 (31 December 2023: RMB380,880,000) of Chengdu Neusoft University was pledged by the collection rights of the tuition fees from 21 April 2021 to 20 April 2036 to the bank.

As at 30 June 2024, the loan balance with RMB66,000,000, RMB98,000,000 and RMB54,000,000 (31 December 2023: RMB98,500,000, RMB146,500,000 and RMB80,500,000) of Dalian Ruidi Technology Co., Ltd., Dalian Sidi Technology Co., Ltd. and Dalian Xindi Technology Co., Ltd. was pledged by 5.93%, 8.4% and 4.85% equity of Neusoft Ruixin to the bank respectively.

As at 30 June 2024, the loan balance with RMB48,600,000 (31 December 2023: RMB Nil) of Neusoft Ruixin, was pledged by 100% equity of Neusoft Healthcare and 70% equity of Stomatological Hospital to the bank respectively.

As at 30 June 2024, above secured loans bear floating interest rates with reference to PBOC interest rate or five-year Loan Prime Rate (“**LPR**”). The interest rates of secured loans are from 4.05% to 4.70%.

30. BORROWINGS (CONTINUED)

- (g) As at 30 June 2024, non-bank borrowings represented borrowings of Liaoning Ruikang Medical Management Service Co., Ltd. ("**Liaoning Ruikang**") from the financial leasing companies secured by certain self-owned equipments.
- (h) As at 30 June 2024, in addition to the above loans, the other unsecured loan balances were RMB651,373,000 (31 December 2023: RMB571,205,000).
- (i) The Group complied with the financial covenants of its borrowings facilities for the six months ended 30 June 2024 and 2023.

31. DEFERRED INCOME

| | As at 30 June 2024 RMB'000 (Unaudited) | As at 31 December 2023 RMB'000 (Audited) |
|--------------------------------|--|--|
| Non-current: | | |
| Deferred government grants (a) | 32,964 | 34,015 |
| Current: | | |
| Deferred government grants (a) | 23,201 | 23,453 |
| Rental | 7,555 | 15,328 |
| | 30,756 | 38,781 |
| | 63,720 | 72,796 |

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

32. CONTINGENCIES

As at 30 June 2024 and 31 December 2023 there were no significant contingencies items for the Group and the Company.

33. BUSINESS COMBINATIONS

On 26 March 2024, Neusoft Ruixin, a wholly-owned subsidiary of the Company, entered into a Share Transfer Agreement with Neusoft Holdings and Neusoft Healthcare, pursuant to which Neusoft Ruixin has conditionally agreed to purchase, and Neusoft Holdings has conditionally agreed to sell 100% equity interest of Neusoft Healthcare, at a total consideration of RMB81,000,000, which will be settled in cash.

The acquisition was completed on 31 May 2024, after the acquisition, Neusoft Healthcare Group became indirect owned subsidiaries of the Company, and their financial results were consolidated into the financial statements of the Group.

(a) Acquisition of Neusoft Healthcare Group

The fair values of identifiable assets and liabilities of Neusoft Healthcare Group as at the date of acquisition are set out as follows:

| | Fair value RMB'000 |
|---|-----------------------|
| Cash and cash equivalents | 34,073 |
| Restricted cash | 804 |
| Financial assets at fair value through profit or loss (<i>Note 5.3</i>) | 2,600 |
| Trade and notes receivables | 6,064 |
| Prepayments and other assets | 2,180 |
| Inventory | 1,613 |
| Right of use assets | 897 |
| Property, plant and equipment (<i>Note 17</i>) | 54,030 |
| Other receivables | 96 |
| Intangible asset – medical license (<i>Note 18</i>) | 59,495 |
| Intangible asset – software (<i>Note 18</i>) | 13,447 |
| Deferred tax assets (<i>Note 21</i>) | 27,732 |
| Trade and other payables | (139,063) |
| Contract liabilities | (3,403) |
| Lease liability | (897) |
| Borrowings | (90,744) |
| Deferred tax liabilities (<i>Note 21</i>) | (14,807) |
| Fair value of net identifiable assets acquired | (45,883) |
| Settlement of pre-existing relationship between acquirer and acquiree | (69,133) |
| Goodwill | 196,016 |
| | 81,000 |

33. BUSINESS COMBINATIONS (CONTINUED)

(a) Acquisition of Neusoft Healthcare Group (continued)

The goodwill is attributable to Neusoft Healthcare Group's synergies expected to arise after the Company's acquisition. None of the goodwill is expected to be deductible for tax purposes.

(i) Acquisition related cost

Acquisition-related costs were not significant and were included in profit or loss for the six months ended 30 June 2024.

(ii) Revenue and profit contribution

The acquired business contributed revenue of RMB6,870,000 and net loss of RMB6,312,000 to the Group for the period from 1 June 2024 to 30 June 2024. If the acquisition had occurred on 1 January 2024, the contributed revenue and net loss to the Group for the period ended 30 June 2024 would have been RMB42,085,000 and RMB37,715,000 respectively.

(b) Purchase consideration – cash outflow

| | Six months ended 30 June 2024 RMB'000 (Unaudited) |
|--|---|
| Payments for acquisition of subsidiaries, net of cash acquired Cash consideration | 81,000 |
| Less: Balances acquired Cash | (34,073) |
| Net outflow of cash – investing activities | 46,927 |

Note: The cash consideration was fully paid as at 30 June 2024.

34. COMMITMENTS

(a) Capital commitments

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

| | As at 30 June 2024 RMB'000 (Unaudited) | As at 31 December 2023 RMB'000 (Audited) |
|---|--|--|
| Commitment for acquisition of property, plant and equipment and land use right | 64,763 | 96,218 |

34. COMMITMENTS (CONTINUED)

(b) Investment commitments

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

| | As at 30 June 2024 RMB'000 (Unaudited) | As at 31 December 2023 RMB'000 (Audited) |
|-----------------------------------|--|--|
| Commitment for an investment fund | 67,500 | 67,500 |

On 15 June 2023, Shanghai Ruixiang Information Technology Co., Ltd. ("**Shanghai Ruixiang**"), a wholly-owned subsidiary of the Company, as a limited partner entered into a partnership agreement with other two general partners and several limited partners (the "**Limited Partnership Agreement**") in relation to establishment and management of an investment fund, a limited partnership registered in the PRC, Liaoning Ruikang Private Investment Fund Partnership (Limited Partnership) (the "**Investment Fund**") and will engage in investing in areas of medical health including but not limited to innovative medical equipment, medical services and smart medical care.

Pursuant to the Limited Partnership Agreement, the total capital contribution of the Investment Fund shall be RMB1,000.0 million, of which RMB90.0 million shall be contributed by Shanghai Ruixiang as a limited partner. The contribution shall be made by Shanghai Ruixiang in three installments in cash and with the payment notice issued by the executive partner.

- the first installment shall be approximately 25% of the total capital contribution, of which the capital contribution to be made by Shanghai Ruixiang shall be RMB22.5 million;
- the second installment shall be approximately 40% of the total capital contribution, of which the capital contribution to be made by Shanghai Ruixiang shall be RMB36.0 million;
- the third installment shall be approximately 35% of the total capital contribution, of which the capital contribution to be made by Shanghai Ruixiang shall be RMB31.5 million.

On 2 August 2023, Shanghai Ruixiang fully paid the first installment of the contracted capital contribution of RMB22.5 million.

35. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

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

Name and relationship with related parties:

| Name of the related parties | Nature of relationship |
|--|--|
| Neusoft Holdings | Shareholder who has significant influence over the Company |
| Dalian Neusoft Siwei Technology Development Co., Ltd. | A company controlled by Liu Jiren |
| Liaoning Neusoft Venture Capital Co., Ltd. | A company controlled by Neusoft Holdings |
| Cardiovascular Hospital (i) | A company controlled by Neusoft Holdings |
| Stomatological Hospital (i) | A company controlled by Neusoft Holdings |
| Liaoning Ruikang (i) | A company controlled by Neusoft Holdings |
| Liaoning Ruikang Private Investment Fund Partnership (Limited Partnership) | A limited partnership controlled by Neusoft Holdings |

- (i) On 31 May 2024, Neusoft Ruixin, a wholly-owned subsidiary of the Company, acquired 100% equity interest of Neusoft Healthcare. Following the completion of acquisition, Neusoft Healthcare Group became indirect owned subsidiaries of the Company and their financial results were consolidated into the consolidated financial statements of the Group since the acquisition day.

35. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)
(a) Transactions with related parties

| | Six months ended 30 June | |
|---|--------------------------------|--------------------------------|
| | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| Borrowings from a related party | | |
| Shareholder who has significant influence over the Company | | |
| Balance at 1 January 2024 | – | – |
| Acquisition of subsidiaries | 105,496 | – |
| Repayments of borrowings to a related party | (6,000) | – |
| Interest payable to a related party | 387 | – |
| Repayments of interest to a related party | (1,264) | – |
| Balance at 30 June 2024 | 98,619 | – |

| | Six months ended 30 June | |
|---|--------------------------------|--------------------------------|
| | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| Loans to a related party | | |
| A company controlled by Neusoft Holdings | | |
| Balance at 1 January 2024 | 40,264 | – |
| Loans to a related party | 10,000 | – |
| Interest charged to a related party | 855 | – |
| Interest received from a related party | (759) | – |
| Acquisition of subsidiaries | (50,360) | – |
| Balance at 30 June 2024 | – | – |

35. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with related parties (Continued)

| | Six months ended 30 June | |
|--|--------------------------------|--------------------------------|
| | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| Receiving outsourcing services | | |
| A company controlled by Liu Jiren | – | 50 |
| Receiving special entrustment service | | |
| Shareholder who has significant influence over the Company | 1,160 | 5,425 |

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

| | Six months ended 30 June | |
|--|--------------------------------|--------------------------------|
| | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| Providing rental and property management services | | |
| A company controlled by Liu Jiren | 594 | 1,206 |
| Companies controlled by Neusoft Holdings | 8,251 | 10,126 |
| | 8,845 | 11,332 |

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

35. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Balance with related parties

| | As at 30 June 2024 RMB'000 (Unaudited) | As at 31 December 2023 RMB'000 (Audited) |
|--|--|--|
| Trade receivables due from related parties | | |
| Companies controlled by Neusoft Holdings | – | 11,193 |
| Trade payables due to related parties | | |
| Companies controlled by Neusoft Holdings | 535 | – |
| Other payables due to related parties | | |
| Shareholder who has significant influence over the Company | 98,640 | 21 |
| A company controlled by Liu Jiren | 271 | 271 |
| Companies controlled by Neusoft Holdings | 116 | 2,471 |
| | 99,027 | 2,763 |
| Amounts prepaid by related parties | | |
| A company controlled by Liu Jiren | 252 | 252 |
| Companies controlled by Neusoft Holdings | 71 | 71 |
| | 323 | 323 |

35. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Key management compensation

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

| | Six months ended 30 June | |
|--------------------------------|--------------------------------|--------------------------------|
| | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| Salaries | 3,934 | 3,602 |
| Contributions to pension plans | 132 | 128 |
| Welfare and other expenses | 123 | 109 |
| | 4,189 | 3,839 |

(d) Borrowings guaranteed by related party

| | As at 30 June 2024 RMB'000 (Unaudited) | As at 31 December 2023 RMB'000 (Audited) |
|--|--|--|
| | Shareholder who has significant influence over the Company | 1,845,970 |

(e) Commitments to a related party

| | As at 30 June 2024 RMB'000 (Unaudited) | As at 31 December 2023 RMB'000 (Audited) |
|--|---|--|
| | A limited partnership controlled by Neusoft Holdings (Note 34(b)) | 67,500 |

DEFINITIONS

| | |
|--|--|
| “%” | per cent |
| “4S” | the service model of PaaS (platform as a service), SaaS (software as a service), CaaS (content as a service) and DaaS (data as a service) built by the Company |
| “Adjusted Net Profit” | a non-IFRS Accounting Standards measure that eliminates the effect of certain non-recurring items from our profit for the period. See “Financial Information – Non-IFRS Measure” of the Prospectus of the Company |
| “affiliate” | with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person |
| “Audit Committee” | the audit committee of the Board |
| “Board” | the board of Directors of the Company |
| “BVI” | British Virgin Islands |
| “Century Bliss” | Century Bliss International Limited, a company incorporated under the Laws of the BVI with limited liability and a Shareholder as of 30 June 2024 |
| “Chengdu University” | Chengdu Neusoft University (成都東軟學院), established in 2003, and one of the higher education schools operated by the Group |
| “China” or “the PRC” | the People’s Republic of China, and for the purposes of this report only, except where the context requires otherwise, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan |
| “Company”, “our Company”, or “the Company” | Neusoft Education Technology Co. Limited (東軟教育科技有限公司), an exempted company with limited liability incorporated under the Laws of the Cayman Islands on 20 August 2018 |
| “Consolidated Affiliated Entities” | entities controlled by the Company through the Contractual Arrangements and considered as our subsidiaries |
| “Contractual Arrangements” | the contractual arrangements entered into by the Group as described in the section headed “Contractual Arrangements” of the Prospectus of the Company |

| | |
|--|--|
| “Controlling Shareholder(s)” | has the meaning ascribed to it under the Listing Rules, and unless the context otherwise requires, to the persons listed in the section headed “Relationship with our Controlling Shareholders” of the Prospectus of the Company, namely Dr. J. Liu and Neusoft Holdings (together with Neusoft Holdings’ wholly-owned subsidiaries Neusoft International, Dongkong First and Dongkong Second) |
| “Dalian Development” | Dalian Neusoft Software Park Industry Development Co., Ltd. (大連東軟軟件園產業發展有限公司), a company incorporated under PRC Laws on 10 July 2002 |
| “Dalian University” | Dalian Neusoft University of Information (大連東軟信息學院), established in 2004, and one of the higher education schools operated by the Group |
| “Director(s)” | the director(s) of the Company |
| “Dongkong First” | Dongkong Education First Investment Inc. (東控教育第一投資有限公司), a company incorporated under the Laws of the BVI and a Controlling Shareholder |
| “Dongkong Second” | Dongkong Education Second Investment Inc. (東控教育第二投資有限公司), a company incorporated under the Laws of the BVI and a Controlling Shareholder |
| “Five New” | five new concepts of “new theory, new technology, new application, new tools, and new products” |
| “Group”, “we”, “us”, “our”, or “Neuedu” | 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 the 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 Accounting Standards” | International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board |

DEFINITIONS

| | |
|----------------------------------|---|
| “Kang Ruidao” | Kang Ruidao International Investment Inc. (康睿道國際投資有限公司), a company incorporated under the Laws of the BVI and a substantial shareholder |
| “Kang Ruidao First” | Kang Ruidao Education First Investment Limited, a company incorporated under the Laws of the BVI and a substantial shareholder |
| “Laws” | 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 |
| “LIFECARES” | our unique elderly education concept, which covers the needs of the elderly in learning, life, health, social interaction, and other aspects from nine dimensions, namely, Learning joyful, Individual renewal, Fitness and well-being, Eating healthily, Community connection, Arts workshop, Rehabilitation, Entertainment activities, Scenic journey. LIFECARES is an acronym for these nine English phrases |
| “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 People’s Republic of China (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) |

| | |
|--|--|
| “Neusoft Education Technology” | Neusoft Education Technology Group Co. Limited (東軟教育科技集團有限公司) (Previously Dalian Neusoft Education Technology Group Co. Limited (大連東軟教育科技集團有限公司)), a company incorporated under PRC Laws on 3 August 2018 and a wholly-owned subsidiary of the Company |
| “Neusoft Healthcare” | Neusoft Healthcare Management Co., Ltd. (東軟健康醫療管理有限公司), a company incorporated under PRC Laws on 21 April 2020 and a wholly-owned subsidiary of the Company as of the date of this report |
| “Neusoft International” | Neusoft Holdings International Inc. (東軟控股國際有限公司), a company incorporated under the Laws of the BVI on 8 March 2012 and a wholly-owned subsidiary of Neusoft Holdings |
| “OMO” | online merge offline |
| “One Fundamental Business with Two Strategic Businesses” | an ecosystem of education business developed by Neuedu, which is, with full-time formal higher education services as our fundamental business, and with education resources and continuing education services as our two strategic businesses |
| “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 |
| “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 of the Prospectus of the Company dated 17 September 2020 |
| “Prospectus” | the prospectus of the Company dated 17 September 2020 |
| “Registered Shareholder” or “Neusoft Holdings” | Dalian Neusoft Holdings Co., Ltd. (大連東軟控股有限公司), a company incorporated under PRC Laws on 15 November 2011, a Controlling Shareholder and the registered shareholder of Dalian Development |
| “Reporting Period” | the six months ended 30 June 2024 |
| “RMB” or “Renminbi” | Renminbi, the current lawful currency of China |
| “Securities and Futures Ordinance” or “SFO” | Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time |

DEFINITIONS

| | |
|---|--|
| “Share(s)” | ordinary share(s) in the share capital of our Company, currently with a par value of HK\$0.0002 each |
| “Shareholder(s)” | holders of our Shares or any one or more of the holders |
| “subsidiary” or “subsidiaries” | has the meaning ascribed to it in the Listing Rules |
| “substantial shareholder” | has the meaning ascribed to it in the Listing Rules |
| “the Stock Exchange” or “the Hong Kong Stock Exchange” | The Stock Exchange of Hong Kong Limited |

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