

Neutech

東軟睿新科技集团有限公司

Neutech Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 9616

2024

ANNUAL REPORT



科技赋能教医养生态

EMPOWER EDUCATION HEALTHCARE WELLNESS ECOSYSTEM WITH TECHNOLOGY

教育创新数智化生活

BOOST DIGITAL INTELLIGENT LIFESTYLES 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

89 Nexus Way

Camana Bay

Grand Cayman, KY1-9009

Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 8, Software Park Road

Ganjingzi District, Dalian

Liaoning, China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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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:

Tian Yuan Law Firm LLP

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

As to PRC laws:

Tian Yuan Law Firm

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

AUDITOR

Ernst & Young

Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place 979 King's Road
Quarry Bay Hong Kong

PRINCIPAL BANKS

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

STOCK CODE

9616

COMPANY WEBSITE

<https://www.neutech.com.cn>

LISTING DATE

29 September 2020

HIGHLIGHTS

February 2024

- 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;



January 2024

- We have 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);

March 2024

- We have acquired Neusoft Healthcare and its subsidiaries, forging a new integrated development ecosystem that combines education, healthcare and wellness, thereby initiating a new strategic chapter;

April 2024

- We have launched various products such as HarmonyOS OpenHarmony Information Technology Innovation Practical Training Lab and Neusoft Virtual Studio Practical Training Lab, empowering partner institutions to provide students with practical training activities in popular industries;
- Dr. LIU Jiren, our Chairperson, received "China Software Industry 40-Year Meritorious Figures Award" (中國軟件產業40年功勳人物獎) on the Third China International Software Development Conference;



May 2024

- 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;
- We have released the first domestic educational metaverse platform, Neuedu Metaverse Creative Creation and Sharing Platform – OpenNEU, which empowers partner institutions through features such as teaching Q&A digital avatars, multiscene virtual space design, multi-dimensional gamified task systems, multi-person collaborative interaction mechanisms, and community activities;

June 2024

- 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 which it ranks seventh in the world in the "Generative AI Applications" category;

September 2024

- Dr. WEN Tao, our executive Director, chief executive officer and president, as one of the representatives of the first prize winners of National Teaching Achievement Award (國家級教學成果獎), was received by General Secretary Xi Jinping;



- We have entered into the Strategic Memorandum of Cooperation with ITOCHU Corporation, one of the Fortune Global 500 ranked by FORTUNE, reaching a collaboration in healthcare and wellness services area, and establishing the China-Japan Elderly Care Industry Alliance to jointly seek innovative and replicable elderly care models and products that integrate aging prevention and elderly care services, and promotes them in both Chinese and Japanese markets;



August 2024

- We have commenced the building of "Neuedu Phoenix Academy" under our elderly education business, which forged featured contents of "AI and Artistic Creation + Health and Rehabilitation + Mental Wellness Travel" to build a dream university for the dynamic elderly;

October 2024

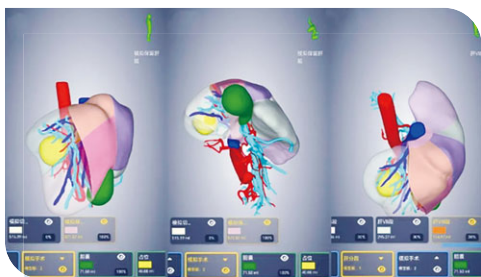
- We commenced the ground breaking for our Healthcare Science-Technology Park Project, which marked another leapfrogging step in our strategic landscape of "Education, Healthcare, Wellness and Mind Tour";



HIGHLIGHTS

November 2024

- The surgical team of Ruikang Cardiovascular Hospital comprising the Group performed the first case of “Thoracoscopic Lobectomy” for a lung cancer patient, freeing the patient from the “pain of open-chest surgery”. During the same period, for a liver cancer patient, we successfully conducted a laparoscopic radical resection of liver cancer using 3D model reconstruction technology;



- Among the “Chinese College Fundamental Computing Teaching Development Index” released by the Association of Fundamental Computing Education in Chinese Universities for the first time, all of our three universities ranked into the top ten in the Development Index List of Fundamental Computing Teaching in Newly Built Undergraduate Colleges of China, demonstrating our outstanding strength and influence in computer education area;

November 2024

- We made a perfect appearance at the 62nd Higher Education Expo with our products and resources in four aspects of artificial intelligence and big data, healthcare technology, digital media, computer science and software, coupled with smart education platform, Metaverse Creative Creation and Sharing Platform and a series of management software, which were widely praised by university leaders and teachers in attendance;



November 2024

- We have signed a strategic cooperation agreement on the ecological project for “Industry, University, Research, Education, Healthcare and Wellness” with Fok Ying Tung Group, pursuant to which, the two parties will jointly develop a new project in “Education, Healthcare and Wellness” in Nansha, Guangzhou, with the aim of promoting the construction and development of the Guangdong-Hong Kong-Macau Greater Bay Area;

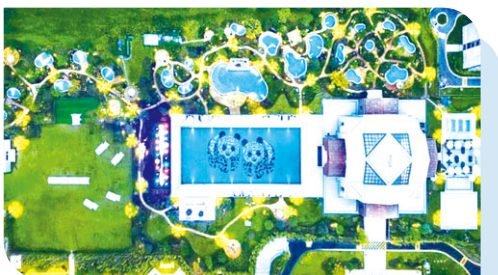


December 2024

- The Company officially changed company name from “Neusoft Education Technology Co. Limited” (東軟教育科技有限公司) to “Neutech Group Limited” (東軟睿新科技集團有限公司) on 4 December 2024 to better reflect the Company’s transformation and upgrade in its development strategy and be dedicated to becoming the pioneer in building an ecosystem of education, healthcare, wellness and mind tour;

January 2025

- Our hotel “Qingchengshan Xikang Wellness & Resort” in Chengdu has officially commenced its operation, which provides another site for Neuedu Phoenix Academy to initiate elderly education and mental wellness travel, moreover, it marks our official launch into the mind tour and the formation of our integrated business ecosystem of a five-in-one model featuring “Education, Healthcare, Wellness and Mind Tour”.



FINANCIAL HIGHLIGHTS

Major financial results for the years ended 31 December 2024 and 31 December 2023 are as follows:

	For the year ended 31 December		
	2024	2023	
	RMB'000 (audited)	RMB'000 (audited)	Percentage of change
Revenue	2,042,073	1,806,073	13.1%
Cost of sales	(1,073,521)	(940,997)	14.1%
Gross profit	968,552	865,076	12.0%
Selling expenses	(48,643)	(52,957)	–8.1%
Administrative expenses	(213,591)	(207,300)	3.0%
Research and development expenses	(38,341)	(39,986)	–4.1%
Impairment losses on financial assets	(15,479)	(11,296)	37.0%
Other income	114,667	148,186	–22.6%
Other expenses	(34,828)	(36,452)	–4.5%
Other gains/(losses), net	211	(599)	135.2%
Finance expenses, net	(94,353)	(86,891)	8.6%
Profit before tax	638,195	577,781	10.5%
Income tax expense	(170,876)	(148,140)	15.3%
Profit for the year	467,319	429,641	8.8%
Profit for the year attributable to owners of the Company	465,619	429,540	8.4%
Adjusted Net Profit (Note)	466,092	428,713	8.7%
Adjusted Net Profit attributable to owners of the Company	464,392	428,612	8.3%

Note:

For the year ended 31 December 2024, the adjusted net profit is the profit for the year after deducting the effect of net exchange gains of RMB1,227,000.

For the year ended 31 December 2023, the adjusted net profit is the profit for the year after deducting the effect of net exchange gains of RMB928,000.

CHAIRPERSON'S STATEMENT

Dear Shareholders:

On behalf of the Board of Directors of Neutech Group Limited, I am pleased to present to all Shareholders the consolidated results and annual report ("**Report**") of the Group and its subsidiaries (hereinafter referred to as the "**Group**") for the year ended 31 December 2024.

The year 2024 marks a pivotal phase in the Group's strategic transformation. Anchored by the triad of "education, technology, and services" provision as core growth drivers, and guided by our strategic blueprint for integrated development of education, healthcare, and wellness, we have achieved breakthrough innovations while maintaining steady operational progress through transformative initiatives, ultimately attaining all annual performance targets.

Education segment achieves accelerated growth with substantial outcomes. The education business delivered robust performance marked by record-breaking enrollment at three universities and top-tier positions across multiple institutional rankings, demonstrating the competitive edge of our deep integration of industry and education and globalized educational models. Our education resources business maintained steady growth through strengthened competencies in IT (Information Technology), DT (Data Technology), and HT (Health Technology) specialty clusters, coupled with the launch of multiple flagship smart education solutions. Over 100 new client contracts were secured during the period, injecting significant momentum into digital education transformation. The lifelong education services system has undergone systematic enhancement, with training operations extended to 28 provincial-level regions nationwide, while the "Neuedu Online" platform exceeded 2.3 million registered users, substantially elevated the platform's market influence. The newly launched Neuedu Phoenix Academy has pioneered the "LIFECARES" model for elderly education, which encapsulates leisure, wellness, healthcare, education, and social engagement, establishing a newly platform tailored for active seniors integrating AI learning, wellness and social services. **Healthcare and wellness services ecosystem has rapidly matured, reaching initial operational scale.** The Group's two specialty hospitals recorded nearly 60,000 patient visits, while the premium international senior care center achieved 75% occupancy rate during its inaugural year. Through deep convergence of education, healthcare, wellness, and technology, the Group has achieved mutual empowerment between education and industry through practical training bases and talent delivery, promoting efficient utilization of resources and sustainable value creation across the ecosystem. **The business of science-technology park to the university achieves strategic upgrade with enhanced operational efficiency.** Aligned with our mission to "co-creating a better and healthier life", the Group has implemented high-yield operational strategies for its science-technology park to the university, expanded high-quality supporting service ecosystems, and comprehensively upgraded integrated complexes encompassing creative, cultural, and service industries. Looking back on 2024, the coordinated development of education, technology, healthcare and wellness, and industrial management and services sectors catalyzed sustained performance improvements across all sectors. The Group's has also won media awards such as the "Most Innovative Listed Company" and the "Most Valuable Social Service Enterprise", which validates our leadership in pioneering innovation and delivering social value.

CHAIRPERSON'S STATEMENT

At the beginning of the new year, the Group has executed a corporate rebranding and strategic repositioning, consolidating resources across education, healthcare, and wellness sectors. This transformation elevates our positioning from a singular education service provider to an industry pioneer in a five-in-one integrated ecosystem of **"Education, Healthcare, Wellness and Mind Tour"**. The initiative positions the Group for expanded ecosystem development. This strategic evolution represents both proactive adaptation to technological advancements and sector-specific challenges in education, as well as a deliberate response to socio-demographic structural shifts through mission-driven institutional innovation.

Heading into 2025, the Group will maintain education as its cornerstone and the link, and carry out in-depth practices of **"Empower education-healthcare-wellness-mind tour ecosystem with technology and boost digital intelligent lifestyles with innovative education"**. Specifically, we will strategically develop a network of hospitals, nursing homes, wellness training bases, and research hubs to establish a new educational infrastructure. This infrastructure will drive tripartite development across academic education, education resources and lifelong education. We will continuously promote technology innovation, accelerate the application of cutting-edge technologies such as artificial intelligence and the metaverse across various business scenarios, and provide first-class platforms, resources, models, and management services to governments, academic institutions, hospitals, and wellness organizations, consistently empowering our partners' reform and development. We will build an integrated system that combines **"medical, healthcare, wellness, and elderly care"** to drive operational efficiency across our healthcare and wellness facilities. We will build a digital intelligent urban elderly care service platform to deliver high-quality consulting services and senior consumer product solutions for home-based care, community-based care, and institutional care. We will integrate Neuedu Phoenix Academy with wellness and mind tour services to create a holistic elderly education model that combines **"learning, tourism, and wellness"**. We will continuously advance industrial management and service enhancement, explore diversified and specialized service models to fulfill the multifaceted demands of clients. We will intensify cross-business innovation synergies, optimize resource allocation across human, financial, and material resources, and cultivate a harmonious and prosperous ecosystem to generate amplified social value, deliver sustainable returns to shareholders, and lay a solid foundation for the Group's pursuit of higher-quality development.

Moving forward with an entrepreneurial ethos, we will embrace transformative innovation and transcend industry boundaries to collectively redefine the future trajectory of Neutech Group Limited. Standing at this new starting point, we are filled with confidence and hope. Advancing hand in hand, we will leverage technological innovation to drive educational transformation, infuse humanistic warmth into the silver-haired era, and create an even brighter future within the ecosystem blueprint of **"Education, Healthcare, Wellness and Mind Tour"**.

Neutech Group Limited

Chairperson of the Board

LIU Jiren

MANAGEMENT DISCUSSION AND ANALYSIS

1 ABOUT US

Since 2000, the Group has, through twenty-five years of development, progressively become a China's leading IT higher education technology group and a provider of digital talent education services. With the acceleration of an aging society in China, the market potential for elderly education and wellness services is immense. In 2024, the Group strategically expanded into the elderly education and healthcare and wellness sectors, leveraging our innovative R&D capabilities in "education + technology + healthcare and wellness" to create a new integrated development model of "education-healthcare-wellness". During the Reporting Period, the Group primarily operated two business segments: (i) education business; and (ii) healthcare and wellness business. Among which, the education business mainly covered three types of businesses: (i) full-time formal higher education services; (ii) educational resources; and (iii) lifelong education services. The healthcare and wellness business primarily encompassed two types of businesses: (i) medical services; and (ii) wellness services.

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

	For the year ended 31 December			
	2024	2023	Percentage	Percentage
	(RMB'000)	(RMB'000)	of change	of total revenue
Education Business				
Full-time formal higher education services	1,625,566	1,453,347	11.8%	79.6%
Education resources	220,610	192,016	14.9%	10.8%
Lifelong education services	139,077	158,603	-12.3%	6.8%
Healthcare and Wellness Business	56,820	—	N/A	2.8%
Others	—	2,107	-100.0%	0.0%
Total	2,042,073	1,806,073	13.1%	100%

MANAGEMENT DISCUSSION AND ANALYSIS

Since 2025, the Group has further expanded its business domains to construct five major business ecosystems: (i) education technology; (ii) healthcare and wellness services; (iii) health technology; (iv) science-technology park to the university and campus services; and (v) wellness travel services. This initiative aims to create a new business ecosystem characterized by a five-in-one model of “Education, Healthcare, Wellness and Mind Tour”, thereby initiating a new strategic chapter. To better reflect the Company’s transformation and upgrade in its development strategy, the Company officially changed its name to “Neutech Group Limited” on 4 December 2024. In the future, the Group will take the vision of “become the pioneer in building an ecosystem of education, healthcare, wellness and mind tour”, and the mission of “empower education-healthcare-wellness-mind tour ecosystem with technology and boost digital intelligent lifestyles with innovative education”. Through the integration and synergy of education with healthcare, as well as elderly care technology and services, and efficient utilization of human, financial, and material resources, the Group aims to secure a broader development space, better growth and profit margins, and achieve sustainable development.

Our Vision	Our Mission	Our Values
 <p>Be dedicated to becoming the pioneer in building an ecosystem of education, healthcare, wellness and mind tour</p>	 <p>Empower education-healthcare-wellness-mind tour ecosystem with technology and boost digital intelligent lifestyles with innovative education</p>	 <ul style="list-style-type: none">• Innovation• Progression• Integrity• Integration• Responsibility

2 BUSINESS REVIEW

2.1 Education Business – Sustainable and Stable Development

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, we have 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 has offered 33 bachelor degree programmes, 7 junior college diploma programmes, 3 junior college to bachelor degree transfer programmes, and 5 vocational bachelor degree programmes, including 5 programmes in healthcare technologies. In the 2024/2025 school year, Dalian University was approved to establish 1 new bachelor degree programme – Cyberspace Security; Dalian University 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), 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). During the Reporting Period, it has received numerous honors and achieved significant teaching achievements:

- Ranked second in China and first in Liaoning Province in the WUSHULIAN China’s First-Class Private Universities Rankings (2024);
- Ranked the seventh in China among all private universities in 2024 Best China’s Private Universities Ranking of Shanghai Ranking (2024軟科中國民辦高校排名) and third among science and engineering universities and colleges;
- 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 among private universities 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;
- Ranked first among the country’s newly built undergraduate colleges in the Development Index List of Fundamental Computing Teaching in Newly Built Undergraduate Colleges of China jointly released for the first time by the Association of Fundamental Computing Education in Chinese Universities and a number of institutions;

MANAGEMENT DISCUSSION AND ANALYSIS

- 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;
- Successfully approved as an Industrial Internet Security Talent Cultivation Pilot Demonstration Project by the MIIT, the only university that has been approved for this project across China for the year and one of the only two pilot projects across China for the year;
- Recognized as Excellent Cases of Industry-University Cooperative Education Projects of the MOE in 2024 (2024年教育部產學合作協同育人項目優秀項目案例), 30 projects were approved as the second batch of high-quality industry-university cooperative education projects in Liaoning Province, ranking first among private universities in Liaoning Province in terms of approval number for two consecutive years;
- Received honorary titles of the “First Batch of ‘One-Stop’ Student Community Comprehensive Management Model Construction Demonstration Universities in Liaoning Province”, “Smart Education Demonstration School” and “Liaoning Province Civilized Campus (for the third consecutive session)”.

Chengdu University has offered 31 bachelor degree programmes, 2 junior college diploma programmes, 16 junior college to bachelor degree transfer programmes, and 2 vocational bachelor degree programmes, including 6 health science and technology programmes. Chengdu University 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 31 Provincial-level First-class Bachelor Degree Courses, which has received a number of honors, contributing to its steadily improved teaching quality during the Reporting Period:

- 1 course was approved for the first batch of advanced courses in colleges and universities in Sichuan Province;
- 6 courses were approved for the Provincial-level First-class Bachelor Degree Courses, 3 courses were approved for Sichuan Province’s “the capable are the teachers” distinctive courses, and 1 course was approved for one of the Application Oriented Brand Majors among Universities in Sichuan Province;
- Ranked fourth in Sichuan Province in the Ranking of Private Colleges and Universities by China Science and Education Evaluation Network in 2024 (2024中國科教評價網民辦院校排行榜);
- Ranked ninth among the country’s newly built undergraduate colleges in the Development Index List of Fundamental Computing Teaching in Newly Built Undergraduate Colleges of China released for the first time by the Association of Fundamental Computing Education in Chinese Universities and a number of institutions;

MANAGEMENT DISCUSSION AND ANALYSIS

- The digital avatars team of the Medical Meta-Universe Research Center was shortlisted for the top four in the “Digital Avatars Intelligent Debate Competition” at the third Global Digital Trade Expo and won the only “Industry Contribution Award” of the event;
- The Business Operation Simulation Sand Table Training was awarded the 2024 National Smart Education Platform Application Selected Case in Sichuan Province;
- Two cases including Virtual Digital Avatars: Teaching Methods and Practices Based on Multi-View Stereo Vision Point Cloud Reconstruction were approved for 2024 Sichuan Province Colleges and Universities Excellent Cases of Digitalization;
- 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;
- As an ecosystem partner of Huawei Cloud, received the “Huawei Cloud Best Ecosystem Development Award” for its outstanding contributions to Huawei Cloud’s ecosystem development, and became the university with the most awards at the Huawei HarmonyOS Talent Ecosystem Conference;
- Won China Education Online’s “2024 New Media Influential Undergraduate University” and “Xinhuanet Science and Technology Innovation Outstanding Case Award”.

Guangdong University has offered 23 bachelor degree programmes, 3 junior college diploma programmes, 10 junior college to bachelor degree transfer programmes, including 1 health technology programme. Guangdong University 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, which has received a number of honors, contributing to its steadily improved teaching quality 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), and the third in Guangdong Province;
- 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);
- Ranked 7th in China among newly built undergraduate colleges in the “Development Index List of Fundamental Computing Teaching in Newly Built Undergraduate Colleges of China” (全國新建本科院校計算機基礎教學發展指數榜單) jointly released for the first time by the Association of Fundamental Computing Education in Chinese Universities with several institutions;
- 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;

MANAGEMENT DISCUSSION AND ANALYSIS

- 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;
- Received the honorary title of Excellent Case of Industry-Education Integration issued by Xinhuanet Education Forum.

2.1.1.2 Steady growth in student enrollment

The excellent quality of our three universities has been widely recognised by students and parents across the country, leading to a steady increase on the student enrolment in the 2024/2025 school year. The total number of student enrolment in our three universities reached over 58,000 as of 31 December 2024, representing an increase of 2.3% over the same period in 2023, which has been at an all-time high for years in terms of student enrollment.

	Student enrolment			
	As of 31 December 2024	As of 31 December 2023	Number of change	Percent of change
Dalian University				
Bachelor degree programmes	15,466	15,285	181	1.2%
Junior college diploma programmes	2,322	1,299	1,023	78.8%
Junior college to bachelor degree transfer programmes	5,734	4,703	1,031	21.9%
Subtotal	23,522	21,287	2,235	10.5%
Chengdu University				
Bachelor degree programmes	19,652	17,317	2,335	13.5%
Junior college diploma programmes	510	1,392	-882	-63.4%
Junior college to bachelor degree transfer programmes	1,438	3,232	-1,794	-55.5%
Subtotal	21,600	21,941	-341	-1.6%
Guangdong University				
Bachelor degree programmes	9,200	9,823	-623	-6.3%
Junior college diploma programmes	241	302	-61	-20.2%
Junior college to bachelor degree transfer programmes	3,595	3,487	108	3.1%
Subtotal	13,036	13,612	-576	-4.2%
Total	58,158	56,840	1,318	2.3%

MANAGEMENT DISCUSSION AND ANALYSIS

2.1.1.3 Upward adjustment on tuition fees and boarding fees in stable manners

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 the 2024/2025 school year.

	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	2,400
Junior college diploma programmes	28,000 ⁽²⁾	28,000 ⁽²⁾	2,400	2,400
Junior college to bachelor degree transfer programmes	28,000	28,000	2,400	2,400
Chengdu University				
Bachelor degree programmes	19,080-20,000	18,000-20,000	2,000	2,000
Junior college diploma programmes	19,080-20,000	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 RMB48,000 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.

2.1.1.4 Brilliant achievements in academic competitions

We adhere to the improvement of students' practical ability as an important part of talent training, and encourage students to participate in various academic competitions featuring the modes of improvement in learning, teaching and innovation by virtue of mutual competition. In the Index List of National General Colleges and Universities Students' Computer Competition, Dalian University ranked the top among private universities nationwide, and was the only private university among the 1,000+ undergraduate universities covered by the index that ranked among the top 6%. In 2024, students from the three universities won more than 9,100 awards with third prizes and above at provincial level in all academic competitions, more than half of which were national awards, presenting the outstanding academic major practice capability and comprehensive strength of our students:

- Dalian University won 4 national second prizes in the FPGA innovative design track under the 2024 Colleges and Universities Students' Embedded Chip and System Design Competition, achieving a record-breaking result, which Dalian University has received the "Outstanding Organization Award";
- Students from Dalian University won 4 national first prizes and 2 second prizes in the 26th China Robotics and Artificial Intelligence Competition, another record-breaking result in terms of award number;
- In January 2024, Chengdu University's competition project, "SBOT – Spresense-Based Quadruped Bionic Robot", won the National Grand Prize in the "2023 National Undergraduate Robots Competition" jointly organized by the Central Committee of the Communist Youth League and MIIT;
- In 2024 National Undergraduate Mathematical Modeling Contest of the "Cup of Higher Education Press", Guangdong University won 3 national first prizes and 8 national second prizes, and ranked the top in terms of the number of national awards and number of first-class prize among private universities in China.

2.1.1.5 Various breakthroughs in industry-education integration

Leveraging the innate industrial genes and the cultivation goal of applied talents, our three universities to perceive and actively capture the opportunities of university-enterprise cooperation and collaborative education, in order to genuinely realize the need of enterprises for students to master what they need without going out of school, and apply what they have learned in school when entering the job market.

In 2024, Dalian University received the “2024 Digital Intelligence Industrial College Award”, and its “Future Robotics Industrial College” was successfully recognised as the Provincial-Level Modern Industrial College. Alongside the previously approved “Neuedu IT Industrial College”, “Modern Semiconductor Industrial College”, “Neuedu Internet of Vehicles Industrial College”, “Yongyou Digital Intelligence Industrial College”, “Neuedu Baidu Artificial Intelligence College” and “Digital Media Creative Industrial College”, the established seven industrial colleges under Dalian University have now been approved as Provincial-Level Modern Industrial Colleges in Liaoning Province, together with the approved Sichuan Provincial-Level Modern Industrial Colleges – the Computer Software Industrial College, and Cybersecurity Industrial College, as well as the first batch of Sichuan Provincial Characteristic Demonstration Software Colleges – Computer and Software Colleges in Chengdu University, have formed the education model featuring industry-education integration anchoring on modern industrial colleges.

In addition to a number of honorary titles of our industrial colleges, in 2024, we have made various breakthroughs in industry-education integration in aspects of school-enterprise cooperation, collaborative education, scientific research projects, social services, etc., and achieved remarkable results both in quantity and quality:

- Three universities have 946 training bases, 1,957 cooperative enterprises in total, and 209 projects have been approved as industry-education integration projects (including 64 industry-education cooperation collaborative education projects under the Ministry of Education);
- One cooperative education project of Dalian University was selected as an outstanding project case of the integration of industry and education projects of the MOE in 2024, becoming one of the two selected universities in Liaoning Province;
- Chengdu University has expanded a number of leading enterprises in the digital industry, and as an ecological partner of Huawei Cloud, it won the “Huawei Cloud Best Ecosystem Development Award” for its outstanding contribution to the Huawei Cloud’s ecosystem, and became the university with the most awards at the Huawei Harmony Talent Ecology Conference, and won the honorary title of “OpenHarmony Developer Association”;
- Guangdong University won the “Excellent case for industry and education integration” award from Xinhuanet for its successful experience in integrated industry and education and innovative education.

MANAGEMENT DISCUSSION AND ANALYSIS

2.1.1.6 New achievements in employment and entrepreneurship

Under the guidance of our education philosophy of “Empower students with education” and the education methodology of TOPCARES, our students are able to burst with fresher creativity and stronger vitality in the employment and entrepreneurship market. As of 31 December 2024, the implementation rate of 2024 graduates’ job orientation in our three universities all exceeded 90%, remaining a relatively high implementation rate of job orientation for graduates despite the severe job market in post-COVID-19.

In 2024, the SOVOs of our three universities invited experts from multiple fields of “universities + enterprises + industries” to organise students to jointly discover, select, develop and refine the projects through online + offline policy interpretation coupled with expert lectures, road shows, among others. In 2024, the SOVOs of the three universities developed 648 entrepreneurial projects above the provincial level in total, incubating over 200 virtual companies and 84 physical companies.

Leveraging the outstanding achievement in employment and business ventures of our students, our three universities also received a number of honours in employment and business ventures:

- the SOVOs of the three universities were approved as a National-Level Public Innovation Room (國家級眾創空間), and continue to play their roles in promoting high-quality development of innovation and business ventures;
- Dalian University’s “Neuedu Integrated Circuit Innovation and Business Ventures Education Practice Platform (東軟集成電路創新創業教育實踐平台)” was approved as the 2024 Innovation and Business Ventures Education Practice Platform at Provincial-Level in Liaoning Province in 2024;
- Dalian University continued to rank 1st among private universities in Liaoning Province in 2024 according to the Competition Index of National General Colleges and Universities Innovation and Business Ventures, and was one of the only two private universities in the top 12% of domestic colleges and universities.

MANAGEMENT DISCUSSION AND ANALYSIS

2.1.1.7 Development on campus construction in a stepwise manner

As of 31 December 2024, the campus capacity of the three universities has reached around 60,000 beds, and the comprehensive utilisation rate of the campus capacity for full-time formal higher education was approximately 97.3%. The following table sets forth the campus utilisation of our three universities:

	Campus capacity ⁽¹⁾		Utilisation rate ⁽²⁾	
	As at 31 December 2024	As at 31 December 2023	As at 31 December 2024	As at 31 December 2023
Dalian University	24,525	24,525	95.9%	86.8%
Chengdu University	21,168	21,168	102.0% ⁽³⁾	103.7% ⁽³⁾
Guangdong University	14,054 ⁽⁴⁾	14,892	92.8%	95.1%
Total/Average	59,747	60,585	97.3%	93.8%

Notes:

- (1) The campus capacity of each university refers to the total number of beds in student dormitories as at 31 December in each corresponding year.
- (2) The utilisation rate for each university is calculated as the total number of students enrolled in our full-time formal higher education programmes as at 31 December in each corresponding year divided by the campus capacity at that time.
- (3) The excess utilization rate refers to the fresh graduates to leave campus for internships.
- (4) In 2024, Guangdong University optimised the student dormitory conditions to some extent and reasonably reduced the number of beds in dormitories.

In October 2024, Dalian University purchased land use right and launched the Healthcare Technology Park Dormitory Construction Project, scheduling to be completed at the end of 2025 and expected to increase the campus capacity of approximately 6,000 beds. For details please refer to the Company's announcements published as at 13 October 2024, 17 October 2024 and 23 October 2024.

Lead in building a digital campus

Dalian University has established over 330 multimedia smart classrooms and 8 "cloud management" practical training laboratories, while also developed 101 exemplary "digital 3D classroom" and 50 pilot courses of artificial intelligence-integrated teaching. In 2024, Dalian University successfully passed the digital campus pilot evaluation by Liaoning Province's higher education institutions and was selected as a "Smart Education Demonstration School" pilot unit in Liaoning Province. It is the only private university among the 8 selected undergraduate institutions. Additionally, Dalian University was awarded the "Outstanding Case in Digital Education" by Xinhuanet for its exceptional practices in digital education.

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In 2024, Chengdu University completed the smart transformation of all 166 classrooms on campus. Additionally, 6 of its projects were included in the “Domestic Software in the Classroom” teaching reform initiative list released by the China Software Industry Association. As of 31 December 2024, Chengdu University has established 110 physical laboratories, 2 provincial-level experimental teaching demonstration centres, and 1 virtual simulation experimental teaching centre. By integrating digital technology with art, health management, and medical technology, the university has created a new campus-Neutech Health Park that combines digital technology, smart healthcare, artistic creativity, experimental training, and scientific research and teaching into one comprehensive facility.

Since 2019, Guangdong University has vigorously advanced its IPv6 transition initiative, achieving a full upgrade of its campus network to IPv6 across all teaching and administrative areas. By leveraging its outstanding achievements in digital campus development, the university was awarded the title of “Benchmark Organization for IPv6 Deployment” by the Guangdong Provincial Department of Education in 2024, being the only private university in Guangdong Province to receive this honor.

2.1.2 Education Resources-Empower Partner Institutions comprehensively

2.1.2.1 *Educational technology R&D – constantly enhancing the educational technology products*

Leveraging Neusoft’s robust industrial strengths and the rich educational experience accumulated from its academic programmes, we have digitized, productised, 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). Focusing on the three major fields of IT, DT, and HT, we are driving the research, development, and application of emerging cutting-edge technologies such as artificial intelligence, big data, and the metaverse in the education sector following the main line of technology empowering education. We have developed and iterated multiple platform software, teaching content, and smart practical training laboratories, building an integrated product matrix that spans from software to hardware, then a combination of both.

Smart education platform software and teaching contents

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 2024, we launched the Metaverse Creative Creation and Sharing Platform – OpenNEU, the Comprehensive Innovation Quality Development Platform, and the Intelligent Platform for Educational Quality Monitoring and Evaluation. 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 31 December 2024, our smart education platforms and software products are as shown in the table below:

MANAGEMENT DISCUSSION AND ANALYSIS

Smart education platforms

- Neuedu Smart Education Platform
- OpenNEU Creative Creation and Sharing Platform
- Cloud Practice Platform
- Cloud Training Platform
- Neuedu Theory-Practice Integrated Practice Platform

Education management software

- Neuedu Engineering Education Certification Support System
- Neuedu Teaching Quality Evaluation System
- Shuangchuang Education Management System
- Neuedu Smart Learning System
- Neuedu Professional Evaluation and Assessment System

In addition to the aforementioned smart education platforms and education management software, we have leveraged the practical needs of our three universities and partner institutions for education resources to develop competition-focused resource packages encompassing the Neuedu Intelligence Mobile Application Design and Development Training System (higher vocational school) (東軟智匯移動應用設計與開發訓練系統(高職)), Neuedu Intelligence Computer Software Testing Training System (technical school) (東軟智匯計算機軟件測試訓練系統(技工)) and Neuedu Mobile Cross-Platform Application Development Ecosystem (secondary & higher vocational school) (東軟移動跨平台應用開發生態系統(中職&高職)).

Leveraging on our superior majors, 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 innovation and business ventures, including teaching resources of professional talent training plans, courses, projects, practical training laboratories, activities, innovation and business ventures, 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 31 December 2024, we have completed the research and development of 299 courses and 12,122 projects of level 1-5 catering to five majors such as artificial intelligence, big data, smart healthcare, software, and digital media, including 159 newly-developed courses and 5,260 newly-developed projects of level 1-5 in 2024 for majors such as big data, software, and digital media.



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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 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, Smart Manufacturing Dual Carbon Control System Practical Training Lab, In-Vehicle Testing Practical Training Lab, Healthcare and Wellness Maintenance Practical Training Lab, Institutional Virtual Simulation 2.0 Construction Solutions and Model Design Practical Training Lab, forming a portfolio of smart practical training lab products that cover our five predominant advantageous major clusters:

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 Information Technology Innovation Practical Training Lab (鴻蒙信創實訓室), Smart Manufacturing Dual Carbon Control Practical Training Lab (智能製造雙碳管控實訓室), In-Vehicle Testing Practical Training Lab (車載測試實訓室), New Energy Vehicle Key Technologies Practical Training Lab (新能源汽車關鍵技術實訓室), Intelligent Robotics Practical Training Lab (智能機器人實訓室)
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), Model Design Practical Training Lab (模型設計實訓室), Intelligent Monitoring Practical Training Lab (智慧監控實訓室), 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 Language Training Practical Training Lab (智能語言訓練實訓室)
Big Data	Big Data Technology Integrated Practical Training Lab (大數據技術綜合實訓室), 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), Big Data Implementation and Operation & Maintenance Practical Training Lab (大數據實施與運維實訓室), Big Data Analysis and Visualization Practical Training Lab (大數據分析與可視化實訓室), Big Data Acquisition and Processing Practical Training Lab (大數據採集與處理實訓室)

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Majors	Smart Practical Training Laboratories
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), Digital Media Interaction Practical Training Lab (數字媒體交互實訓室), Institutional Virtual Simulation 2.0 Construction Solutions (院校虛仿2.0建設解決方案)
Healthcare	Healthcare and Wellness Maintenance Practical Training Lab (健康頤養實訓室), Medical Imaging Practical Training Lab (醫學影像實訓室), Intelligent Medical Image Annotation Practical Training Lab (智能醫學影像標注實訓室), Smart Elderly Care Practical Training Lab (智慧養老照護實訓室), Rehabilitation Practical Training Lab (康復訓練實訓室), Elderly Ability Assessment Practical Training Lab (老年人能力評估實訓室)

2.1.2.2 **Promotion and Application of Educational Resources – Expand Cooperation and Empower Comprehensively**

Against the backdrop of robust policy support for vocational education development, the Group, leveraging its unique advantages and self-developed products to align with the digital transformation demands of universities, has assisted client institutions to achieve digital transformation, deepen the integration of industry and education and enhance the quality of talent cultivation through the promotion and application of educational resources among universities and vocational colleges. 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. The advantages of our education resources business have become increasingly evident.

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 – in 2024, Neuedu Information Industrial College of Yunnan Technician College has achieved major breakthroughs in all aspects:

- In terms of building courses, 7 teaching materials and 10 high-quality courses were completed throughout the year, among which, teaching materials of “Graphic Design” passed the “14th Five-Year Plan” school textbook recommendation qualification at the provincial level and high-quality courses of “Graphic and Image Processing” was included in the school high-quality online courses construction project at provincial level;
- In terms of faculty ability, we have applied for three teachers from technical colleges to be recognized as outstanding teachers, with six teachers to be recognized as “dual-type teacher”. Two teachers have been awarded the title of National Technical Skillful Teachers and have been selected for the National Outstanding Teachers Recognition;
- In terms of teaching amenities, we have completed the construction of 11 training laboratories and one smart classroom in total;

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- In terms of employment and business ventures, as alongside with the growing number of graduates, the implementation rate of graduates' job orientation has remained above 94% for three consecutive years;
- In terms of integration of industry and education, the college actively participated in the construction of shared community for the integration of industry and education, and, it has become the vice-chairman unit of the Guangxi information and communication technology industry, the vice-chairman unit of the national big data industry, and governing unit of national digital port economy, respectively, as to the integration of industry and education shared community;
- In terms of disciplinary competitions, in 2024, we assisted Yunnan Technician College to win the gold medal in the rural revitalization competition, achieving a breakthrough from zero gold medals in Yunnan Province in the National Rural Revitalization Vocational Skills Competition. In the past three years, students from the college have won national awards in various vocational skills competitions at all levels, such as 6 national awards in national competitions, 88 provincial-level awards in provincial competitions, 1 international gold medal in industry competitions, 14 national awards in industry competitions, and 20 provincial-level awards in industry competitions.

In 2024, we provided our smart education platform, education management software, training laboratories products and supporting teaching content to 133 colleges, universities and institutions, and commenced cooperation with 62 colleges and universities for the co-construction of industrial colleges and majors, covering about 23,000 students. The revenue generated from the education resources business was approximately RMB220.6 million.



2.1.3 Lifelong education services-expanding into the field of elderly education to build a benign interactive ecology among segment resources

In 2024, based on the formal continuing education services, by leveraging the development opportunities derive from the aging population trend, combining the characteristics of the elderly and market demand, we expanded into the field of elderly education, and built a lifelong education services system featuring with Neuedu mode. During the Reporting Period, the revenue generated from lifelong education services was approximately RMB139.1 million.

2.1.3.1 Continuing education services-solidly advance the application for training qualifications to improve the delivery quality both online and offline

Relying on its more than 80 national, provincial, municipal, and industry-level training qualifications, as well as self-reliant online education platforms, we have created an open, shared continuing education system coupled with online-offline integration based on Neuedu characteristics, providing one-stop, professional continuing education services for the government, enterprises, colleges, universities and individuals.

In 2024, we continued to solidly advance the application for training qualifications, successfully applied for 4 national-level, 2 provincial-level and 2 municipal-level training qualifications, among which: we were once again 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. Concurrently, we continuously strengthened international cooperation in continuing education, extensively expanded international formal continuing education projects 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, Australia, the United States, Japan, and other countries, as well as further conducted “Mozi Workshop” projects by cooperating with Indonesia.

In 2024, our continuing education services implemented 193 training programs for 94 institutions across China, including corporate training, government entrustment, institutional training, faculty training, and certification of career grades, with offline coverage of more than 41,000 trainees. We also enrolled nearly 1,000 students for international education programs (including study in China, foreign exchanges, and Chinese-foreign cooperative education programs). As of 31 December 2024, the total number of students enrolled in continuing education at the three universities exceeded 4,000.

Leveraging on the Neuedu IT Cloud Course and the Neuedu Online platforms, we have further deepened the online-offline integrated delivery system to optimize a quality delivery of continuing education services and improve the training delivery efficiency. As of 31 December 2024, Neuedu Online and Neuedu IT Cloud Class had registered users of more than 2.30 million in total.

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2.1.3.2 *Elderly education services-converging the diversified products featuring “Education, Healthcare, Wellness and Mind Tour” to create a dream university for the elderly*

Capitalizing on the development opportunities presented by the aging population trend, we leveraged the robust teaching faculty and R&D advantages of our three universities, integrated healthcare and wellness industry resources, opened “Neucare Phoenix Academy”, focused on the “digital + arts + health” sector, constructed a unique and integrated elderly education product that integrates “Education, Healthcare, Wellness and Mind Tour”, so as to build a dream university for the elderly. Neucare Phoenix Academy has proposed a special “LIFECARES” philosophies 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, helping the elderly achieve “enjoyment, wellness, healthcare, education, and engagement in old age”.

In August 2024, Neucare Phoenix Academy was formally established with enrollment launching in Dalian and Chengdu concurrently, enrolling more than 250 students during the Reporting Period. Focusing on the learning characteristics of the elderly, we have built teaching environments and amenities exclusively for the elderly, and opened up university infrastructure to the elderly students, sincerely helping them to realize their dream of “university education”. Currently, Neucare Phoenix Academy primarily offers distinctive courses in three major sections: “AI and Artistic Creation”, “Health and Rehabilitation”, and “Mental Wellness Travel”, with 106 courses in total:

- **AI and Artistic Creation:** Focusing on themes such as family and friends, personal memoirs, and life documentaries, this section leverages 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 courses covering elderly nutrition, exercise and rehabilitation, and mental well-being, helping seniors achieve physical and mental fulfillment and health.
- **Mental Wellness Travel:** Leveraging the partnerships with wellness hotels in Yunnan, Hainan, Sichuan, and other regions, this section constructs study tours covering themes like natural scenery, historical culture, and health preservation, tailored to seniors’ physical conditions and interests.



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 forged 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 served 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 serves 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 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, we have 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. Healthcare and wellness business realized revenue of approximately RMB56.8 million in total during the period from 1 June 2024 to 31 December 2024.

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2.2.1 Healthcare business

2.2.1.1 *Ruikang Cardiovascular Hospital*

Ruikang Cardiovascular Hospital, jointly operated by 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 medical insurance settlement qualifications, 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, Ruikang Cardiovascular Hospital focuses on pan-vascular disease management and provides comprehensive medical services throughout the entire life cycle. Currently, the hospital operates departments, including cardiology, neurology, general internal medicine, general surgery, medical weight loss center, intensive care ICU, endoscopy center, interventional therapy, chronic pain treatment and other related medical departments. Ruikang Cardiovascular Hospital can accommodate 300 beds, which is a fully intelligent hospital with smart processes, equipped with state-of-the-art medical equipment both at home and abroad such as ceiling-level CVx echocardiography, 512-layer CT, 7-axis DSA, and 1.5T MRI, and equipped with different purified operating rooms to meet various needs of diagnosis and treatment, emergency and all types of surgical operations.

Integrating medical treatment, education, research, prevention, and talent cultivation, Ruikang 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. Currently, it has been an important training base for teachers and students of healthcare technology, as well as an experience center and collaborative organization for the health and rehabilitation courses of the Neucare Phoenix Academy.

In 2024, Cardiovascular hospital received more than 44,000 outpatient and emergency visits, with over 6,000 inpatient and surgical admissions.



2.2.1.2 Ruikang Stomatological Hospital

Ruikang Stomatology Hospital is the second large-scale tertiary-standard stomatological specialist hospital in Dalian. It opened in June 2023 and obtained medical insurance settlement qualifications.

Ruikang Stomatology Hospital houses five major medical centers: Children's Dental Medical Center, Orthodontics and Aesthetic Center, Maxillofacial Surgery and Implantology Center, Comprehensive Stomatological Medical Center and VIP Special Medical Center, 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. Integrating clinical practice, education, training, research, and prevention, Ruikang Stomatological Hospital collaborates closely with doctor groups, and universities, empowering shared-hearing clinics, combining medical and engineering expertise to build a smart stomatological hospital, has become the R&D center and practical base for our universities' teachers and students of healthcare technology. Ruikang Stomatology Hospital introduces international state-of-art diagnostic and treatment equipment and smart medical systems, providing comfortable, convenient, and intelligent medical services. Committed to public oral health education, diagnosis, and management, the hospital innovates the oral medical service system. In 2024, Ruikang Stomatological Hospital received over 12,000 outpatient visits.



2.2.2 Wellness business

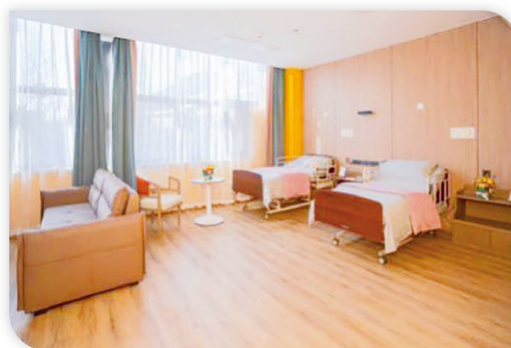
Wecare Family Nursing Home

Wecare Family Nursing Home is an international high-end nursing care center that deeply integrates medical care and elderly support, which opened in January 2024 with a total area of approximately 5,000 square meters. It is designed with 50 rooms and 59 beds. 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, and to provide customised nursing and rehabilitation services to elders with basic to moderate and severe disability.

MANAGEMENT DISCUSSION AND ANALYSIS

- **Deep Integration of Medical Care and Elderly Support:** Leveraging the high-quality medical resources of Neutech Health Park, Wecare Family collaborates with the Ruikang Cardiovascular Hospital and Ruikang Stomatological Hospital, 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 Ruikang Cardiovascular Hospital and Ruikang Stomatological Hospital in the Neutech Health Park for examination and treatment. Furthermore, consultation on demand and accompaniment for medical appointments are also provided.
- **Intelligent Monitoring Technology:** Millimeter-wave radar sensors are installed in all nursing home rooms, which protect the privacy of elders while precisely detecting situations such as elders leaving their beds or falling and immediately notify staff. Smart bracelets continuously monitor elders' various physical indicators, and alarm in case of abnormalities. 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 Neucare Phoenix Academy, Wecare Family offers a distinctive and diverse curriculum, empowering 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. At the same time, the nursing team of the nursing home brings professional nursing knowledge into the classroom of Phoenix Academy, enriching its curriculum.
- **Distinctive Wellness Activities:** Equipped with various intelligent assessment and training systems for cognition, swallowing, respiration, speech, movement, and bedside care, and with its rehabilitation specialists to tailor personalized elderly care and rehabilitation plans based on individual health conditions, the nursing home aims 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.

As of 31 December 2024, the occupancy rate of Wecare Family Nursing Home is over 75%, and it is mainly for elders with semi-disability or worse. Wecare Family Nursing Home will serve as an experimental base for our large-scale health and wellness business, as well as a demonstration site for the application of our elderly care technology products in the future.



3 FINANCIAL REVIEW

Revenue

Our revenue was approximately RMB2,042.1 million for the year ended 31 December 2024, representing an increase of 13.1% 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 RMB1,625.6 million, representing an increase of 11.8% 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 RMB220.6 million, representing an increase of 14.9% as compared with the corresponding period of last year, mainly due to the increase of revenue from smart education platforms and software products.
- Revenue derived from the lifelong education services was approximately RMB139.1 million, representing a decrease of 12.3% as compared with the corresponding period of last year, mainly due to the decrease in revenue from the formal continuing education services.
- Revenue generated from the healthcare and wellness business was approximately RMB56.8 million, mainly due to that the Group completed the acquisition of Neusoft Healthcare and its subsidiaries on 31 May 2024.

Cost of sales

Our cost of sales was approximately RMB1,073.5 million for the year ended 31 December 2024, representing an increase of 14.1% as compared with the corresponding period of last year, mainly due to (i) the increase of staff remuneration and cost of pharmaceuticals in the healthcare and wellness business resulting from the consolidation of Neusoft Healthcare and its subsidiaries, and (ii) the increase of staff remuneration and depreciation expenses, as the increase in student enrollment and the expansion projects of three universities have been completed and put into use gradually.

Gross Profit

Gross profit was approximately RMB968.6 million for the year ended 31 December 2024, representing an increase of 12.0% as compared with the corresponding period of last year, mainly due to the increase in revenue outweighs the increase in the costs.

Selling Expenses

Selling expenses were approximately RMB48.6 million for the year ended 31 December 2024, representing a decrease of 8.1% as compared with the corresponding period of last year, mainly due to the Company's optimization of its sales team structure, resulting in a decrease in the total number of sales personnel and a corresponding reduction in staff remuneration.

Impairment Losses on Financial Assets

Impairment losses on financial assets were approximately RMB15.5 million for the year ended 31 December 2024, representing an increase of 37.0% as compared with the corresponding period of last year, mainly due to the increase of aging relating to receivables.

MANAGEMENT DISCUSSION AND ANALYSIS

Other Income

Other income was approximately RMB114.7 million for the year ended 31 December 2024, representing a decrease of 22.6% as compared with the corresponding period of last year, mainly due to the decrease of government grants.

Net Finance Expenses

Net finance expenses were approximately RMB94.4 million for the year ended 31 December 2024, representing an increase of 8.6% as compared with the corresponding period of last year, mainly due to the increase of interest from bank and other borrowings.

Income Tax Expense

Income tax expense was approximately RMB170.9 million for the year ended 31 December 2024, representing an increase of 15.3% as compared with the corresponding period of last year, mainly due to the increase in taxable profit during the Reporting Period.

Profit for the Year

As a result of the foregoing, for the year ended 31 December 2024, profit for the year increased by approximately 8.8% as compared with the corresponding period of last year. And the earnings per share increased by about 9.1% compared with the corresponding period of last year, mainly due to the increase in profit for the year during the Reporting Period.

Net profit attributable to owners of the Company was approximately RMB465.6 million for the year ended 31 December 2024, representing an increase of 8.4% as compared with the corresponding period of last year, mainly due to the increase in profit for the year.

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 year/period 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 year/period 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 tool has significant restrictions, because each of them does not include all items affecting the Group's profit for the year/period and the profit attributable to the owner of the Company within the year/period. 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 year/period or any other operating performance measure that is calculated in accordance with IFRS Accounting Standards. In addition, because these non-IFRS Accounting Standards measures may not be calculated in the same manner by all companies, they may not be comparable to other similarly measures used by other companies.

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

	For the year ended 31 December	
	2024 (RMB'000)	2023 (RMB'000)
Profit for the year	467,319	429,641
Adjusted items:		
Exchange gains, net	(1,227)	(928)
Adjusted net profit	466,092	428,713

Adjusted Net Profit was approximately RMB466.1 million for the year ended 31 December 2024, representing an increase of 8.7% as compared with the corresponding period of last year. Adjusted net profit margin were 22.8% and 23.7% for the years ended 31 December 2024 and 31 December 2023, respectively.

The following table reconciles the Group's adjusted net profit attributable to owners of the Company for the year presented to the profit for the year attributable to owners of the Company calculated and presented in accordance with IFRS Accounting Standards:

	For the year ended 31 December	
	2024 (RMB'000)	2023 (RMB'000)
Profit for the year attributable to owners of the Company	465,619	429,540
Adjusted items:		
Exchange gains, net	(1,227)	(928)
Adjusted net profit attributable to owners of the Company	464,392	428,612

Adjusted net profit attributable to owners of the Company was approximately RMB464.4 million for the year ended 31 December 2024, representing an increase of 8.3% 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 31 December 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 31 December 2024, cash and cash equivalents of the Group amounted to approximately RMB1,664.8 million (31 December 2023: approximately RMB1,708.4 million). As at 31 December 2024, total borrowings from financial institutions of the Group amounted to approximately RMB3,104.0 million (31 December 2023: approximately RMB2,724.9 million). The maturity range of loans is from one year to more than five years. As at 31 December 2024, borrowings of the Group are denominated in RMB (31 December 2023: denominated in RMB and HKD). Interests were charged at fixed rates and floating rates, with approximately RMB711.2 million for fixed rate loans and approximately RMB2,392.8 million for floating rate loans. The Group did not carry out any interest rate hedging policy.

Treasury Policy

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

Net Current Liabilities

As of 31 December 2024, the net current liabilities amounted to approximately RMB275.5 million (31 December 2023: approximately RMB381.1 million), such decrease was mainly due to the increase of financial assets at fair value through profit or loss, resulting in an increase in total current assets.

As at 31 December 2024, the current ratio of the Group (i.e. current assets divided by current liabilities) was 0.89 (31 December 2023: 0.84).

Contingent Liabilities

As at 31 December 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 year ended 31 December 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 Directors believe that the Group has sufficient foreign exchange to meet its own foreign exchange requirements and will adopt practical and effective measures to prevent exposure to exchange rate risk.

Charge on Assets

As at 31 December 2024, the Group had (i) bank borrowings of RMB1,830.2 million pledged by certain collection rights of tuition fees and boarding fees, (ii) bank borrowings of RMB265.1 million pledged by certain equity interests, and (iii) other borrowings of RMB52.4 million pledged by certain equipments and intellectual property rights.

Gearing Ratio

As at 31 December 2024, the gearing ratio (being total debt divided by total equity, of which total debt mainly refers to the sum of interest-bearing bank loans, other borrowings and lease liabilities) of the Group was 139.7% (31 December 2023: 133.6%).

Capital Expenditures

The capital expenditures of the Group for the year ended 31 December 2024 amounted to approximately RMB523.8 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 year ended 31 December 2024, the Group had no other material acquisitions or disposals of subsidiaries, associates and joint ventures.

Significant Investments Held

For the year ended 31 December 2024, the Company did not have any significant investment accounting for 5% or more of the Company's total assets.

MANAGEMENT DISCUSSION AND ANALYSIS

Future Plans for Material Investments or Capital Assets

On 11 October 2024, Dalian University and Bureau of Natural Resources, Dalian, China (大連市自然資源局) entered into the Confirmation Letters for the acquisition of land use rights of two land parcels located at the High-tech Industrial Zone in Dalian City. On 17 October 2024, Dalian University further entered into the Land Use Rights Grant Contracts with Dalian Natural Resources Bureau in respect of the acquisition of the aforementioned land parcels. The total consideration for the acquisition of land use rights of two land parcels amounted to RMB266.5 million, which was fully settled by internal resources of the Group. Dalian Natural Resources Bureau has delivered the two land parcels to Dalian University. On 23 October 2024, Dalian University and Huayu Construction entered into the Construction Contract for the General Contracting Project, pursuant to which Huayu Construction would be entrusted by Dalian University to be responsible for the construction work of the Neutech Healthcare Technology Park Dormitory Project, with a tentative consideration of RMB270.0 million (subject to adjustment), which will be funded by the Group's internal resources and/or bank loans. The construction term shall not be no later than 30 December 2025. For details, please refer to the Company's announcements dated 11 October 2024, 17 October 2024, and 23 October 2024.

On 14 February 2025, Dalian University successfully won the bid for the land use rights of a land parcel located at the High-tech Industrial Zone in Dalian City through a public auction, and entered into the Confirmation Letter with Bureau of Natural Resources, Dalian, China. The land parcel occupies a site area of 2,582.65 square meters, designated for commercial and financial use, with a land tenure of 40 years and a construction area of not more than 8,000 square meters. On 6 March 2025, Dalian University further entered into the Land Use Rights Grant Contracts with Bureau of Natural Resources, Dalian, China in respect of the acquisition of the aforementioned land parcel. The consideration for the acquisition of the land use rights of the land parcel amounted to RMB18.44 million, which was fully settled by internal resources of the Group. The Bureau of Natural Resources, Dalian, China has delivered the land parcel to Dalian University.

On 26 February 2025, Guangdong University successfully won the bid for the land use rights of two land parcels located in Nanhai District, Foshan City through a public auction, offered for sale by the Foshan Natural Resources Bureau (佛山市自然資源局). On 28 February 2025, Guangdong University entered into a Confirmation Letter with Foshan Natural Resources Bureau in respect of the acquisition of the aforementioned land parcels. On 12 March 2025, Guangdong University further entered into the Land Use Rights Grant Contracts with Foshan Natural Resources Bureau in respect of the acquisition of the aforementioned land parcels. The total consideration for the acquisition of land use rights of two land parcels amounted to RMB108.53 million, which was fully settled by internal resources of the Group. Foshan Natural Resources Bureau has delivered the two land parcels to Guangdong University. Please refer to the announcements dated 26 February 2025 and 13 March 2025 of the Company for details.

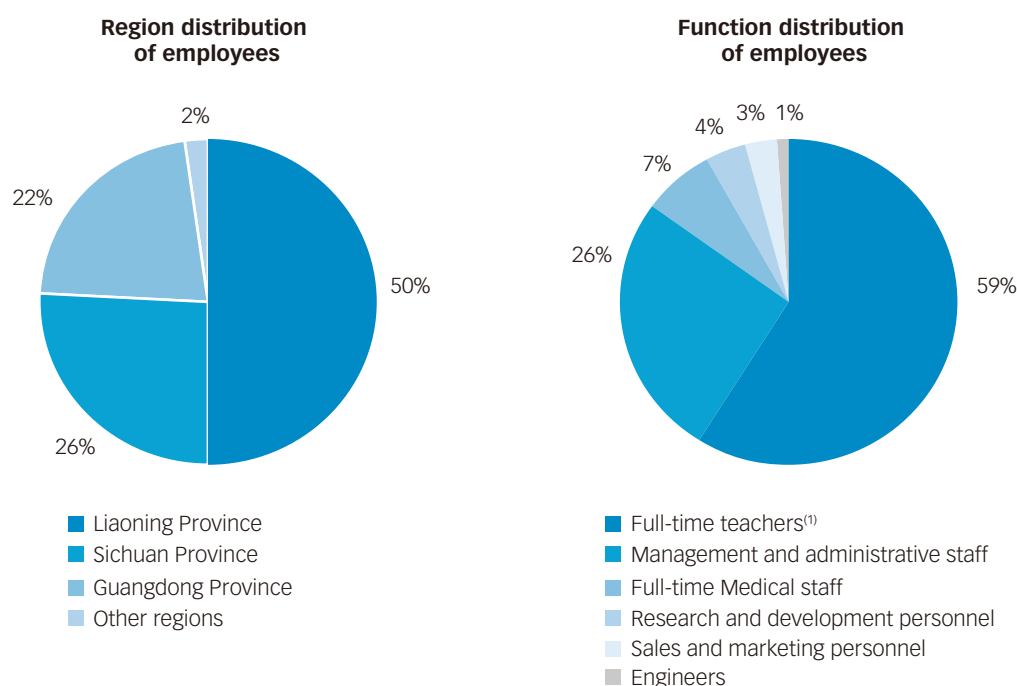
Save as disclosed above and in this announcement, the Group did not have any other plans for material investments or capital assets as of the date of this announcement.

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, keep an open mind to innovative teaching methods and care 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 31 December 2024, there were a total of 2,268 full-time teachers and 1,098 part-time teachers in our three universities. Approximately 95% of the full-time teachers have a master degree or Ph.D. degree, approximately 27% being professors or associate professors, approximately 47% with engineering practice experience in enterprises, and approximately 22% with overseas studies and/or work experience. Our medical and nursing team comprises 278 individuals, including 7 part-time doctors. Approximately 66% of the doctor team have over ten years of experience, and approximately 22% have over twenty years of experience. Furthermore, we have collaborated closely with multiple hospitals and doctor groups, providing a multisite practice sharing platform for renowned doctors and building a robust medical team cooperation and service network.

As of 31 December 2024, the Group had 3,898 full-time employees, of which the distributions by regions and functions are set forth as the charts below.



(1) Including 2,268 full-time teachers in our three universities and 35 full-time teachers for training business.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group believes that attracting, recruiting and retaining high-quality employees are essential to the success and sustainability of the Group. The Group provides employees with a competitive remuneration package, which is determined in accordance with prevailing industry practice and employees' educational backgrounds, experiences and performance. 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 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 career development, and provides them with benefits, including commercial insurance, welfare medical examinations, and holiday gifts. For the year ended 31 December 2024, the total cost of employee remuneration of the Group (including Directors' fees) was RMB747.0 million (for the year ended 31 December 2023: RMB704.7 million).

The Company adopted a Pre-IPO Share Incentive Scheme on 19 June 2019 and a Post-IPO Share Incentive Scheme on 11 September 2020 to motivate Directors and eligible employees. Details of such plans are set out in the section headed "Share Incentive Schemes" of the Appendix V to the Company's Prospectus. As of 31 December 2024, 33,135,452 options had been cancelled, 4,465,116 options had lapsed, and 3,373,935 options had been exercised under the Pre-IPO Share Incentive Scheme; no options had 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" calls for comprehensively optimizing the supply of basic elderly care services

According to data from the National Bureau of Statistics, by the end of 2024, China's population aged 60 and above exceeded 300 million for the first time. The "Research Report on the Development Trends and Investment Risks of China's Silver Economy from 2025 to 2030" released by Askci shows that the size of the silver economy stands in 2023 at around RMB7.1 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 Focusing on technology-enabled healthcare services, accelerating the integrated development of healthcare technology and industry

In January 2025, the Central Committee of the Communist Party of China and the State Council issued the “Opinions on Deepening the Reform and Development of Elderly Care Services”, proposing to accelerate the development and application of elderly care technology and digitalization, improve the national unified elderly care service information platform, and promote the connection between the supply and demand of elderly care services.

In August 2024, the State Council issued the “Opinions on Promoting High-quality Development of Service Consumption”, proposing to promote the development of “Internet + Healthcare”, achieve the interconnection and interoperability of medical data as soon as possible, and gradually improve the medical insurance payment policy for “Internet+” medical services.

In October 2024, 24 departments including the Ministry of Civil Affairs jointly issued the “Several Measures on Further Promoting Elderly Care Service Consumption and Improving the Quality of Life of the Elderly”. It encourages localities with conditions to explore the construction of “smart care homes for the elderly”, equipped with intelligent devices for daily care, rehabilitation and nursing, health management, remote support, activity early warning, etc.; develops new “Industry+” elderly care forms; supports the integrated development of elderly care services with industries such as property management, housekeeping, medical care, culture, tourism, sports, and education, and expands to form new consumption fields in various forms; promotes the construction of the professional system for elderly care services, dynamically updates the occupational classification catalog, and strengthens the development of new occupations and job types in the field of elderly care services.

5.1.3 Shortage of talents in medical, health, and elderly care services encourages the development of an integrated medical and elderly care talent support system

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, multilevel, 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.

MANAGEMENT DISCUSSION AND ANALYSIS

In June 2024, the Ministry of Human Resources and Social Security issued the “Notice on Strengthening Supportive Measures to Boost the Development and Growth of the Silver Economy”, calling for greater efforts in cultivating technical and skilled talents for the silver economy. It included urgently needed and scarce occupations such as elderly care nursing and health care into the vocational skills training catalog. An online recruitment zone for the silver economy was established, and special recruitment events were carried out offline. Policies to encourage enterprises to absorb employment were implemented, and probationary bases were established.

In December 2024, five departments including the National Health Commission jointly issued the “Guiding Opinions on Promoting the High-quality Development of Integrated Medical and Elderly Care Services”, proposing to strengthen the construction of the integrated medical and elderly care talent team and expand the service force. In aspects such as talent recruitment, utilization, and training, preferential treatment would be given to medical and health institutions providing integrated medical and elderly care services. Graduates from related majors were guided to work in integrated medical and elderly care institutions, and retired medical staff were supported to work in such institutions.

5.1.4 Adhering to high-quality development as the lifeblood of education and actively promoting the positive interaction and 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 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.

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 September 2024, the Communist Party of China Central Committee and the State Council issued the “Opinions on Implementing the Employment Priority Strategy to Promote High-Quality and Full Employment”, which emphasized accelerating the development of modern vocational education, advancing the integration of vocational and general education, the fusion of industry and education, and the convergence of science and education, to cultivate more high-quality skilled and technical talents.

5.2 Development Strategies

5.2.1 Constructing an “Education, Healthcare, Wellness and Mind Tour” ecosystem to create a five-in-one development framework

Neutech will adapt to the socio-economic landscape by creating a five-in-one integrated ecosystem of “Education, Healthcare, Wellness and Mind Tour”, of which the education serves as the foundation, healthcare provides protection, elderly care strengthens the core, wellness ensures continuity, and tourism adds vibrancy, with all sectors working in synergy. Leveraging “education + technology + services”, we aim to build an open, collaborative, shared, and win-win five-in-one ecosystem of “Education, Healthcare, Wellness and Mind Tour”, offering digital and intelligent education, healthcare, and wellness products and services that cover the entire life cycle.

Under the new ecosystem, we will continue to focus on education, while developing the academic education, resources, and lifelong education, and build new infrastructure to support education. We will construct hospitals, nursing homes, wellness training and research bases around campuses, and innovatively engage in the operation of science parks to promote the professional development, standardized construction, and refined management of the industrial ecosystem, creating a complex of creative industries, cultural industries, and service industries. Additionally, we will support the disciplinary development of universities with big data and AI technology, create new models for the integration of education, healthcare, wellness and mind tour, and bring these models to society to achieve large-scale application of scientific research results.

5.2.2 Continuously advancing the empowerment of education with technology, promoting coordinated development of education in all fields

We will persist in the coordinated development of academic education, education resources, and lifelong education.

In terms of academic education, we focus on “quality enhancement and cultivation improvement”, adhering to high-quality development, concentrating on IT, digital media, and wellness fields, continuously optimizing the professional layout, increasing the school capacity, and building a digital campus; we constantly iterate and upgrade the TOPCARES education approach, deepen the industry-education integration, and create a demonstration school for “technology empowering education” to support the expansion of education resource business and lifelong education business.

In terms of education resources, we will focus on IT, digital media and health care, utilizing the 4S service model and incorporating the latest scientific and technological achievements to develop market-aligned and competitive educational technology products, so as to enhance our industry influence and market share in education and technology resources and empower our client institutions to become benchmark models of digital transformation in education with integrated capabilities in smart teaching, smart management, smart environments, and smart services.

MANAGEMENT DISCUSSION AND ANALYSIS

In terms of lifelong education, we aim to build an open, shared, and integrated online and offline lifelong education system with distinctive features, providing one-stop and professional lifelong education solutions and services for governments, enterprises, institutions, and individuals; in the field of elderly education, targeting the characteristics of the elderly and their personalized needs in learning, social interaction, health, and other areas, we will continuously optimize the “LIFECARES” model, which encapsulates leisure, wellness, healthcare, education, and social engagement, and launch more attractive courses to enhance teaching quality and experience, achieving a leap from small-scale exploration to large-scale development.

5.2.3 Develop university-connected medical and care industries, and leverage technology to drive the deep integration of medical care and education

We will rely on campus infrastructure to closely integrate the medical and care industries with education and technology, focusing on the ecological goal and strategic layout of integrating education, healthcare, wellness, and mind tour, thereby developing university-connected medical and care industries driven by technology and platforms to provide high-quality, intelligent healthcare and elderly care services, where healthcare supplements education and supports wellness, and creating a business model, where education enhances healthcare and wellness, healthcare transitions into wellness and supplements education, and wellness supports and complements both healthcare and education. Driven by the development in technology and platforms, we will actively innovate and explore the integrated development of education, healthcare and elderly care, to achieve the synergistic development of education, medicine, and wellness, as well as the efficient utilization in personnel, financial and resources aspects.

5.2.4 Innovate smart elderly care services by centering on the integrated development model of education, healthcare, wellness, and mind tour

Centered on the integrated goal of “Education, Healthcare, Wellness and Mind Tour,” we have innovatively proposed the elderly care service concept of “aging prevention as the foundation of elderly care”. Tailored to the characteristics of the elderly at different stages, we aim to promote aging prevention through education and empower elderly care through technology. Leveraging our strengths, we are building a brand new elderly care service system that combines “education + technology”. By integrating technologies such as “AI + big data + cloud computing + the Internet of Things + mobile internet”, we will utilize smart products and information system platforms to propel the transformation and upgrading of the elderly care industry through intelligence, digitalization, and technological innovation; we will establish and operate a city-level smart elderly care integrated service platform, creating a comprehensive service system led by government guidance, supported by platforms, and driven by industries, thereby promoting the deep integration and collaborative development of the elderly care service industry chain.

5.2.5 Create an integrated hub for the creative, cultural, and service industries by unifying campus services

With the mission of “co-creating a better and healthier life”, we will reform and innovate campus logistics service models, following a development path that deeply integrates education parks, technology parks, and healthcare-wellness parks. By focusing on the “Four Modernizations” – professional teams, standardized construction, lean management, and high-quality services – we will implement unified management, intensive operations, and premium services while optimizing resource utilization. Leveraging technology to empower smart logistics, we will explore diverse, distinctive, and value-added service models to enhance the quality of campus services and management efficiency, so as to build beautiful, smart campuses and communities. By expanding external collaborations, we will comprehensively meet the diverse needs of both internal and external customers.

5.2.6 Accelerate the integration of relevant resources and highlight the unique features of wellness travel and elderly care

We will center on the distinctive features of Chengdu Xikang Wellness & Resort and other collaborative wellness travel projects, integrating the three core themes of tourism, education, and wellness. Guided by the philosophy of “joyful learning, leisurely travel, and tranquil living”, we aim to provide the elderly with a healing arrangement that offers a multi-dimensional, holistic experience of “learning – traveling – wellness” during their educational journeys. This approach will establish a new model of comprehensive elderly education that fosters artistic experiences, promotes physical and mental relaxation, enhances cultural literacy, and expands social interactions.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

As of the date of this Report, our Board consists of nine Directors: one executive Director, five non-executive Directors and three independent non-executive Directors. The following table sets forth information regarding the Directors.

Name	Age	Position	Roles and responsibilities	Date of joining the Group	Date of Appointment as Director
LIU Jiren (劉積仁)	69	Non-executive Director, Chairperson	Overall strategic planning, overall management and business direction	Jun 2000	31 Aug 2018
WEN Tao (溫濤)	62	Executive Director, Chief executive officer, President	Overseeing operational performance and daily management	Jun 2000	31 Aug 2018
RONG Xinjie (榮新節)	62	Non-executive Director	Providing professional advice to the Board	Jan 2013	31 Aug 2018
ZHANG Xia (張霞)	59	Non-executive Director	Providing professional advice to the Board	May 2022	27 May 2022
ZHANG Yinghui (張應輝)	52	Non-executive Director	Providing professional advice to the Board	Feb 2003	31 Aug 2018
SUN Yinluan (孫蔭環)	75	Non-executive Director	Providing professional advice to the Board	May 2021	25 May 2021
LIU Shulian (劉淑蓮)	70	Independent non-executive Director	Providing independent opinion and judgement to the Board	Aug 2018	31 Aug 2018
QU Daokui (曲道奎)	63	Independent non-executive Director	Providing independent opinion and judgement to the Board	Aug 2018	31 Aug 2018
WANG Weiping (王衛平)	73	Independent non-executive Director	Providing independent opinion and judgement to the Board	Aug 2018	31 Aug 2018

Chairperson

Dr. LIU Jiren (劉積仁)

Dr. J. Liu, aged 69, is a non-executive Director, chairperson of our Board, chairperson of the Nomination Committee, and a member of the Remuneration Committee of the Company. He is a core founding member of the Group (and Neusoft Holdings Group). He has been and is currently the director, president or chairperson of the board of a number of the Group members, including: (i) our universities (since establishment); (ii) our school sponsors, Dalian Development (from July 2002 to December 2022), Chengdu Development (from July 2002 to July 2022), and Foshan Development (from January 2002 to May 2023); (iii) Neusoft Education Technology (since establishment); (iv) Neutech HK and Neutech BVI (both since September 2018); (v) Dalian Neusoft Ruixin (since establishment); (vi) Tianjin Ruidao (from March 2012 to July 2022), (vii) Shanghai Xietong (from November 2022 to July 2024); (viii) Neusoft Healthcare (since establishment); (ix) Dalian Dongruan Ruixin Health Technology Co., Ltd. (since establishment); and (x) Neusoft Industry Management (since July 2024). Dr. J. Liu is also the chairperson of Neusoft Holdings since November 2011.

Dr. J. Liu received his bachelor's, master's and doctorate degrees in computing (計算機) from Northeastern University (東北大學, formerly known as Northeastern University of Technology (東北工學院)) in April 1980, December 1982 and November 1987, respectively.

Aside from the Group, Dr. J. Liu has more than 35 years of experience in the education industry. He was formerly a lecturer at the Northeastern University from May 1987 to June 1988 and a vice-principal from March 1995 to August 2014 and he has been a professor of the university since June 1988. Dr. J. Liu is the chairperson since August 1999 and was the CEO from June 2008 to April 2021 of Neusoft Corporation (a company listed on the Shanghai Stock Exchange, stock code: 600718). Dr. J. Liu has also served as a non-executive Director and chairman of Xikang Cloud Hospital Holdings Inc. (a company listed on the Stock Exchange of Hong Kong, stock code: 9686) since July 2011.

Save as disclosed in this section, Dr. J. Liu did not hold any directorships in any other listed companies during the three years prior to and including the date of this Report.

Executive Director

Dr. WEN Tao (溫濤)

Dr. Wen, aged 62, is an executive Director, chief executive officer and president of the Company. Dr. Wen has served, or acted as a director or chairman of various companies of the Group, including: (i) principal and director of Dalian Neusoft Vocational College of Information Technology (merged into Dalian Neusoft University of Information in 2012) (both from June 2000 to May 2012); principal (from April 2004 to March 2022), honorary principal (since March 2022), a director (since April 2004) and vice chairman (since April 2020) of Dalian University; (ii) a director (since establishment) and vice chairman (since May 2018) of Chengdu University; (iii) a director (since establishment) and vice chairman (since June 2019) of Guangdong University; (iv) director (since July 2002), general manager (from January 2012 to December 2022) and chairman (since December 2022) of Dalian Development; (v) director (since July 2002) and chairman (since July 2022) of Chengdu Development; (vi) director (since January 2002) and chairman (since May 2023) of Foshan Development; (vii) director and general manager of Dalian Neusoft Ruixin (since May 2019), (viii) chairman of Dalian Neusoft Ruixin Healthcare Technology Limited (since August 2024); (ix) director (since August 2018) and general manager (from August 2018 to March 2025) and chairman (since March 2025) of Neusoft Education Technology; (x) chairman of Neusoft Industry Management (since July 2024); (xi) director (since March 2012) and chairman of Tianjin Ruidao (since July 2022); (xii) director (since June 2023) and chairman of Neusoft Healthcare (since September 2024); (xiii) chairman of Shanghai Neusoft Ruixin Technology Co., Ltd. (since December 2024); (xiv) chairman of Chengdu Neutech Health Management Co., Ltd. (since October 2024); and (xv) director of Neutech HK and Neutech BVI (both since September 2018). Dr. Wen works as executive director of member companies of the Group (including Dalian Yunguan, Suzhou Neusoft Ruixiang Technology Co., Ltd., Putian Neusoft Digital Technology Lab Co., Ltd. and Dalian Technology).

DIRECTORS AND SENIOR MANAGEMENT

Dr. Wen received his bachelor's degree in aviation electrical engineering (航空電氣工程) and master's degree in engineering, majoring in signals, circuits and systems (信號、電路與系統) from Northwestern Polytechnical University (西北工業大學) in China in July 1984 and April 1987, respectively. He also completed a doctorate degree in engineering (工學) at Northeastern University (東北大學, formerly known as Northeastern University of Technology (東北工學院)) in March 1994.

Dr. Wen is a director since November 2011 and vice-president of Neusoft Holdings from January 2013 to May 2021. He also holds a number of directorships in related companies of Neusoft Holdings, including: Dalian Ruidao Yibo Education Information Technology Co., Ltd. (大連睿道易博教育信息技術有限公司) since August 2018, as well as a supervisory position in Shenyang Kang Ruidao since December 2014. Shenyang Kang Ruidao holds interests in Neusoft Holdings through Dalian Kang Ruidao and Dalian Siwei.

Dr. Wen is currently (or was) appointed to a number of positions at many professional and government organizations, including a member of the National Evaluation Committee for the Establishment of Institutions of Higher Learning (全國高等學校設置評議委員會), member of the Teaching Steering Committee for Software Engineering Major in Institutions of Higher Learning of the Ministry of Education (教育部高等學校軟件工程專業教學指導委員會), an expert in National Center for Schooling Development Programme (教育部學校規劃建設發展中心), chairman of Vocational Education Committee of China Institute of Communications (中國通信學會職業教育工作委員會主任), founding chairman of the Vocational Education Development Committee of China Computer Federation (中國計算機學會職業教育發展委員會), executive director of the Chinese Society for Technical and Vocational Education (中國職業技術教育學會), vice chairman of the Computer Vocational Education Teaching Steering Committee of the National Teaching Steering Committee for Industrial and Informational Vocational Education (全國工業和信息化職業教育教指委計算機職業教育教學指導分委員會), executive director of the Education Digitalization Working Committee of the Chinese Society for Technical and Vocational Education (中國職業技術教育學會教育數字化工作委員會), vice chairman of the Artificial Intelligence and Cloud Computing Specialty Group Committee of the Teaching Steering Committee for Technician Education and Vocational Training at the MHRSS (人社部技工教育和職業培訓教指委人工智能與雲計算專業群分委員會), member of the Decision-making Advisory Committee of CPC Liaoning Provincial Committee and Provincial Government (中共遼寧省委省政府決策諮詢委員會), one of the fifth provincial educational inspectors of Liaoning Provincial People's Government (遼寧省人民政府), vice chairman of the Expert Steering Committee for Training Applied Talents in Colleges and Universities of Liaoning Province (遼寧省普通本科高校應用型人才培养專家指導委員會), chairman of the board of supervisors of the Private Education Association of Liaoning Province (遼寧省民辦教育協會). Dr. Wen was vice president of Fushun Petro College (Liaoning Petrochemical University) and secretary of CPC and president in Dalian Neusoft University of Information. He won the first and second prizes of National Teaching Achievement of Higher Education, "National Advanced Individual of Vocational Education", "Innovation Award of China's Private Higher Education", "China's Most Charming President", "China's Outstanding Educator", "University President Loved by Students", the government allowances from the State Council, one of 100 talents in the "Millions of Talents Project" of Liaoning Province, "Liaoning Province Outstanding Educators and Teachers", "Liaoning May 1st Medal", "Liaoning Province Outstanding Experts", "Dalian Special Grade Labor Model", the "First Leading Talents in Dalian" and other honors.

Dr. Wen did not hold any directorships in any other listed companies during the three years prior to and including the date of this Report.

Non-executive Directors (aside from our Chairperson)

Mr. RONG Xinjie (榮新節)

Mr. Rong, aged 62, is a non-executive Director of the Company and a member of the Audit Committee. He held various directorships within the Group, including: (i) our school sponsor – Dalian Development (from March 2013 to December 2022), Chengdu Development (from April 2013 to July 2022) and Foshan Development (from June 2013 to May 2023); (ii) our universities – Chengdu University and Dalian University (both from January 2013 to September 2018), and Guangdong University (from January 2013 to June 2019); and (iii) Dalian Technology (from October 2013 to June 2019).

Mr. Rong received his bachelor's degree in computer science (電子計算機) from the China University of Mining and Technology (中國礦業大學) in July 1984. Mr. Rong also received an associate professorship from the Senior Teachers Assessment Committee at Shandong University of Finance and Economics (山東財政學院教師職務高級評審委員會) in October 1995.

Aside from the Group, Mr. Rong is now the vice chairman (since May 2023) as well as chief executive officer (since January 2024) and chief strategy officer (since April 2023) of Neusoft Corporation (a company listed on the Shanghai Stock Exchange, stock code: 600718), and he also was a director and senior vice-president of Neusoft Corporation from September 2004 to May 2008. Mr. Rong currently serves as the chairman of Dalian Neusoft Zhixing Technology Co., Ltd. (since March 2024) and the chairman of Dalian Qixian Zhiyuan Science and Technology Research Institute Co., Ltd. (since April 2024). Mr. Rong served in various companies of Neusoft Holdings Group and its associated companies, including: (i) general manager, a director and vice chairman of the Board of Neusoft Holdings (from February 2013 to January 2017), and general manager and chief executive officer of Neusoft Holdings (from January 2017 to April 2023); (ii) director (from June 2008 to December 2023) and chairman (from March 2018 to December 2023) of Liaoning Neusoft Venture Capital Co., Ltd.; and (iii) director of Shanghai Sirui (from March 2016 to May 2023).

Save as disclosed in this section, Mr. Rong did not hold any directorships in any other listed companies during the three years prior to and including the date of this Report.

Dr. ZHANG Xia (張霞)

Dr. ZHANG Xia, aged 59, is a non-executive Director of the Company. She has been a director and president of Shenyang Neusoft Intelligent Medical Technology Research Institute Limited (瀋陽東軟智能醫療科技研究院有限公司) since its establishment, a president of Neusoft Research Institute (東軟研究院) under Neusoft Corporation since December 2024 and a director of Hanlang Network Information Technology (Beijing) Limited (漢朗網絡信息科技(北京)有限公司) since June 2017. Since joining Neusoft Corporation in January 1993, Dr. Zhang Xia has served in various positions such as the head of Database System Department, Software Center, the head of Software Products Business Department and the director of Software Technology Center, and in particular, during the period from November 2004 to April 2021, she worked as senior vice president, chief technology officer and chief knowledge officer of Neusoft Corporation. Dr. Zhang Xia was awarded the "Most Leading CTO Award" (最具領導力CTO獎) and the "Most Valuable CTO Award" (最具價值CTO獎) in China by CSDN & ITValue in December 2014.

Dr. Zhang Xia received a bachelor's degree in computer science, a master's degree in computer application and doctor's degree in computer application from Northeastern University (東北大學) in China in July 1986, March 1989 and March 1995, respectively. She has been a professor of Northeastern University since April 2002. She is currently a recipient of the third batch of 100 Persons Level of Liaoning Province's Ten Million Talents Project (遼寧省第三批百千萬人才工程百人層次), an Outstanding Talent in Shenyang City (瀋陽市傑出人才), May Day Labour Medal in Shenyang City (瀋陽市五一勞動獎章) and a recipient of the Special Government Allowance of State Council (國務院政府特殊津貼).

DIRECTORS AND SENIOR MANAGEMENT

Dr. ZHANG Xia is now working with several professional groups and has made outstanding achievements, including without limitation, acting as deputy director of National Computer Software Engineering Research Center (計算機軟件國家工程研究中心), vice chairman of the Computer Engineering and Application Branch of China Electronics Institute (中國電子學會計算機工程與應用分會) since June 2017, and the outstanding member of China Computer Institute (中國計算機學會) since 27 September 2020, etc. Dr. Zhang Xia also acted as the project leader or project executive leader for more than ten projects, such as National 973 Project, 863 Project, Nuclear Takamoto (核高基), key research projects of the National Natural Science Foundation, and Technological Innovation 2030, and was honored with the second and third prizes for national science and technology progress and the first prize in the science and technology progress award granted by the Ministry of Education and the provincial and municipal departments.

Dr. ZHANG Xia did not hold any directorships in any other listed companies during the three years prior to and including the date of this Report.

Dr. ZHANG Yinghui (張應輝)

Dr. ZHANG Yinghui, aged 52, is a non-executive Director of the Company. He has served, or acted as director or chairman in several companies of the Group, including: (i) the general manager since April 2013 and director of Chengdu Development since July 2022; (ii) executive director from April 2019 to October 2024 and director since October 2024 of Chengdu Neutech Health Management Co., Ltd.; (iii) director since December 2016 and principal since February 2003 of Chengdu University; (iv) director of Dalian Neusoft Ruixin from May 2019 to June 2021; (v) director of Neusoft Education Technology from August 2018 to July 2021; (vi) chairman of Chengdu Qingcheng Kangdao Hotel Management Co., Ltd. (成都青城康道酒店管理有限公司) and Dujiangyan Qingcheng Kangdao Traditional Chinese Medicine Clinic Co., Ltd. (都江堰青城康道中醫診所有限公司) since January 2023; and (vii) director of Neusoft Industry Management (since July 2024).

Dr. ZHANG Yinghui received his bachelor's degree in software computing (計算機軟件) and doctorate degree in applied computing (計算機應用技術) from Northeastern University in July 1994 and September 1998, respectively. Dr. ZHANG Yinghui also received professorship certification from Sichuan Provincial Vocational Reform Bureau (四川省職改辦) in China in December 2007.

Dr. ZHANG Yinghui did not hold any directorships in any other listed companies during the three years prior to and including the date of this Report.

Mr. SUN Yinhuai (孫蔭環)

Mr. Sun, aged 75, is a non-executive Director of the Company. He is a director of Neusoft Holdings, one of the Controlling Shareholders of the Company since November 2011. Mr. Sun is currently a director of China Minsheng Investment Corp., Ltd. (中國民生投資股份有限公司). Mr. Sun was the founder and the chairman of Yida China Holdings Limited (億達中國控股有限公司) (a company listed on the Stock Exchange, stock code: 3639) from 2014 to 2016, the standing committee member of the Twelfth National Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議第十二屆全國委員會), the vice-chairman of the Eleventh All China Federation of Industry & Commerce (第十一屆中華全國工商業聯合會), the vice president of the China Enterprise Confederation (中國企業聯合會); the vice president of the APEC China Business Council (APEC中國工商理事會) and the standing council member of the Fourth China Economic and Social Council (第四屆中國經濟及社會理事會). Mr. Sun received his bachelor's degree in Construction Engineering from the Dalian University of Technology.

Mr. Sun did not hold any directorships in any other listed companies during the three years prior to and including the date of this Report.

Independent Non-executive Directors

Dr. LIU Shulian (劉淑蓮)

Dr. S. Liu, aged 70, is an independent non-executive Director of the Company, chairperson of the Audit Committee, and a member of the Nomination Committee. Dr. S. Liu was an independent director of Neusoft Corporation (a company listed on the Shanghai Stock Exchange, stock code: 600718) from May 2017 to May 2023. Prior to this, she was an independent director of Dalian Huarui Heavy Industry Group Co., Ltd. (大連華銳重工集團股份有限公司) (formerly known as Dalian Huarui Heavy Industry Steel Casting Co., Ltd. (大連華銳重工鑄鋼股份有限公司), a company listed on the Shenzhen Stock Exchange, stock code: 002204) from March 2007 to April 2013; and she was an independent director of Dashang Co., Ltd. (大商股份有限公司) (formerly known as Dashang Group Co., Ltd. (大商集團股份有限公司), a company listed on the Shanghai Stock Exchange, stock code: 600694) from April 2007 to April 2013.

Dr. S. Liu received her bachelor's degree in economics, master's degree in economics and doctorate degree in management from Dongbei University of Finance and Economics (東北財經大學) (formerly known as Liaoning Finance Institute (遼寧財經學院)) in January 1982, December 1989 and March 2001, respectively. She received her professorship from Dongbei University of Finance and Economics and she has been teaching and conducting research at the accounting school of Dongbei University of Finance and Economics since January 1982. Dr. S. Liu also received her qualification certification for college teachers (高校教師資格) from the Liaoning Provincial Human Affairs Department (遼寧省人事廳) in China in July 1998. She is recognised by the Shanghai Stock Exchange to act as an independent director since September 2007; acted as a member of the Financial Management Committee (財務管理專業委員會委員) of the Accounting Society of China (中國會計學會) from 2008 to 2018; and was admitted as a non-practising member by Liaoning Provincial Institute of Certified Public Accountants in December 2009. Dr. S. Liu has the appropriate professional accounting or related financial management experience for the purpose of Rule 3.10(2) of the Listing Rules.

Save as disclosed in this section, Dr. S. Liu did not hold any directorships in any other listed company during the three years prior to and including the date of this Report.

Dr. QU Daokui (曲道奎)

Dr. Qu, aged 63, is an independent non-executive Director of the Company, the chairperson of the Remuneration Committee, and a member of the Audit Committee. Dr. Qu has served as the dean of the Yellow River Institute for Robotics Innovation 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. Dr. Qu was the president (from January 2000 to March 2022) and deputy chairman (from January 2000 to March 2024) of SIASUN Robot & Automation Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 300024). Prior to this, Dr. Qu was a project supervisor from June 1986 to September 1994, and assistant researcher, researcher, deputy department head and department head of research and development of robotics from October 1994 to April 2000 at the Shenyang Institute of Automation, Chinese Academy of Sciences (中國科學院瀋陽自動化研究所).

Dr. Qu received his master's degree in engineering (specialising in pattern recognition and intelligent control (模式識別與智能控制)) from Shenyang Institute of Automation, Chinese Academy of Sciences in June 1986, and a doctorate degree in engineering (specialising in power electronics and motor drives (電力電子與電力傳動)) from Harbin Institute of Technology (哈爾濱工業大學) in January 2008. Dr. Qu became a researcher at the Shenyang Institute of Automation, Chinese Academy of Sciences (中國科學院瀋陽自動化研究所) in September 1997. Dr. Qu was hired as a doctoral adviser in January 2003.

Save as disclosed in this section, Dr. Qu did not hold any directorships in any other listed companies during the three years prior to and including the date of this Report.

DIRECTORS AND SENIOR MANAGEMENT

Dr. WANG Weiping (王衛平)

Dr. Wang Weiping, aged 73, is an independent non-executive Director of the Company, a member of the Remuneration Committee, and a member of the Nomination Committee. Dr. Wang Weiping was an independent non-executive director of Rici Healthcare Holdings Limited (a company listed on the Stock Exchange (stock code: 1526)) since June 2016 and re-designated as an executive director in June 2017. He ceased to be an executive director of the company in March 2019. Dr. Wang Weiping served as an independent non-executive director of Top Education Group Ltd. (a company listed on the Stock Exchange, stock code: 1752) from April 2018 to December 2021.

Dr. Wang Weiping received his bachelor's degree in medicine and master's degrees in medicine specialising in paediatric respiratory disease from Norman Bethune University of Medicine (白求恩醫科大學) (currently known as Norman Bethune Health Science Centre of Jilin University (吉林大學白求恩醫學部)) in China in August 1978 and October 1982, respectively, and a doctorate degree in paediatrics from Shanghai Medical University (上海醫科大學) in December 1988. Dr. Wang Weiping also received his professorship from Shanghai Medical University in December 1994. Dr. Wang Weiping is a professor specialising in paediatrics.

Save as disclosed in this section, Dr. Wang Weiping did not hold any directorships in any other listed company during the three years prior to and including the date of this Report.

SENIOR MANAGEMENT

The following table provides information about members of our senior management (aside from our Directors) of the Company as at the date of this Report:

Name	Age	Position	Roles and responsibilities	Date of joining the Group
CHAO Yujun (晁玉軍)	59	Vice-president; Chief financial officer	financial and operational management matters	February 2004
LIU Chang (劉暢)	42	Vice-president	healthcare and wellness and tourism service business	January 2025
WANG Xinghui (王星輝)	42	Vice-president	healthcare technology and life-long education business	April 2007
DONG Benqing (董本清)	44	Vice-president	education technology and resources business	April 2007
WANG Weikun (王維坤)	53	Vice-president	University Sci-Tech Park and campus service business	June 2002

1. Due to job change, Mr. LI Yingao (李印果) has resigned as the vice-president of the Company, which took effect on 26 January 2025. Mr. LI Yingao has confirmed that he did not have any disagreement with the Board or the senior management, and there was not any matters that need to be brought to the attention of the Group, the Company's shareholders or the Stock Exchange.
2. Mr. LIU Chang, Mr. WANG Xinghui and Dr. DONG Benqing were all appointed as vice presidents of the Company on 27 January 2025.

Mr. CHAO Yujun (晁玉軍) (“Mr. Chao”)

Mr. Chao, aged 59, is the vice-president and the chief financial officer of our Company since March 2020 and a senior vice-president and the chief financial officer of Neusoft Education Technology from March 2020 to February 2025. Prior to this, Mr. Chao was the financial controller (財務總監) of Dalian University from May 2011 to January 2020. Over the past years, he has held many management positions within the Group, being primarily responsible for finance management. Mr. Chao received a bachelor’s degree in industrial accounting (工業會計) from Northeastern Institute of Technology (東北工學院), now known as Northeastern University in July 1988. Apart from this, Mr. Chao has received a senior accountant title from the Liaoning Provincial Human Affairs Department (遼寧省人事廳) in September 1998.

Mr. Chao did not hold any directorships in any listed companies during the three years prior to and including the date of this Report.

Mr. LIU Chang (劉暢)

Mr. LIU Chang, aged 42, is an alumnus of the University of Sheffield and the University of Edinburgh in the UK. Upon his return to China in 2009, he served as a client manager at Harman International from 2009 to 2012. Between 2012 and 2018, he founded Muses Collection Ltd. and Mandawell Hotel Management Company consecutively. In 2018, he joined the Neusoft ecosystem and has been serving as a director of Haorong Investment Management (Shanghai) Co., Ltd. since then. From 2020, he took on the role of executive director at Shanghai Neusoft Investment Holding Co., Ltd. In 2021, he became a director of Shanghai Sirui Information Technology Co., Ltd. Since 2024, he has been appointed as a director of Dalian Neusoft Ruixin, a director of Neusoft Healthcare, a director of Neusoft Education Technology, a director of Neusoft Industry Management, a director of Dalian Neusoft Ruixin Healthcare Technology Co., Ltd., and the chairman of Dalian Xikang Yunshe Wellness and Tourism Investment Management Co., Ltd. He has been deeply involved in the strategic decision-making of the “Education, Healthcare, Wellness, And Tourism” industry layout and related businesses. With over 10 years of experience in corporate strategic planning, hotel investment and operation management, as well as investment and financing, Mr. LIU Chang has successfully promoted innovative projects and cross-border integrations in multiple fields with his keen industry insight and exceptional execution capabilities. In the fields of information technology and healthcare, he has led several high-level research and development and operation projects, providing strong support for the company’s layout in cutting-edge areas such as high-end healthcare, smart cities, and digital transformation.

Mr. LIU Chang did not hold any directorships in any listed companies during the three years immediately prior to and including the date of this Report.

Mr. WANG Xinghui (王星輝)

Mr. WANG Xinghui, aged 42, holds a master’s degree. He joined Dalian Neusoft University of Information in 2007 and has held various positions including Deputy Director of the School Office, Director of the Party Committee’s Discipline Inspection and Supervision Department, Dean of the Continuing Education College, and Dean of the Vocational College. Since 2019, he has been serving as the General Manager of the Continuing Education Business Division at Neusoft Education Technology Group. In 2021, he was appointed as Vice President of Neusoft Education Technology Group, and in 2024, he took on the dual roles of director and general manager of Dalian Neusoft Ruixin Healthcare Technology Co., Ltd.

DIRECTORS AND SENIOR MANAGEMENT

Mr. WANG Xinghui holds the title of Associate Professor and has received provincial and municipal honors such as “Outstanding CPC Member in Liaoning’s Education System” and “Excellent Educator”. In terms of social engagements, Mr. WANG Xinghui currently serves as an expert in the expert database of the MIIT Education and Examination Center (工信部教考中心), a council member of the China Electronics Education Association (中國電子教育學會), Vice President of the Continuing Education Branch (繼續教育分會), an expert on vocational ability construction for the Liaoning Provincial Human Resources and Social Security Department (遼寧省人力資源和社會保障廳), Deputy Director of the Liaoning Information Technology Vocational Education Group (遼寧信息技術職教集團), and Vice President of the Dalian Wellness Industry Federation (大連市康養產業聯合會). In recent years, Mr. WANG Xinghui has presided over and completed multiple projects funded by the Liaoning Provincial Department of Education and the Liaoning Provincial Education Science Planning Project, winning a Special Award for Vocational Education Teaching Achievements in Liaoning Province and presiding over a project that was recognized as one of the top 10 university scientific and technological achievement transformation projects in Liaoning.

Mr. WANG Xinghui did not hold any directorships in any listed companies during the three years immediately prior to and including the date of this Report.

Dr. DONG Benqing (董本清) (“Dr. Dong”)

Dr. Dong, aged 44, joined Dalian Neusoft University of Information in 2007 and has held various positions including Section Chief of School-Enterprise Cooperation in the Brand and Strategic Development Department of Dalian Neusoft University of Information, director of the Marketing and Promotion Center, deputy director, director, and editor-in-chief of Neusoft Electronic Press. Since 2018, he has been serving as the general manager of the Education Resource Development and Promotion Business Division at Neusoft Education Technology Group Co. Limited. Since 2020, he became the general manager of the Vocational Education Business Division, and in 2021, he was appointed as vice president of Neusoft Education Technology Group. Starting from 2022, he concurrently served as the director of the Neusoft Education Technology Group Research Institute and, since 2023, has also concurrently served as the director of the Neusoft Education Technology Group Metaverse Research Institute. Dr. Dong holds concurrent positions in multiple domestic academic organizations, such as secretary of the Dean Joint Meeting of National Model Software Vocational and Technical Colleges (國家示範性軟件職業技術學院院長聯席會) and secretary-general of the Vocational Education Working Committee of the China Institute of Communications (中國通信學會職業教育工作委員會). Dr. Dong holds the technical title of Professor in Computer Science and Technology and has received multiple national and provincial honors, including the National Teaching Achievement Award and selection as a Thousand-Level Talent in Liaoning Province’s “Hundreds, Thousands, and Tens of Thousands of Talents Project” (遼寧省“百千萬人才工程”千人層次人選). He has presided over numerous national and provincial scientific research projects.

Dr. Dong did not hold any directorships in any listed companies during the three years immediately prior to and including the date of this Report.

Dr. WANG Weikun (王維坤) (“Dr. W. Wang”)

Dr. W. Wang, aged 53, has served as the vice president of the Company since March 2020 and the senior vice president of Neusoft Education Technology from March 2020 to February 2025. He has also worked, or acted as a director or executive director of member companies of the Group: (i) our universities-a director of Dalian University (since April 2022), a director of Chengdu University and (since February 2022), and a director of Guangdong University (since June 2019); (ii) our school sponsor-director of Dalian Development (since December 2022), director of Chengdu Development (since July 2022) and director of Foshan Development (since May 2023); (iii) director of Neusoft Training School (since August 2018); (iv) director of Tianjin Ruidao (since July 2022); (v) executive director (from December 2022 to July 2024) and director and general manager of Neusoft Industry Management (since July 2024); (vi) executive director of Dalian DOIT (since November 2023); (vii) executive director of Shanghai Ruixiang (from March 2024 to October 2024); and (viii) executive director and general manager of Chengdu Neusoft Ruixin Logistics Management Service Co., Ltd. (since March 2025).

Dr. W. Wang received his bachelor's degree in engineering (工學學士學位) from Dalian University of Technology (大連理工大學) in July 1994, Master of Business Administration from Dongbei University of Finance and Economics (東北財經大學) in July 2002, and doctor of philosophy in education management (教育管理) from Dalian University of Technology in March 2018. Dr. W. Wang received his professorship from Dalian University in December 2019. Dr. W. Wang was a member of the Liaoning Provincial Colleges and Universities Charter Approval Committee (遼寧省高等學校章程核准委員會委員), awarded by the Education Department of Liaoning Province in April 2015, and was appointed a member of the public foundation courses committee (公共基礎課程專門委員會委員) of the Advisory Committee of Education Teaching in Vocational Education established under the Ministry of Education in China (教育部職業院校教育類專業教學指導委員會) in November 2018, and won the First Prize of the Liaoning Provincial Teaching Achievement Award (遼寧省教學成果獎一等獎) in April 2018.

Dr. W. Wang did not hold any directorships in any listed companies during the three years immediately prior to and including the date of this Report.

The Chairperson of the Company, Dr. J. Liu, is the father of vice president, Mr. LIU Chang. Other than that, none of the Directors and members of senior management of the Company are related to other Directors or members of senior management.

COMPANY SECRETARIES

Ms. HE Jing (何婧) ("Ms. He")

Ms. He, aged 40, is our company secretary and the head of the office of the board of directors (董事會辦公室主任) of Neusoft Education Technology since January 2024 and April 2020, respectively. Ms. He served as joint company secretary from June 2019 to December 2023. Ms. He was the deputy director of the general management department (綜合管理部副部長) of Neusoft Education Technology, from November 2018 to April 2020. Prior to joining our Group, Ms. He was the securities affairs representative (證券事務代表) and the board secretary of INNOBIO Limited (大連醫諾生物股份有限公司), from March 2017 to August 2017 and from August 2017 to April 2018, respectively; and information disclosure officer at the office of the board of directors (董事會辦公室信息披露事務) for New China Life Insurance Company Ltd. (新華人壽保險股份有限公司), a company listed on the Stock Exchange (stock code: 1336) and the Shanghai Stock Exchange (stock code: 601336) from August 2009 to June 2013.

Ms. He received her bachelor's degree in jurisprudence, and master's degree in civil and commercial law, from China University of Political Science and Law (中國政法大學) in July 2006 and June 2009, respectively. She was granted the legal professional qualification (法律職業資格) from the Ministry of Justice China (中華人民共和國司法部) on February 2007.

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the corporate governance report for the annual report of the Company for the year ended 31 December 2024.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining and promoting stringent corporate governance. The corporate governance principles of the Company are to promote effective internal control measures, to uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, to ensure that its business and operations are conducted in accordance with applicable laws and regulations, and to enhance the transparency and accountability of the Board to all Shareholders. The Company's corporate governance practices are based on the principles and code provisions as set out in the CG Code.

During the year ended 31 December 2024, the Company has complied with the code provisions of the CG Code. The Company will continue to review and monitor its corporate governance practices to ensure the compliance with the CG Code.

CORPORATE CULTURE AND DEVELOPMENT STRATEGY

Our Company takes "Empower education-healthcare-wellness-mind tour ecosystem with technology and boost digital intelligent lifestyles with innovative education" as its mission, promotes the values of "innovation, integration, progression, responsibility and integrity", relies on the innovative research and development capability of "education + technology + medical care", adheres to the development and operation concept of "EMPOWER", to create a new ecology of five-in-one integration of "teaching, medical care and health tourism", and to become the pioneer in building an ecosystem of education healthcare wellness and mind tour.

After consideration, the Board unanimously believe that the culture, purpose, values and strategy of the Group are aligned. During the year ended 31 December 2024, the Company has implemented various initiatives to promote corporate culture and strengthen the Company's cultural framework. Details of relevant initiatives are set out in the section headed "Environmental, Social and Governance Report" in this Report.

SECURITIES TRANSACTIONS BY DIRECTORS

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

Having made specific enquiry of the Directors, all Directors confirmed that they have complied with the required standard set out in the code of conduct and the Model Code throughout the year ended 31 December 2024.

As mentioned in the section headed “SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD” in this report, the Company has been notified by Neusoft Holdings that Dongkong First and Dongkong Second separately entered into the Pledge Contracts with the Lender on 6 March 2025, pursuant to which Dongkong First and Dongkong Second, as the pledgers, pledged their respective 127,465,000 Shares and 120,000,000 Shares of the Company to the Lender as supplementary collateral for the Loans. As Dr. Liu is deemed to be interested in the Shares held by Dongkong First and Dongkong Second, the Pledge constitutes a “dealing” of Dr. Liu during the blackout period under the Model Code. Therefore, Dr. Liu did not strictly comply with the requirements under paragraphs A.3(a)(i) and B.8 of the Model Code in respect of the Pledge. In light of the aforesaid and in order to prevent occurrence of similar incident in the future, the Company has decided to take various remedial measures, including (i) reminding the Directors of their obligations under the Model Code; (ii) providing enhanced trainings to Dr. Liu and other Directors and senior management of the Company at least once a year in relation to the requirements of the Model Code and relevant internal regulations; and (iii) continuing to send proper blackout period notifications to the Directors and senior management of the Company via various channels before the beginning of the blackout period.

THE BOARD

Responsibilities

The Board leads and provides direction to the management, directly, and indirectly through its committees, by laying down strategies and overseeing their implementation, monitors the Group’s operational and financial performance, and ensures that sound internal control and risk management systems are in place. The Board has delegated to the Board committees responsibilities as set out in their respective terms of reference.

The major powers and functions of the Board include, but not limited to, convening the general meetings, presenting reports at the general meetings, implementing the resolutions passed at the general meetings, considering and approving the operational plans and investment plans of the Company, formulating the Company’s strategic development plans, formulating annual financial budgets and final accounts plans, formulating profit distribution plans and loss recovery plans, and exercising other powers and functions as conferred by the Articles of Association.

Delegation of management function

The Board is responsible for making decision with respect to the strategic plans, major investment decisions and other significant operational matters of the Company, while responsibilities with respect to the implementation of the decisions of the Board, and the execution of strategies and systems in the daily operations of the Company are delegated to the senior management. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to entering into any significant transactions.

CORPORATE GOVERNANCE REPORT

Composition of the Board

As at the date of this Report, the members of the Board are set out below:

Chairperson and non-executive Director	Executive Director
Dr. LIU Jiren	Dr. WEN Tao
Non-executive Directors (aside from our Chairperson)	Independent Non-executive Directors
Mr. RONG Xinjie Dr. ZHANG Xia Dr. ZHANG Yinghui Mr. SUN Yinhuan	Dr. LIU Shulian Dr. QU Daokui Dr. WANG Weiping

All Directors of the Company has extensive experience and in-depth knowledge, and are diligent and responsible, which is highly beneficial to the business development of the Company. The composition of the Board provides sufficient balance of skills, experience and diversity of perspectives in leading the Company to achieve its goals. The executive Director of the Company is responsible for monitoring the daily operations of the Company. The non-executive Directors are responsible for providing professional advice to the Board. And the independent non-executive Directors are responsible for providing independent judgments in the overall decision-making process of the Board. Biographical details of the Directors are set out in the section headed "Directors and Senior Management" in this Report. A list of the Directors specifying their roles and functions is available on the Stock Exchange's and the Company's website.

There is no other relationship (including financial, business, family or other material/relevant relationship(s)) among the Board members of the Company.

As regards the CG Code provision requiring Directors to disclose to the issuer the number and nature of offices held in public companies or organisations and other significant commitments as well as the identity of the public companies or organisations and an indication of the time involved, the Directors have agreed to disclose their commitments and any subsequent change to the company in a timely manner.

The Board regularly reviews whether the Directors have devoted sufficient time to discharge their duties and responsibilities, as well as their contribution to the Company.

Board meetings and general meeting

The Articles of Association of the Company sets out the responsibilities and proceedings of the Board. The Board meets regularly, at least four times a year, to consider operational reports and policies of the Company. Not less than 14 days' notices are given for all regular Board meetings to provide all Directors with an opportunity to attend and discuss matters in the agenda for a regular meeting. For other Board meetings and Board Committee meetings, reasonable notices are generally given in the circumstances. Relevant documents for a meeting shall be dispatched to the Directors at least three days before the date of the meeting to ensure that they have sufficient time to review the relevant documents.

CORPORATE GOVERNANCE REPORT

The Company Secretaries of the Company are responsible for taking and keeping minutes of all Board meetings and committee meetings. Minutes of the Board meetings and committee meetings are recorded in sufficient details in respect of matters considered by the Board and committees and the decisions reached. Final versions of these minutes are available for inspection by Directors. Under the Listing Rules, any Director who has a material interest in a transaction to be discussed at a Board meeting and his/her associates (as defined in the Listing Rules) are required to abstain from voting on the resolution to approve the transaction and shall not be counted in the quorum of the meeting.

During the year ended 31 December 2024, the Company held four regular Board meetings and one temporary meeting and passed five written resolutions. Five Board meetings were held on 26 March 2024, 28 May 2024, 27 August 2024, 23 October 2024 and 14 November 2024, respectively. In addition, the Company held one annual general meeting and one extraordinary general meeting during the year ended 31 December 2024 and the attendance records of each of the Directors at the Board meetings and the general meeting are set out below:

Name of Director	Number of Board meetings attended in person/attended by entrusting other Directors/obliged to attend	Attendance rate in person at Board meetings	Attendance in person/number of general meetings	Attendance rate in person at general meetings
Dr. LIU Jiren	5/0/5	100%	2/2	100%
Dr. WEN Tao	5/0/5	100%	2/2	100%
Mr. RONG Xinjie	5/0/5	100%	2/2	100%
Dr. ZHANG Xia	5/0/5	100%	2/2	100%
Dr. ZHANG Yinghui	5/0/5	100%	2/2	100%
Mr. SUN Yinhan	5/0/5	100%	2/2	100%
Dr. LIU Shulian	5/0/5	100%	2/2	100%
Dr. QU Daokui ^(Note)	4/1/5	80%	2/2	100%
Dr. WANG Weiping	5/0/5	100%	2/2	100%

Note:

The independent non-executive Director Dr. LIU Shulian was entrusted to attend and vote on the Board meeting of the Company held on 23 October 2024 by the independent non-executive Director Dr. QU Daokui.

In addition to the above Board meetings, during the Reporting Period, the Company held a separate meeting for the Chairperson and independent non-executive Directors in accordance with the code provision C.2.7 of Part 2 of the CG Code.

CORPORATE GOVERNANCE REPORT

Training and continuous professional development of Directors

The Directors shall always learn about their responsibilities as the Directors of the Company and shall observe the code of conduct and follow-up business activities of the Company and the development of the Group.

The Company is aware of the importance of Directors' engagement in appropriate continuing professional development to deepen and refresh their knowledge and skills to ensure that they provide an informed contribution to the Board. The Company has arranged trainings for all Directors, and has also regularly provided all Directors with internal briefings on updates in relation to the Company's performance, condition and prospects to enable the Board and each Director to discharge their duties. Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills.

During the Reporting Period, the records of professional trainings received by the Directors are set out as follows:

Name of Director	Number of training lessons attended ^(Note 1)	Reading the training materials ^(Note 2)
Dr. LIU Jiren	1	√
Dr. WEN Tao	1	√
Mr. RONG Xinjie	1	√
Dr. ZHANG Xia	1	√
Dr. ZHANG Yinghui	1	√
Mr. SUN Yinhan	1	√
Dr. LIU Shulian	1	√
Dr. QU Daokui	1	√
Dr. WANG Weiping	1	√

Notes:

1. All Directors of the Company attended the training organized by SWCS Corporate Services Group (Hong Kong) Limited on 27 August 2024 to fully understand and learn about the matters that directors need to pay attention to in their work, as well as how to handle the disclosure of inside information and connected transactions under the Listing Rules.
2. All Directors read and studied the training materials for the Elements of Establishing a Corporate Integrity Culture on 26 December 2024.

The Company has kept the training records of each Director for the year ended 31 December 2024.

Insurance of Directors and Officers

The Company has arranged for appropriate insurance coverage for Directors' and officers' liabilities in respect of legal actions against them arising out of corporate activities.

Independent non-executive Directors

The independent non-executive Directors have brought in a wide range of business and financial expertise, experience and independent judgement to the Board. Through active participation in the Board meetings and serving on various Board committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee, all independent non-executive Directors will continue to make various contributions to the Company.

During the year ended 31 December 2024, the Board at all times met the requirements of Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise and the number of independent non-executive Directors represents at least one-third of the Board.

The Company has received from each of the independent non-executive Directors an annual confirmation of independence and considers that each of them to be independent by reference to the Rule 3.13 of the Listing Rules.

Chairperson and Chief Executive Officer

During the year ended 31 December 2024, Dr. LIU Jiren has served as chairperson and Dr. WEN Tao has served as chief executive officer. The chairperson is responsible for leading the Board to formulate the overall strategic planning, overall management and business direction of the Company. The chief executive officer is responsible for overseeing the operational performance and daily management of the Company.

There is a clear and effective division of responsibilities between the chairperson and the chief executive officer to ensure a balance of power and authority.

Appointment and re-election of Directors

Each of the Directors has entered into a service contract or letter of appointment with the Company for a term of three years.

Notwithstanding the specific term of appointment, provisions under the Articles of Association of the Company require that at each annual general meeting, one-third of the Directors for the time being, shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. The Company at the general meeting at which a Director retires may fill the vacated office.

CORPORATE GOVERNANCE REPORT

Pursuant to the Articles of Association of the Company, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an additional Director but so that the number of Directors appointed shall not exceed the maximum number determined from time to time by the Shareholders in general meeting. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his/her appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Any Director appointed under this Article shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

In accordance with Article 108 of the Articles, Dr. LIU Jiren, Dr. WEN Tao and Dr. ZHANG Xia shall retire from office as Directors at the annual general meeting and, being eligible, offer themselves for re-election at the annual general meeting.

BOARD COMMITTEES

As an integral part of good corporate governance, the Board has established three committees (namely, the Audit Committee, the Remuneration Committee and the Nomination Committee) for overseeing the performance of specific functions which are set out in written terms of reference for each committee. The Board committees are provided with sufficient resources to perform their duties and may seek independent professional advices where appropriate when receiving reasonable requests. The relevant costs shall be borne by the Company.

Audit Committee

The Company has established the Audit Committee with written terms of reference (being available on the websites of the Stock Exchange and the Company) in compliance with Rule 3.21 of the Listing Rules and the CG Code. During the Reporting Period, 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) of the Company. Dr. LIU Shulian is the chairperson of the Audit Committee.

The primary duties of the Audit Committee are to review financial statements, financial reports, and to provide professional judgements on material events, to review and supervise the reasonableness and effectiveness of the financial reporting process and internal control system (including risk management) of the Group, and to make recommendation to the Board on the appointment and removal of external auditors and other matters. The committee must meet, at least twice a year, with the external auditors, to check on the progress of the auditor's work, to improve the quality of financial reports, to assist and advise the Board in establishing formal and transparent arrangements.

During the year ended 31 December 2024, the Audit Committee held four Audit Committee meetings on 26 March 2024, 27 August 2024, 23 October 2024 and 24 December 2024, respectively. The Audit Committee meeting held on 26 March 2024 reviewed the audited consolidated financial statements of the Company for the year ended 31 December 2023 and confirmed that the applicable accounting principles, standards and requirements had been complied with and adequate disclosures had been made, and reviewed the Company's risk management, internal control systems, the re-appointment of external auditors and the effectiveness of the Company's internal audit system. The Audit Committee meeting held on 27 August 2024 reviewed the unaudited interim condensed consolidated financial information of the Company for the six months ended 30 June 2024. The Audit Committee meeting held on 23 October 2024 approved the resignation of the Company's external auditor and the appointment of a new one, and confirmed that there was no disagreements or dispute between the Company and the resigned auditor. The Audit Committee meeting held on 24 December 2024 listened to the external auditor's report about audit strategy of the Company for 2024. No executive Director attended the four meetings between the Audit Committee and the external auditors.

The composition of the Audit Committee and attendance of members at committee meeting are as follows:

Composition of the committee (C = Chairperson; M = Member of the committee)	Attendance/Number of meetings held
Dr. LIU Shulian (C)	4/4
Dr. QU Daokui (M) ^{Note}	3/4
Mr. RONG Xinjie (M)	4/4

Note:

Dr. QU Daokui was absent from the Audit Committee meeting held on 23 October 2024 due to other business commitments.

Nomination Committee

The Company has established the Nomination Committee with written terms of reference (being available on the websites of the Stock Exchange and the Company) in compliance with the CG Code. During the Reporting Period, the Nomination Committee is comprised of two independent non-executive Directors (Dr. LIU Shulian and Dr. WANG Weiping) and one non-executive Director (Dr. LIU Jiren) of the Company. Dr. LIU Jiren is the chairperson of the Nomination Committee.

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board on a regular basis, to identify, consider and recommend to the Board appropriate candidates to serve as Directors of the Company, to evaluate the independence of the independent non-executive Directors, to review and recommend to the Board the nomination policy and the Board diversity policy. The Nomination Committee will take into consideration a candidate's qualification, experience, expertise and knowledge, the requirements applicable to the Company and the structure and composition of the Board, to identify and review and nominate candidates suitably qualified as Board members with due diligence and care before making recommendations to the Board for their final appointment.

During the year ended 31 December 2024, the Nomination Committee held one Nomination Committee meeting on 26 March 2024 which reviewed the independence of the independent non-executive Directors, the membership structure and composition of the Board, and made recommendations to the Board on the re-appointment of retiring Directors to be considered at the annual general meeting on 28 May 2024.

CORPORATE GOVERNANCE REPORT

The composition of the Nomination Committee and the attendance of its members at the committee meetings are as follows:

Composition of the committee (C = Chairperson; M = Member of the committee)	Attendance/Number of meetings held
Dr. LIU Jiren (C)	1/1
Dr. LIU Shulian (M)	1/1
Dr. WANG Weiping (M)	1/1

Remuneration Committee

The Company has established the Remuneration Committee with written terms of reference (being available on the websites of the Stock Exchange and the Company) in compliance with the CG Code. During the Reporting Period, the Remuneration Committee is comprised of two independent non-executive Directors (Dr. QU Daokui and Dr. WANG Weiping) and one non-executive Director (Dr. LIU Jiren) of the Company. Dr. QU Daokui is the chairperson of the Remuneration Committee.

The primary duties of the Remuneration Committee are (i) to review the policy and structure of the remuneration (including remuneration packages, bonuses and other compensation) of all Directors and senior management, and make recommendations to the Board with regard to the establishment of a formal and transparent procedure for the development of the remuneration policies; (ii) to review the remuneration policy from time to time with reference to the corporate purposes, objectives and Directors' performance and their contribution to the Company, and make recommendations to the Board with regard to the remuneration package for Directors and senior management; and (iii) to review and/or approve the matters related to share schemes under Chapter 17 of the Listing Rules.

During the year ended 31 December 2024, the Remuneration Committee held two meetings on 26 March 2024 and 16 April 2024, respectively. The Remuneration Committee meeting held on 26 March 2024 discussed the remuneration policy and structure of the Company's Directors and senior management, the remuneration packages for 2024, and made recommendations to the Board. The Remuneration Committee meeting held on 16 April 2024 reviewed the amendments to the non-executive directors' appointment letters and the remuneration to be paid to Dr. Liu Jiren, the Chairman of the Board, and made recommendations to the Board.

The composition of the Remuneration Committee and the attendance of the members at the committee meetings are as follows:

Composition of the committee (C = Chairperson; M = Member of the committee)	Attendance/Number of meetings held
Dr. QU Daokui (C)	2/2
Dr. LIU Jiren (M)	2/2
Dr. WANG Weiping (M)	2/2

REMUNERATION OF THE DIRECTORS AND SENIOR MANAGEMENT

The biographies of Directors and members of senior management as at the date of this Report are set out in the section headed “Directors and Senior Management” in this Report. Pursuant to the code provision E.1.5 of Part 2 of the CG Code, the following table sets forth the remuneration of the Directors and members of senior management (excluding equity settled share option expense) categorized by remuneration group for the year ended 31 December 2024:

Group ^{Note}	Remuneration (RMB)	Number of Individuals
1	1,000,001-1,500,000	3
2	1,500,001-3,000,000	2
3	3,000,001-6,000,000	1

Note:

Group 1 includes 3 members of senior management of the Company.

Group 2 includes 2 Directors.

Group 3 includes 1 Director and member of senior management of the Company.

The key principles of the remuneration policy for Directors and senior management of the Company are as follows:

Remuneration of executive Director and senior management:

1. Remuneration packages and structure shall reflect a fair reward system for the executive Director and senior management with an emphasis on performance. The Company adopted a special contribution award which will be approved and awarded according to the outstanding performance of the executive Director and senior management in major matters of the Company’s development.
2. Remuneration of executive Director and senior management, which is comprised of fixed and variable components, is determined with reference to various factors such as market terms and conditions, economic situation, time commitment, qualification, experience, and responsibilities assumed by executive Director and senior management. A significant proportion of remuneration shall link rewards to corporate and individual performance.
3. Remuneration shall be set at levels that ensure comparability and competitiveness with Hong Kong based companies competing for a similar talent pool. Independent professional advice is to be sought where appropriate and necessary.

CORPORATE GOVERNANCE REPORT

Remuneration of non-executive Directors (including Independent non-executive Directors):

1. Remuneration of non-executive Directors (in the form of annual Director's fees), shall be set at an appropriate level to attract and retain first-class non-executive talent.
2. Remuneration practice shall be consistent with recognised best practice standards for non-executive Directors' remuneration.
3. Remuneration of non-executive Directors (subject to Shareholders' approval) shall be set by the Board (with recommendations from the Remuneration Committee). To ensure that non-executive Directors are appropriately remunerated for their time and responsibilities devoted to the Company, the Remuneration Committee undertakes periodic reviews and takes into account factors including fees paid by comparable companies, time commitment, employment conditions elsewhere in the Group and individual responsibilities.
4. Independent non-executive Directors shall not receive equity-based remuneration (e.g. share options or grants) with performance-related elements from the Company.

The Directors and senior management may also receive options to be granted under the share option scheme. For further details of the share option scheme, please refer to the paragraphs headed "Pre-IPO Share Incentive Scheme" and "Post-IPO Share Incentive Scheme" of Directors' Report in this Report.

During the year ended 31 December 2024, none of the Directors waived or agreed to waive any remuneration and no remuneration was paid by the Group to any of the Directors or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

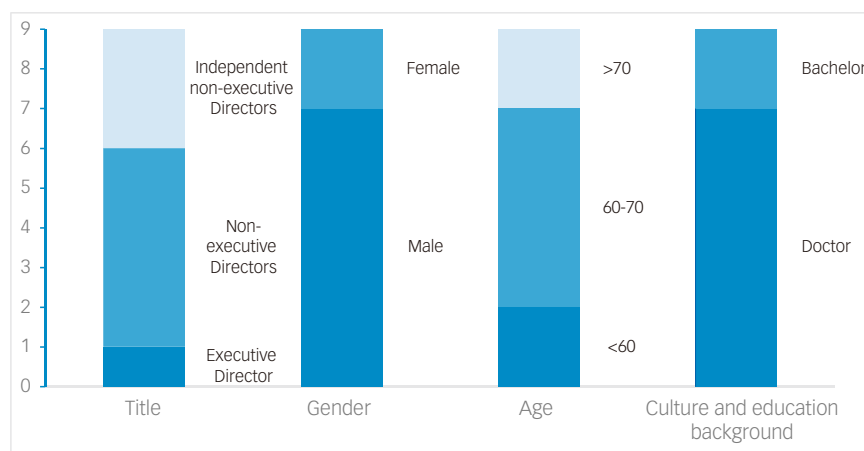
Further details relating to Directors' emoluments and the five highest paid individuals as required to be disclosed pursuant to Appendix D2 of the Listing Rules are set out in notes 10 and 11 to the financial statements.

BOARD DIVERSITY POLICY

The Company has adopted a policy of the Board diversity which sets out the objective and approach to achieve and maintain diversity on our Board in order to enhance the effectiveness of our Board. The Board diversity policy provides that the Company should endeavor to ensure that Board members have the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of our business strategy. Pursuant to the Board diversity policy, selection of candidates for Directors will be based in a range of measurable objectives, including but not limited to gender, age, culture and educational background, professional qualification, skills, knowledge and industry experience. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to our Board. Our Directors believe that such merit-based appointments will better enable the Company to serve the Shareholders and other stakeholders. In order to further improve the Company's channels for appointing Directors and identify suitable candidates, the Company will establish a strong and diversified talent pool mechanism and an appropriate structure in the recruitment and internal selection at all levels (including the Board), so as to take into consideration diversified candidates and make proper and timely preparation for their positions in the Board.

The Nomination Committee is responsible for reviewing and monitoring the implementation of the Board diversity policy to ensure the effectiveness of the Board diversity policy. The committee will make amendments to the policy and submit it to the Board for consideration and approval, where necessary.

The below chart shows the diversity profile of the Board as at 31 December 2024:



As of the date of this Report, the Board comprises nine members, two of whom are female directors, thus achieving the goal of gender diversity in the Board. The Company will continue to strive to increase the number of female Directors and achieve an appropriate balance of gender diversity with reference to Shareholders' expectations and the best industry practices.

For the year ended 31 December 2024, the employee team of the Group generally followed the Company's philosophy of diversity, including gender diversity. As of the date of this Report, 62.9% of the Company's employees are female employees. The Company has implemented fair employment and merit-based recruitment rules, without gender discrimination. The Company will continue to work hard to increase the representativeness of women in the workforce.

The Directors nomination policy of the Company ensures that the Board will have alternate potential female successors to keep the existing gender diversity of the Board. Meanwhile, the Company will achieve gender diversity in recruiting employees, and ensure that the proportion of female employees will reach 30%-70%, and provide career development opportunities for female employees. The Company is committed to having a group of female senior management and potential successors to the Board.

DIRECTORS NOMINATION POLICY

The Company has adopted nomination policy, which sets out the nomination criteria and nomination procedures. According to the Directors nomination policy, in evaluating and selecting any candidate for directorship, the Nomination Committee would consider the following criteria, including, among other things, integrity and credit, qualifications (cultural and educational background, professional qualifications, skills, knowledge and experience and diversity aspects under the Board diversity policy), and willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s). The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new Director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship. The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship based on the needs of the Company and reference check of each candidate.

CORPORATE GOVERNANCE REPORT

MECHANISMS FOR THE BOARD TO OBTAIN INDEPENDENT VIEWPOINTS AND OPINIONS

Pursuant to the Code Provision B.1.4 of Part 2 of the CG Code, the Board adopted a mechanism for obtaining independent viewpoints and opinions (the “**Mechanism**”), which aims to ensure the strong independence of the Board and improve the working efficiency and the independence of decision-making of the Board. The Board will review the implementation and effectiveness of the Mechanism annually. The Mechanism specifies that all Directors have the right to obtain sufficient resources provided by the Company to perform their duties, and Directors have the right to make a request to the Company for independent professional advice (the relevant expense will be borne by the Company) if they believe that the advice is relevant and necessary for performing their duties. Where queries are raised by Directors, steps would be taken to respond as promptly and fully as possible. The full text of the Mechanism is available on the website of the Company at <https://www.neutech.com.cn>.

WHISTLEBLOWING POLICY

Pursuant to Code Provision D.2.6 of Part 2 of the CG Code, the Company adopted the Whistleblowing and Supervision Management Measures, which provides channels for the employees of the Group and any outsiders to report violations of laws and disciplines and defines the report handling procedures, so as to ensure fairness and justice. In order to facilitate the independent investigation into relevant matters and take appropriate follow-up actions, the Company publicized various whistleblowing methods, including hotline (0411-84466600), special email address (audit@neuedu.com), interview, and mail (Room 201, East Tower, Building D1, No. 66, North Section of Digital Road, Dalian Hightech Zone, 116023), and a report may be submitted on an anonymous and non-anonymous basis. The Company’s whistleblowing policy has been conveyed to all employees. The whistleblowing hotline and complaint mailbox have been added to the address books of colleges and universities of the Company, as well as the appendixes to contracts signed with suppliers. The whistleblowing channels, the summary of the whistleblowing policy and contact information have been published on the website of the Company at <https://www.neutech.com.cn>.

ANTI-FRAUD POLICY

Pursuant to Code Provision D.2.7 of Part 2 of the CG Code, the Company has adopted the Anti-fraud Management Regulation, which reflects its “zero tolerance” of all forms of fraud, bribery, corruption and other behaviors that harm the Company’s legitimate economic interests, and provides guidance to employees on how to prevent and control possible fraud in their work. The Audit Committee is responsible for assisting the Board of Directors in guiding and continuously supervising the Company’s anti-fraud work, so as to ensure the effective operation of the Company’s internal anti-fraud mechanism. The Company has conveyed the anti-fraud policy to all employees and carried out anti-corruption training for employees to enhance employees’ compliance awareness, effectively safeguard the legitimate rights and interests of the Company and Shareholders, and ensure the realization of the business objectives and the continuous, stable and healthy development of the Company.

DIVIDEND POLICY

Subject to the Articles of Association and applicable laws, the Company may declare dividends in any currency at general meeting but no dividends shall exceed the amount recommended by the Board. For further details on the dividend policy of the Company, please refer to the section headed “Dividend Policy” in Directors’ Report in this Report.

AUDITOR'S REMUNERATION

PricewaterhouseCoopers ("**PWC**") has resigned as the auditor of the Company with effect from 23 October 2024. Ernst & Young ("**EY**") has been appointed as the new auditor of the Company with effect from 6 November 2024 to fill the casual vacancy following the resignation of PwC. For further details on the change of auditor, please refer to the "Auditor" in Directors' Report in this Report, as well as the announcements relating to the change of auditor of the Company dated 23 October 2024 and 6 November 2024.

EY provided services in respect of the audit of the Company's consolidated financial statements for the year ended 31 December 2024 which were prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations) as issued by the International Accounting Standards Board ("**IASB**") and the disclosure requirements of the Companies Ordinance (Chapter 622 of the laws of Hong Kong).

For the year ended 31 December 2024, the total fee paid/payable (excluding disbursements) in respect of audit and non-audit services provided by the independent auditor is set out below:

	RMB'000
PWC	
Annual audit and related services	—
Non-audit services	1,295
EY	
Annual audit and related services	2,535
Non-audit services	—
Total	3,830

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the preparation of financial statements of the Company for the year ended 31 December 2024. The responsibilities of the Company's auditor on the consolidated financial statements of the Company are set out in the Independent Auditor's Report on pages 172 to 176 of this Report. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern. The Board confirms that, to the best of its knowledge and having made appropriate enquires, the Company has adequate resources to continue in operational existence in the foreseeable future and has prepared the financial statements on a going concern basis accordingly.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for evaluating and determining the nature and extent of the risks that the Group is willing to take in achieving its strategic objectives, and ensuring that the Group establishes and maintains appropriate and effective risk management (including environment, social and governance risks) and internal control systems, which are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The management is primarily in charge of designing, implementing and monitoring the risk management and internal control systems. The Board, through the Audit Committee, oversees management on the above systems and conducts a review on the effectiveness of the systems including aspects of finance, operation, compliance and risk management annually.

The Group has established a risk management organization to periodically identify, evaluate and manage significant risk matters that may affect the Group's business objectives. The Audit and Supervision Department of the Group has the internal audit function and conducts an independent review on the adequacy and effectiveness of risk management and internal control systems on an annual basis. Such review covers all material control measure and risk management system in aspect of finance, operation, compliance, primarily by (1) interviewing with the Board and supervisors of different operation units regarding the Company's daily operation flow; and (2) paying extra attention to major internal control system, and adopting appropriate auditing procedures to analyse the adequacy and effectiveness of the system. The Audit and Supervision Department reports to the Board from time to time, and has provided its findings and recommendations in respect of enhancing the effectiveness on the risk management and internal control systems of the Company to the Audit Committee, and takes actions to resolve the defects once identified.

The Board has conducted an annual review on the effectiveness of the risk management and internal control system of the Group for the year ended 31 December 2024, and no major deficiencies were found. The Board believes that the risk management and internal control of the Group are adequate and effective.

The key features of the Group risk management and internal control systems include:

- A comprehensive financial accounting system to accurately measure the financial performance of the Group
- The Board monitors and maintains levels of cash and cash equivalents that the management believes adequate to finance the Group's operations
- Prior approval from Directors or senior management regarding commitment for all material matters
- Guidelines on assessing, reporting and disseminating inside information
- Organized and standardized procedures on recruitment and employee relocation
- Periodic review by management on the internal control procedures and risk factors
- Report to the Audit Committee about the findings on identified risks and measures to address such risks

The Group will continue to conduct a periodical review on the internal control and risk management system, to identify potential improvement opportunities and strengthen its governance, risk management (including environment, social and governance risks) and control measures. The Board will also continually evaluate the adequacy of resources, staff qualifications and experience, training programs and internal audit budget in terms of the Group's accounting and financial reporting functions.

The Group has a policy for handling and dissemination of inside information, including relevant control processes and safeguards. The processes and safeguards are implemented when and as necessary by the department head and the management involved in the handling and dissemination of inside information.

COMPANY SECRETARY

Ms. HE Jing is the company secretary and a full-time employee of the Company. Ms. HE Jing is responsible for making recommendations to the Board on issues related to corporate governance, ensuring that Board policies and procedures as well as applicable laws, regulations and rules are strictly followed, as well as reporting corporate governance matters to the chairperson and chief executive officer of the Company. For details of Ms. HE Jing, please refer to the section headed “Directors and Senior Management” of this Report.

In compliance with Rule 3.29 of the Listing Rules, Ms. HE Jing undertook not less than 15 hours of relevant professional training to update her skills and knowledge during the year ended 31 December 2024.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings.

All resolutions put forward at general meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

Convening of extraordinary general meetings and putting forward proposals

Under the Articles of Association of the Company, extraordinary general meetings shall be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, in aggregate not less than one-tenth of the voting rights (on a one vote per share basis) in the share capital of the Company and the foregoing Shareholders shall be able to add resolutions to the meeting agenda. Such requisition shall be made in writing to the Board or the Secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition.

Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Enquiries made to the Board

Shareholders who intend to put forward their enquiries about their shareholdings to the Board could directly send their enquiries to Hong Kong Share Registrar of the Company, Tricor Investor Services Limited or send email to is-enquiries@vistra.com or hotline at +852 2980 1333 or go in person to the public counter at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

Shareholders who intend to raise their inquiries about corporate governance or other matters to the Board could send a written inquiry request marked “The Board” to the Company, and mail the written inquiry request to No. 8, Software Park Road, Ganjingzi District, Dalian, Liaoning Province, China.

CORPORATE GOVERNANCE REPORT

Communication with Shareholders

The Company believes that effective communication with Shareholders is essential to enhance investor relations and investors' understanding of the Company's business performance and strategy. The Company also recognizes the transparency of its corporate information and the importance of timely disclosure of such information, which enables Shareholders and investors to make the best investment decisions.

The Board welcomes the views of Shareholders on matters affecting the Company and is committed to maintaining a dialogue with Shareholders, including but not limited to: (i) direct communication with Shareholders at an annual general meeting or any other general meeting of the Company; (ii) the Company ensures that investors and Shareholders of the Company receive accurate, clear, comprehensive and timely information of the Company, by publishing annual reports, announcements and circulars; and (iii) the Company publishes the latest information regarding the Company on the website (<https://www.neutech.com.cn>), including business operations, financial information, corporate governance practices, company related information and other information.

Pursuant to the Rule 2.07A of the Listing Rules and the Articles of Association of the Company, the Company has disseminated the future corporate communications of the Company to its Shareholders electronically and only send in printed form to the Shareholders upon request. For more details, Shareholders are advised to see the "Dissemination of Corporate Communications" and "New Arrangements on Dissemination of Corporate Communications" on the website of the Company at <https://www.neutech.com.cn>.

To facilitate communication between the Company and the investment community, the Company regularly conducts briefings and meetings with institutional investors and analysts as well as media interviews and roadshows through individual contacts, to provide the latest and comprehensive information of the Company. Directors, investor relations managers and employees of the Company complied with the disclosure obligations under the Listing Rules in communicating with investors or other outsiders.

The Company has adopted the Shareholders Communication Policy. The Board periodically reviews the implementation of the Shareholders Communication Policy, and has reviewed Shareholders Communication Policy within the year. Considering the existing communication channels with Shareholders and the feedback received from Shareholders, investors and analysts of the Company, the Board believes that the Shareholders Communication Policy was properly implemented and effective in 2024 and the current Shareholders Communication Policy is still appropriate and effective. For more details, Shareholders are advised to see the "Shareholders Communication Policy" on the website of the Company at <https://www.neutech.com.cn>.

AMENDMENTS TO CONSTITUTIONAL DOCUMENTS

In order to reflect the change of the Company's name, the shareholders have passed a special resolution for the adoption of the Third Amended and Restated Memorandum and Articles of Association at the extraordinary general meeting of the Company held on 4 December 2024, which took effect on the same date. For details, please refer to the announcements and circulars of the Company dated 14 November 2024, 4 December 2024 and 9 January 2025.

The Third Amended and Restated Memorandum and Articles of Association of the Company are available on the website of the Company (<https://www.neutech.com.cn>) and the website of the Stock Exchange.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

PREFACE, AND ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICIES

Corporate Culture and Development Strategy

Neutech Group takes “Empower education-healthcare-wellness-mind tour ecosystem with technology and boost digital intelligent lifestyles with innovative education” as its mission, being committed to becoming a pioneer in the “ecosystem integrating education, healthcare, wellness and mind tour”.

Technology is the driving force of innovative empowerment. We consistently focus on the development and integration of cutting-edge technologies, relying on our innovative R&D capabilities in terms of “education + technology + medical and elderly care” to maintain core competitiveness and industry-leading position. By creating intelligent solutions for education, healthcare, wellness and mind tour, we continuously empower customers and create value for the society.

Service is the guarantee of ecosystem quality. We keep pace with the times, seize market opportunities, and always prioritize customers. Aiming to provide products and services that meet customer needs, we pioneer a five-in-one new business model of “Education, Healthcare, Wellness and Mind Tour”, while innovating service mechanisms, enhancing service quality, and building a service ecosystem.

Education is the foundation for sustainable development. With education as our cornerstone, we develop academic qualifications, resource output, and lifelong learning in parallel. We also build new infrastructure to support education, create new integration models for education, healthcare and wellness, and scale these models for societal application, achieving large-scale utilization of scientific research outcomes.

Relying on “technology + service + education”, we create an open, collaborative, shared, and win-win five-in-one integrated ecosystem of “Education, Healthcare, Wellness and Mind Tour”. And providing intelligent education, healthcare and wellness products and services across the entire life cycle, we strive to become a leader in the ecosystem development of education, healthcare and wellness and an innovator of digital intelligence for a better life.

Neutech Group regards EMPOWER as its business philosophy, and creates a new ecosystem for the five-in-one integrated development in terms of “Education, Healthcare, Wellness and Mind Tour”.

Ecosystem:	We remain committed to value empowerment, focusing on creating a five-in-one integrated ecosystem of education, healthcare, wellness and mind tour.
Marketing:	We prioritize market trends and stay at the forefront.
Product:	We uphold precision and focus on crafting high-quality educational products.
Opportunity:	We keep pace with the times and strive to capture every valuable opportunity.
Win-win:	We insist on mutual benefits and collaborative development.
Efficiency:	We value efficiency and pursue sustainable high-quality growth.
R&D:	We drive educational progress through technology, and empower learners and partners.

ABOUT THE ESG REPORT

The Group is pleased to release the 2024 environmental, social and governance (“**ESG**”) report to disclose the Group’s ESG performance in relation to corporate social responsibility and sustainable development, and also to report to stakeholders on the Group’s ESG practices and achievements in the year.

Basis of Preparation

Prepared in accordance with Appendix C2 of the Listing Rules of the Stock Exchange of Hong Kong, Environmental, Social, and Governance Reporting Guide (the “**Guide**”), and ESG Report has complied with the “mandatory disclosure requirements” and the “comply or explain” provisions, and the requirements of the four reporting principles (materiality, quantitative, balance and consistency) of the Guide.

Materiality	We have disclosed in this ESG Report the process for identifying material environmental, social and governance factors and the criteria for selection, as well as a description of material stakeholders and the process and results of stakeholder engagement.
Quantitative	We have disclosed the information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable).
Balance	This ESG Report provides an unbiased picture of our performance during the Reporting Period, and avoids selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report reader.
Consistency	There is no difference in the preparation of the ESG report compared to that of the previous years. In the future, if there are any changes to the statistical methods or KPIs or any other relevant factors that affect meaningful comparison, we will make clear explanation in future report.

Scope of the ESG Report

The time frame of ESG Report covers the period from 1 January 2024 to 31 December 2024 (the “**Reporting Period**”). Unless otherwise stated, the scope of ESG Report is consistent with the scope covered by the Group’s annual report during the Reporting Period. The scope of data for environmental KPIs covers the Group’s headquarters and the three universities operated by the Group, namely Dalian University, Chengdu University, Guangdong University and Neusoft Healthcare Group.

Language of the ESG Report

The ESG Report is published in both Chinese and English. In case of inconsistency, the Chinese version shall prevail.

Approval of the ESG Report

The ESG Report has been considered and approved for issue by the Board on 27 March 2025.

Publication of the ESG Report

The electronic version of the Report is published on the “Investor Relations” section of the Group’s official website (<http://www.neutech.com.cn>) and the HKEXnews website of the Stock Exchange (<http://www.hkexnews.hk>).

Feedback on the ESG Report

The Group values your views on the ESG Report. If you have any inquiries or suggestions, please feel free to contact us through the following means:

Address: No. 66, North Section of Digital Road, Dalian Hightech Zone, Liaoning Province, China

E-mail: IR@neuedu.com

Tel: +86-0411-82379616

1 SUSTAINABILITY GOVERNANCE

1.1 ESG MANAGEMENT STATEMENT OF THE BOARD

The Group has established the ESG Committee. Under the leadership of the Board of Directors, the ESG Committee has formulated the Group's strategic planning and institutional policies in environmental, social and governance aspects, promoted the effective implementation of the strategic planning and various policies in the Group, and continuously improved the Group's environmental, social and governance level and performance. The Board assumes full responsibility for the Group's ESG strategies and reporting.

During the Reporting Period, the Group conducted a materiality assessment to identify and prioritise material ESG issues in order to formulate appropriate ESG approaches and strategies. During the Reporting Period, we conducted ESG risk identification and assessed ESG-related risks and opportunities, regularly reviewed key ESG issues to ensure their effectiveness, formulated ESG goals and developed relevant systems and measures to achieve these goals, as well as regularly reviewed the set goals to examine the implementation progress. The Board of Directors regularly reviews ESG management policies and ESG performance to better fulfill our sustainability responsibilities.

1.2 SUSTAINABILITY GOVERNANCE STRUCTURE

Board of Directors	Responsible for reviewing the ESG Report, identifying ESG risks, and deliberating on ESG strategies.
Management	Responsible for reviewing matters proposed by the ESG Working Group and regularly reporting to the Board of Directors.
Executives	Composed of members from various departments, the ESG Working Group participates in daily training and learning, and provides relevant data.

The Group has established the ESG Committee, comprising members from the management and part of the executives. Mr. WANG Weikun, vice president of the Company, serves as chairman of the Committee, and Ms. HE Jing, secretary of the Company, serves as deputy chairman of the Committee. The members include senior management and management personnel from relevant functional departments. Under the leadership of the Board of Directors, the ESG Committee formulates strategic plans and institutional policies for the Group in terms of environment, society and governance, compiles annual reports, and promotes the effective implementation of strategic plans and policies within the Group, so as to continuously enhance the Group's environmental, social and governance standards and performance; and it also regularly reports to the Board of Directors on the Group's environmental, social and governance work status and related risks.

1.3 PROMOTING STAKEHOLDERS' ENGAGEMENT

Maintaining close communication with stakeholders and engaging them in our daily operations have a profound impact on the Group's sustainability governance. This is not only an effective way to listen to the opinions on sustainable development governance, but also an effective way to enhance stakeholders' understanding of our strategies and initiatives. It is also an important part of practicing sustainable development governance. We maintain close contact with stakeholders such as investors/shareholders, employees, customers, business partners, suppliers, government/regulatory authorities, community/non-governmental organisations, the general public and the media through various communication channels, such as regular results announcement conferences, regular employee communication meetings and seminars, and on-site inspections by the government, regulatory authorities and partners, to understand their expectations and demands on the ESG aspects of the Group so as to continuously optimise our sustainable management and enhance our sustainable development performance.

Major stakeholders	Key focus areas	Main communication channels
Investors/shareholders	Compliance and stable operation Transparency of information Performance achievements Corporate image	<ul style="list-style-type: none"> • Annual general meeting • Performance disclosure • Investor conferences and non-trading roadshows • Teleconferences/web conferences • Email and social media • Interim report and annual report • Announcement release • Research activities
Employees	Employee rights and benefits Employee training and development Employee health and safety Working environment	<ul style="list-style-type: none"> • Suggestion boxes, mailboxes, etc. • Work performance evaluation and interview • Employee representative conferences • Corporate culture employee activities • Business briefings • Seminars/talks/training sessions
Customers (students/parents/patients) / the elderly)	Quality products and services Customer privacy protection Data security	<ul style="list-style-type: none"> • Daily teaching and services • Customer satisfaction survey • Supervisory feedback • Regular visits • Complaint reception and improvements

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Major stakeholders	Key focus areas	Main communication channels
Business partners	Compliance and stable operation Business growth Win-win cooperation	<ul style="list-style-type: none"> • Strategic partnership projects • Competitions and forums • Cooperation meetings • Exchange activities • Visits • Research and investigation • Phone calls, emails, etc.
Suppliers	Fair and impartial procurement Business growth	<ul style="list-style-type: none"> • Supplier management procedures • Meetings (e.g., negotiation meetings between parties) • Supplier/contractor review and evaluation • Site visits • Tendering activities • Phone calls, emails, etc.
Government/regulatory authorities	Compliant operation Support for economic development	<ul style="list-style-type: none"> • Inspection by competent authorities • Annual inspection, audit, etc. • Regular information disclosure • Meetings and reception of visits
Community/non-governmental organizations	Community development promotion Participation in public charity Environmental protection	<ul style="list-style-type: none"> • Public welfare activities • Community events • Talks
General public	Education service quality Teaching resources Information transparency	<ul style="list-style-type: none"> • Media information • Official website and official account • Information disclosure
Media	Corporate image Performance achievements	<ul style="list-style-type: none"> • News and education product launch events • Press releases • Senior executives' interviews • Performance disclosure

1.4 MATERIALITY ASSESSMENT

In order to identify key ESG aspects of concern and disclosure, we conducted a materiality assessment and analysis of ESG issues during the Reporting Period.

Steps of materiality assessment during the Reporting Period

1. Identify key stakeholders and important ESG issues

We identified key stakeholders based on our business operations, the degree of interaction between our stakeholders and us, and other factors. By considering our business development direction and operations, we identified 20 potentially important ESG issues with reference to the Guide of the Hong Kong Stock Exchange and the materiality map of the Sustainability Accounting Standards Board (SASB).

2. Stakeholders' participation in questionnaires or interviews

During the Reporting Period, we conducted questionnaire surveys or interviews with customers, employees, investors/shareholders, government/regulatory authorities, business partners, suppliers, communities/non-governmental organisations and other stakeholders to understand their concerns and appeals on the Group's ESG issues.

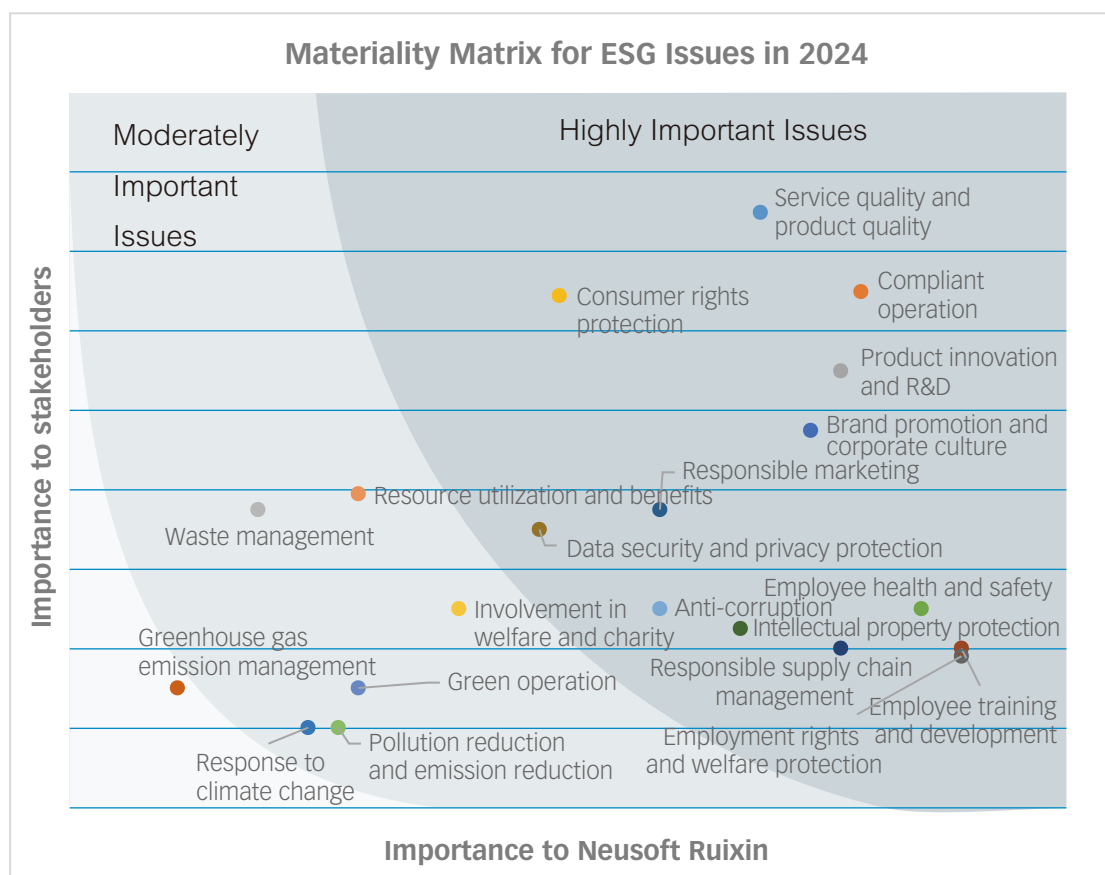
3. Analysis of important ESG issues

Based on the results of the questionnaire surveys and interviews, we conducted materiality assessment based on two dimensions, namely the importance to stakeholders and the importance to the Group's development, prioritized important ESG issues to form a materiality matrix, and finally determined 13 highly important issues and 7 moderately important issues.

4. Determination of the results of material ESG issues

The Board and management of the Group confirmed the materiality assessment results of ESG issues and discussed and analysed the key concerns of stakeholders to adjust the Group's sustainable development strategy accordingly.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



Based on the results of the materiality matrix, the Group has identified the direction of important ESG issues, including “Leading Quality, Strict Quality Management”, “Responsible Management, Stable Business Operation”, “People-oriented, Inclusive Development of Talents”, “Practicing Environmental Protection, Focusing on Green Development” and “Contribute to the Community, Enthusiasm for Charity”. This ESG Report will focus on these five aspects to reflect our ESG focuses and contributions.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

	Highly important ESG issues	Relevant sections
1	Service quality and product quality	Leading Quality, Strict Quality Management
2	Compliant operation	Responsible Management, Stable Business Operation
3	Product innovation and R&D	Leading Quality, Strict Quality Management
4	Consumer rights protection	Leading Quality, Strict Quality Management
5	Brand promotion and corporate culture	Responsible Management, Stable Business Operation
6	Employee health and safety	People-oriented, Inclusive Development of Talents
7	Responsible marketing	Responsible Management, Stable Business Operation
8	Employee training and development	People-oriented, Inclusive Development of Talents
9	Employment rights and welfare protection	People-oriented, Inclusive Development of Talents
10	Data security and privacy protection	Responsible Management, Stable Business Operation
11	Responsible supply chain management	Responsible Management, Stable Business Operation
12	Intellectual property protection	Responsible Management, Stable Business Operation
13	Anti-corruption	Responsible Management, Stable Business Operation

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Moderately important ESG issues		Relevant sections
14	Resource utilization and benefits	Practicing Environmental Protection, Focusing on Green Development
15	Waste management	Practicing Environmental Protection, Focusing on Green Development
16	Involvement in welfare and charity	Contributing to the Community, Enthusiasm for Charity
17	Green operation	Practicing Environmental Protection, Focusing on Green Development
18	Pollution reduction and emission reduction	Practicing Environmental Protection, Focusing on Green Development
19	Response to climate change	Practicing Environmental Protection, Focusing on Green Development
20	Greenhouse gas emission management	Practicing Environmental Protection, Focusing on Green Development

2 LEADING QUALITY, STRICT QUALITY MANAGEMENT

2.1 CULTIVATING TALENTS, FOCUSING ON STUDENT DEVELOPMENT

Teaching quality is the cornerstone of our institution and the guarantee for the sustainable development of our business. We consistently adhere to the educational philosophy of “education creates student value” and steadfastly implement the distinctive TOPCARES educational methodology. We are constantly attuned to innovations in science and technology, exploring methods and pathways for the bidirectional integration of innovative science, technology, and education. We continuously monitor the demand for vocational skills in the fields of “IT + digital media + medical and elderly care” amid industrial upgrading, iteratively updating the TOPCARES educational methodology, and persistently optimizing and innovating educational concepts, methods, models, systems, and standards. This is done to cultivate talents that meet industrial demands through high-quality educational services and to create more and better employment and entrepreneurial opportunities for students.

During the Reporting Period, the average employment rate and graduation destination implementation rate for undergraduate and associate degree programs at three universities under the Group were both above 90%. The SOVOs of these three universities collectively nurtured 648 entrepreneurial projects at or above the provincial level, incubated over 200 virtual companies, and 84 physical companies. Students from such three universities collectively won more than 9,100 awards in provincial-level disciplinary competitions of third prize or higher, with more than half being national-level awards, demonstrating the outstanding professional practical abilities and comprehensive strengths of our students.

Teaching Service Quality Management

These schools have established a teaching quality management and assurance department, while formulating annual work plans for teaching quality management and monitoring at different stages. They ensure the quality of daily teaching through regular teaching inspections, teaching supervision and evaluation, special graduation design and course assessment inspections, etc. They understand student needs through special surveys such as graduate satisfaction surveys, current student satisfaction surveys, freshman adaptability surveys, student evaluations of teaching, and teacher evaluations of learning, and improve classroom teaching accordingly. They promote curriculum and program development through curriculum assessment and program assessment. And they evaluate and enhance the quality of talent cultivation through third-party external evaluations. Simultaneously, these schools ensure continuous improvement and enhancement of teaching quality through an “eight-fold” monitoring system, i.e., “regular inspections (beginning, mid-term, and end-of-term teaching inspections and daily teaching patrols), teaching supervision classroom observations, leadership classroom observations, leadership consultations, student feedback (and information officer feedback), special surveys (current student satisfaction, fresh graduate satisfaction, and teacher satisfaction surveys), special assessments (course assessment, centralized practical teaching link assessment, graduation design/thesis assessment, curriculum assessment, program assessment, etc.), and external feedback”.

In terms of feedback and complaints, these schools have established a multi-channel feedback platform and a 24-hour resolution and feedback mechanism. And they ensure that letters, emails, phone calls and visits, as well as opinions and suggestions from teachers, students, and parents are addressed immediately upon receipt.

2.2 TECHNOLOGICAL INNOVATION FOR EXCELLENT EDUCATIONAL PRODUCTS

In terms of technological R&D, we focus on the trends of educational digitization and intelligence, comprehensively promoting the R&D and application of emerging cutting-edge technologies such as artificial intelligence, big data, and metaverse in the field of education. Centered on pain points in digital learning environments such as intelligent tutoring, user profiling, process perception, blind spot monitoring, intelligent assessment, teaching diagnosis, and virtual experiments, we continuously strengthen our efforts in innovative technology and algorithm research, forming strong coupling and interaction with product development.

During the Reporting Period, we have achieved fruitful results in multiple areas of scientific research. On the one hand, focusing on resource product and software product development, we have created an educational resource system that is both diverse and forward-looking, deeply covering the five cutting-edge professional directions of IT, healthcare and wellness, artificial intelligence, big data, and digital media. With the smart education platform as a key support, we have meticulously cultivated the entire process of “teaching, learning, management, training and evaluation”, continuously injecting innovative vitality into education and precisely adapting to the personalized needs of different learning groups. In terms of scientific research, the Metaverse Digital Creativity Center successfully won 2 programs, i.e., the Liaoning Province and Dalian City Enterprise Technological Innovation Key Program – Key New Product Development and the 2024 Dalian Industrial Enterprise Technological Innovation Program Plan, greatly enhancing the Group’s influence in the regional scientific research field and product competitiveness in the educational technology product field. Simultaneously, we completed the municipal key R&D program called High-Sensitivity Ultrasound Microvascular Imaging System and Method, marking a key breakthrough in scientific research in the healthcare field.

Educational Technology Product Quality Management

The Group has established a product development management system in accordance with CMMI Level 3 standards to fully safeguard and enhance product quality. During product planning, we assemble a multi-disciplinary expert team to collect user, market, and industry information based on scientific methods, engage in multi-party exchanges to unearth needs, and set the direction for development. During design, we implement peer reviews, with internal backbones and external experts conducting rigorous assessments of knowledge architecture, teaching processes, interface interactions, etc., thus ensuring both the feasibility of technology implementation and the subsequent maintainability, scalability, and high-quality user experience of the product. During development, we implement resource construction standards and code specifications, using professional tools to monitor quality indicators in real-time to ensure stable product delivery. During testing, we plan special tests according to procedures, simulate complex scenarios to ensure product stability, initiate defect repair and optimization processes based on feedback, precisely trace issues, rectify them within a limited time, and analyze data to drive iterations, thus enhancing quality and market competitiveness. Subject to CMMI-related requirements, we conduct quality checks through the entire life cycle of product development. During demand analysis, we organize a cross-departmental expert team to conduct rigorous reviews of product demands to ensure their completeness, rationality and feasibility, thus avoiding late-stage rework due to unclear demands. During design, we adopt code reviews, design pattern assessments, etc., to ensure robust software architecture design and reasonable resource integration. During development, we conduct daily code integration tests to promptly detect and fix code defects, while regularly

conducting functional tests to comprehensively verify all product functions. For resource products, we focus on checking the accuracy, timeliness, and compliance of their contents. During testing, we simulate various real-world usage scenarios, including high loads and complex network environments, to conduct stress tests and compatibility tests on the product, thus ensuring stable operation under different conditions. During acceptance, we comprehensively assess the product's functionality, performance, safety, etc., subject to acceptance standards. Only these products that pass the acceptance can enter the market, thus effectively ensuring that the quality of products as released to the market meets the standards.

In the process of actual operations, we are always attentive to external feedback. During the Reporting Period, based on the "2024 Customer Satisfaction Survey Analysis Report", we formed a delivery issue improvement team to deeply analyze the root causes of these issues. In the process of improvement, we promptly understood changes in customer satisfaction after their use, while obtaining the latest information through regular follow-ups and online questionnaires, and dynamically adjusting improvement strategies based on feedback to ensure that issues are effectively resolved, thus winning customer trust and recognition, and enhancing the market reputation of our developed products. During the Reporting Period, we received no complaints about our products or services.

2.3 INTEGRATION OF MEDICAL AND ELDERLY CARE TO BUILD A DISTINCTIVE ECOSYSTEM

As the core supporting segment of the Group's five-in-one ecosystem of "Education, Healthcare, Wellness and Mind Tour", the integration of medical and elderly care always adheres to the development philosophy of "promoting elderly care through medical care and assisting medical care through elderly care". Driven by technology and platform R&D, it renders smart healthcare and smart elderly care informatization solutions by integrating customer management service systems, thus creating a "medical care, rehabilitation, nursing and elderly care" four-in-one integrated development system that combines treatment-oriented medical institutions, rehabilitation-oriented nursing institutions, and care-oriented elderly care institutions. In line with the development of the silver economy, the Group operates Ruikang Cardiovascular Hospital, Ruikang Zhuomei Stomatological Hospital, and Ruikang Nursing Home. Based on the basic businesses of each entity, we actively explore the integrated development path of diverse resources. Horizontally, we strengthen connections and integrate educational, wellness tour, and technological resources across sectors to enhance synergies. Vertically, we aggregate forces to deepen the four-dimensional service system of "medical care, rehabilitation, nursing and elderly care", continuously cultivating core businesses, and constantly optimizing and enhancing our service quality and professional standards. Through comprehensive synergistic development, we achieve the integrated synergistic development of education, healthcare, elderly care, wellness and tour, as well as the efficient sharing of human, financial and material resources, thus constructing a harmonious and inclusive "medical and elderly care + wellness tour + education + technology" distinctive ecosystem.

Medical and Elderly Care Service Quality Management

Under the guidance of the core regulations of the Regulations on the Supervision and Administration of Medical Devices, each subsidiary entity under the Group has established its medical device management systems and approval processes, and executes them efficiently and collaboratively. Every year, we submit the Annual Self-Inspection Report to the Administration for Market Regulation, while conducting self-inspections in accordance with the Code for the Quality Management of Medical Device Operations across the entire chain, including system documents, organizational structure, personnel qualifications and training, facilities and equipment, and operational processes. At the beginning of each year, we submit the Self-Inspection of Risks and Hidden Dangers in Medical Device Operating Enterprises, which includes the self-inspection results of the quality system, cause analysis, rectification measures, and rectification outcomes, to the Administration for Market Regulation.

We leverage IT technology to extend smart services to hospital patients and elderly residents in nursing homes, including self-service appointments, intelligent triage, and full-process guidance, making it more convenient for patients to see doctors. In most areas and rooms of these nursing homes, they are equipped with full-coverage millimeter-wave radar sensing devices, which protect the privacy of the elderly while accurately detecting situations such as their leaving their beds or falling. Additionally, smart bracelets monitor various indicators of the elderly's health in real time and notify medical workers immediately in case of abnormalities. In the meantime, we update the elderly's daily life, living details, and health status in real time through a customized mini-program for their family members, thus enhancing their sense of security. By establishing health records, we achieve the sharing and traceability of medical information, thus improving medical quality and efficiency. In addition, we promote new service models such as online consultations to meet patients' diverse medical needs, such as consulting without leaving home.

We have established diversified patient feedback channels, including email complaints, dedicated phone line complaints, suggestion boxes, customer service feedback, in-person complaints, and satisfaction follow-ups, to obtain patients' true feelings and opinions. Simultaneously, customer service personnel promptly synchronize patients' negative feedback to relevant departments or units, requiring responsible persons to respond to and handle patient troubles quickly to avoid escalation of conflicts and enhance their trust and satisfaction. Medical workers strictly implement the Petition and Complaint Management Systems and Procedures, with dedicated personnel tracking and managing the progress of complaint handling to ensure timely resolution. They also track the progress of rectification and optimization by various responsible departments to drive continuous improvement. Additionally, we form the Monthly Satisfaction Report to regularly report on patient satisfaction, thus assisting the management in promptly understanding the current service status. And each medical center and functional department takes on tasks and promotes improvements, thus forming a closed-loop management system.

3 RESPONSIBLE MANAGEMENT, STABLE BUSINESS OPERATION

3.1 COMPREHENSIVE RISK MANAGEMENT

We are fully aware that a sound, complete and effective risk management system contributes to the sustainable, healthy and stable development of the Group. We formulated the Comprehensive Risk Management System and prepared the Comprehensive Risk Management Report annually by adopting the Risk Management System of the Committee of Sponsoring Organisations (COSO) of the Treadway Commission with reference to the actual situation of the Group, integrating risk management into our operation management to create and maintain corporate value.

We specify the risk management organisation structure and the responsibilities of each department in risk management in the Comprehensive Risk Management System. We have established a risk management committee composed of senior management and heads of various departments, and the committee carries out the risk management under the authorisation of the Board. The Risk Management Office is authorised by the Risk Management Committee to carry out the daily work of the Group's risk management. The Audit and Supervision Department independently supervises the risk management based on the authorisation of the Audit Committee under the Board.

Our comprehensive risk management process consists of five steps, including identification, assessment, response, supervision and reporting, to manage various risks of the Group, such as strategic risk, financial risk, market risk, operational risk, legal risk, various environmental, social and governance risks (including climate-related risks).

The Comprehensive Risk Management system specifies the management objectives, management principles or related documents of risks and provides guidance for risk management in order to strengthen the Group's risk prevention capabilities and provide reasonable protection for the Group's strategic development. We have identified and assessed environmental, social and governance risks in each business process that may have a significant impact on us in accordance with a comprehensive risk management process, including those related to environmental protection and resource conservation, human resources, customers' safety, procurement, engineering projects, research and development, information systems, etc. In order to manage these environmental, social and governance risks, we have established and improved various management systems, management methods or management regulations. The identification, assessment and management of major climate-related risks will be described in "5.2 Responding to Climate Change" in ESG report.

3.2 STRICT COMPLIANCE OPERATION

3.2.1 Intellectual property management

The Group regards intellectual property as a key factor in corporate innovation and core competitiveness, and makes it an important part of its ESG strategy. We have established a comprehensive intellectual property management system, while clarifying the goals of intellectual property creation, protection, utilization and management so as to ensure that intellectual property management is well-regulated. We have set up a dedicated intellectual property legal team to actively respond to infringement acts and safeguard the Group's legitimate rights and interests. In addition, we ensure the safety of core technologies and business information through hierarchical management of trade secrets, access control, and employee training.

Our R&D investment budget is set at 3% of annual operating revenue, with a focus on supporting innovation in areas such as artificial intelligence, big data, cloud computing, smart education, smart medical care, and smart elderly care. The Group converts intellectual property into commercial value through technology transfer, licensing cooperation, etc.

During the Reporting Period, the Group announced a total of 18 authorized invention patents and registered 15 software copyrights, thus further consolidating its technological advantages in artificial intelligence, big data, cloud computing, smart education, etc.

3.2.2 Information release and brand management

We put a new premium on conveying our corporate dynamics, values and development strategies to all sectors of society through standardized news release processes. In 2024, the Group experienced multiple important milestones, including but not limited to the acquisition of Neusoft Healthcare by the Group to create a new ecosystem integrating "education + medical and elderly care", the Company's name change and the launch of the five-in-one development strategy of "Education, Healthcare, Wellness and Mind Tour", important cooperation reached by the Group with multiple parties, as well as the reception of the Company's directors and senior management by national leaders.

During the Reporting Period, we further clarified the rules for news and information release, while effectively managing the release of strategic news, major business news, and daily news on group-level and business-level platforms, so as to ensure precise communication and convey an enterprising and innovative corporate demeanor to the general public, thus highlighting our brand value and social responsibility as an industry leader. We improved and issued the Self-Media Platform Operation and Management System to ensure orderly management and operation of these platforms; revised and issued the Media Public Opinion Management System to once again clarify the public opinion monitoring and handling mechanisms and processes; and issued the Marketing Management System to strengthen the formulation and implementation standards of marketing plans, and to improve the effectiveness of brand promotion and market promotion. On the occasion of changing corporate name, we not only updated and adjusted the brand identity as a whole but also clarified the new direction of business development, thus conveying to the market our profound insight into future technological trends.

Through the above standardized information release and brand management, Neutech Group not only conveys the latest developments and achievements to all sectors of society but also communicates its profound understanding and active practices regarding key issues such as social responsibility, environmental protection, and corporate governance. Through continuous information transparency and value transmission, the Group further enhances public trust, promotes good interactions with stakeholders, and jointly drives social development.

3.3 COMMITMENT TO INTEGRITY

We strictly abide by the Anti-unfair Competition Law of the People's Republic of China. By following the principles of resolving both apparent and fundamental issues, comprehensive management, combining punishment with prevention and emphasis on prevention. We formulated the Anti-Fraud System according to the relevant provisions of the Company Law, the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, and the Prevention of Bribery Ordinance, to strengthen training and supervision, and build an incorruptible working atmosphere, guide all employees of the Group to act in accordance with the law and regulations, conduct fair competition and be honest and trustworthy.

During the Reporting Period, the Group had no lawsuits involving corruption, bribery, extortion, fraud and other violations of laws and regulations.

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In terms of employee recruitment, the Group conducts background checks on individuals who are being considered for engagement or promotion to key positions, covering aspects such as education, work experience, and integrity records, with a strong emphasis on assessing personal character and past experiences. In terms of code of conduct, the Group revises and issues the Employee Code of Conduct and the Regulations on the Management of Employee Conflicts of Interest during the year, and clarifies the fundamental behavioral standards that employees must adhere to, as well as the policies governing the acceptance of benefits, declaration and management of conflicts of interest, and acceptance of hospitality in handling relevant affairs. In terms of business cooperation, the Group conducts qualification reviews of potential suppliers or agents, and only accepts those who pass the review process; and the Group concludes integrity and anti-corruption cooperation agreements with its partners to establish honest and clean business relationships and maintain a fair and just trading environment. In terms of financial monitoring, the Group establishes clear approval authorities, reasonably designs the division of financial responsibilities, centralizes the processing and thorough verification of transactions and payment requests, and regularly prepares financial transaction reports and exception reports to promptly prevent risks of financial fraud. In terms of supervision and accountability, business leaders oversee the operations within their jurisdiction, inspect or spot-check work processes and related transactions to ensure compliance with corporate policies and procedures; and they give guidance on business ethics and integrity to subordinates, report any discovered instances of corruption or violations through appropriate channels, and continuously follow up on their resolution.

The Company discloses reporting channels such as hotlines, email addresses, and mailboxes for reporting through its official website, integrity cooperation agreements with partners, and address books. In terms of prevention and supervision, the Company actively conducts research and investigations to understand the characteristics and patterns of improper trading practices and commercial bribery, and then develops targeted and specific countermeasures and measures. It implements various methods such as education and publicity, system improvement, and reporting supervision to effectively prevent typical, incipient and trending issues. It identifies key areas and processes in the Group's business that may be prone to fraud, and then conducts key audits. And it also conducts irregular follow-ups with suppliers, customers, etc., to understand whether its relevant employees have committed any acts of corruption during cooperation. In terms of handling fraud incidents, the Company has established an Audit and Supervision Department, which accepts and conducts investigations into reports according to the Reporting and Supervision Management Measures, and discloses the results of fraud incident investigations in a timely manner, so that all employees fully understand the harmfulness of fraudulent behavior and take it as a warning.

The Company provides diverse anti-fraud publicity and training to ensure that its employees gain knowledge on laws, regulations and professional ethics. Based on its own anti-fraud policy highlights, as well as the anti-fraud policies, regulations and industry trends for private enterprises in 2024, the Company conducted annual anti-fraud publicity to all employees, so as to prompt them to gain a deeper understanding of relevant anti-fraud regulations and governance measures, thereby enhancing their compliance awareness.

During the Reporting Period, the Company did not suffer from any litigation related to corruption or fraud. And it conducted a total of 4 training sessions on anti-corruption and anti-fraud norms to employees of the Group and completed 1 training session among directors.

3.4 INFORMATION AND PRIVACY PROTECTION

We attach great importance to information security and protecting the privacy of our stakeholders, including employees, students, customers, and patients. We strictly adhere to relevant laws and regulations on information security and privacy protection, such as the Cybersecurity Law of the People's Republic of China, the Data Security Law of the People's Republic of China, the Cryptography Law of the People's Republic of China, and the Measures for the Administration of Cybersecurity in Medical and Health Institutions. Simultaneously, the Group has established comprehensive, scientific and effective systems and technical safeguards for information security and privacy protection, and has formulated the Information Security Management System for conducting comprehensive management of information security and privacy.

On an annual basis, we coordinate and arrange for each subsidiary entity to conduct audits of their information security management systems, so as to promptly identify information security risks and formulate relevant response and disposal measures. We irregularly organize our cybersecurity team to conduct penetration tests to evaluate the management quality of network security and information security. Besides, our network has basically achieved full real-name registration for all network user terminals.

For stakeholders such as students, patients, the elderly, and customers, we collect privacy data in line with the principles of legality, legitimacy, clear purpose and necessity, while strictly implementing mechanisms for classified storage, access permissions, usage restrictions, retention periods, and proactive deletion.

3.5 SUSTAINABLE SUPPLIER MANAGEMENT

During the Reporting Period, the Group further revised and improved the Procurement Management System, and optimized the procurement process and the supplier database management. To ensure the quality of procurement projects, the Office of the Group Procurement Leading Group (hereinafter referred to as the "Office") is responsible for procurement management across the entire group. In the procurement process, corresponding departments will first submit their procurement demands in the system, while the office will be responsible for procurement upon approval. The office is responsible for taking strict control over the procurement process and selecting appropriate procurement methods, including public bidding, invitation to bid, competitive negotiation, single-source procurement, inquiry procurement, online platform procurement, etc. Except for single-source procurement, if there are less than three candidate bidders or suppliers, we will reorganize the bidding. We have established the group's supplier database and set up the supplier entry threshold. The office will select or collect the shortlisted suppliers from the supplier database. The procurement strictly reviews the technical documents provided by the suppliers, and also carries out market research and technical analysis to ensure that it meets our needs.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Under the premise of ensuring product quality, we promote suppliers to fulfill environmental and social responsibilities, and actively carry out supplier communication and capacity improvement work. To secure the integrity and self-discipline of our suppliers in cooperation, we require candidate bidders or suppliers to sign the “Social Responsibility Commitment” and give an undertaking on meeting our requirements in terms of compliance, environmental and social performance:



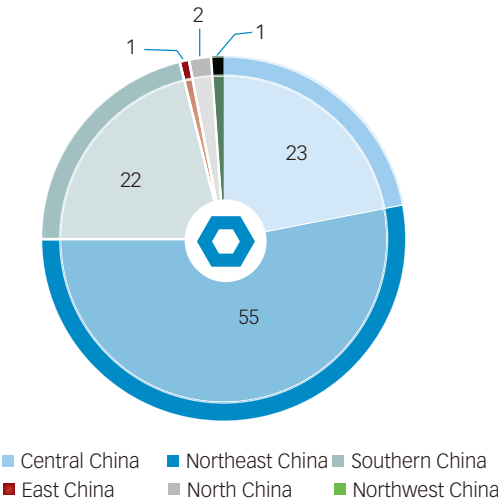
Meanwhile, we stipulate that all employees of the group involved in procurement activities must abide by relevant national laws and regulations, and maintain integrity and self-discipline. We have stipulated the integrity agreement on anti-commercial bribery in the contract signed with the suppliers.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Furthermore, we advocate green procurement. We take our own initiative to apply new energy-saving products, strictly implement the government’s plan on the energy-saving catalog procurement, give priority to the energy-saving products and energy-saving materials when purchasing and eliminate high-energy-consuming equipment and products that are explicitly prohibited by the government. We have also planned to eliminate and remodel severely aging and overdue equipment in an effort to reduce energy consumption.

During the Reporting Period, we formally launched an online supplier qualification process as well as a supplier database along with hierarchical management. We have established a qualification review panel for supplier admission, which conducts pre-reviews of suppliers’ qualifications, licenses, operations, human resources, and judicial status to safeguard the quality of suppliers. A total of 430 suppliers passed the qualification review and were included in the database during the Reporting Period, among which 104 were major suppliers with whom we cooperated and whose transaction amounts exceeded RMB200,000. Suppliers provide us with electronic equipment, furniture, electrical appliances and other products, as well as repair and maintenance, property management, security, greening and consulting services, etc. The distribution of suppliers is detailed below.

DISTRIBUTIONS OF SUPPLIERS



4 PEOPLE-ORIENTED, INCLUSIVE DEVELOPMENT OF TALENTS

4.1 A FIRST-CLASS TEAM-BUILDING SYSTEM

The Group is people-oriented, committed to attracting and cultivating outstanding talents, and achieving the inclusive development of talents. In order to accelerate the construction of a high-level talent team, we optimise the human resource development plan that is in line with the development strategy of the Group, focused on the goal of building a talent team with coordinated development of scale, quality and structure, and strengthened the talent management mechanism to support the construction of organizational capabilities and the improvement of business performance. We protect the rights and interests of our employees and care about their well-being. By improving the position ranking system, optimizing the promotion mechanism, strengthening performance management, optimizing the salary structure, strengthening the associated incentives, promoting the growth of the talent team, and further improving employee satisfaction and loyalty. We attach great importance to talent development and improve the business capabilities of our employees through various types of training channels.

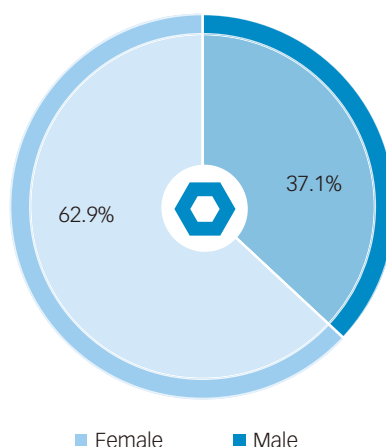
In terms of faculty construction, we attach great importance to the management of the team of teachers. In order to improve teaching level and teaching quality, we have formulated management systems such as the "Management Measures of Sequential Teacher Positions", "Measures for Workload Assessment of Full-time Teachers", "Methods for Calculating Teachers' Teaching Workload" and "Measures for Evaluating Teachers' Teaching Quality" embracing the positioning of high-level, professional, application-oriented and international teaching force, aiming to conduct regular assessments on teachers' workload and teaching quality to ensure that the management of the teaching force is scientific, standardised and reasonable, promote teachers to improve teaching work accurately and improve the overall teaching quality. We are also committed to promoting their ethics and professional conduct. In terms of institutional construction, we have issued the Notice on Thorough Implementation of the Ministry of Education's Ten Standards for Professional Conduct of Teachers in Universities in the New Era, which implements a "one-vote veto" for teachers' ethics and conduct in the engagements such as teacher recruitment, contract signing, title evaluation, annual assessment, merit evaluation and commendation and rewards. In terms of management measures, three universities organise and carry out a series of special education activities on teacher ethics for all teachers, including self-assessment, self-correction, and annual summaries of teachers' ethics and conduct. These efforts aim to promptly address potential risks related to teachers' ethics and conduct, effectively promote the normalization and long-term construction of teachers' ethics, and guide teachers to implement the fundamental task of moral cultivation.

In terms of R&D team building, we pay attention to the development and integration of cutting-edge technologies, while actively constructing a diversified and high-quality research team. Through introducing high-level talents, forming specialized R&D teams and interdisciplinary R&D teams, and by relying on the innovative R&D capabilities in "education + technology + medical and elderly care", we continuously break through technological bottlenecks and create digital and intelligent solutions for education, healthcare, wellness and mind tour. At the same time, the Group lays an emphasis on creating a research environment, while providing policy and institutional support and R&D funding, and encouraging R&D personnel to actively participate in industry exchanges and cooperation so as to maintain team vitality and competitiveness and to provide researchers with broad innovation space.

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In terms of medical team building, we attach importance to introducing talents with different professional backgrounds and skills, and ensure that health professionals from different fields work collaboratively under reasonable job divisions to enhance the quality and innovation capabilities of medical services. We encourage multicultural exchange and ideological collision, strengthen cross-departmental and interdisciplinary training and communication, stimulate employees' work enthusiasm and creativity, enhance team adaptability and problem-solving abilities, as well as continuously improve the ability of medical workers to cope with complex medical challenges.

During the Reporting Period, the ratio of male to female employees in the Group was 37.1% to 62.9%.



4.2 FULL PROTECTION OF EMPLOYEES' RIGHTS AND INTERESTS

The Group strictly adheres to relevant laws and regulations, such as the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China, the Regulations of the State Council on Working Hours for Employees, the Measures for National Holidays and Memorial Days, and the Regulations on Paid Annual Leave for Employees, so as to safeguard employees' rights and interests through multiple measures. We have established a set of comprehensive employment management systems and formulated a series of employment management system documents, including the Employee Handbook, the Recruitment Management System, the Salary Management System, the Performance Management System, and the Employee Code of Conduct, to regulate all aspects of employment management including employee recruitment, salary and benefits, performance management, promotion, working hours, holidays and dismissal. Through the Time Management System, employees follow a standard working hour system of 8 hours per day and 40 hours per week, and are granted leave applications based on actual situations. For certain positions in hospitals and nursing homes that require flexible working hours due to work needs, the Measures for the Approval of Implementing Irregular Working Hour System and Comprehensive Calculation Working Hour System by Enterprises are followed to implement irregular working hour system or comprehensive calculation working hour system.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Employee Handbook stipulates that the Group strictly prohibits any discrimination based on gender, ethnicity, race, religious belief, nationality, age and other factors in recruitment, salaries and benefits, training, promotion and dismissal, and respects multicultural and religious beliefs. Our recruitment process follows the principle of openness and fairness. Through multiple channels such as internal recruitment and external recruitment, we select suitable talents who meet the requirements by the position in terms of the character, knowledge, experience and capability.

To promote continuous improvement in employee work efficiency and make reasonable evaluations of employee performance, we have formulated the Performance Management System and established a performance management system based on key performance indicators. We follow the principles of openness, fairness, and impartiality, and take the actual performance of the evaluated individuals as the basis for evaluation. The results of performance evaluations are applied to aspects such as employee reward distribution, salary management, position management, and talent cultivation, so as to incentivize employees to improve their work performance.

The Group concludes labour contracts with employees on the basis of legality, fairness, equality, voluntariness and mutual agreement, and specifies the terms of employment in the Labour Contract. When recruiting employees, we neither collect deposits or guarantees, nor withhold identity certificates, documents or other statutory proof files, and strictly abide by the Provisions on Prohibition of Child Labour. In accordance with the Recruitment Management System, we strictly review and verify the applicants' identity cards, academic certificates, and the Job Application Form and other materials, and strictly prohibit and have never employed child labour or forced labour. If an employee provides false information, we are entitled to immediately terminate the labour contract with him/her. We hope that employees can develop together with the Group. If an employee submits a resignation, we will arrange a resignation interview to understand his/her thoughts and needs, and will attempt to retain any outstanding talent. Meanwhile, with a view to promoting and guaranteeing the harmonious and healthy development of employee relations, the Group advocates active and effective communication skills as well as reasonable and correct appeal methods, and offers employees appeal channels to ensure fairness and accuracy in handling violations.

4.3 WARM CARE FOR EMPLOYEES

The Group understands that compensation and benefits serve as the driving force, incentive and reward for employees to create value for the Group. The Group optimises the remuneration mechanism to provide employees with competitive remuneration. In addition to the basic salary, we have performance bonuses granted based on their performance and special bonuses for achieving significant results or win great reputation for the company, in order to encourage employees' outstanding performance. In addition, welfare is an important part of the Group's overall compensation system. The welfare system of the Group is based on the national basic social security system and is constantly innovated and improved through combining with the actual situation of the Company, aiming at providing rich and complete welfare protection for the employees.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In order to enhance the convenience of employees' work and life for the employees and effectively achieve a balance between their work and life needs, in addition to providing the employees with five social insurances and housing fund and statutory holidays prescribed by the state, the Group have also set up supplementary benefit schemes, includes supplementary commercial insurance, body checkup, wedding allowance, fertility allowance, funeral condolence payment, birthday benefits, holiday benefits, etc., to convey employees care and blessings of the Group. The Group is also committed to ensuring the health and safety of employees. All of our employees are entitled to free physical examinations. In addition, we also provide additional favorable physical examinations packages for the employees' families, putting our care into practice for the employees and their families. We also employ relevant experts to conduct physical and mental health lectures, guiding employees to establish correct health concept, to improve the physical and psychological "immunity" of employees.

The Group not only cares about the work needs of employees, but also regularly organises and carries out various employee activities, trying to promote the work-life balance between employees, enrich their daily life, and promote the sustainable development of the Group. During the Reporting Period, we carried out a variety of cultural activities covering multiple areas such as festival celebrations, public welfare activities, fitness sports, and handicrafts, aiming at combining corporate culture with employee interests, deepening mutual understanding and cooperation among employees, enhancing team cohesion, centripetal force and sense of belonging, continuously promoting the construction of a distinctive corporate culture, fostering consensus on development, system, environment and behavior, as well as achieving cultural resonance among all employees with first-class cultural construction as the driving force.



4.4 EXCELLENT TALENT CULTIVATION

The Group is committed to providing each employee with an open career development platform and opportunities. “We provide our employees with opportunities for career development, not just a job” is the Group’s commitment to employees. We encourage employees to actively participate in professional skills training. We support the continuous development of employees through centralised training, corporate training, academic lectures, special seminars and broadening of channels for educational qualification improvement to reinforcing the construction of first-class talent team. We provide employees with diversified and customized trainings which are suitable for their needs, such as start-up education and training for new employees, general competency training for all employees, leadership development training for managers, coaching by internal mentors, development plans for key staff, succession plans for key positions, etc.

During the Reporting Period, we organized and conducted training activities in multiple areas covering teaching and research, innovation and entrepreneurship, cutting-edge technologies, office skills, professional qualities, orientation education, and leadership, through internal specialized training, external expert lectures, external exchange programs, and online courses. A total of over 560 training activities were conducted, with 3,317 employees participating in such trainings. The average training hours for full-time regular employees reached 39.5 hours. As a result, the basic qualities, professional skills, and management abilities of these participating employees have been improved both theoretically and practically.



4.5 COMPREHENSIVE SAFETY AND SECURITY MEASURES

4.5.1 Safety of Workplace

We have formulated a series of systems and regulations to ensure workplace safety, such as the Safety Management Measures for Building Facilities, Fire Safety Management Measures, Property Management System, Laboratory Safety System, Management Measures for Vehicles, Safety Management System for Post-medical Security Departments, etc. to protect the safety of various facilities, equipment and key places in many aspects, strengthen the workplace environment management and security management, and establish multiple emergency response plans. We have organised a series of activities to ensure workplace safety, such as organising relevant departments to regularly check hidden dangers in key places, conducting fire safety training and fire emergency drills, and carry out safety theme lectures. It has improved the safety awareness and emergency response ability of teachers and medical staff, and provided strong guarantee for ensuring the safety and stability of workplace.



Caption: Dalian University Collaborates with Local Fire Department to Conduct Fire Emergency Drills



Caption: Ruikang Cardiovascular Hospital Collaborates with Local Fire Department to Conduct Fire Safety Training



Caption: Ruikang Zhuomei Stomatological Hospital Collaborates with Local Public Security Bureau to Conduct Anti-Riot Drills

4.5.2 Food Safety

The Group strictly complies with the laws, regulations and requirements of the Food Safety Law of the People's Republic of China, the National Emergency Plan for Major Food Safety Accidents, National Food Safety Standards and Measures for the Administration of Food Safety and Hygiene in Catering Services. We also have developed a series of systems and emergency plans to ensure the food safety in canteens, such as the Canteen Food Safety Responsibility System, the Emergency Plan for the Prevention of Food Poisoning, the Food Testing System, the Ingredient Traceability System and the Warehouse Management Regulations.

In order to strengthen the management of food hygiene, we strictly adhere to regulations and standards in areas such as ingredient supply, inspection, processing, sample retention, food waste disposal, staff training, professional ethics, and role responsibility management, and clearly define the responsible persons and units for food safety in canteens, who perform their food safety duties and fulfil their supervision and management responsibilities according to law, carry out daily inspection, weekly control and monthly scheduling, and work out the emergency plan and reporting system for various accidents. We strictly implement daily inspections, investigations and spot checks on the food business units, and require them to complete food safety training and records. Meanwhile, we have formulated clear management regulations for canteen hygiene, personal hygiene of food-related personnel, hygiene of food preparation rooms, etc. to ensure the food safety of students, patients and employees.

4.5.3 Emergency Response

In order to quickly and properly deal with various emergencies, the Group has set up various emergency response groups, including the Emergency Response Group for Public Health Emergencies, the Leading Group for Infectious Disease Prevention and Control, the Leading Group for Fire Prevention and Control, the Working Group for Flood Prevention and Control and other emergency command leading groups, established a sound emergency command system. The emergency command group takes corresponding measures based on different warning levels. During daily operations, regular risk and hazard screenings are conducted to identify key targets for identification, prevention and control. Relevant risks are identified in advance, and emergency plans for extreme weather and other related safety emergencies are formulated to enhance emergency response and risk resistance capabilities.



Caption: Chengdu University Collaborates with Local Red Cross to Conduct Training on Self-Rescue, Mutual Rescue, and Emergency First Aid Knowledge and Skills

5 PRACTICING ENVIRONMENTAL PROTECTION, FOCUSING ON GREEN DEVELOPMENT

5.1 PRACTICING GREEN OPERATIONS

The Group strictly adheres to relevant environmental laws and regulations, such as the Environmental Protection Law of the People’s Republic of China, the Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution Caused by Solid Waste, and the Energy Conservation Law of the People’s Republic of China, and integrates the concept of green and low-carbon sustainable development into its development strategy. In this regard, it formulates scientific and reasonable energy conservation and emission reduction targets, and establishes a comprehensive environmental management system.

As an enterprise committed to creating an integrated “education, healthcare, wellness and mind tour” model, we have the business operations that mainly impact the environment and natural resources through electricity consumption, domestic water use, material usage, disposal of domestic and medical wastes, and vehicle use. We have taken multiple effective schemes and measures to conserve energy and water, such as using OA, BIP, and other information platforms to achieve paperless office work, setting up waste recycling points, reducing the frequency of using disposable tableware and cups, and recommending the procurement of environmentally friendly materials, thus reducing exhaust gas and greenhouse gas emissions, and lowering wastes.

During the Reporting Period, the Group did not commit any violations of laws or regulations related to exhaust gas and greenhouse gas emissions, pollutant discharge into water and land, or disposal of hazardous and harmless wastes. In addition, after being awarded the honorary title of “Water-Saving College” by the Department of Water Resources and the Department of Education of Guangdong Province, Guangdong University has once again been recognized as a “Green Campus in Guangdong Province” by the Department of Education of Guangdong Province.

Energy management
<p>Air-conditioning system</p> <ul style="list-style-type: none">• Adopt water-cooled air-conditioning system;• Set the minimum indoor air-conditioning temperature to 22 degrees Celsius in summer;• Place the UV protection heat-insulating film onto the windows to reduce heat energy absorption; <p>Lighting system</p> <ul style="list-style-type: none">• Install the latitude and longitude timer to control the street light switching time more accurately;• Use energy-saving lamps at the roads, squares and green belts and other public areas, to implement green lighting when feasible. <p>Electronic office equipment</p> <ul style="list-style-type: none">• Strengthen the inspection of electronic equipment, turn off electronic devices in time during non-working hours, check and fix problems in time to increase the service life of the equipment.

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Water resource management

- Construct an intermediate water treatment station to treat and reuse domestic sewage;
- Check water consumption monthly, inspect underground water pipes regularly, check the water meter and other equipment daily to monitor for abnormal water consumption. This helps to prevent and avoid water leakage and other waste of water resources;
- Using professional leak detection technology, find out the leakage point and deal with the leakage situation in time;
- Daily inspection of the area for constant water flow, and control the flow of water from the faucet;
- Post water conservation signs in each area to remind water conservation.

Waste and resources management

- Non-hazardous waste, such as food waste and domestic waste, will be collected by qualified units for treatment after waste separation;
- Hazardous waste, such as wasted electronic products, pathological waste and pharmaceutical waste, will be regularly collected and disposed of by qualified units;
- Promote and implement waste separation, recycling, and reduce the use of disposable and non-recyclable products;
- Adopt teaching, office and medical automation systems, submit and access the documents, medical records and other materials through the online system if possible, and promote paperless environment;
- Photocopying, printing and other paper are managed by designated personnel which is strictly controlled, and daily documents are printed on both sides.

5.2 RESPONDING TO CLIMATE CHANGE

With reference to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), the Group has identified significant climate-related actual risks that may affect us, such as the extreme weather changes such as floods, typhoons, hail, snowstorms and sandstorms. To effectively address and mitigate these climate-related risks, we have developed contingency plans for various extreme weather changes. We closely monitor meteorological information and promptly issue warnings and risk alerts. We have formulated various measures for managing climate-related risks, such as the Emergency Response Plan for Natural Disaster-type Emergencies, and have established a multi-level flood and wind prevention programme to enhance the ability to withstand flooding and typhoon disaster risks.

In addition, we have calculated our greenhouse gas emissions in accordance with the Greenhouse Gas Protocol issued by the World Resources Institute and the World Business Council for Sustainable Development, and ISO 14064-1 as defined by the International Organisation for Standardisation. The Group's greenhouse gas emissions mainly come from the use of electricity and the use of vehicles. The Group has adopted various measures for low-carbon operation. We encourage employees to use online meetings and conference calls instead of unnecessary business trips, and promote the use of public transportation to reduce greenhouse gas emissions. In addition to greenhouse gas emissions, the Group is aware of air emissions from our vehicles. We regularly arrange inspection and maintenance for the Group's vehicles to ensure the normal operation of engines, tires and other parts, so as to improve fuel consumption efficiency and reduce exhaust emissions. During the Reporting Period, please refer to Appendix I: KPI Data Table for our greenhouse gas emissions.

During the Reporting Period, Dalian University organized a special environmental event themed "Earth Hour", advocating "One Hour for the Earth". The College encouraged students and teachers to turn off lights and non-essential electrical appliances for one hour, aiming to inspire a sense of responsibility towards environmental protection among them.



5.3 SUSTAINABLE DEVELOPMENT TARGETS

The Group deeply understands that environmental protection is a corporate social responsibility and integrates the concept of green and low-carbon sustainable development into its development strategy. In this regard, it formulates scientific and reasonable environmental management targets, including reducing vehicle use, lowering per capita electricity consumption, reducing per capita water consumption, improving waste recycling and utilization rates, and increasing tree planting. During the Reporting Period, we formulated specific plans and management measures for electricity consumption, water consumption, and waste discharge. For example, we implemented indoor temperature control standards for air conditioning, planned the deployment times for indoor and outdoor lighting facilities and conducted special inspections accordingly, replaced with and used energy-saving lamps, responded to government calls, and gradually installed rooftop photovoltaic power generation equipment; formulated annual electricity and water fee budgets, increased the frequency of water pipe network inspections, and renovated old pipe networks and water-using equipment; as well as enhanced waste classification awareness, installed additional cooking fume purification equipment in canteens, promoted environmentally friendly kitchenware and tableware, and engaged third-party professional waste disposal enterprises, aiming to gradually reduce energy and resource consumption. During the Reporting Period, we effectively reduced unnecessary vehicle use. Compared to 2023, air emissions and fuel consumption indicators showed varying degrees of decline. The per capita intensity of non-hazardous waste and water consumption also decreased compared to 2023, while tree planting saw a significant increase. However, the per capita electricity consumption did not decrease as expected, primarily due to the Group's completing the acquisition of Ruikang Cardiovascular Hospital, Ruikang Stomatological Hospital, and Ruikang Nursing Home under Neusoft Healthcare. In addition, the high electricity consumption of large medical equipment led to a substantial increase in overall power usage. In the future, we will more actively promote and formulate various environmental protection plans and explore opportunities for emission reduction, such as saving water and electricity and gradually reducing per capita consumption, so as to achieve the sustainable development targets of corporate environmental protection.

6 CONTRIBUTING TO THE COMMUNITY, ENTHUSIASM FOR CHARITY

While adhering to laws and regulations and operating with integrity, the Group is also committed to advancing public welfare undertakings and actively assuming social responsibilities, continuously giving back to the society through practical actions. The Group consistently organizes a series of public welfare activities, including but not limited to hosted competitions, targeted poverty alleviation in rural areas, volunteer activities for university students, and free medical consultations by medical experts in communities, continuously contributing the strength of Neusoft Ruixin to the society.

During the Reporting Period, we successfully hosted the “Business Software Solutions” event for the BRICS Vocational Skills Competition. The BRICS Vocational Skills Competition is an international vocational skills competition that has been held for three consecutive sessions. Focusing on key areas such as high-end manufacturing, digital economy, new industries, new business forms, and new technologies, the competition has set up multiple events to enhance the capabilities of teachers and students from vocational colleges in the BRICS countries in innovation, coordination, organization, and cooperation. The event hosted by the Group attracted participants from 30 provinces and 218 institutions, and covered 15 disciplines, with a total of 27 competitions (at the provincial, regional and international levels), cultivating a total of 424 skilled talents. In addition, the Group successfully hosted the “Mobile Cross-Platform Development” and “Automotive Intelligent Connected System Solutions” events under the Belt and Road Initiative & BRICS Skills Development and Technological Innovation Competition. Initiated by the Skills Development Working Group (China) of the BRICS Business Council at the end of 2016, the Belt and Road Initiative & BRICS Skills Development and Technological Innovation Competition has been held for eight consecutive sessions. The event hosted by the Group attracted participants from 30 provinces and 260 institutions, and covered 15 disciplines, cultivating a total of more than 390 skilled talents.

Applying to host and organizing skills competitions reflects the Company’s social responsibility. Firstly, we provide resource support for the event, leveraging our technological advantages to offer technical support and services, demonstrating our emphasis on and support for vocational education, and highlighting our responsibility to promote educational equity and development. Secondly, we organize professional and technical personnel to conduct skills training for the contestants, and share cutting-edge technologies and industry experiences to help them enhance their skill levels. We provide practical training and professional guidance for the contestants, highlighting our social value in assisting talent growth and industry development. The event provides a platform for the contestants to showcase themselves, and enterprises can select outstanding contestants to offer employment or entrepreneurial opportunities, thereby promoting social employment. Furthermore, we actively participate in the promotion and publicity of the event, advocate the concepts of “skills lead to success” and “skills serve the nation”, foster a positive social atmosphere, and promote the society’s emphasis on and respect for skilled talents, further highlighting the Group’s social value in leading social trends and promoting social progress.

Through hosting such competitions as the “BRICS Vocational Skills Competition”, the “Belt and Road Initiative & BRICS Skills Development and Technological Innovation Competition”, the “47th WorldSkills Competition”, and the “National Industry Vocational Skills Competition – The 4th National New Energy Vehicle Key Technology Application Skills Competition”, we have incurred a total of over RMB3.8 million in respect of direct sponsorships and indirect investments. The Group has been awarded the outstanding contribution award for the “Business Software Solutions of the BRICS Vocational Skills Competition” and the excellent contribution award for the “Belt and Road Initiative & BRICS Skills Development and Technological Innovation Competition”.

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During the Reporting Period, the Group collaborated with the Party building organization at Qijiazi Town, Fuxin Mongolian Autonomous County, Fuxin City, to conduct targeted poverty alleviation activities in rural areas, and held discussions with relevant town leaders and organized a donation ceremony for that purpose. We donated a series of office supplies to improve the running conditions of local schools and enhance their teaching quality. Meanwhile, representatives from the Group visited the township government and primary schools to gain a deep understanding of the teaching environment and students' living conditions, aiming at providing effective support for more precise poverty alleviation efforts in the future, establishing long-term poverty alleviation and Party-building relationships, as well as exploring the possibilities of integrating industry with rural revitalization. Such an activity not only demonstrated the Group's commitment to fulfilling social responsibilities but also injected new vitality and hope into rural revitalization. In the future, it will contribute more wisdom and strength to building a new socialist countryside.



During the Reporting Period, the Youth Volunteer Association of Chengdu University carried out the "College Entrance Examination Volunteer" service activity. Dressed in uniform, volunteers were active around the examination sites, providing comprehensive services to candidates and their parents, including preparing emergency stationery, mineral water and other supplies, and setting up a consultation desk. A total of 12 volunteers participated in the activity, contributing 24 service hours and serving 2,312 people.



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During the Reporting Period, with a view to encouraging the recycling of items, spreading environmental awareness, and cultivating a sense of responsibility and public spirit among teachers and students, the Youth Volunteer Association of Guangdong University organized a used clothing donation activity. More than 8,000 pieces of donated clothing were collected in the course, which will be used for charitable purposes, effectively reducing resource waste, promoting resource recycling, and fostering a sense of social responsibility and compassion among teachers and students.



During the Reporting Period, our subordinate Ruikang Cardiovascular Hospital organized an activity themed "Experts at Your Doorstep, No More Worries About Medical Care". Experts from various departments provided on-site consultations, made health advice, and distributed health education materials in residential communities, while patiently answering residents' health questions and offering tailored medical advice based on individual conditions. Medical workers also popularized healthy lifestyles among community residents at that time. "We not only received advice on health check-ups but also learned a lot of daily health care knowledge. So, it was very thoughtful and heartwarming!" Residents expressed great satisfaction with this health education activity and hoped that more such activities would be held in the future. And the activity attracted over 200 residents.



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During the Reporting Period, Ruikang Zhuomei Stomatological Hospital successively carried out a series of charitable medical consultation activities by visiting communities, kindergartens and nursing homes to provide high-quality dental medical services and oral health care for everyone. Our expert team warmly received residents who came for consultations, listening patiently and inquiring in detail. They not only provided comprehensive oral health check-ups and assessments but also conducted detailed analyses around the prevention and treatment of common oral diseases, imparting practical health knowledge and care tips. Adhering to the concept of “oral health starts from childhood”, pediatric dentists from Ruikang Stomatological Hospital visited schools to conduct fun science lectures and oral health check-ups and assessments for children. Doctors from Ruikang Stomatological Hospital also conducted oral health education activities for the elderly, guiding them to recognize the importance of oral health and patiently explaining the prevention, treatment and care of oral problems, and spreading oral health knowledge as well.



During the Reporting Period, a total of 9,033 employees, teachers, students, doctors and nurses from the Group participated in public welfare activities, contributing a total of 28,360 service hours.

APPENDIX I: KPI DATA TABLE

Environmental Aspect ¹	Unit	FY2024 ²
Air Emission of Vehicles³		
Nitrogen Oxides (NO _x)	kilogram (kg)	180.26
Sulphur Oxides (SO _x)	kilogram (kg)	0.34
Particulate Matter (PM)	kilogram (kg)	17.19
Greenhouse Gas Emission⁴		
Direct greenhouse gas emissions (Scope 1) ⁵	tonnes carbon dioxide equivalent (CO ₂ -e)	60.86
Indirect greenhouse gas emissions (Scope 2) ⁶	tonnes carbon dioxide equivalent (CO ₂ -e)	31,150.88
Greenhouse gas emissions in total (Scopes 1 and 2) ⁷	tonnes carbon dioxide equivalent (CO ₂ -e)	31,073.53
Intensity of Greenhouse Gas Emission		
Intensity of greenhouse gas emissions (Scopes 1 and 2)	tonnes carbon dioxide equivalent (CO ₂ -e)/metre square (m ²)	0.24
Intensity of greenhouse gas emissions (Scopes 1 and 2)	tonnes carbon dioxide equivalent (CO ₂ -e)/person*	0.50
Hazardous Waste		
Hazardous waste produced ⁸	tonnes	19.99
Intensity of hazardous waste produced	tonnes/person^	0.00

¹ The environmental aspect collection scope covered the headquarter of the Group, Dalian University, Chengdu University, Guangdong University and the Health Medical Management Group (健康醫療管理集團). The Group acquired Neusoft Healthcare Group in 2024, which mainly includes two hospitals and a nursing home. For details, please refer to the announcements of the Company dated 26 March 2024, 16 May 2024 and 31 May 2024

² Chengdu University has new campuses put into use in 2024, where relevant environmental data have been included

³ The air emissions from the vehicles owned by the Group were calculated in reference to "How to Prepare an ESG Report – Appendix 2: Reporting guidance on Environmental KPIs" of Hong Kong Stock Exchange

⁴ The greenhouse gas emissions for Scope 1 and Scope 2 of the Group were calculated in reference to "How to Prepare an ESG Report – Appendix 2: Reporting guidance on Environmental KPIs" of Hong Kong Stock Exchange

⁵ Scope 1: direct greenhouse gas emissions produced by the sources owned and controlled by the Group

⁶ Scope 2: greenhouse gas emissions indirectly induced by the external electricity purchased by the Group

⁷ Greenhouse gas removals have been calculated for new tree planting (138.21 tonnes carbon dioxide equivalent (CO₂-e))

⁸ Including computers, batteries, waste ink cartridges, waste toner cartridges and other hazardous wastes

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Environmental Aspect ¹	Unit	FY2024 ²
Non-hazardous Waste		
Non-hazardous waste produced	tonnes	16,068.16
Intensity of non-hazardous waste produced	tonnes/person*	0.26
Paper consumption		
Paper consumption	kilogram (kg)	28,349.06
Intensity of paper consumption	kilogram (kg)/person*	0.46
Electricity consumption		
Total electricity consumption	kilowatt hour (kWh)	58,052,324.00
Intensity of total electricity consumption	kilowatt hour (kWh)/metre square (m ²)	44.71
Intensity of total electricity consumption	kilowatt hour (kWh)/person*	936.43
Vehicle fuel consumption		
Gasoline	litre	17,880.86
Diesel	litre	4,971.53
Water consumption		
Total water consumption	tonnes	1,734,723.87
Intensity of total water consumption	tonnes/metre square (m ²)	1.34
Intensity of total water consumption	tonnes/person*	27.98
Reclaimed water consumption	tonnes	50,650.00

* Calculated in accordance with the number of employees and students under the environmental data collection scope, as of 31 December 2024

^ Calculated in accordance with the number of employees under the environmental data collection scope, as of 31 December 2024

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Social Aspect ⁹	Unit	FY2024
Total workforce ¹⁰	number of people	3,898
Total Workforce (by Gender)		
Female employees	number of people	2,450
Male employees	number of people	1,448
Total Workforce (by Employee Category)		
Short-term contract/part-time employees	number of people	1,105
Full-time general employees	number of people	3,544
Full-time middle management	number of people	327
Full-time senior management ¹¹	number of people	27
Total Workforce (by Age Group)		
Employees aged below 30 years old	number of people	1,318
Employees aged between 30-50 years old	number of people	2,365
Employees aged above 50 years old	number of people	215
Total Workforce (by Geographical Region)		
Employees in Northern China	number of people	19
Employees in Northeastern China	number of people	1,965
Employees in Eastern China	number of people	29
Employees in Central China	number of people	1,015
Employees in Northwestern China	number of people	1
Employees in Southern China	number of people	865
Employees in other regions	number of people	4

⁹ Social aspect collection scope covered the Group entirely

¹⁰ Employees include only regular employees and do not include short-term contract employees and part-time employees trained

¹¹ Full-time senior management includes senior managers appointed by the administrations of the three universities operated by the Group and by the board of the three universities

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Social Aspect ⁹	Unit	FY2024
Turnover Rate		
Total turnover rate of work force	%	13.45%
Turnover Rate of Work Force¹² (by Gender)		
Female employees	%	12.00%
Male employees	%	15.81%
Turnover Rate of Work Force¹² (by Age Group)		
Employees aged below 30 years old	%	17.26%
Employees aged between 30-50 years old	%	11.29%
Employees aged above 50 years old	%	12.24%
Turnover Rate of Work Force¹² (by Geographical region)		
Employees in Northern China	%	48.65% ¹³
Employees in Northeastern China	%	13.97%
Employees in Eastern China	%	55.38% ¹³
Employees in Central China	%	10.34%
Employees in Northwestern China	%	92.31% ¹³
Employees in Southern China	%	10.64%
Employees in other regions (including Hong Kong, Macao and Taiwan)	%	20.00%
Occupational Health and Safety		
Number of work-related fatalities occurred in 2022	Number of person	0
Number of work-related fatalities occurred in 2023	Number of person	0
Number of work-related fatalities occurred in 2024	Number of person	1
Rate of work-related fatalities in 2022	%	0%
Rate of work-related fatalities in 2023	%	0%
Rate of work-related fatalities in 2024	%	0.03%
Lost days due to work injury	days	211 ¹⁴

¹² Turnover rate for the specific category = number of employees turnover for the specific category ÷ (number of employees turnover for the specific category+ number of employees in the specific category in the end of the year) × 100%

¹³ Due to the adjustment of the Group's business layout, the employee turnover rate in some regions in 2024 was relatively high

¹⁴ During the Reporting Period, a total of 7 employees suffered work-related injuries, mainly due to injuries sustained during employee sports activities organized by the school labor unions; The Group will pay more attention to the safety of employees' activities, avoid organizing high-intensity and strenuous sports events, and ensure the presence of necessary medical personnel during activities to guarantee timely medical treatment for injured employees

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Social Aspect ⁹	Unit	FY2024
Development and Training		
Percentage of Employees Trained¹⁵ (by gender)		
Female employees	%	61.90%
Male employees	%	38.10%
Percentage of Employees Trained (by Employee Category)		
Full-time general employees	%	90.20%
Full-time middle management	%	9.13%
Full-time senior management	%	0.66%
Average Training Hours Completed Per Employee¹⁵ (by Gender)		
Female employees	hour	39.6
Male employees	hour	37.3
Average Training Hours Completed Per Employee (by Employee Category)		
Full-time general employees	hour	39.5
Full-time middle management	hour	32.3
Full-time senior management ¹⁶	hour	18.9
Anti-corruption		
Number of concluded legal cases regarding corrupt practices brought against the Group or employees	number of cases	0

¹⁵ Percentage of employees trained for the specific category = number of employees trained for the specific category ÷ number of employees trained × 100%, where employees include only regular employees and do not include short-term contract employees and part-time employees trained

¹⁶ Average training hours completed per employee for the specific category = training hours of employees trained for the specific category ÷ number of employees in the specific category, where employees include only regular employees and do not include short-term contract employees and part-time employees trained

APPENDIX II: INDEX OF THE ESG REPORTING GUIDE

Index Content			Relevant Chapter
A.Environmental Aspect			
A1 Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Appendix I: KPI Data Table 5 Practicing Environmental Protection, Focusing on Green Development
	A1.1	The types of emissions and respective emission data.	Appendix I: KPI Data Table
	A1.2	Direct (Scope 1) greenhouse gas emissions and indirect greenhouse gas emissions from energy (Scope 2) in total and, where appropriate, Intensity.	Appendix I: KPI Data Table
	A1.3	Total hazardous waste produced and Intensity.	Appendix I: KPI Data Table
	A1.4	Total non-hazardous waste produced and Intensity.	Appendix I: KPI Data Table
	A1.5	Description of the established targets to mitigate emissions and the procedures for achieving such targets.	5.3 Sustainable Development Targets
	A1.6	Description of how hazardous and non-hazardous wastes are handled and description of the established targets to mitigate wastes and the procedures for achieving such targets.	Appendix I: KPI Data Table 5 Practicing Environmental Protection, Focusing on Green Development

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Index Content			Relevant Chapter
A2 Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	5 Practicing Environmental Protection, Focusing on Green Development
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total and intensity.	Appendix I: KPI Data Table
	A2.2	Water consumption in total and intensity.	Appendix I: KPI Data Table
	A2.3	Description of energy use efficiency targets and the procedures for achieving such targets.	5.1 Practicing Green Operation
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency targets and the procedures for achieving such targets.	5.1 Practicing Green Operation The source of water of the Group is the municipal water supply, there is no issue in sourcing water.
	A2.5	Total packaging material used for finished products and the volume per unit produced.	Not applicable, as the business of the Group does not involve packaging material.
A3 The Environmental and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	5 Practicing Environmental Protection, Focusing on Green Development
	A3.1	Description of the significant impacts of business activities on the environment and natural resources and the actions taken to manage them.	5 Practicing Environmental Protection, Focusing on Green Development
A4 Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	5.2 Responding to Climate Change
	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	5.2 Responding to Climate Change

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Index Content			Relevant Chapter
B. Social Aspect			
B1 Employment	General	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	4 People-oriented, Inclusive Development of Talents
	B1.1	Total workforce by gender, employment type, age group and geographical region.	Appendix I: KPI Data Table
			Appendix I: KPI Data Table
	B1.2	Employee turnover rate by gender, age group and geographical region.	Appendix I: KPI Data Table
B2 Health and Safety	General	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	4.2 Full Protection of Employees' Rights and Interests
			4.5 Comprehensive Safety and Security Measures
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Appendix I: KPI Data Table
	B2.2	Lost days due to work injury.	Appendix I: KPI Data Table
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	4.5 Comprehensive Safety and Security Measures

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Index Content			Relevant Chapter
B3 Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	4.4 Excellent Talent Cultivation Appendix I: KPI Data Table
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Appendix I: KPI Data Table
	B3.2	The average training hours completed per employee by gender and employee category.	Appendix I: KPI Data Table
B4 Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	4.2 Full Protection of Employees' Rights and Interests
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	4.2 Full Protection of Employees' Rights and Interests
	B4.2	Description of steps taken to eliminate such practices when discovered.	4.2 Full Protection of Employees' Rights and Interests
B5 Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	3.5 Sustainable Supplier Management
	B5.1	Number of suppliers by geographical region.	3.5 Sustainable Supplier Management
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	3.5 Sustainable Supplier Management
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	3.5 Sustainable Supplier Management
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	3.5 Sustainable Supplier Management

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Index Content			Relevant Chapter
B6 Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.	2 Leading Quality, Strict Quality Management
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable, as the business of the Group does not involve products that are subject to recall for safety and health reasons.
	B6.2	Number of products and service related complaints received and how they are dealt with.	2 Leading Quality, Strict Quality Management
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	3.2.1 Intellectual Property Management
	B6.4	Description of quality assurance process and recall procedures.	Not applicable, as the business of the Group does not involve products that are subject to recall for safety and health reasons.
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	3.4 Information and Privacy Protection

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Index Content			Relevant Chapter
B7 Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to prevention of bribery, extortion, fraud and money laundering.	3.3 Commitment to Integrity
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Appendix I: KPI Data Table
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	3.3 Commitment to Integrity
	B7.3	Description of anti-corruption training provided to directors and staff.	3.3 Commitment to Integrity
B8 Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	6 Contribute to the Community, Enthusiasm for Charity
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	6 Contribute to the Community, Enthusiasm for Charity
	B8.2	Resources contributed to the focus area.	6 Contribute to the Community, Enthusiasm for Charity

DIRECTORS' REPORT

The Board is pleased to present this Report and the audited consolidated financial statements of the Group for the year ended 31 December 2024.

1. GLOBAL OFFERING

The Company was incorporated in the Cayman Islands on 20 August 2018 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The Shares of the Company were listed on the Main Board of the Stock Exchange on 29 September 2020.

2. PRINCIPAL BUSINESSES

The Company is an investment holding company. The Group primarily operates two business segments within China: (i) education business; and (ii) healthcare and wellness business. Specifically, the education business mainly covers three categories: (i) full-time formal higher education services; (ii) education resources; and (iii) lifelong education services. The healthcare and wellness business mainly covers two categories: (i) healthcare services; and (ii) wellness services. Activities and particulars of the subsidiaries of the Company are set out in note 1 to the consolidated financial statements.

3. BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2024, comprising an analysis of the Group's performance during the year using financial key performance indicators, particulars of important events affecting the Group during the year and an indication of future developments of the Group, are set out in the sections headed "Chairperson's Statement", "Management Discussion and Analysis" in this Report. The review and discussion form part of this Directors' Report.

4. ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group recognises the importance of environmental protection for pursuing long-term sustainable development. We establish various internal energy conservation and emission reduction systems, and promote energy conservation and emission reduction measures, including setting directional targets for energy efficiency, water efficiency, waste reduction and greenhouse gas emissions. We advocate paperless office, and disseminate environmental protection messages to the staff, and actively organise and participate in various types of environmentally friendly activities. The Group is committed to improving environmental sustainability and closely monitoring performance. The Group is always strictly complying with applicable laws and regulations of the places where it operates business, such as the Environmental Protection Law of the People's Republic of China. Such policies have been supported and effectively implemented by staff.

For the year ended 31 December 2024, the Group was not subject to any fines or other penalties for breaching any environmental protection regulations. For details, please refer to the section headed "Environmental, Social and Governance Report" of this Report.

5. PRINCIPAL RISKS AND UNCERTAINTIES

Principal risks and uncertainties the Group faces include:

- our education business performance and results of operations depend on our ability to maintain and raise tuition and boarding fee levels, and our capacity to expand student enrollment and increase the number of cooperating universities;
- a significant portion of our healthcare business revenue comes from National Medical Insurance (國家醫療保險) payments, thus changes in National Medical Insurance policies will impact the performance of our healthcare business;
- our business relies heavily on our brand and reputation, and any damage to our reputation would materially and adversely affect our business;
- we are subject to uncertainties brought by the PRC Laws and regulations and policies relating to private education and private healthcare;
- we face intense competition in both the PRC private education industry and private medical industry, especially the private dental healthcare industry, which could lead to adverse pricing pressure, reduced operating margins, loss of market share, departures of qualified employees and increased capital expenditures; and
- risks relating to our Structured Contracts, please refer to the section headed "Risk Factors – Risks Relating to our Contractual Arrangements" in the Prospectus of the Group and the related contents in the "the New Contractual Arrangements – Risks relating to the New Contractual Arrangements" in the Announcement of the Company dated 26 March 2024 in Relation to the Acquisition of Neusoft Healthcare.

The above is not an exhaustive list. Investors are advised to make their own judgment or consult their own investment advisers before making any investment in the Shares.

6. STRUCTURED CONTRACTS

1) Main Contents and Regulatory Framework of Structured Contracts

Contractual Arrangements A (Education Business and Publishing Business)

Overview

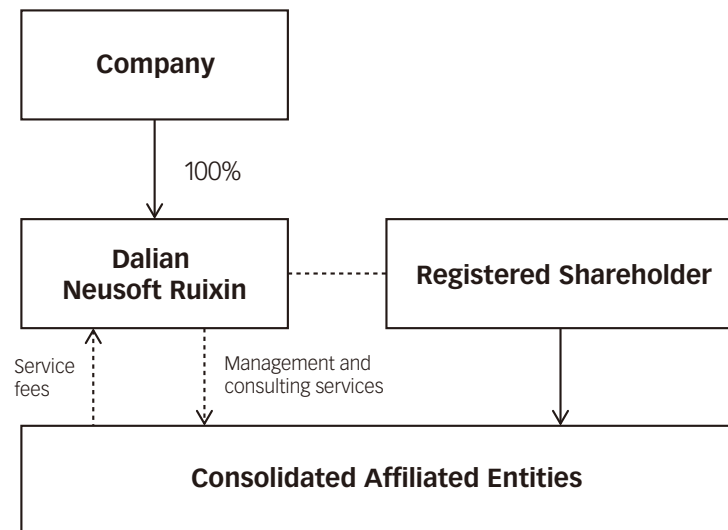
The Group (a) operates private higher education businesses (through our universities) ("**Education Business**"); and (b) publishes audio-visual products and electronic publications, and provides internet publishing service (through Neusoft Electronic Press) ("**Publishing Business**"), in China (collectively, the "**Relevant Business**").

PRC Laws regulate foreign ownership in the Relevant Business by (a) restricting foreign ownership in the Education Business; and (b) prohibiting foreign ownership in the Publishing Business. As such, the Group operates Relevant Business through the Consolidated Affiliated Entities. To comply with PRC Laws and maintain effective control over our Relevant Business, we entered into Contractual Arrangements A, under which Dalian Neusoft Ruixin acquired effective control over the financial and operational policies of the Consolidated Affiliated Entities and became entitled to all of the economic benefits derived from their operations.

Accordingly, we do not directly own equity interest, or sponsor interest, in our Consolidated Affiliated Entities. Our three universities and Neusoft Electronic Press are ultimately majority owned by our Registered Shareholder, Neusoft Holdings (also a Controlling Shareholder), through Dalian Development.

The Consolidated Affiliated Entities under the Contractual Arrangements A include following entities: (a) Dalian Neusoft Software Park Industry Development Co., Ltd.; (b) Dalian Neusoft University of Information; (c) Dalian Neusoft Electronic Press Co., Ltd.; (d) Chengdu Neusoft Information Technology Development Co., Ltd.; (e) Chengdu Neusoft University; (f) Foshan Nanhai Neusoft Information Technology Development Co., Ltd.; (g) Neusoft Institute Guangdong. Details of the Consolidated Affiliated Entities are set out in the note 1 to the consolidated financial statements.

The following simplified diagram illustrates the flow of economic benefits from our Consolidated Affiliated Entities to the Group under the Contractual Arrangements A:



Notes:

- (1) "—" denotes direct legal and beneficial ownership in: (a) the equity interests of Dalian Development and other entities in the Consolidated Affiliated Entities; and (b) the sponsor interests in our universities.
- (2) "-.-.->" denotes the Contractual Arrangements A.
- (3) "-----" denotes control by Dalian Neusoft Ruixin over the Registered Shareholder and Consolidated Affiliated Entities under the Contractual Arrangements A through: (a) powers of attorney to exercise all of the Registered Shareholder's rights in Dalian Development and the Consolidated Affiliated Entities; (b) exclusive options to acquire all or part of the Registered Shareholder's equity interest in Dalian Development and sponsor interests in our universities; and (c) equity pledge over the Registered Shareholder's equity interest in Dalian Development.

Summary of material terms of Contractual Arrangements A

A summary of each of the specific agreements in force that comprise the Contractual Arrangements A is set out below. For further details of these agreements, please refer to the section headed "Contractual Arrangements – Summary of the Material Terms of Our Contractual Arrangements" in the Prospectus.

a. Exclusive Management Consultancy and Business Cooperation Agreement A

Under the exclusive management consultancy and business cooperation agreement dated 21 June 2019, entered into between (i) Dalian Neusoft Ruixin; (ii) our Consolidated Affiliated Entities; and (iii) the Registered Shareholder of Dalian Development (the "**Exclusive Management Consultancy and Business Cooperation Agreement A**"), Dalian Neusoft Ruixin has the exclusive right, or the right to designate a third party, to provide each of our Consolidated Affiliated Entities with corporate management consulting services, educational management consulting services, intellectual property licensing, technical support and business support services.

Without the prior written consent of Dalian Neusoft Ruixin, none of our Consolidated Affiliated Entities may accept from, or establish any cooperation with, a third party in relation to any services covered by the Exclusive Management Consultancy and Business Cooperation Agreement A. Dalian Neusoft Ruixin owns all intellectual property rights arising out of the performance of this agreement.

In exchange, our Consolidated Affiliated Entities agree to pay the entirety of their total income (net of costs, expenses, taxes and payments required by the relevant laws and regulations to be reserved or withheld) to Dalian Neusoft Ruixin as the service fee.

Under the Exclusive Management Consultancy and Business Cooperation Agreement A, without prior written approval from Dalian Neusoft Ruixin, our Consolidated Affiliated Entities shall not enter into any transaction (except for those transactions entered into in the ordinary course of business) that may affect its assets, obligations, rights or operations, including but not limited to: (i) the provision of any security or guarantee in favour of a third party or the creation of any encumbrances in relation to its assets or interest, except to secure the performance of its own obligations; (ii) the entry into of any loan or debt obligations in favour of a third party; and (iii) in relation to a third party, the disposal, acquisition or otherwise dealing of any assets (including but not limited to intellectual properties) with a value higher than RMB500,000.

In addition, under the Exclusive Management Consultancy and Business Cooperation Agreement A, without the prior written consent of Dalian Neusoft Ruixin, none of our Consolidated Affiliated Entities may change or remove the members of its board of directors or replace any member of its senior management. Dalian Neusoft Ruixin also has the right to appoint the directors, general managers, financial controllers and other senior managers of our Consolidated Affiliated Entities. Dalian Neusoft Ruixin has absolute control over the distribution of dividends or any other amounts to the shareholders of our Consolidated Affiliated Entities as our Consolidated Affiliated Entities and their shareholders have undertaken not to make any distribution without Dalian Neusoft Ruixin's prior written consent.

b. Exclusive Call Option Agreement

Under the exclusive call option agreement dated 21 June 2019, entered into between (i) Dalian Neusoft Ruixin; (ii) the Registered Shareholder of Dalian Development; and (iii) Dalian Development and our universities (the “**Exclusive Call Option Agreement**”), the Registered Shareholder unconditionally and irrevocably agreed to grant Dalian Neusoft Ruixin an exclusive option to purchase all or part of the equity interest in Dalian Development and/or sponsor interests in our universities, respectively, held by the Registered Shareholder (including any additional sponsor interests in our universities obtained by the Registered Shareholder in the future) for the minimum amount of consideration permitted by applicable PRC Laws, under circumstances in which Dalian Neusoft Ruixin or its designated third party is permitted under PRC Laws to acquire all or part of the equity interests of Dalian Development and our universities.

Where the purchase price is required by PRC Laws to be an amount other than nil consideration, the Registered Shareholder undertakes to return the amount of purchase price they have received to Dalian Neusoft Ruixin or its designated third party. We have the sole discretion to decide when to exercise the option, and whether to exercise the option in part or in full. The key factor for us to decide whether to exercise the option is whether the Foreign Investment Restrictions in relation to the Education Business will be removed in the future, the likelihood of which we were not in a position to know or comment on as at the Latest Practicable Date.

To prevent the flow of our Consolidated Affiliated Entities' value and assets to their respective registered shareholders, pursuant to the Exclusive Call Option Agreement, none of the assets of Dalian Development or our universities are to be transferred or otherwise disposed of without the written consent of Dalian Neusoft Ruixin. In addition, under the Exclusive Call Option Agreement, no transfer of, or encumbrance over, the sponsor interests and/or equity interests, as the case may be, in Dalian Development or our universities is permitted without Dalian Neusoft Ruixin's prior written consent.

Any distribution of profit or dividend from Dalian Development and our universities must be immediately transferred or paid (subject to the relevant tax payment being made under applicable laws and regulations) to Dalian Neusoft Ruixin (or its designated party). If Dalian Neusoft Ruixin exercises its option, all or any part of the equity interests or sponsor interests (as the case may be) in Dalian Development and our universities would be transferred to Dalian Neusoft Ruixin and the benefits of ownership in the equity interests or sponsor interests (as the case may be) would flow to Dalian Neusoft Ruixin and our Shareholders.

c. Equity Pledge Agreement A

Each of our universities is a private non-enterprise entity (民辦非企業單位). Under PRC Laws, entities or individuals who establish a private non-enterprise entity are generally referred to as “sponsors” rather than “owners” or “shareholders”, and the economic substance of “sponsor interest” with respect to a private non-enterprise entity is substantially similar to that of “ownership” from a legal, regulatory and tax perspective. Under PRC Laws, our School Sponsors' sponsor interests in our universities are not capable of being pledged as security in favour of Dalian Neusoft Ruixin. Our PRC Legal Adviser has advised us that any pledge of sponsor interests would not be registrable or enforceable under PRC Laws.

Accordingly, we have entered into an equity pledge arrangement in relation to the equity interest in Dalian Development held by its Registered Shareholder. Under the equity pledge agreement dated 21 June 2019, entered into by and between (i) Dalian Neusoft Ruixin; (ii) the Registered Shareholder of Dalian Development; and (iii) Dalian Development (the **"Equity Pledge Agreement A"**), the Registered Shareholder unconditionally and irrevocably pledged all of the equity interests in Dalian Development in favour of Dalian Neusoft Ruixin in order to guarantee the performance of the obligations of the Registered Shareholder, Dalian Development, the School Sponsors and our universities under the Contractual Arrangements A. Under the Equity Pledge Agreement A, the Registered Shareholder has agreed that, without the prior written consent of Dalian Neusoft Ruixin, it would not transfer or dispose of the pledged equity interests or create or allow a third party to create any encumbrance on the pledged equity interests that would prejudice Dalian Neusoft Ruixin's interest.

The pledge in respect of Dalian Development takes effect upon completion of registration with the relevant administration for industry and commerce and will remain valid until: (i) the satisfaction of all contractual obligations by the Registered Shareholder, Dalian Development, the School Sponsors and our universities under the Exclusive Management Consultancy and Business Cooperation Agreement A, Exclusive Call Option Agreement and the Powers of Attorney A (as defined below), or (ii) the nullification or termination of the Exclusive Management Consultancy and Business Cooperation Agreement A, the Exclusive Call Option Agreement and the Powers of Attorney A, whichever is later.

The Equity Pledge Agreement A has been duly registered with the relevant PRC legal authority pursuant to PRC Laws.

Documents supporting the structural integrity and stability of our main agreements

a. **Powers of Attorney A**

The Registered Shareholder of Dalian Development, the School Sponsors and Dalian University have each executed an irrevocable power of attorney dated 21 June 2019 (each a **"Power of Attorney A"**, and collectively, the **"Powers of Attorney A"**) granting Dalian Neusoft Ruixin (or a person designated by Dalian Neusoft Ruixin, including our Directors and their successors and any liquidators substituting our Directors, but excluding anyone who may give rise to a conflict of interest), as its attorney, with authorisation to vote on all matters that require our Consolidated Affiliated Entities' shareholders' or school sponsors' approval and on which the respective grantor is entitled to vote, including the right to appoint directors and vote on the director's behalf on the boards of our universities.

To prevent the Powers of Attorney A from giving rise to a conflict of interest, each of the School Sponsors and Dalian University, under their respective Powers of Attorney A, irrevocably undertook that:

- (a) the authorisations granted under the Powers of Attorney A have not and would not lead to any conflict of interest between Dalian Neusoft Ruixin (or its parent companies) and our Consolidated Affiliated Entities; and
- (b) if the entity or any direct or indirect shareholder of the entity or their delegated representatives concurrently serve as the Director or senior management of the Company, the authorisations granted under the Powers of Attorney A shall be exercised in a manner in favour of the Company.

Through the Powers of Attorney A, Dalian Neusoft Ruixin has effectively acquired control over the Consolidated Affiliated Entities through shareholder or school sponsors' votes, which allows Dalian Neusoft Ruixin to control, the composition of the board of directors for our Consolidated Affiliated Entities. As advised by our PRC Legal Adviser, the Powers of Attorney A are valid, legal and binding on the parties under PRC Laws.

b. Undertaking Letters

To support the stability and continued validity and enforceability of our Contractual Arrangements A, and in particular the Equity Pledge Agreement A, Dalian Neusoft Ruixin received irrevocable undertakings (承諾函) on 21 June 2019 and 8 October 2019 (collectively, the **"Undertaking Letters"**) from (a) each of the following shareholders of Neusoft Holdings (the Registered Shareholders): Dalian Kang Ruidao, Dalian Siwei, LIU Ming, Alpine China, Northeastern University Group, PICC Life, PICC Health, Yida Holdings; and (b) the following shareholders and/or controlling persons of the shareholders of Neusoft Holdings: Dr. J. Liu, the general partner of Dalian Kang Ruidao, Alpine Electronics, Baidu Online Network Technology (Beijing) Co., Ltd. and the three individual shareholders of Yida Holdings. Pursuant to the Undertaking Letters, the undertaking shareholders would not (or procure that respective shareholder of the Registered Shareholder not to, as the case may be) enter into an arrangement (including pledge, sale, disposal or creation of other third-party rights) in respect of the equity interests held by them (or that respective shareholder) in the Registered Shareholder that may reduce either the effectiveness of the Registered Shareholder's equity pledge to Dalian Neusoft Ruixin under the Contractual Arrangements A or the stability of the Contractual Arrangements A, unless: (i) they, except for PICC Life and PICC Health, have obtained Dalian Neusoft Ruixin's consent; and (ii) the counterparties or beneficiaries of the proposed arrangement have executed similar written undertaking(s) to the effect that they will not affect the performance of our Contractual Arrangements A.

The main purpose of the Undertaking Letters is to further support the stability of the operation of the Contractual Arrangements A. It is envisioned that the Undertaking Letters would achieve this purpose through, among others:

- (a) preventing the undertaking shareholders from entering into any arrangement involving their respective direct or indirect interests in the Registered Shareholder that would adversely affect the first priority pledge granted by the Registered Shareholder to Dalian Neusoft Ruixin under the Equity Pledge Agreement A;
- (b) requiring the undertaking shareholders to refrain from taking any action that would harm the operation of the Contractual Arrangements A (and the VIE Structure that it underpins); and
- (c) ensuring that the undertaking shareholders are aware of, and directly support, the Registered Shareholder's entry into, and obligations under, the Contractual Arrangements A; and that any new person that proposes to obtain an interest in the Registered Shareholder would, before acquiring such interest, give similar undertakings to Dalian Neusoft Ruixin to maintain the stability of the Contractual Arrangements A (and the VIE Structure that it underpins).

DIRECTORS' REPORT

The Registered Shareholder is a corporate legal entity. It has separate legal personality and is legally bound by, and is required to perform under, the terms of the Contractual Arrangements A. Notwithstanding the fact that the Registered Shareholder, being a corporate legal entity, is under substantively the same obligations, and legal responsibility, to perform under the Contractual Arrangements A, as those that would be imposed on a natural person in the position of the Registered Shareholder, the following factors, among others, provide further protection in maintaining the operation and effectiveness of our Contractual Arrangements A:

- (a) the Undertaking Letters given by the undertaking shareholders ensure that the ultimate controlling entities or natural persons behind the Registered Shareholder are supportive of, and would not undermine the stability of, or jeopardise the Registered Shareholder's performance under, the Contractual Arrangements A;
- (b) although the undertaking shareholders may enter into arrangements that may directly or indirectly concern interests in the Registered Shareholder, as advised by our PRC Legal Adviser, under PRC Laws, these arrangements (which include any change in the shareholders of the Registered Shareholder) would not affect the validity of the Contractual Arrangements A or its legally binding effect upon the Registered Shareholder; and
- (c) the undertaking shareholders (or their associates, as defined in the Listing Rules) are also our Shareholders or shareholders of Dalian Neusoft Ruixin; and therefore, each has a vested interest in ensuring that the parties to the Contractual Arrangements A (including both the domestic and foreign parties) perform their obligations under the Contractual Arrangements A and that the VIE Structure effectively ensures that control over our Consolidated Affiliated Entities vests in the Company (through Dalian Neusoft Ruixin) and allows the economic interests of our Consolidated Affiliated Entities to flow through to Dalian Neusoft Ruixin and that the financials of our Consolidated Affiliated Entities are able to be consolidated into the accounts of the Company.

c. Spousal Undertakings A

Each of the spouses of Dr. J. Liu, LIU Ming, and the three ultimate beneficial owners of Yida Holdings, being all the individual ultimate beneficial owners that control the shareholders of the Registered Shareholder, has given an irrevocable spousal undertaking (collectively, the **"Spousal Undertakings A"**) to our Group that:

- (i) he/she has full knowledge of Dalian Neusoft Ruixin and has consented to the entry into of the Contractual Arrangements A by Dalian Neusoft Ruixin, the Registered Shareholder and Dalian Development;
- (ii) he/she undertakes to execute all necessary documents and take all necessary acts to safeguard the performance of the Contractual Arrangements A and to give effect to the aims and purpose of the Contractual Arrangements A, and confirms and agrees to all documents executed and acts taken in relation thereto;
- (iii) any undertaking, confirmation, consent and authorisation under the Spousal Undertakings A would not be revoked, prejudiced, invalidated or otherwise adversely affected by any increase, decrease, consolidation or other similar events in respect of the shares in the Registered Shareholder held by its shareholders; and
- (iv) any undertaking, confirmation, consent and authorisation under the Spousal Undertakings A will not be revoked, prejudiced, invalidated or otherwise adversely affected by the spouse's death, loss of or restriction on legal capacity, or by divorce or other similar events.

Regulatory framework

a. Higher education business

Foreign control restriction

Pursuant to the Special Administrative Measures for Access of Foreign Investment (Negative List) (《外商投資准入特別管理措施(負面清單)》) (“**Negative List**”), the provision of higher education in China falls within the “restricted” category of foreign investment activities. In particular, this means: (a) the catalogue explicitly restricts foreign-invested higher education institutions to Sino-foreign cooperation ventures (“**Sino-foreign Schools**”), meaning that foreign investors (such as our Company, “**foreign party**”) may only operate higher education institutions in China by cooperating with PRC incorporated entities (“**domestic party**”) that comply with the Sino-foreign Regulation (defined below); and even in such circumstances; and (b) the domestic party must play a dominant role in the Sino-foreign School (“**Foreign Control Restriction**”), meaning that (i) the schools’ principals or chief executives must be PRC nationals; and (ii) the domestic party’s representatives must account for no less than half of the total members of the board of directors, the executive council or the joint administration committee of the Sino-foreign School (collectively, the “**governing body**”), as the case may be, depending on the governing structure adopted by the Sino-foreign School.

Qualification requirements

Even if a Sino-foreign cooperation meets the Foreign Control Restriction, pursuant to the Regulation on Operating Sino-foreign Cooperative Schools of the PRC (中華人民共和國中外合作辦學條例), promulgated by the Stated Council in 2003 and amended on 18 July 2013 and 2 March 2019 (the “**Sino-foreign Regulation**”) and further interpreted by its implementation measures, the foreign party in a Sino-foreign School must be a foreign education institution capable of providing quality education outside of China (the “**Qualification Requirements**”).

Foreign ownership restriction

Pursuant to the Implementation Opinions of the MOE on Encouraging and Guiding the Entry of Private Capital into the Fields of Education and Promoting the Healthy Development of Private Education (關於鼓勵和引導民間資金進入教育領域促進民辦教育健康發展的實施意見), promulgated by the MOE on 18 June 2012, the foreign portion of the total investment in a Sino-foreign School should be below 50% (the “**Foreign Ownership Restriction**”).

DIRECTORS' REPORT

Sino-foreign schools in Liaoning, Guangdong, and Sichuan provinces

With the assistance of our PRC Legal Adviser, we consulted the International Cooperation and Exchange Office (國際交流合作處) and the Development Planning Office (發展規劃處) of the Educational Department of Liaoning Province on 22 May 2019, the Policy and Regulation Office (政策法規處) and the Cooperation and Exchange Office (交流合作處) of the Department of Education of Guangdong Province on 5 March 2019, the Development Planning Office (發展規劃處) of the Education Department of Sichuan Province on 17 June 2019, and the International Cooperation and Exchange Office of the Education Department of Sichuan Province on 12 June 2019. Based on such consultations, we were given to understand that:

- (a) the Foreign Control Restriction, the Qualification Requirements and the Foreign Ownership Restriction apply to Sino-foreign Schools engaging in higher education in Liaoning, Guangdong, and Sichuan provinces;
- (b) no implementing measures or specific guidance regarding the Qualification Requirements had been promulgated pursuant to the Regulation on Sino-foreign Cooperation in Operating Schools of the PRC in Liaoning, Guangdong, or Sichuan provinces;
- (c) no Sino-foreign School providing higher education, the domestic party of which is a private educational institution, had ever been approved in Liaoning, Guangdong, or Sichuan provinces;
- (d) it is not practicable to convert our universities into Sino-foreign Schools; and
- (e) the execution and performance of the Contractual Arrangements A do not require any prior filing or approval.

Our PRC Legal Adviser is of the view that each of the International Cooperation and Exchange Office and the Development Planning Office of the Educational Department of Liaoning Province, the Policy and Regulation Office and the Cooperation and Exchange Office of the Department of Education of Guangdong Province, the Development Planning Office and the International Cooperation and Exchange Office of the Education Department of Sichuan Province is competent to provide the above confirmation, since the International Cooperation and Exchange Office of the Educational Department of Liaoning Province, the Cooperation and Exchange Office of the Department of Education of Guangdong Province, and International Cooperation and Exchange Office of the Education Department of Sichuan Province are the responsible departments in their respective provinces to accept and perform a preliminary or final review of the applications for establishing Sino-foreign schools providing higher education, and the Development Planning Office of the Education Department of Sichuan Province and the Educational Department of Liaoning Province and the Policy and Regulation Office of the Department of Education of Guangdong Province are the responsible departments in their provinces to oversee the private higher education institutions in their respective provinces.

Based on the consultations above, our PRC Legal Adviser has advised us that, as of the Latest Practicable Date, there are no applicable PRC Laws providing clear guidance or interpretation on the Qualification Requirements, particularly considering that no implementation measures or specific guidance are available for the relevant provinces in which our three universities are located.

Based on the foregoing, the Directors consider that it is not practicable for us to seek to apply to reorganise any of our universities as a Sino-foreign School.

b. Publishing business

Pursuant to the Negative List, foreign investment in the publication of audio-visual products and electronic publications and in the provision of internet publishing services is prohibited.

Based on (a) the fact that PRC Laws restrict foreign ownership in the Education Business (through the Foreign Control Restriction and the Foreign Ownership Restriction), and following consultations with the competent government authorities in Liaoning, Guangdong, and Sichuan provinces, the understanding that we are not able to presently meet the Qualification Requirements (due to, among other reasons, there being no implementing measures or specific guidance on the Qualification Requirements in Liaoning, Guangdong, and Sichuan provinces, and there is no applicable PRC Laws providing clear guidance or interpretation on the Qualification Requirements); and (b) foreign investment is prohibited in our Publishing Business, our PRC Legal Adviser has advised us that it is not possible to convert our three universities into sino-foreign schools, nor is it possible for Dalian Neusoft Ruixin to directly hold any equity interest in Neusoft Electronic Press. Accordingly, our PRC Legal Adviser is of the view that our Contractual Arrangements A, which cover our Education Business and our Publishing Business, are narrowly tailored.

c. Foreign investment law

On 15 March 2019, the 2nd session of the 13th National People's Congress enacted the Foreign Investment Law of the People's Republic of China (the "**FIL**"), which replaced the Law on Sino-Foreign Equity Joint Ventures, the Law on Sino-Foreign Contractual Joint Ventures and the Law on Foreign-Capital Enterprises, and became the legal foundation for foreign investment law in China. The FIL stipulates three major forms of foreign investment, but does not explicitly stipulate Contractual Arrangements A as a form of foreign investment.

Conducting operations through Contractual Arrangements A has been adopted by many PRC-based companies, and has been adopted by the Company in the form of our Contractual Arrangements A to establish control over our Consolidated Affiliated Entities by Dalian Neusoft Ruixin, and through which we operate our Relevant Business in China. If the then laws, administrative regulations and provisions of the State Council do not incorporate Contractual Arrangements A as a form of foreign investment, our Contractual Arrangements A as a whole, and each of the agreements comprising our Contractual Arrangements A, will not be materially affected and will continue to be legal, valid and binding on the parties.

Notwithstanding this, the FIL stipulates that foreign investment includes "investment by foreign investors through such other methods under laws, administrative regulations or provisions prescribed by the State Council". There is the possibility that future laws, administrative regulations or provisions prescribed by the State Council may regard Contractual Arrangements A as a form of foreign investment, at which time it will be uncertain whether our Contractual Arrangements A would be deemed in violation of foreign investment laws and regulations and how our Contractual Arrangements A would then be handled by relevant PRC authorities. Therefore, there is no guarantee that our Contractual Arrangements A, and the business of our Consolidated Affiliated Entities, will not be materially and adversely affected in the future due to changes in PRC Laws.

Plan to comply with the qualification requirements

We have implemented the following plan that represents our commitment and our meaningful endeavours to satisfy the Qualification Requirements (and should the criteria to be met by a foreign party under the Qualification Requirements be further clarified) (the two collaborations below, collectively the **"Cooperations"**):

- (a) on 28 May 2019, Neutech HK entered into a memorandum of understanding with the University of Aizu ("**Aizu**"), a university in Japan accredited by the Ministry of Education, Culture, Sports, Science and Technology, Japan, pursuant to which we and Aizu agreed to cooperate in international higher education, including, in particular:

- (i) information exchange concerning higher education, scientific research, and related activities;
- (ii) provision of books, publications and documents, including curricula for higher education and scientific research;
- (iii) mutual exchange of faculty and researchers;
- (iv) joint research activities by faculty members or researches, and cooperation in applying and promoting national or international projects;
- (v) mutual visits and/or exchange of students; and
- (vi) establishing overseas bases in China and Japan, respectively,

pursuant to the memorandum of understanding with Aizu, the Group has established the AizuNeusoft Innovation Hub and the Contact Office of our Company on Aizu's campus, as part of the Group's efforts to establish overseas bases in Japan and to facilitate information and resource exchange with Aizu. The Group completed the update of the memorandum of understanding with Aizu during the Reporting Period.

- (b) on 18 June 2019, Neutech HK entered into a memorandum of understanding with IT Innovation Ltd. (IT創新股份有限公司) ("**IT Innovation**"), pursuant to which IT Innovation agreed to provide consulting services to Neutech HK for the provision of higher-education in Japan, on the following areas subject to further agreement:

- (i) professional knowledge on education and training;
- (ii) our cooperation and collaboration with and/or acquisition of Japanese colleges and universities specialising in IT education; and
- (iii) exchange and secondments for teacher and personnel.

- (c) the Group continues communicating and negotiating with certain experienced and reputable overseas education services providers on potential collaboration opportunities, including expanding the Group's school network abroad. In 2024, we collaborated with 10 Japanese universities, including Ritsumeikan University, on initiatives such as international student recruitment, student visits, and student exchange practice groups. During the Reporting Period, we received a total of 98 Japanese long- and short-term international students from partner institutions, and dispatched 90 Chinese students to Japan for long- and short-term study and exchange programmes, including master's degree-seeking after undergraduate study, exchange student programmes, and 2+2 dual-degree programmes. In addition, many teachers from the School of Digital Art and Design, the School of Foreign Languages, School of Information and Business Management, and the School of Higher Vocational and Technical of Dalian University were sent abroad for inspection and communication. They visited universities like Kokushikan University, Kyoto Sangyo University, Kawasaki University of Medical Welfare, Tsuyama National College of Technology, and Osaka Zokei College of Design, as well as enterprises such as Itochu Corporation and Zenko Soken Co., Ltd. They further exchanged ideas and practices on industry-academia interaction and the integration of industry and education. Focusing on the Group's integrated development strategy of "Education, Healthcare, Wellness and Mind Tour", efforts were made to promote cooperation with Japanese wellness and elderly care related universities and wellness and elderly care institutions.
- (d) we envisage operating a higher-education institution in Japan, solely or in cooperation with our partners. The implementing scheme is to be determined, however, we plan to establish a company in Japan with an initial investment of USD150,000, which will serve as the vehicle through which the Group will perform preparatory work and as the entity to operate and manage the Japanese higher-education institution that we will sponsor in the future. We have engaged an agent to assist us with better understanding and navigating the business environment in Japan and we are preparing relevant documents in relation to establishing a subsidiary in Japan. The establishment of our Japanese subsidiary has not been completed since such relevant documents has expired due to a long suspension on the establishment under the impact of the Coronavirus Disease pandemic. We are now in process of preparing new submission documents via the agent and expect to commence operations in the education sector in Japan as soon as all applicable regulatory approvals have been obtained, all preparatory work has been completed, and when the Directors believe it is in the best interests of the Group to do so.
- (e) it is intended that Neutech HK will serve as a platform to:
 - (i) negotiate and execute contracts for international business cooperation; and
 - (ii) invest in education businesses overseas as and when appropriate.

DIRECTORS' REPORT

Based on the steps taken above, our PRC Legal Adviser is of the view that:

- (a) there are no applicable PRC Laws providing clear guidance or interpretation on the Qualification Requirements, in particular, what specific criteria must be met by the foreign party (such as the level of experience in overseas educational industry) so as to fulfil the Qualification Requirements;
- (b) notwithstanding the foregoing in (a) above, the higher-education institution to be established by us in Japan or another overseas higher-education institution that we may establish in the future, which will provide university level education service, shall meet the basic requirements under the Sino-foreign Regulation;
- (c) if the higher-education institution to be established by us in Japan, or any other overseas higher education institution that we may establish in the future, successfully commences operation and gains sufficient level of experience, it is likely that we can fulfil the Qualification Requirements and will be able to own, control and operate our existing universities in the PRC wholly or partly through such overseas higher-education institution, subject to compliance with any other legal restrictions including the Foreign Ownership Restriction and the Foreign Control Restriction and approval from the relevant education authorities in the PRC, and

in light of the steps taken by us highlighted above, the limited experience that we had in operating overseas education institutions as of the Latest Practicable Date and the lack of clear guidance or interpretation on the Qualification Requirements issued by the relevant competent authorities, our PRC Legal Adviser is of the view that we have taken all reasonable steps towards fulfilling the Qualification Requirements under the current circumstances.

We undertake to the Stock Exchange that we will:

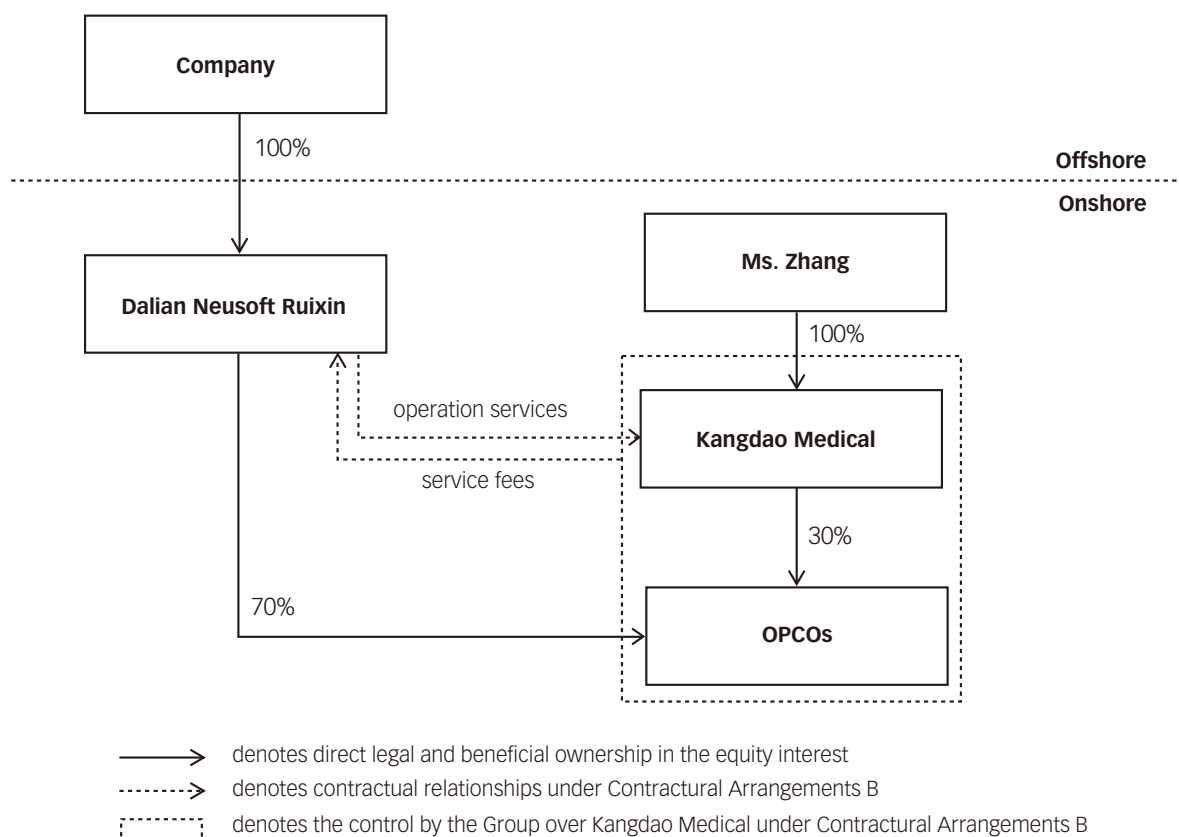
- (a) under the guidance of our PRC Legal Adviser, continue to keep ourselves updated on all relevant regulatory developments and guidance relating to the Qualification Requirements; and
- (b) provide periodic updates in our annual and interim reports to inform our Shareholders of the actions undertaken towards meeting the Qualification Requirements.

Contractual Arrangements B (Medical Business)

Overview

In response to the opportunities and challenges posed by the “aging” society in China, the Group entered the elderly education sector in 2024 and simultaneously expanded into the elderly medical service field. This strategic move will help us to unlock a second growth curve beyond our existing business, serving as an additional revenue stream contributing to our overall business development and growth. Operation of “medical institution” falls within the “restricted category” for foreign investment under the PRC laws. Further, according to the Interim Administrative Measures on Sino-Foreign Equity Medical Institutions and Sino-Foreign Cooperative Medical Institutions (《中外合資、合作醫療機構管理暫行辦法》), foreign investors are not allowed to hold more than 70% equity interest in a “medical institution”. On 26 March 2024, Dalian Neusoft Ruixin, a wholly-owned subsidiary of our Company (as the purchaser), entered into a share transfer agreement with Neusoft Holdings (as the vendor) and Neusoft Healthcare, in relating to the acquisition of all equities of Neusoft Healthcare. Ruikang Cardiovascular Hospital and Ruikang Stomatological Hospital, subsidiaries of Neusoft Healthcare are principally engaged in the provision of medical services and are considered as “medical institutions”, are therefore subject to the Foreign Ownership Restriction. In order to control the OPCOs to prevent leakages of equity and values to the minority shareholders of the OPCOs and to obtain 30% economic benefits of the OPCOs to be attributable to Kangdao Medical, Dalian Neusoft Ruixin, Kangdao Medical and Ms. ZHANG Hong (“**Ms. Zhang**”) entered into the Contractual Arrangements B on 31 May 2024. For details please refer to the section headed “the New Contractual Arrangements” in the announcement of the Company dated 26 March 2024 and the section headed “Directors’ Report – Connected Transactions – The Acquisition of Neusoft Healthcare”.

The following simplified diagram illustrates the flow of economic benefits from the VIE Target Companies to the Group under the Contractual Arrangements B:



Summary of material terms of Contractual Arrangements B

The principal terms of the Contractual Arrangements B are summarized as follows:

a. Exclusive Management Consultancy and Business Cooperation Agreement B

Dalian Neusoft Ruixin, Kangdao Medical and Ms. Zhang will enter into the exclusive management consultancy and business cooperation agreement (the “**Exclusive Management Consultancy and Business Cooperation Agreement B**”) on 31 May 2024, pursuant to which Dalian Neusoft Ruixin has the exclusive right to provide, or the right to designate a third party to provide Kangdao Medical and its subsidiaries with corporate management consulting services, intellectual property licensing services as well as technical and business support services. Such services include:

- (i) the provision of advisory services and recommendations on corporate management, medical healthcare (excluding medical diagnosis), asset and business operation, debt disposal, material contracts (including negotiations, execution and performance of the same), mergers and acquisitions, the development, maintenance and research services on computer system, software and products, employee management training, technology development, transfer and consulting services, public relation services, market survey, research and consulting services, market development and planning services, human resources and internal informatization management, network development, upgrade and ordinary maintenance services, sales of propriety products, licensing software, trademark, domain name and knowhow and/or the use of related intellectual property rights; and
- (ii) other additional services as the parties may mutually agree from time to time.

Without Dalian Neusoft Ruixin's prior written consent, Kangdao Medical and its subsidiaries shall not accept from, or establish any cooperation with, a third party in relation to any services covered by the Exclusive Management Consultancy and Business Cooperation Agreement B. Dalian Neusoft Ruixin owns all intellectual property rights arising out of the performance of the Exclusive Management Consultancy and Business Cooperation Agreement B.

In exchange, Kangdao Medical agrees to pay the entirety of their total income (net of costs, expenses, taxes and payments required by the relevant laws and regulations to be reserved or withheld except the enterprise income tax) to Dalian Neusoft Ruixin as the service fee.

Under the Exclusive Management Consultancy and Business Cooperation Agreement B, without prior written approval from Dalian Neusoft Ruixin, Kangdao Medical and its subsidiaries shall not enter into any transaction (save as those transactions entered into in the ordinary course of business) that may affect its assets, obligations, rights or operation, including but not limited to (i) the provision of any security or guarantee in favour of any third party with a value higher than RMB30 million in respect of the debt obligations of Kangdao Medical and its subsidiaries; (ii) the provision of any security or guarantee in favour of any third party not arising from the debt obligations of Kangdao Medical and its subsidiaries; (iii) the entry into of any loan or debt obligations in favour of any third party; and (iv) in relation to any third party the disposal, acquisition or otherwise dealing of any assets (including but not limited to intellectual properties) with a value higher than RMB500,000.

In addition, under the Exclusive Management Consultancy and Business Cooperation Agreement B, without prior written consent of Dalian Neusoft Ruixin, neither Kangdao Medical nor any of its subsidiaries can change or remove the members of its board of directors who are appointed by Dalian Neusoft Ruixin in accordance with its articles of association. Dalian Neusoft Ruixin also has the right to appoint the directors, general managers, financial controllers and other senior managers of Kangdao Medical and its subsidiaries. Dalian Neusoft Ruixin has absolute control over the distribution of dividends or any other amounts to the shareholders of Kangdao Medical as Kangdao Medical and its shareholder have undertaken not to make any distribution without Dalian Neusoft Ruixin's prior written consent.

b. Exclusive Call Option Agreement

Dalian Neusoft Ruixin, Kangdao Medical and Ms. Zhang will enter into the exclusive call option agreement (the "**Exclusive Call Option Agreement**") on 31 May 2024, pursuant to which Ms. Zhang unconditionally and irrevocably agrees to grant Dalian Neusoft Ruixin an exclusive option to purchase all or part of the equity interest in Kangdao Medical held by Ms. Zhang, as the case may be, for the minimum amount of consideration permitted by applicable PRC laws, under circumstances in which Dalian Neusoft Ruixin or its designated third party is permitted under PRC laws to acquire all or part of the equity interest in Kangdao Medical.

Where the purchase price is required by relevant PRC laws to be an amount other than nil consideration, Ms. Zhang undertakes to return the amount of purchase price it has received to Dalian Neusoft Ruixin or any of its designated third party.

To prevent the flow of the assets and value of Kangdao Medical to its shareholders, pursuant to the Exclusive Call Option Agreement, none of the assets of Kangdao Medical are to be transferred or otherwise disposed of without the prior written consent of Dalian Neusoft Ruixin. In addition, under the Exclusive Call Option Agreement, no transfer of, or encumbrance over, the equity interest in Kangdao Medical is permitted without Dalian Neusoft Ruixin's prior written consent.

In the event that Ms. Zhang receives any profit distribution or dividend from Kangdao Medical, Ms. Zhang shall immediately pay such amount (subject to the relevant tax payment being made under the relevant laws and regulations) to Dalian Neusoft Ruixin. If Dalian Neusoft Ruixin exercises this option, all or any part of the equity interest in Kangdao Medical acquired would be transferred to Dalian Neusoft Ruixin and the benefits of equity ownership would flow to Dalian Neusoft Ruixin and its shareholders.

c. Equity Pledge Agreement B

Dalian Neusoft Ruixin, Kangdao Medical and Ms. Zhang will enter into the equity pledge agreement (the "**Equity Pledge Agreement B**") on 31 May 2024, pursuant to which Ms. Zhang unconditionally and irrevocably agrees to pledge all of the equity interest in Kangdao Medical in favor of Dalian Neusoft Ruixin in order to guarantee the performance of obligations of Kangdao Medical and Ms. Zhang under the Contractual Arrangements B.

The pledge in respect of Kangdao Medical takes effect upon completion of registration with the relevant administration for market regulation and shall remain valid until (i) the satisfaction of all contractual obligations of Kangdao Medical and Ms. Zhang in full under the Contractual Arrangements B, or (ii) the nullification or termination of the Contractual Arrangements B, whichever is later.

DIRECTORS' REPORT

Kangdao Medical and Ms. Zhang have registered the pledge contemplated under the Equity Pledge Agreement B with the relevant administration for market regulation pursuant to the PRC laws.

To further enhance the Group's control over Kangdao Medical, the Company has taken measures to ensure that the register of shareholders of Kangdao Medical and share certificate of Ms. Zhang are properly secured, within full control of Dalian Neusoft Ruixin, and cannot be used by Kangdao Medical except for the registration and change of registration procedure necessary for the operation of Kangdao Medical.

d. Power of Attorney B

Ms. Zhang will execute a power of attorney (the "**Power of Attorney B**") on 31 May 2024, pursuant to which Ms. Zhang irrevocably appoints Dalian Neusoft Ruixin (or any person designated by Dalian Neusoft Ruixin, provided that this person does not have a conflict of interest with Dalian Neusoft Ruixin or its parent companies) as its exclusive agent and attorney to act on its behalf on all matters concerning Kangdao Medical and to exercise all of its rights as a registered shareholder of Kangdao Medical. These rights include: (i) the right to exercise all the shareholder's rights, including but not limited to the signing of minutes, sale and transfer of any or all of the equity interest in Kangdao Medical; (ii) the right to file documents with the relevant regulatory authorities; and (iii) the right to nominate and appoint the directors of Kangdao Medical.

Further, pursuant to the Power of Attorney B and to ensure that it does not give rise to a conflict of interest, Ms. Zhang irrevocably undertakes that:

- (i) the authorizations under the Power of Attorney B will not lead to any potential conflict of interests between Dalian Neusoft Ruixin and Ms. Zhang; and
- (ii) if any conflict of interest occurs during the performance of the Contractual Arrangements B, Dalian Neusoft Ruixin's interest shall take priority.

Through the Power of Attorney B, the Company and Dalian Neusoft Ruixin can exercise effective control over Kangdao Medical through shareholder votes, which allows the Company and Dalian Neusoft Ruixin to control the composition of the board of directors of Kangdao Medical.

e. Loan Agreement

Dalian Neusoft Ruixin, Kangdao Medical and Ms. Zhang will enter into a loan agreement (the "**Loan Agreement**") on 31 May 2024, pursuant to which Dalian Neusoft Ruixin will provide an interest-free loan with an amount not exceeding RMB26,571,428 to Kangdao Medical, which can be drawn under several tranches, will be used for the capital contribution to be made by Kangdao Medical under the Capital Contribution Agreements.

Pursuant to the Loan Agreement, upon repayment of the loan, Ms. Zhang shall transfer her equity interest in Kangdao Medical to Dalian Neusoft Ruixin or its designated third party at a consideration equivalent to the amount of the loan being repaid. The term of the loan commences from the drawdown date of the loan and expires on (i) the expiration date of the operation period of Dalian Neusoft Ruixin; or (ii) the expiration date of the operation period of Kangdao Medical, whichever is earlier. The term of the loan may be extended with the consent of all parties. The loan must be repaid immediately under certain circumstances, including, among others, 30 days after receiving a written notice from Dalian Neusoft Ruixin requesting repayment of part or all of the loan.

f. Spouse Undertakings B

The spouse of Ms. Zhang will sign a letter of undertaking (the “**Spouse Undertaking B**”) in respect of the Contractual Arrangements B to the effect, among others, that:

- (i) he has full knowledge of Dalian Neusoft Ruixin, and has consented to the entry into of the Contractual Arrangements B by Dalian Neusoft Ruixin, Ms. Zhang and Kangdao Medical;
- (ii) he will enter into all necessary documents and take all necessary actions to ensure the due performance of Contractual Arrangements B as amended from time to time; and
- (iii) he unconditionally and irrevocably waives any right or benefits on such equity interest and assets in accordance with applicable laws and confirms that he will not have any claim on such equity interest and assets; and he has not and does not intend to participate in the operation and management or other voting matters of Kangdao Medical.

g. Other key terms of the Contractual Arrangements B

Dispute resolution

In the event of any dispute with respect to the interpretation or performance of the provisions, each of the Contractual Arrangements B stipulates: (i) that the parties shall negotiate in good faith to resolve the dispute, and (ii) in the event the parties fail to reach an agreement on the resolution of the dispute, any party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with the then effective arbitration rules. The seat of arbitration is Beijing. The arbitration award shall be final and binding on all parties.

The dispute resolution clause of each of the Contractual Arrangements B also provides that, subject to the relevant laws of the PRC, (i) the arbitrator may award remedies over the shares or assets of Kangdao Medical, injunctive relief (e.g., for the conduct of business or to compel the transfer of assets) or order the winding up of Kangdao Medical, and (ii) the courts of Hong Kong, the Cayman Islands (being the place of incorporation of the Company), the PRC (being the place of incorporation of Kangdao Medical) and the place where the principal assets of the Company or Kangdao Medical are located, have the power to grant interim remedies in support of the arbitration pending formation of the arbitral tribunal or in appropriate cases.

DIRECTORS' REPORT

However, the PRC Legal Advisors have advised that the tribunal has no power to grant such injunctive relief, nor will it be able to order the winding up of Kangdao Medical pursuant to current PRC laws. In addition, interim remedies or enforcement orders granted by overseas courts such as those of Hong Kong and the Cayman Islands may not be recognizable or enforceable under the current PRC laws.

As a result of the above, if Kangdao Medical or Ms. Zhang breach any of the Contractual Arrangements B, the Company may not be able to obtain sufficient remedies in a timely manner, and its ability to exert effective control over Kangdao Medical and conduct business could be materially and adversely affected.

Succession

Pursuant to the Contractual Arrangements B, the provisions set out in the Contractual Arrangements B are also binding on any successor(s) of Ms. Zhang, and any successor(s) of Ms. Zhang shall assume any and all rights and obligations of Ms. Zhang under the Contractual Arrangements B as a result of her death, loss of civil capacity, bankruptcy, divorce, or under any other circumstance which would affect her exercise of equity interest in Kangdao Medical and shall cooperate with the signing parties to the Contractual Arrangements B to make all necessary arrangements so as to ensure that the successor(s) will not interrupt the operation of the Contractual Arrangements B.

Conflicts of interests

Ms. Zhang has given its irrevocable undertaking in the Power of Attorney B to address potential conflicts of interests that may arise in connection with the Contractual Arrangements B. For further details, please refer to section headed "Power of Attorney" in the announcement of the Company date 26 March 2024 of Connected Transaction in Relation to the Acquisition of Neusoft Healthcare.

Loss sharing

Under relevant PRC laws and regulations, neither the Company nor Dalian Neusoft Ruixin is legally required to share the losses of, or provide financial support to, Kangdao Medical. Further, Kangdao Medical is a limited liability company and shall be solely liable for its own debts and losses with assets owned by it.

Nevertheless, Dalian Neusoft Ruixin intends to provide continuous assistance to Kangdao Medical in obtaining financial support when deemed necessary. In addition, given that the Group conducts certain business operations through Kangdao Medical, whose subsidiaries hold relevant PRC operational licenses and approvals, and its financial position and results of operations will consolidate into the Group's financial statements under applicable accounting principles, the Company's business, financial position and results of operations would be adversely affected if Kangdao Medical suffers losses.

However, the provisions in the agreements underlying the Contractual Arrangements B are tailored to limit, to the greatest extent possible, the potential adverse effect on Dalian Neusoft Ruixin and the Company as a result of any loss suffered by Kangdao Medical, for instance:

- (i) under the Exclusive Call Option Agreement, the assets of Kangdao Medical are not to be transferred or otherwise disposed of without the prior written consent of Dalian Neusoft Ruixin;
- (ii) under the Exclusive Call Option Agreement, no transfer of, or encumbrance over, the equity interest in Kangdao Medical is permitted without Dalian Neusoft Ruixin's prior written consent;
- (iii) under the Exclusive Management Consultancy and Business Cooperation Agreement B and Power of Attorney B, (i) without prior written consent of Dalian Neusoft Ruixin, neither Kangdao Medical nor any of its subsidiaries can change or remove the members of its board of directors who are appointed by Dalian Neusoft Ruixin in accordance with its articles of association; (ii) Dalian Neusoft Ruixin has the right to appoint the directors, general managers, financial controllers and other senior managers of Kangdao Medical and its subsidiaries; (iii) Dalian Neusoft Ruixin has absolute control over the distribution of dividends or any other amounts to the shareholders of Kangdao Medical; and (iv) without the prior written approval of Dalian Neusoft Ruixin, Kangdao Medical and its subsidiaries shall not enter into, among other things, an acquisition, disposal or dealings in any assets (including but not limited to intellectual properties), with a third party, that has a value higher than RMB500,000.

Liquidation

Pursuant to the Exclusive Management Consultancy and Business Cooperation Agreement B and the Exclusive Call Option Agreement, a committee designated by Dalian Neusoft Ruixin will be appointed as the liquidation committee upon the winding-up of Kangdao Medical to manage its assets. In the event of a liquidation or dissolution, all of the remaining assets and residual interests of Kangdao Medical will be transferred to Dalian Neusoft Ruixin to the maximum extent permissible under PRC Laws.

Insurance

The Company does not maintain an insurance policy to cover the risks relating to the Contractual Arrangements B.

Regulatory framework

As advised by the PRC Legal Advisors, operation of “medical institution” falls within the “restricted category” for foreign investment under the PRC laws. Further, according to the Interim Administrative Measures on Sino-Foreign Equity Medical Institutions and Sino-Foreign Cooperative Medical Institutions (《中外合資、合作醫療機構管理暫行辦法》), foreign investors are not allowed to hold more than 70% equity interest in a “medical institution”.

The PRC Legal Advisors also conducted verbal consultations with the Health Commission of Dalian (大連市衛生健康委員會) (“**Dalian Health Commission**”) and the Department of Commerce of Liaoning Province (遼寧省商務廳) (“**Liaoning MOFCOM**”). The officer in the Administrative Approval Office of Dalian Health Commission (大連市衛生健康委員會行政審批辦公室) verbally confirmed that, (i) foreign investors are not allowed to hold more than 70% equity interest in a medical institution; and (ii) the proposed adoption of the Contractual Arrangements B does not require any approval from relevant health administrations. The officer in the Foreign Investment Administrative Office of Liaoning MOFCOM (遼寧省商務廳外國投資管理處) verbally confirmed that indirectly foreign-owned enterprises are subject to the same foreign investment restrictions as applicable to directly foreign-owned enterprises. The PRC Legal Advisors are of the view that the Dalian Health Commission and Liaoning MOFCOM are the competent authority and the two officers consulted are competent to represent the Dalian Health Commission and Liaoning MOFCOM, respectively, to give such confirmations in respect of foreign investments and based on such confirmations, foreign investors are not allowed to hold, either directly or indirectly, more than 70% equity interest in a medical institution.

As advised by the PRC Legal Advisors, Ruikang Cardiovascular Hospital and the Ruikang Stomatological Hospital are principally engaged in the provision of medical services and are considered as “medical institutions”, are therefore subject to the Foreign Ownership Restriction. In order to control the OPCOs to prevent leakages of equity and values to the minority shareholders of the OPCOs and to obtain 30% economic benefits of the OPCOs to be attributable to Kangdao Medical, Dalian Neusoft Ruixin, Kangdao Medical and Ms. Zhang entered into the Contractual Arrangements B on 31 May 2024.

Legality of the Contractual Arrangements B

The PRC Legal Advisors of the Company, following completion of reasonable due diligence steps, are of the following legal opinion:

- (a) each of Dalian Neusoft Ruixin and Kangdao Medical is a duly incorporated and validly existing company, and their respective establishment is valid, effective and complies with the relevant PRC laws and regulations; Ms. Zhang is a natural person with full civil and legal capacity;
- (b) the parties to each of the Contractual Arrangements B are entitled to execute the agreements and perform their respective obligations thereunder;
- (c) none of the Contractual Arrangements B violates any provisions of the articles of association of each of Dalian Neusoft Ruixin or Kangdao Medical;

- (d) pursuant to Articles 146, 153 and 154 of the PRC Civil Code, a contract is void if the civil juristic act: (i) is performed by a person and another person based on a false expression of intent; (ii) is in violation of the mandatory provisions of laws or administrative regulations, unless such mandatory provisions do not lead to invalidity of such a civil juristic act; (iii) offends the public order or good morals; or (iv) is conducted through malicious collusion between a person who performs the act and a counterparty thereof and thus harms the lawful rights and interests of another person. The execution and performance of the Contractual Arrangements B does not fall within any of the circumstances under which a contract may become null and void pursuant to the PRC Civil Code;
- (e) the parties to each of the Contractual Arrangements B are not required to obtain any approvals or authorizations from the PRC governmental authorities, except that:
 - (i) the exercise of the option by Dalian Neusoft Ruixin or its designee of its rights under the Exclusive Call Option Agreement to acquire all or part of the equity interest in Kangdao Medical is subject to the approvals of and/or registration with the PRC regulatory authorities;
 - (ii) any share pledge contemplated under the Equity Pledge Agreement B is subject to the registration with local administration bureau for market regulation; and
 - (iii) the arbitration awards/interim remedies provided under the dispute resolution provision of the Contractual Arrangements B shall be recognized by PRC courts before compulsory enforcement; and
- (f) each of the Contractual Arrangements B is valid, legal and binding under PRC laws, except for the following provisions regarding dispute resolution and the liquidation committee:
 - (i) the Contractual Arrangements B provide that any dispute shall be submitted to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with the then effective arbitration rules. The seat of arbitration is Beijing. They also provide that the arbitrator may award interim remedies over the shares or assets of Kangdao Medical or injunctive relief (e.g. for the conduct of business or to compel the transfer of assets) or order the winding-up of Kangdao Medical; and the courts of Hong Kong, the Cayman Islands (being the place of incorporation of the Company), the PRC (being the place of incorporation of Kangdao Medical) and the place where the principal assets of the Company or Kangdao Medical are located, have the power to grant interim remedies in support of the arbitration pending formation of the arbitral tribunal or in appropriate cases. However, the PRC Legal Advisors have advised that interim remedies or enforcement orders granted by overseas courts such as those of Hong Kong and the Cayman Islands may not be recognizable or enforceable in the PRC; and
 - (ii) the Contractual Arrangements B provide that a committee designated by Dalian Neusoft Ruixin will be appointed as the liquidation committee upon the winding-up of Kangdao Medical to manage its assets. However, in the event of a liquidation or dissolution, these provisions may not be enforceable under PRC Laws.

However, the PRC Legal Advisors also advised that the interpretation and application of current and future PRC laws and regulations are subject to changes from time to time. Accordingly, there can be no assurance that the PRC regulatory authorities will not in the future take a view that is contrary to or otherwise different from the above opinion of the PRC Legal Advisors.

Listing Rules implications

Kangdao Medical is 100% owned by Ms. Zhang. As of the date of this Report, Ms. Zhang serves as a director and the chief financial officer of Neusoft Holdings. To the best of the knowledge, information and belief of the Directors, after making all reasonable enquiries, Ms. Zhang is not a connected person of the Company and is an Independent Third Party as of the date of this Report. Therefore, transactions under Contractual Arrangements B do not constitute any connected transactions or continuing connected transactions of the Company.

2) Business activities under the Structured Contracts and their significant financial contributions to the Group

In 2024, revenue under the Contractual Arrangements A was approximately RMB1,724.8 million, accounting for approximately 84.5% of the total revenue of the Group (2023: approximately RMB1,561.4 million). As of 31 December 2024, the total assets under the Contractual Arrangements A were approximately RMB6,356.9 million, accounting for approximately 86.4% of the total asset of the Group (2023: approximately RMB5,840.1 million).

In 2024, revenue under the Contractual Arrangements B was approximately RMB16.2 million, accounting for approximately 0.8% of the total revenue of the Group (2023: Nil). As of 31 December 2024, the total assets under the Contractual Arrangements B were approximately RMB5.1 million, accounting for approximately 0.1% of the total asset of the Group (2023: Nil).

3) Unwinding of the structured contracts

As of the date of this Report, there has not been any unwinding of any structured contracts, nor has there been any failure to unwind any structured contracts when the restrictions that led to the adoption of the structured contracts are removed. For details related to the unwinding of the structured contracts, please refer to the sections headed "Contractual Arrangements – Circumstances under which we will unwind our Contractual Arrangements with respect to our Education Business" and "Contractual Arrangements – Circumstances under which we will unwind our Contractual Arrangements with respect to the Relevant Business" in the Prospectus of the Company and the announcement of the Company dated 26 March 2024.

4) Risks relating to the Structured Contracts

For risks related to the Contractual Arrangements A, please refer to the section headed "Risk Factors – Risks relating to Our Contractual Arrangements" in the Prospectus of the Company. For risks related to the Contractual Arrangements B, please refer to the section headed "the New Contractual Arrangements – 6. Risks relating to the New Contractual Arrangements" of the announcement of the Company dated 26 March 2024.

The management of the Company has been working closely with our external lawyers and advisers on monitoring the regulatory environment and development of relevant laws and regulations to reduce the risk associated with Structured Contracts.

5) Major changes relating to the Structured Contracts

For the year ended 31 December 2024, there were no major changes in the Structured Contracts and/or the adoption of the Structured Contracts.

6) Compliance with our Structured Contracts

We have adopted the following measures to ensure the Group's effective implementation, operation of, and compliance with, our Structured Contracts:

- (i) we will submit any major issues arising from implementing or complying with our Structured Contracts to our Board for discussion and review;
- (ii) the Board will review the overall performance of, and compliance with, our Structured Contracts at least annually;
- (iii) the Company will disclose the overall performance of, and compliance with, our Structured Contracts in the annual reports; and
- (iv) the Company will engage legal advisers and other professional advisers (if necessary) to assist the Board with reviewing the implementation of our Structured Contracts, and to deal with specific issues or matters arising out of our Structured Contracts.

7) Confirmation from independent non-executive Directors and the Auditor

The independent non-executive Directors have reviewed the structured contracts and confirmed that (i) all transactions in relation to the Structured Contracts during the year ended 31 December 2024 were entered into and conducted pursuant to the relevant provisions thereunder; (ii) no dividends have been paid by the Consolidated Affiliated Entities or OPCOs to their respective holders of equity which are not otherwise subsequently assigned or transferred to the Group; and (iii) no new structured contracts other than Contractual Arrangements B entered into or renewed between the Group and our Consolidated Affiliated Entities or OPCOs during the year ended 31 December 2024.

The auditor of the Company has confirmed in a letter to the Board that, with respect to the aforesaid transactions entered into in the year ended 31 December 2024, nothing has come to their attention that causes the auditor to believe that dividends or other distributions have been made by Consolidated Affiliated entities to the holders of equity interest of Consolidated Affiliated Entities which were not otherwise subsequently assigned or transferred to the Group.

Save as disclosed in this section, as of the date of this Report the Group has no other structured contracts.

7. CONNECTED TRANSACTION

1) The Acquisition of Neusoft Healthcare

Background, reasons and details of the transaction

In response to the opportunities and challenges posed by the “aging” society in China, the Group entered the elderly education sector in 2024 and simultaneously expanded into the elderly medical service field. This strategic move will help us to unlock a second growth curve beyond our existing business, serving as an additional revenue stream contributing to our overall business development and growth. Therefore, on 26 March 2024, Dalian Neusoft Ruixin, a wholly-owned subsidiary of our Company (as the purchaser), entered into a share transfer agreement with Neusoft Holdings (as the vendor) and Neusoft Healthcare. Pursuant to this agreement, Dalian Neusoft Ruixin conditionally agreed to purchase, and Neusoft Holdings conditionally agreed to sell, all the shares of Neusoft Healthcare at a total consideration of RMB81.0 million.

Considering that (i) the Ruikang Cardiovascular Hospital and the Ruikang Stomatological Hospital, each an indirect wholly-owned subsidiary of the Neusoft Healthcare, are principally engaged in the provision of medical services, and (ii) the Company, as a foreign entity, shall not directly or indirectly hold more than 70% equity interest in any medical institution in the PRC, on 26 March 2024, as a step of intra-group reorganization, Kangdao Medical entered into (i) the capital contribution agreement (“**Capital Contribution Agreement I**”) with Cardiovascular Management, pursuant to which Kangdao Medical has conditionally agreed to make capital contribution, by way of cash, to Cardiovascular Management in the amount of RMB5,142,857 (“**Capital Contribution I**”); and (ii) the capital contribution agreement (“**Capital Contribution Agreement II**”) with Shanghai Xietong, pursuant to which Kangdao Medical has conditionally agreed to make capital contribution, by way of cash, to Shanghai Xietong in the amount of RMB21,428,571 (“**Capital Contribution II**”). Immediately after the completion, the Neusoft Healthcare (along with its subsidiaries, except for the OPCOs) is held as to 100% by the Dalian Neusoft Ruixin and each of the OPCOs is held (directly or indirectly) as to 70% by the Dalian Neusoft Ruixin and 30% by Kangdao Medical.

As of 31 May 2024, the Acquisition of Neusoft Healthcare, the Capital Contribution I and the Capital Contribution II have all completed, upon which, Dalian Neusoft Ruixin holds (i) 100% equity interest in the Neusoft Healthcare (along with its subsidiaries, except for the OPCOs) and (ii) 70% equity interest in each of the OPCOs. In addition, on 31 May 2024, Dalian Neusoft Ruixin, Kangdao Medical and Ms. ZHANG Hong entered into the Contractual Agreements B in respect of the 30% equity interest in the OPCOs held by Kangdao Medical. For details of Contractual Arrangement B, please refer to the section headed “Directors’ Report – Structured Contracts – Contractual Arrangements B (Medical Business)” in this Report. As a result, Neusoft Healthcare and its subsidiaries (including the OPCOs) have become indirect wholly-owned subsidiaries of the Company and 100% of their financial results will be consolidated into the financial statements of the Group.

The Directors (including all independent non-executive Directors) are of the view that although the Acquisition of Neusoft Healthcare are not in the ordinary and usual course of the business of the Group, the terms thereunder are fair and reasonable, on normal or better commercial terms and in the interests of the Company and the Shareholders as a whole.

Further details relating to the Acquisition of Neusoft Healthcare are set out in the announcements of the Company dated 26 March 2024, 16 May 2024 and 31 May 2024.

Connected relationships

Neusoft Holdings is a Controlling Shareholder of the Company. Therefore, according to Chapter 14A of the Listing Rules, Neusoft Holdings is a connected person of the Company, and the transaction under the Acquisition of Neusoft Healthcare constitutes a continuing connected transaction of the Company.

8. CONTINUING CONNECTED TRANSACTIONS

1) Neusoft Holdings Property Framework Agreement

Background and details of the transactions

On 11 September 2020, the Company (for itself and on behalf of the other members of the Group) and Neusoft Holdings (for itself and on behalf of the other members of Neusoft Holdings Group) entered into a framework agreement ("**Former Neusoft Holdings Framework Agreement**"), including the property leasing and management transactions underneath. The Former Neusoft Holdings Framework Agreement expired on 31 December 2022.

On 27 December 2022, the Company (for itself and on behalf of the other members of the Group) and Neusoft Holdings (for itself and on behalf of the other members of Neusoft Holdings Group) entered into a property framework agreement (the "**Neusoft Holdings Property Framework Agreement**"), renewing the property leasing and management transactions under the Former Neusoft Holdings Framework Agreement, pursuant to which the Group will lease out certain properties and offer property management services in relation to such properties to Neusoft Holdings Group. The terms of the Neusoft Holdings Property Framework Agreement are entered into after arm's length negotiations on normal or better commercial terms, and effective for the period from 1 January 2023 to 31 December 2025 (both dates inclusive). Further details relating to the Neusoft Holdings Property Framework Agreement are set out in the announcement of the Company dated 27 December 2022.

Connected relationships

Neusoft Holdings is a Controlling Shareholder of the Company. Therefore, according to Chapter 14A of the Listing Rules, Neusoft Holdings and its subsidiaries are connected persons of the Company, and the transaction under the Neusoft Holdings Property Framework Agreement constitutes a continuing connected transaction of the Company.

Pricing policies

Pursuant to the Neusoft Holdings Property Framework Agreement, the rental amount of the property leasing and management transactions thereunder will be agreed upon periodically, generally on an annual basis, between the parties with reference to historical rates of similar properties within the location, prevailing market rental rates, and facilities or fittings within the property. The total amount of rental may comprise (i) a base rental amount, (ii) certain taxes, (iii) service fees, (iv) utility fees (charged per unit used), (v) seasonal adjustments, (vi) internet and other communication and network services, and (vii) deposit. The property management fees shall be determined by the parties after arm's length negotiations, taking into account the utilities cost and the costs of operating and maintaining the public facilities charged by the relevant independent third parties, and with reference to market conditions, the gross floor area leased and the services provided. The property management fees may include, but without limitation, (i) public sharing expenses, (ii) electricity charges, (iii) water charges, (iv) heating charges, and (v) other entrusted service fees (to be charged based on the actual conditions).

Annual transaction cap and historical amount

For the year ended 31 December 2024, the annual cap for the transaction under the Neusoft Holdings Property Framework Agreement was RMB2.4 million, and the actual revenue of the Group under the Neusoft Holdings Property Framework Agreement was approximately RMB0.2 million.

2) Dr. J. Liu Property Framework Agreement

Background and details of the transactions

On 11 September 2020, the Company (for itself and on behalf of the other members of the Group) and Dr. J. Liu (on behalf of the entities controlled by him) entered into a property framework agreement ("**Former Dr. J. Liu Property Framework Agreement**"). The Former Dr. J. Liu Framework Agreement expired on 31 December 2022.

On 27 December 2022, the Company (for itself and on behalf of the other members of the Group) and Dr. J. Liu (on behalf of the entities controlled by him) entered into a property framework agreement (the "**Dr. J. Liu Property Framework Agreement**"), renewing the transactions under the Former Dr. J. Liu Property Framework Agreement, pursuant to which the Group will lease out certain properties and offer property management services in relation to such properties to entities controlled by Dr. J. Liu (excluding Neusoft Holdings Group and the Group). The terms of the Dr. J. Liu Property Framework Agreement are entered into after arm's length negotiations on normal or better commercial terms, and effective for the period from 1 January 2023 to 31 December 2025 (both dates inclusive).

Further details relating to Dr. J. Liu Property Framework Agreement are set out in the announcement of the Company dated 27 December 2022.

Connected relationships

Dr. J. Liu is a Controlling Shareholder of the Company. Therefore, according to Chapter 14A of the Listing Rules, Dr. J. Liu and the entities controlled by him (excluding the Group) are connected persons of the Company, and the transaction under the Dr. J. Liu Property Framework Agreement constitutes a continuing connected transaction of the Company.

Pricing policies

Pursuant to the Dr. J. Liu Property Framework Agreement, the rental amount of the property leasing and management transactions thereunder will be agreed upon periodically, generally on an annual basis, between the parties with reference to historical rates of similar properties within the location, prevailing market rental rates, and facilities or fittings within the property. The total amount of rental may comprise (i) a base rental amount, (ii) certain taxes, (iii) service fees, (iv) utility fees (charged per unit used), (v) seasonal adjustments, (vi) internet and other communication and network services, and (vii) deposit. The property management fees shall be determined by the parties after arm's length negotiations, taking into account the utilities cost and the costs of operating and maintaining the public facilities charged by the relevant independent third parties, and with reference to market conditions, the gross floor area leased and the services provided. The property management fees may include, but without limitation, (i) public sharing expenses, (ii) electricity charges, (iii) water charges, (iv) heating charges, and (v) other entrusted service fees (to be charged based on the actual conditions).

Annual transaction cap and historical amount

For the year ended 31 December 2024, the annual cap for the transaction under the Dr. J. Liu Property Framework Agreement was RMB2.5 million, and the actual revenue of the Group under the Dr. J. Liu Property Framework Agreement was approximately RMB1.1 million.

3) Property Agreements A

Background and details of the transactions

In order to build the technology park of our universities focusing on healthcare technology in which the Group have established relevant majors, on 23 February 2023, Neusoft Industry Management, a wholly-owned subsidiary of the Company, and Ruikang Cardiovascular Hospital entered into a property leasing agreement and a property service agreement (collectively, "**Property Agreements A**"), pursuant to which Neusoft Industry Management agreed to lease Property A and provide property management services relating to the Property A to Ruikang Cardiovascular Hospital. The terms of the Property Agreements A are entered into after arm's length negotiations on normal or better commercial terms and will remain effective from 1 March 2023 to 28 February 2031 (both dates inclusive).

Upon the completion of the Acquisition of Neusoft Healthcare (31 May 2024), since Ruikang Cardiovascular Hospital is no longer a connected person of the Company, transactions under Property Agreements A no longer constitute continuing connected transactions of the Group.

Further details relating to Property Agreements A are set out in the announcements of the Company dated 23 February 2023, 26 March 2024, 16 May 2024 and 31 May 2024.

Connected relationships

Prior to the completion of the Acquisition of Neusoft Healthcare, Ruikang Cardiovascular Hospital was a Consolidated Affiliated Entity of Neusoft Holding, which is a Controlling Shareholder of the Company. Therefore, prior to the completion of the Acquisition of Neusoft Healthcare, Ruikang Cardiovascular Hospital was a connected person of the Company pursuant to Chapter 14A of the Listing Rules and the transactions under the Property Agreements A constituted continuing connected transactions of the Company.

Pricing policies

Pursuant to the Property Agreements A, the rental thereunder is determined by Neusoft Industry Management and Ruikang Cardiovascular Hospital after arm's length negotiation, taking into account the gross floor area above and below ground leased by Ruikang Cardiovascular Hospital, the business growth cycle of Ruikang Cardiovascular Hospital and the overall condition of the property leasing markets in the vicinity of Property A affected by the pandemic. The property management service fees thereunder are determined after arm's length negotiations among Neusoft Industry Management and Ruikang Cardiovascular Hospital, taking into consideration the public utility expenses charged by relevant independent third parties, the operation and maintenance cost of the public facilities and the floor area proportion of the Property A in the Healthcare Technology Training Base.

Annual transaction cap and historical amount

For the year ended 31 December 2024, the annual cap for the rental and property management service fee under the Property Agreements A was RMB14.0 million and RMB8.5 million, respectively. Due to the fact that transactions under Property Agreements A no longer constitute continuing connected transactions of the Group since 31 May 2024, the actual revenue from rental and property management service fee of the Group under continuing connected transactions under the Property Agreements A from 1 January 2024 to 31 May 2024 was approximately RMB5.1 million and approximately RMB0.7 million, respectively.

4) Property Agreements B

Background and details of the transactions

In order to build the technology park of our universities focusing on healthcare technology in which the Group have established relevant majors, on 23 February 2023, Neusoft Industry Management, a wholly-owned subsidiary of the Company, and Ruikang Stomatological Hospital entered into a property leasing agreement and a property service agreement (collectively, "**Property Agreements B**"), pursuant to which Neusoft Industry Management agreed to lease Property B and Property C and provide property management services relating to the Property B and Property C to Ruikang Stomatological Hospital. The terms of the Property Agreements B are entered into after arm's length negotiations on normal or better commercial terms and will remain effective from 1 March 2023 to 28 February 2031 (both dates inclusive).

Upon the completion of the Acquisition of Neusoft Healthcare (31 May 2024), since Ruikang Stomatological Hospital is no longer a connected person of the Company, transactions under Property Agreements B no longer constitute continuing connected transactions of the Group.

Further details relating to Property Agreements B are set out in the announcements of the Company dated 23 February 2023, 26 March 2024, 16 May 2024 and 31 May 2024.

Connected relationships

Prior to the completion of the Acquisition of Neusoft Healthcare (i.e. 31 May 2024), Ruikang Stomatological Hospital was an indirect wholly-owned subsidiary of Neusoft Holding, which is a Controlling Shareholder of the Company. Therefore, prior to the completion of the Acquisition of Neusoft Healthcare, Ruikang Stomatological Hospital was a connected person of the Company pursuant to Chapter 14A of the Listing Rules and the transactions under the Property Agreements B constituted continuing connected transactions of the Company.

Pricing policies

Pursuant to the Property Agreements B, the rental thereunder is determined by Neusoft Industry Management and Ruikang Stomatological Hospital after arm's length negotiation, taking into account the gross floor area above and below ground leased by Ruikang Stomatological Hospital, the business growth cycle of Ruikang Stomatological Hospital and the overall condition of the property leasing markets in the vicinity of Property B and Property C affected by the pandemic. The property management service fees thereunder are determined after arm's length negotiations among Neusoft Industry Management and Ruikang Stomatological Hospital, taking into consideration the public utility expenses charged by relevant independent third parties, the operation and maintenance cost of the public facilities and the floor area proportion of Property B and Property C in the Healthcare Technology Training Base.

Annual transaction cap and historical amount

For the year ended 31 December 2024, the annual cap for the rental and property management service fee under the Property Agreements B was RMB6.0 million and RMB3.9 million, respectively. Due to the fact that transactions under Property Agreements B no longer constitute continuing connected transactions of the Group since 31 May 2024, the actual revenue from rental and property management service fee of the Group under continuing connected transactions under the Property Agreements B from 1 January 2024 to 31 May 2024 was approximately RMB2.0 million and approximately RMB0.3 million, respectively.

5) Technicians Framework Agreement

Background and details of the transactions

Due to the acquisition of Shanghai Sirui by Renrui Human Resources Technology Holdings Limited (人瑞人才科技控股有限公司) (“**Renrui**”), to normally proceed with the existing transactions between Shanghai Sirui (together with its subsidiaries) and the Group under the original apprenticeship programme model, and to gradually promote the transformation of apprenticeship programme business model, the Company and Renrui entered into the Technicians Supply Services Framework Agreement (the “**Technicians Framework Agreement**”) on 21 September 2022, pursuant to which, the Group agreed to provide technicians supply services to Renrui and its subsidiaries (including Shanghai Sirui and its subsidiaries) upon the date when Renrui completed the acquisition of Shanghai Suirui, and the term would be effective from 28 September 2022 to 31 December 2024 (both dates inclusive).

Further details relating to the Technicians Framework Agreement are set out in the announcements of the Company dated 21 September 2022 and 28 September 2022.

Connected relationships

Neusoft Holding, a Controlling Shareholder of the Company, holds 43% equity interest in Shanghai Sirui. Therefore, Shanghai Sirui (together with its subsidiaries) is an associate of Neusoft Holdings and a connected person of the Company. As the transactions under the Technicians Framework Agreement is conducted between the Group and Shanghai Sirui (together with its subsidiaries), such transactions constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

Pricing policies

The service fees payable by Renrui to the Company under the Technicians Framework Agreement are determined after arm's length negotiations between the parties with reference to the cost incurred by the technicians of the Group plus certain profit margin and other factors (including but not limited to taxes involved). The profit margin is expected to be in the range from 10% to 15%, which shall be determined based on the historical rates of the technicians, number of technicians requested, estimated hours to be engaged, seniority and experience of each of the technician engaged, nature of the client company's request, as well as nature and complexity of the underlying projects. The price and terms of the transactions under the Technicians Framework Agreement shall be on normal commercial terms and in any event (i) not lower than the price and terms offered by the Company to independent third parties for supply of similar technicians supply services (if any) and (ii) not higher than the price and terms offered to Renrui by independent third parties for supply of similar technicians supply services.

DIRECTORS' REPORT

Annual transaction cap and historical amount

For the year ended 31 December 2024, the annual cap for the service fee under Technicians Framework Agreement was RMB30.0 million, and the revenue of the Group from service fee under Technicians Framework Agreement was RMB0 million.

6) Contractual Arrangements A (Education Business and Publishing Business)

Background and details of the transactions

The Group operates Education Business and Publishing Business through Consolidated Affiliated Entities. To comply with PRC Laws and maintain effective control over our Relevant Business, Dalian Neusoft Ruixin, a wholly-owned subsidiary of the Company, the Consolidated Affiliated Entities and Neusoft Holdings entered into Contractual Arrangements A, under which Dalian Neusoft Ruixin acquired effective control over the financial and operational policies of the Consolidated Affiliated Entities and became entitled to all of the economic benefits derived from their operations. For details of Contractual Arrangements A, please refer to the section headed "Directors' Report – Structured Contracts – Contractual Arrangements A (Education Business and Publishing Business)" in this Report.

Connected relationships

Neusoft Holding is a Controlling Shareholder of the Company. Therefore, pursuant to Chapter 14A of the Listing Rules, Neusoft Holdings is a connected person of the Company, and the transactions under the Contractual Arrangements A constitute continuing connected transactions of the Company.

Exemption from the stock exchange

The Stock Exchange has granted the Company an exemption from strict compliance with the requirements relating to the connected transactions under Chapter 14A of the Listing Rules in respect of the Contractual Arrangements A. For details, please refer to the section headed "Connected Transactions – Contractual Arrangements" in the Prospectus of the Company.

Confirmation from independent non-executive Directors

The independent non-executive Directors have reviewed and confirmed the continuing connected transactions set out above are:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or better; and
- (iii) entered into in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

Confirmation from the auditor

The auditor of the Company has confirmed in a letter to the Board that, with respect to the aforesaid continuing connected transactions entered into in the year ended 31 December 2024:

- (i) nothing has come to their attention that causes the auditor to believe that the disclosed continuing connected transactions have not been approved by the Board of the Company;
- (ii) for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes the auditor to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;
- (iii) nothing has come to their attention that causes the auditor to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- (iv) nothing has come to their attention that causes the auditor to believe that the continuing connected transactions as disclosed above have exceeded the annual cap as set by the Company.

9. RELATED PARTIES TRANSACTIONS

Except for those disclosed in the sections headed "Connected Transactions" and "Continuing Connected Transactions" above in Directors' Report in this Report (all of which are connected transactions under Chapter 14A of the Listing Rules) and connected transactions that are fully-exempt pursuant to Chapter 14A of the Listing Rules, other related party transactions entered into by the Group for the year ended 31 December 2024 as set out in note 38 to the consolidated financial statements do not fall under connected transactions or continuing connected transactions in accordance with Chapter 14A of the Listing Rules.

The Company confirmed that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules during the year ended 31 December 2024.

10. SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in note 1 to the consolidated financial statements.

11. 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 year ended 31 December 2024. The Company did not hold any treasury shares (as defined in the Listing Rules) as of 31 December 2024.

12. SHARE CAPITAL AND ISSUED SHARES

As of 31 December 2024, the Company's authorised share capital of HK\$380,000 became divided into 1,900,000,000 Shares at par value of HK\$0.0002 each. As of 31 December 2024, 646,205,135 shares were in issue and fully paid.

13. USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING OF THE COMPANY

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

On 8 June 2021, the Board resolved to reallocate 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 please refer to the announcement relating to the change in use of proceeds from the IPO of the Company dated 8 June 2021.

On 8 March 2024, the Board has resolved to 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 31 December 2024, the use of proceeds from the IPO is as follows:

	% of net proceeds	Further revised net proceeds from the IPO <i>RMB million</i>	Amount utilised during the year ended 31 December 2024 <i>RMB million</i>	Amount utilised as at 31 December 2024 <i>RMB million</i>	Amount unutilised as at 31 December 2024 <i>RMB million</i>	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 ^(Note)	37.5%	291.4	75.4	273.4	18.0	by 30 June 2025 ^(Note)
Supplement working capital	11.1%	86.5	6.6	86.5	–	N/A
Total	100%	777.5	82.0	759.5	18.0	

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

14. ISSUED BONDS

For the year ended 31 December 2024, the Company did not issue or maintain any bonds.

15. DIRECTORS

As of 31 December 2024 and as of the date of this Report, the Directors of the Company are as follows:

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

Every Director shall retire from office once every three years and for this purpose, at each annual general meeting one-third (1/3) of the Directors for the time being, or, if their number is not a multiple of three (3), then the number nearest to but not less than one-third (1/3) shall retire from office by rotation. The Directors to retire in every year will be those who have been the longest in office since their last election and so that as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. Subject to the Articles of Association, a retiring Director shall be eligible for re-election at the annual general meeting at which he retires. For avoidance of doubt, each Director shall retire at least once every three (3) years. Therefore, in accordance with Article 108 of the Articles, Dr. LIU Jiren, Dr. WEN Tao and Dr. ZHANG Xia shall retire from office as Directors at the annual general meeting and, being eligible, offer themselves for re-election at the meeting.

16. BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Company are set out in the section headed "Directors and Senior Management" on pages 46 to 55 of this Report.

17. CHANGES IN DIRECTORS' OR CHIEF EXECUTIVE'S INFORMATION

Upon the recommendation of the Remuneration Committee and approval by the Board on April 22, 2024, Dr. Liu Jiren has been entitled to receive a fixed monthly salary of RMB200,000 (tax-inclusive) as a Non-executive Director and Chairperson of the Board effective from May 1, 2024.

Save as disclosed above and in this annual report, there have been no other changes in the information of Directors and chief executive of the Company required to be disclosed pursuant to Rule 13.51(2)(a) to (e) and (g) of the Listing Rules since the publication of the 2024 interim report up to the date of this Report.

18. DIRECTORS' SERVICE CONTRACTS AND APPOINTMENT LETTERS

The executive Director has renewed a service contract with the Company with effect for a term of three years commencing from 25 May 2024 or until the third annual general meeting of the Company since 25 May 2024 (whichever is earlier), which shall be automatically renewed for successive periods of three years (subject to re-election as and when required under the Articles of Association), until terminated in accordance with the terms thereof or by either party giving to the other not less than three months' prior notice in writing.

Each of our non-executive Directors and each of our independent non-executive Directors have entered into an appointment letter with the Company. All of them, except for Dr. ZHANG Xia, hold office for a term of three years commencing from 25 May 2024 or until the third annual general meeting of the Company since 25 May 2024, whichever is earlier and subject to re-election as and when required under the Articles of Association. The appointment letters will be with effect until terminated in accordance with the terms thereof or by either party giving to the other not less than one month's prior notice in writing. Dr. ZHANG Xia holds office for a term of three years commencing from 27 May 2022 or until the third annual general meeting of the Company since 27 May 2022, whichever is earlier and subject to re-election as and when required under the Articles of Association. The appointment letters will be with effect until terminated in accordance with the terms thereof or by either party giving to the other not less than one month's prior notice in writing. Under the respective appointment letters, each of the independent non-executive Directors is entitled to a fixed Director's fee. The appointment of the Directors is subject to the provisions of retirement and rotation of Directors under the Articles of Association.

Save as disclosed above, none of the Directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company, which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

19. DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this Report, at no time for the year ended 31 December 2024 was the Company or its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate, and none of the Directors or their spouses or children under the age of 18 were granted any right to subscribe for the share capital or debentures of the Company or any other body corporate, or had exercised any such right.

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

As at 31 December 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 and interest in a controlled corporation through voting proxy	408,586,000	63.23%
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, the proxy grantors (being Century Bliss), 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 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) This percentage represents the total number of Shares held by each Director or the chief executive as at 31 December 2024 divided by the total number of issued Shares of the Company as at 31 December 2024 (646,205,135 Shares).

DIRECTORS' REPORT

Interest in associated corporations

Dalian Development

Name of Director	Nature of interest	Number of Shares held	Approximate percentage of interest in the associated corporations
LIU Jiren ⁽¹⁾	Nominee shareholder whose shareholder rights are subject to the Contractual Arrangements ⁽¹⁾	359,000,000	100%

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 A.

Save as disclosed above, as at 31 December 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.

21. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES

As at 31 December 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 ⁽⁷⁾
Kang Ruidao ⁽¹⁾	Beneficial interest	154,689,000	23.94%
Kang Ruidao First ⁽¹⁾	Interest in a controlled corporation	154,689,000	23.94%
Dongkong First ⁽²⁾⁽³⁾⁽⁴⁾	Beneficial interest	133,897,000	20.72%
Dongkong Second ⁽²⁾⁽³⁾⁽⁴⁾	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 ⁽⁵⁾	Beneficial interest	65,010,000	10.06%
Deluxe Glorious Limited ⁽⁵⁾	Interest in a controlled corporation	65,010,000	10.06%
Deluxe Capital Limited ⁽⁵⁾	Interest in a controlled corporation	65,010,000	10.06%
TMF (Cayman) Ltd. ⁽⁵⁾	Trustee of a trust	65,010,000	10.06%
CHENG Huiyan ⁽⁵⁾	Interest of spouse	65,010,000	10.06%
FIL Limited ⁽⁶⁾	Interest in a controlled corporation	41,527,427	6.43%
Pandanus Partners L.P. ⁽⁶⁾	Interest in a controlled corporation	41,527,427	6.43%
Pandanus Associates Inc. ⁽⁶⁾	Interest in a controlled corporation	41,527,427	6.43%

DIRECTORS' REPORT

Notes:

- (1) Kang Ruidao First holds all of the voting shares of Kang Ruidao. Under the SFO, Kang Ruidao First 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 which held of the Company respectively, to CIIT for the guarantee of the above loans. The Company was notified by Neusoft Holdings in February 2025 stating that Neusoft Holdings had completed the repayment of all principal debts corresponding to the above share pledge on 15 March 2024, and that the above share pledge has been released.
- (4) The Company has been notified by Neusoft Holdings, as requested by the Dalian Branch of Industrial Bank Co., Ltd. ("CIB"), that Dong Kong First and Dong Kong Second separately entered into a maximum amount pledge contract for listed company stocks with the Lender on 6 March 2025, accordingly, Dong Kong First and Dong Kong Second, as the pledgers, pledged their respective 127,465,000 shares and 120,000,000 shares (collectively representing approximately 38.30% of the Company's total issued shares as of the date of this Report) of the Company to CIB as supplementary collateral for the loans of RMB325.5 million under the M&A loan contracts entered into on June 23, 2021, between the Lender and the Company's wholly-owned subsidiaries, namely Dalian Si Di Technology Development Co., Ltd., Dalian Xin Di Technology Development Co., Ltd., and Dalian Rui Di Technology Development Co., Ltd. (the "Loans"). Such Loans were obtained to supplement the payment of the consideration for the Group's acquisitions of an aggregate of 19.18% equity interest in Dalian Neusoft Ruixin Technology Group Ltd. (formerly known as Dalian Neusoft Ruixin Technology Development Co. Limited). For details, please refer to the announcement published by the Company on 6 March 2025.
- (5) Century Bliss is controlled as to more than one-third by Deluxe Glorious Limited, which is controlled as to more than one-third by Deluxe Capital Limited, and Deluxe Capital Limited is a wholly-owned subsidiary of TMF (Cayman) Ltd., which is the trustee of the Deluxe Trust. Ms. CHENG Huiyan is the spouse of Mr. SUN Yinhuan (the founder of the Deluxe Trust). 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 Securities and Futures Ordinance.
- (6) FIL Limited is deemed to own the 41,527,427 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 through its controlled corporations under the Securities and Futures Ordinance.
- (7) The percentage represents the total number of Shares held by each Shareholder as at 31 December 2024 divided by the total number of issued Shares of the Company as at 31 December 2024 (646,205,135 Shares).

Interests in the Group (excluding the Company)

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

Notes:

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

Save as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 31 December 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.

DIRECTORS' REPORT

22. ANNUAL GENERAL MEETING

The forthcoming annual general meeting will be held on 30 May 2025. Notice of the annual general meeting will be published and issued to the Shareholders in due course.

23. CLOSURE OF REGISTER OF MEMBERS

Entitlement to attend and vote at the annual general meeting

For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from Friday, 23 May 2025 to Friday, 30 May 2025, both days inclusive, during which period no transfer of Shares can be registered. In order to be eligible to attend and vote at the annual general meeting, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Thursday, 22 May 2025.

Entitlement to the proposed final dividend

For determining the Shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed from Tuesday, 2 September 2025 to Thursday, 4 September 2025, both days inclusive, during which period no transfer of Shares can be registered. In order to establish entitlements to the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Monday, 1 September 2025.

24. DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "Structured Contracts", "Connected Transactions", "Continuing Connected Transactions" and "Related Parties Transactions" of Directors' Report in this Report and the note 38 to the consolidated financial statements, none of the Director had an interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Group was a party during the year ended 31 December 2024 and up to the date of this Report.

25. CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as the section headed "Structured Contracts", "Connected Transactions", "Continuing Connected Transactions" and "Related Parties Transactions" of the Directors' Report in this Report and note 38 to the consolidated financial statements, no contract of significance was entered into between the Company or any of its subsidiaries and its Controlling Shareholder or any of its subsidiaries or for the provision of services to the Company or any of its subsidiaries by its Controlling Shareholder or any of its subsidiaries or no Controlling Shareholder had an interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Group was a party during the year ended 31 December 2024 and up to the date of this Report.

26. DIRECTORS' INTERESTS IN COMPETING BUSINESS

For the year ended 31 December 2024, none of the Directors or their respective close associates (as defined in the Listing Rules) had any interest in a business that competed or was likely to compete, either directly or indirectly, with the business of the Group.

27. NON-COMPETITION UNDERTAKING

Our Controlling Shareholders, Dr. J. Liu and Neusoft Holdings (for itself and on behalf of the entities that it controls) have given the Company a non-competition undertaking, pursuant to which, each of the two Controlling Shareholders has undertaken that while they remain a Controlling Shareholder of the Company, whichever is earlier, he/it would not, and would procure their respective close associate not to, carry on, engage or participate in the business that competes or is likely to compete, directly or indirectly, with the business of the Group, which consists of (i) full-time formal higher education services; (ii) continuing education services; and (iii) education resources and apprenticeship programme (collectively the "Restricted Business") in China. The restrictions do not apply to (i) minority investments in any Restricted Businesses in which the Controlling Shareholders are merely passive investors; or (ii) opportunities in Restricted Businesses provided that we were given a priority option to participate in the opportunity and have decided not to take up the opportunity after a commercially reasonable period of time.

The Company has received a written confirmation from Dr. J. Liu and Neusoft Holdings in respect of their compliance with the aforementioned non-competition undertaking during the year ended 31 December 2024. In addition, Dr. J. Liu and Neusoft Holdings have also confirmed that during the period from 1 June 2024 to 31 December 2024, they have not carried out, engaged in or participated in healthcare and wellness business (including (a) healthcare services; and (b) wellness services) in China. The independent non-executive Directors have reviewed and are satisfied that each of the Controlling Shareholders have complied with the non-competition undertakings for the year ended 31 December 2024.

28. PERMITTED INDEMNITY PROVISIONS

Pursuant to the Articles of Association, the Directors of the Company, managing directors, alternate Directors, auditors, secretaries and other officers shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses incurred by the execution of their duty, except such (if any) as they shall incur or sustain through their own fraud or dishonesty.

The Company has arranged appropriate liability insurance in respect of legal proceedings against the Directors.

29. LOAN AND GUARANTEE

Save as the section headed "Connected Transactions" of the Directors' Report in this Report, for the year ended 31 December 2024, the Group had not made any loan or provided any guarantee for loan, directly or indirectly, to the Directors of the Company, senior management, the Controlling Shareholders or their respective connected persons.

DIRECTORS' REPORT

30. EQUITY-LINKED AGREEMENTS

For the year ended 31 December 2024 and up to the date of this Report, save as set out in the section headed "Share Incentive Schemes" in the Prospectus, neither the Company nor any of its subsidiaries had entered into (i) any agreement that will or may result in the Company issuing shares; or (ii) any agreement requiring the Company to enter into any agreement specified in (i).

31. MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole and any substantial part of the business of the Group was entered into or in existence for the year ended 31 December 2024.

32. RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2024 set out in the consolidated statement of profit or loss and other comprehensive income on pages 177 to 178 of this Report.

The Board has resolved to recommend the payment of a final dividend per share of HK38.8 cents for the year ended 31 December 2024 to Shareholders whose names appear on the register of members of the Company on 4 September 2025. The final dividend is subject to the approval of the Shareholders at the annual general meeting to be held on 30 May 2025, and if approved, it will be paid in cash on or around 17 September 2025.

There is no arrangement that a Shareholder of the Company has waived or agreed to waive any dividend.

33. DIVIDEND POLICY

The Company has formulated a dividend policy, which specifies the principles and guidelines shall be followed when the Board plans to declare and pay dividends to Shareholders.

Any declaration and recommendation of dividends will be at the sole discretion of the Board, subject to Shareholders' approval and will depend on the future operations and earnings of the Group, capital requirements and surplus, general financial condition, contractual restrictions and other factors which our Directors consider relevant. Any declaration and payment as well as the amount of dividends will be subject to the Cayman Companies Law and the Articles of Association of the Company. The Shareholders in a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by the Board. In either case, a dividend may only be declared and paid out of the profits and reserves of the Company that are lawfully available for distribution (including share premium), and in no circumstances may a dividend be paid if this would result in the Company being unable to pay its debts as they fall due in the ordinary course of business. Any future dividend payments to the Shareholders will also depend upon the availability of dividends received from the subsidiaries of the Company. Regulations in the PRC may restrict the ability of the Company's Chinese subsidiaries to pay dividends to the Company.

The dividend policy reflects the Board's current views on the Company's financial and cash flow position. The Board will review and reassess the dividend policy and its effectiveness from time to time.

34. FINANCIAL SUMMARY

A summary of the Group's results, assets and liabilities for the last five financial years is set out on page 288 of this Report.

35. PRE-EMPTIVE RIGHTS

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

36. TAXATION

The information on the taxation of the Company and the Group in 2024 is set out in note 12 to the consolidated financial statements.

37. TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief or exemption available to the Shareholders by reason of their holding of the Company's securities.

38. BORROWINGS

As at 31 December 2024, the Group had outstanding financial institution borrowings and interest accruals of approximately RMB3,107.7 million (2023: RMB2,728.8 million). Details of the borrowings are set out in note 27 to the consolidated financial statements.

39. DONATIONS

In 2024, no donations were made by the Group (2023: Nil).

40. EMPLOYEE AND REMUNERATION POLICY

As of 31 December 2024, the Group has 3,898 employees, and provides them with a competitive remuneration package, details of which are set out in the section of "Management Discussion and Analysis – Employee and Remuneration Policy" of this Report.

41. RETIREMENT BENEFITS SCHEME

The Group only has defined contribution pension schemes. The Group's employees in China participate in the defined contribution retirement scheme managed by local government, which is contributed to at a certain percentage of payroll costs determined by the relevant local government.

Other than the above defined contribution retirement scheme under local government, the Group's employees in China also participate in a retirement scheme operated by the Group, whose assets are managed by an independent insurance company and contributed to at a certain percentage of payroll costs or under the provision of the scheme.

As at 31 December 2024, there were no forfeited contributions available (by employers on behalf of employees who leave the scheme prior to vesting fully in relevant contributions) which may be used to reduce the contributions payable in the future or to reduce the Group's existing level of contributions under the pension schemes, and there was no forfeited contribution used during the year ended 31 December 2024.

42. 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 ratified by the Shareholders on 24 June 2019. The purpose of the Scheme is to provide participants with the opportunity to acquire proprietary interests in the Company and to encourage them to work towards enhancing the value of our Company and our Shares for the benefit the Group and the Shareholders as a whole. The terms of the Pre-IPO Share Incentive Scheme are not subject to the Chapter 17 of the Listing Rules.

For the details of the Pre-IPO Share Incentive Scheme, please see the section headed the "Statutory and General Information – Share Incentive Schemes – Pre-IPO Share Incentive Scheme" under Appendix V of the Prospectus of the Company. On 31 August 2020, the Company granted options to 246 participants pursuant to the scheme, involving a total of 50,000,000 Shares, representing approximately 7.74% of the Company's total issued share as at 31 December 2024.

During the year ended 31 December 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.

43. POST-IPO SHARE INCENTIVE SCHEME

Summary

The Company conditionally adopted a share option scheme on 11 September 2020 with effect from the Listing Date. The share option scheme shall be valid for the period of ten years commencing on the Listing date. As of the date of this Report, the remaining period is about 5.7 years. The terms of the Post-IPO Share Incentive Scheme are governed by Chapter 17 of the Listing Rules. For the details of the Post-IPO Share Incentive Scheme, please see the section headed the "Statutory and General Information – Share Incentive Schemes – Post-IPO Share Incentive Scheme" under Appendix V of the Prospectus of the Company.

Since the adoption of the Share Option Scheme on 11 September 2020, no options have been granted, exercised, cancelled or lapsed in accordance with the Share Option Scheme and there were no outstanding options as at 31 December 2024. The following is a summary of the principal terms of the Post-IPO Share Incentive Scheme.

Purpose

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 work towards enhancing the value of the Company and our Shares for the benefit of us and our Shareholders as a whole. 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.

Eligibility

Those eligible to participate in the Post-IPO Share Incentive Scheme include, among others, any director or employee of the Group or an affiliate of the Group (including nominees and/or trustees of any employee benefit trust established for them) who the Board considers, in its sole discretion, to have contributed or will contribute to the Group.

Maximum number of Shares

The overall limit on the number of Shares that may be issued upon exercise of all options granted under the Post-IPO Share Incentive Scheme and any other schemes is 66,666,720, being no more than 10% of the Shares in issue on the date of the Shares commencing trading on the Stock Exchange ("**Post-IPO Mandate Limit**"), representing approximately 10.32% of the issued Shares of the Company as of the date of this Report. Options that have lapsed in accordance with the terms of the Post-IPO Share Option Scheme (or any other share option schemes of the Company) will not be counted for the purposes of calculating the Post-IPO Mandate Limit.

The overall limit on the number of Shares that may be issued upon exercise of all outstanding options granted and yet to be exercised under the Post-IPO Share Incentive Scheme and any options granted and yet to be exercised under any other share option schemes of our Company at any time (and to which the provisions of Chapter 17 of the Listing Rules are applicable) must not exceed 30% of the Shares in issue from time to time ("**Post-IPO Scheme Limit**"). No options may be granted if such options together with any other options granted under any schemes of our Company (or its subsidiaries) will result in the Post-IPO Share Incentive Scheme Limit being exceeded.

We may refresh the Post-IPO Mandate Limit at any time subject to prior approval of our Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time. However, the Post-IPO Mandate Limit as refreshed shall not exceed 10% of the Shares in issue as at the date of the aforesaid approval to refresh the Post-IPO Mandate Limit by our Shareholders in general meeting. Options previously granted under the Post-IPO Share Incentive Scheme or any other share option schemes of the Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) (including those outstanding, cancelled or lapsed in accordance with its terms or exercised) will not be counted for the purpose of calculating the Post-IPO Share Option Scheme Mandate Limit as refreshed.

We may also seek separate approval of the Shareholders in general meeting for granting options beyond the Post-IPO Mandate Limit to participants specifically identified by the Company before the aforesaid Shareholders' meeting where such approval is sought.

DIRECTORS' REPORT

Maximum entitlement of a grantee

Unless approved by the Shareholders, the total number of Shares issued and to be issued upon exercise of the options granted and to be granted under the Post-IPO Share Incentive Scheme and share options granted and to be granted under any other share option scheme(s) of the Company to each participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of Shares in issue ("**Individual Limit**"). Any further grant of options to a participant that would result in the aggregate number of Shares issued and to be issued upon exercise of all options granted and to be granted to that participant (including exercised, cancelled and outstanding options) in the 12-month period (up to and including the date of such further grant) exceeding the Individual Limit shall be subject to separate approval by our Shareholders (with the selected participant and his/her associates abstaining from voting in the general meeting).

Subscription price

The amount payable for each Share to be subscribed for under an option in the event of the option being exercised shall be determined by the Board in its absolute discretion and notified to the participant, but shall be no less than the higher of:

- (a) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant;
- (b) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and
- (c) the nominal value of a Share on the date of grant.

Grant of offer letter and notification of grant of options

An offer shall be made to a participant by a letter in duplicate, in such form as the Board may from time to time determine, requiring the selected participant to undertake to hold the option on the terms on which it is to be granted and to be bound by the provisions of the Post-IPO Rules.

An offer shall be deemed to have been accepted, and the option to which the offer relates shall be deemed to have been granted and to have taken effect when the duplicate of the offer letter comprising acceptance of the offer duly signed by the selected participant with the number of Shares in respect of which the offer is accepted clearly stated therein, together with a remittance in favour of the Company of RMB1.00 by way of consideration for the grant thereof, is received by the Company within ten business days of the date of the offer letter. Such remittance shall not be refundable in any circumstances.

Any offer may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot for dealing in Shares or a multiple thereof. To the extent that the offer is not accepted within 20 business days from the date on which the letter containing the offer is delivered to that participant, it shall be deemed to have been irrevocably declined.

Time that it was vested and time for exercise of an option

An option may, subject to terms and conditions upon which such option is granted, be exercised in whole or in part by the grantee giving notice in writing to the Company in such form as the Board may from time to time determine, stating information including that the option is thereby exercised, the number of Shares in respect of which it is exercised, the period that it was vested and the period within which an option may be exercised.

44. PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group for the year ended 31 December 2024 are set out in note 15 to the consolidated financial statements.

45. RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Company for the year ended 31 December 2024 are set out in consolidated statement of changes in equity, of which, the reserves available for distribution to Shareholders as at 31 December 2024 are set out in consolidated statement of changes in equity.

46. AUDIT OF ANNUAL RESULTS

The Audit Committee has reviewed the Company's audited consolidated financial statements for the year ended 31 December 2024, and confirms that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made.

47. AUDITOR

EY has audited the consolidated financial statements of the Company for the year ended 31 December 2024.

Reference is made to the announcements of the Company dated 23 October 2024 and 6 November 2024, in relation to change of auditor and appointment of auditor. PricewaterhouseCoopers has resigned as auditor of the Company with effect from 23 October 2024. EY has been appointed as the new auditor of the Company with effect from 6 November 2024 to fill the casual vacancy following the resignation of PricewaterhouseCoopers and to hold office until the conclusion of the next annual general meeting of the Company and, being eligible, offer themselves for reappointment.

A resolution will be proposed by the Company at the forthcoming annual general meeting to be held on 30 May 2025 to seek Shareholders' approval on the appointment of EY as the auditor of the Company until the conclusion of the next annual general meeting and to authorise the Board to fix their remuneration.

Save as disclosed above, during the past 3 years ended 31 December 2024, the Company has not changed the auditor.

48. MAJOR CUSTOMERS AND SUPPLIERS

Our customers

Our customers primarily are our students. For our education resources and lifelong education services, our customers primarily include universities/colleges, vocational schools, companies, government agencies and the elderly population. For our healthcare and wellness business, our customers primarily are the public, particularly the elderly population.

In 2024, the goods and services provided by the Group to the five largest customers account for less than 30% of our revenue.

Our suppliers

Our suppliers primarily comprise landlords that lease properties to us for our school operations, construction companies for building campus facilities, property management service providers, electronic equipment providers, software developers, pharmaceuticals providers, medical supplies providers, and elderly assistance equipment providers.

In 2024, the goods and services purchased by the Group from the five largest suppliers accounted for less than 30% of our operating costs.

49. RELATIONSHIPS WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Group understands the importance of maintaining good relationships with employees, suppliers and customers to achieve its short- and long-term objectives. The Group maintains good relationships with employees, suppliers and customers. In the year ended 31 December 2024, the Group is committed to meeting the needs of students and parents by continuously providing better education services. At the same time, we are committed to meeting the public's needs in terms of medical treatment, elderly care, and wellness, especially those of the elderly population, by starting providing high-quality healthcare and wellness services. The Group has also been in constant communication with suppliers to achieve a shorter payment cycle and better payment terms. During the Reporting Period, there were no significant and serious disputes between the Group and its employees, suppliers and/or customers. For further details, please refer to the ESG Report of this Report.

50. PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, during the year ended 31 December 2024 and up to the date of this Report, at least 25% of the total issued shares of the Company are held by the public, which is in compliance with the public float requirements as stipulated in the Listing Rules.

51. CORPORATE GOVERNANCE

The Company recognises the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the Shareholders as a whole. Information on the corporate governance practices adopted by the Company is set out in the section headed "Corporate Governance Report" of this Report.

52. MATERIAL LEGAL PROCEEDINGS

The Group was not involved in any material legal proceedings for the year ended 31 December 2024.

53. COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

For the year ended 31 December 2024, the Group has complied with relevant laws and regulations that have a significant impact on the Group.

54. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The Company has been notified by Neusoft Holdings that, as requested by the Dalian Branch of Industrial Bank Co., Ltd. (the **"Lender"**), its wholly-owned subsidiaries Dongkong First and DongKong Second separately entered into a Maximum Amount Pledge Contract for Listed Company Stocks (collectively, the **"Pledge Contracts"**) with the Lender on 6 March 2025, pursuant to which, Dongkong First and Dongkong Second, as the pledgers, pledged their respective 127,465,000 Shares and 120,000,000 Shares (collectively representing approximately 38.30% of the Company's total issued Shares as of the date of this report) of the Company to the Lender (the **"Pledge"**) as supplementary collateral for the loans of RMB325.5 million under the M&A Loan Contracts entered into between the Lender and the Company's wholly-owned subsidiaries, namely Dalian Sidi Technology Co., Ltd. (大連思迪科技有限公司), Dalian Xindi Technology Co., Ltd. (大連新迪科技有限公司), and Dalian Ruidi Technology Co., Ltd. (大連芮迪科技有限公司) on 23 June 2021 (the **"Loans"**). Such Loans were used as supplement for the payment of the consideration for the acquisition of an aggregate of 19.18% equity interest in Dalian Neusoft Ruixin Technology Group Ltd. (formerly known as Dalian Neusoft Ruixin Technology Development Co. Limited (大連東軟睿新科技發展有限公司)) by the Group. As at the date of this report, the outstanding balance of the Loans is RMB216.5 million. As at the date of this report, Dongkong First and Dongkong Second collectively hold approximately 39.30% of the Company's total issued Shares. For details, please refer to the Company's announcements dated 19 November 2020, 25 February 2021, 10 May 2021, 1 June 2021 and 6 March 2025, respectively.

Save as set out in this report and note 42 to the consolidated financial statements, the Group did not have any other material events during the period from 31 December 2024 and up to the date of this Report.

By order of the Board
Neutech Group Limited
 Chairperson
Dr. LIU Jiren

Hong Kong, 27 March 2025

INDEPENDENT AUDITOR'S REPORT



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To the shareholders of Neutech Group Limited

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Neutech Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 177 to 287, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Hong Kong Institute of Certified Public Accountants' Code of *Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

KEY AUDIT MATTERS (CONTINUED)

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
<i>Impairment assessment of goodwill and brand with indefinite useful lives</i>	
<p>As at 31 December 2024, the Group recognised goodwill and brand with indefinite useful lives of RMB330,953,000 and RMB89,499,000, respectively.</p> <p>Management performed impairment review of goodwill and brand with indefinite useful lives, annually, or more frequently if events or changes in circumstances indicate that they might be impaired. The recoverable amounts of the cash-generating unit ("CGU") have been determined by management based on value-in-use calculations. The value-in-use calculations use the discounted cash flow forecast prepared by management which involve significant management's judgements and estimates to determine the assumptions such as revenue growth rates, long-term growth rate and discount rate. Based on management's assessment, no impairment for goodwill and brand with indefinite useful lives was considered necessary as at 31 December 2024.</p> <p>We focused on the impairment assessment of goodwill and brand with indefinite useful lives because the estimation of recoverable amounts was subject to high degree of judgement and estimation uncertainty.</p> <p>Relevant disclosures are included in notes 3, 18 and 19 to the consolidated financial statements.</p>	<p>Our audit procedures included, but not limited to, the following:</p> <ul style="list-style-type: none"> • We obtained an understanding of management's internal control and impairment assessment process of goodwill and brand with indefinite useful lives; • We involved our internal valuation specialists to assist us in evaluating the methodologies and valuation parameters including long-term growth rate and discount rate used by the management; • We compared the actual performance in the year with the budgets of the prior year to assess the historical forecast; • We assessed the key assumptions by comparing against the historical trend and industry index; • We performed sensitivity analysis on the major assumptions used in forecast; and • We evaluated the adequacy of the Group's disclosures regarding the impairment testing of goodwill and brand in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Wong Kwok Yin.

Ernst & Young

Certified Public Accountants

Hong Kong

27 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
REVENUE	5	2,042,073	1,806,073
Cost of sales		(1,073,521)	(940,997)
Gross profit		968,552	865,076
Selling expenses		(48,643)	(52,957)
Administrative expenses		(213,591)	(207,300)
Research and development expenses		(38,341)	(39,986)
Impairment losses on financial assets	8	(15,479)	(11,296)
Other income	5	114,667	148,186
Other expenses	6	(34,828)	(36,452)
Other gains/(losses), net	7	211	(599)
Finance income		15,109	16,669
Finance expenses		(109,462)	(103,560)
Finance expenses, net	9	(94,353)	(86,891)
PROFIT BEFORE TAX	8	638,195	577,781
Income tax expense	12	(170,876)	(148,140)
PROFIT FOR THE YEAR		467,319	429,641
Attributable to:			
Owners of the Company		465,619	429,540
Non-controlling interests		1,700	101
		467,319	429,641
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	14		
Basic and diluted			
– For profit for the year (RMB)		0.72	0.66

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

Year ended 31 December 2024

	2024 RMB'000	2023 RMB'000
PROFIT FOR THE YEAR	467,319	429,641
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the Company's financial statements	(2,459)	(2,723)
Revaluation gains arising from transfer of property, plant and equipment and right-of-use assets to investment properties	61	–
Net other comprehensive loss will not be reclassified to profit or loss in subsequent periods	(2,398)	(2,723)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	(2,398)	(2,723)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	464,921	426,918
Attributable to:		
Owners of the Company	463,221	426,817
Non-controlling interests	1,700	101
	464,921	426,918

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	31 December 2024 RMB'000	31 December 2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	3,674,793	3,357,441
Investment properties	16	18,600	271,400
Right-of-use assets	17	875,417	610,343
Goodwill	18	330,953	134,937
Other intangible assets	19	204,637	138,946
Deferred tax assets	20	80,212	45,659
Other receivables	21	–	40,000
Prepayments and other assets	22	5,270	4,515
Financial assets at fair value through profit or loss	23	22,500	22,500
Total non-current assets		5,212,382	4,625,741
CURRENT ASSETS			
Inventories		8,674	9,375
Trade and bills receivables	24	67,588	74,149
Other receivables	21	38,314	19,113
Prepayments and other assets	22	103,999	115,399
Financial assets at fair value through profit or loss	23	226,443	76,224
Restricted cash	25	32,854	62,804
Cash and cash equivalents	25	1,664,799	1,708,427
Total current assets		2,142,671	2,065,491
Total assets		7,355,053	6,691,232
CURRENT LIABILITIES			
Trade and other payables	26	687,802	616,401
Interest-bearing bank and other borrowings	27	629,727	651,043
Lease liabilities	17	9,279	8,255
Contract liabilities	28	1,018,382	1,067,911
Current income tax liabilities		46,206	53,522
Deferred tax liabilities	20	–	10,717
Deferred income	29	26,796	38,781
Total current liabilities		2,418,192	2,446,630

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

31 December 2024

	Notes	31 December 2024 RMB'000	31 December 2023 RMB'000
NON-CURRENT LIABILITIES			
Trade and other payables	26	675	675
Interest-bearing bank and other borrowings	27	2,474,243	2,073,861
Deferred tax liabilities	20	89,338	42,270
Lease liabilities	17	23,242	27,572
Deferred income	29	35,411	34,015
Total non-current liabilities		2,622,909	2,178,393
Total liabilities		5,041,101	4,625,023
EQUITY			
Equity attributable to owners of the Company			
Share capital	30	113	113
Share premium		2,444,289	2,659,698
Reserves		(1,910,123)	(1,928,825)
Retained earnings		1,771,136	1,326,622
Non-controlling interests		8,537	8,601
Total equity		2,313,952	2,066,209
Total equity and liabilities		7,355,053	6,691,232

Dr. LIU Jiren

Director

Dr. WEN Tao

Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024

	Attributable to owners of the Company								Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000 (note 30)	Share premium RMB'000	Merger reserve RMB'000	Capital reserve RMB'000	Statutory surplus reserve RMB'000 (note 32)	Other reserve RMB'000	Retained profits RMB'000	Total RMB'000		
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
Profit for the year	-	-	-	-	-	-	429,540	429,540	101	429,641
Other comprehensive income for the year:										
Exchange differences on translation of the Company's financial statements	-	-	-	-	-	(2,723)	-	(2,723)	-	(2,723)
Total comprehensive income for the year	-	-	-	-	-	(2,723)	429,540	426,817	101	426,918
Transfer from retained profits	-	-	-	-	12,344	-	(12,344)	-	-	-
Dividends distribution	-	(96,461)	-	-	-	-	-	(96,461)	-	(96,461)
At 31 December 2023	113	2,659,698	(1,756,337)*	(374,483)*	195,661*	6,334*	1,326,622	2,057,608	8,601	2,066,209

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Year ended 31 December 2024

	Attributable to owners of the Company									Total equity RMB'000
	Share capital RMB'000 (note 30)	Share premium RMB'000	Merger reserve RMB'000	Capital reserve RMB'000	Statutory surplus reserve RMB'000 (note 32)	Other reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	
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
Profit for the year	-	-	-	-	-	-	465,619	465,619	1,700	467,319
Other comprehensive income for the year:										
Exchange differences on translation of the Company's financial statements	-	-	-	-	-	(2,459)	-	(2,459)	-	(2,459)
Revaluation gains arising from transfer of property, plant and equipment and right-of-use assets to investment properties	-	-	-	-	-	61	-	61	-	61
Total comprehensive income for the year	-	-	-	-	-	(2,398)	465,619	463,221	1,700	464,921
Transfer from retained profits	-	-	-	-	21,105	-	(21,105)	-	-	-
Exercise of share options	-	10	-	(5)	-	-	-	5	-	5
Dividends distribution	-	(215,419)	-	-	-	-	-	(215,419)	(1,764)	(217,183)
At 31 December 2024	113	2,444,289	(1,756,337)*	(374,488)*	216,766*	3,936*	1,771,136	2,305,415	8,537	2,313,952

* These reserve accounts comprise the consolidated reserves with a debit balance of RMB1,910,123,000 (2023: debit balance of RMB1,928,825,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	34	865,844	905,020
Income taxes paid		(163,489)	(169,116)
Net cash flows from operating activities		702,355	735,904
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		15,109	16,405
Acquisition of subsidiaries	33	(46,927)	–
Payment for acquisition of a 9.09% equity interest of Tianjin Neusoft Ruidao Education Information Technology Co., Ltd. (“Tianjin Ruidao”)		–	(36,274)
Prepayment return for acquiring of Putian Xianliang Education Technology Co., Ltd. (“Putian Xianliang”)		–	50,000
Purchase of items of property, plant and equipment		(244,381)	(543,587)
Purchase of land use right		(274,779)	–
Proceeds from disposal of items of property, plant and equipment		–	321
Additions to other intangible assets	19	(4,106)	(1,700)
Purchase of wealth management products		(330,000)	(80,000)
Proceeds from disposal of wealth management products		185,428	397,372
Purchase of unlisted investment funds		–	(22,500)
Advances of loans to related parties		–	(40,000)
Decrease in restricted cash		36,691	–
Increase in restricted cash		(5,937)	(60,345)
Net cash flows used in investing activities		(668,902)	(320,308)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from exercise of share options		5	–
New bank and other loan		992,486	623,891
Repayments of bank and other loans		(688,524)	(278,276)
Loan from related parties		–	400,000
Repayment of loans to related parties		(8,000)	(400,000)
Repayment of loans to third parties		(15,640)	(7,186)
Principal portion of lease payments		(6,925)	(9,247)
Dividends paid		(216,072)	(99,239)
Dividends paid to non-controlling shareholders		(1,764)	–
Interest paid		(133,874)	(121,851)
Net cash flows (used in)/from financing activities		(78,308)	108,092
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(44,855)	523,688
Cash and cash equivalents at beginning of year		1,708,427	1,183,811
Effect of foreign exchange rate changes, net		1,227	928
CASH AND CASH EQUIVALENTS AT END OF YEAR		1,664,799	1,708,427
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	25	1,452,830	1,500,428
Non-pledged time deposits with original maturity of less than three months when acquired	25	211,969	207,999
Cash and cash equivalents as stated in the consolidated statements of financial position and cash flows			
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		1,664,799	1,708,427

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

1. CORPORATE AND GROUP INFORMATION

Neutech Group Limited (the “Company”) was incorporated in Cayman Islands on 20 August 2018 as an exempted company with limited liability. The address of the Company’s registered office is at the offices of 89 Nexus Way, Camana Bay, Grand Cayman, KY1-9009, Cayman Islands. On 4 December 2024, the Company held an extraordinary general meeting and passed a special resolution to change the English name of the Company from “Neusoft Education Technology Co. Limited” to “Neutech Group Limited”.

In the opinion of the directors, the Company is an investment holding company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in providing full-time formal higher education services, education resources services, lifelong education services and healthcare and wellness services in Mainland China.

The Company has no ultimate holding company or ultimate controlling shareholder. Dalian Neusoft Holdings Co., Ltd. (“Neusoft Holdings”), which indirectly holds 39.30% equity interests of the Company, is considered a controlling shareholder of the Company as defined in Hong Kong Listing Rules.

The regulations in the People’s Republic of China (the “PRC”) restrict schools with foreign ownership of schools to provide private higher education businesses, publishes audio-visual products, electronic publications, and internet publishing service (collectively, the “Relevant Business”). In order to enable the Company to own and control the Relevant Business of the Group, the Company established a subsidiary, Dalian Neusoft Ruixin Technology Group Co., Ltd. (“Neusoft Ruixin”), which is a foreign owned enterprise established in the PRC, on 17 May 2019.

On 21 June 2019, Neusoft Ruixin entered into a series of contractual arrangements (“Contractual Arrangements”) with Dalian Neusoft Software Park Industry Development Co., Ltd. (“Dalian Development”), Dalian Neusoft University of Information (“Dalian University”), Dalian Neusoft Electronic Press Co., Ltd. (“Neusoft Electronic Press”), Chengdu Neusoft Information Technology Development Co., Ltd. (“Chengdu Development”), Chengdu Neusoft University (“Chengdu University”), Foshan Nanhai Neusoft Information Technology Development Co., Ltd. (“Foshan Development”), Neusoft Institute Guangdong (“Guangdong University”) (collectively the “Consolidated Affiliated Entities”) and their equity holders, which enable the Company to effectively control and receive all the economic benefits of the business and operation of all Consolidated Affiliated Entities.

Under the PRC laws, operation of medical institution established in the PRC falls within the restricted category, foreign investors are not allowed to hold more than 70% equity interests in a medical institution. On 31 May 2024, Neusoft Ruixin entered into contractual arrangements with Dalian Kangdao Medical Management Co., Ltd. (“Dalian Kangdao”) (Dalian Kangdao and the Consolidated Affiliated Entities mentioned in the previous paragraph are collectively also referred to as the “Consolidated Affiliated Entities”) and its equity holder, which also enable the Company to effectively control and receive all the economic benefits of the business and operation of Dalian Kangdao.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries

Particulars of the Company's subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Type of legal entity	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Neutech Group (BVI) Limited	British Virgin Islands	Limited liability company	USD100	100	–	Investment holding
Neutech Group (HK) Limited	Hong Kong	Limited liability company	HKD100	–	100	Investment holding
Neusoft Ruixin	PRC/Mainland China	Limited liability company	RMB 10,000,000	–	100	Investment holding
Dalian Ruidi Technology Co., Ltd. ("Dalian Ruidi")	PRC/Mainland China	Limited liability company	RMB 350,000,000	–	100	Investment holding
Dalian Sidi Technology Co., Ltd. ("Dalian Sidi")	PRC/Mainland China	Limited liability company	RMB 150,000,000	–	100	Investment holding
Dalian Xindi Technology Co., Ltd. ("Dalian Xindi")	PRC/Mainland China	Limited liability company	RMB 350,000,000	–	100	Investment holding
Dalian Zhisheng Technology Co., Ltd.	PRC/Mainland China	Limited liability company	RMB 350,000,000	–	100	Investment holding
Dalian Zhiyue Technology Co., Ltd.	PRC/Mainland China	Limited liability company	RMB 150,000,000	–	100	Investment holding
Dalian Zhizhuo Technology Co., Ltd.	PRC/Mainland China	Limited liability company	RMB 150,000,000	–	100	Investment holding
Chengdu Development***	PRC/Mainland China	Limited liability company	RMB 195,800,000	–	100	Investment holding
Chengdu University***	PRC/Mainland China	Private non-enterprise entity	RMB 230,663,174	–	100	Higher education
Dalian DOIT Human Resource Service Co., Ltd.***	PRC/Mainland China	Limited liability company	RMB 10,000,000	–	100	Investment holding

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (continued)

Name	Place of incorporation/ registration and business	Type of legal entity	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Suzhou Neusoft Technology Development Co., Ltd. ("Suzhou Technology Development")*	PRC/Mainland China	Limited liability company	RMB 10,000,000	–	100	Investment holding
Chongqing Neusoft Ruidao Information Technology Co., Ltd. ("Chongqing Ruidao")*	PRC/Mainland China	Limited liability company	RMB 5,000,000	–	100	Training service
Guangzhou Neusoft Aidi Digital Technology Co., Ltd. ("Guangzhou Aidi")*	PRC/Mainland China	Limited liability company	RMB 10,000,000	–	100	Software development
Dalian Neusoft Ruixin Health Technology Co., Ltd. ("Ruixin Health Technology")**	PRC/Mainland China	Limited liability company	RMB 10,000,000	–	100	Software development
Dalian Development***	PRC/Mainland China	Limited liability company	RMB 359,000,000	–	100	Investment holding and estate management
Dalian University***	PRC/Mainland China	Private non-enterprise entity	RMB 350,190,000	–	100	Higher education
Neusoft Electronic Press***	PRC/Mainland China	Limited liability company	RMB 5,000,000	–	100	Publishing
Foshan Development***	PRC/Mainland China	Limited liability company	RMB 150,700,000	–	100	Investment holding
Guangdong University***	PRC/Mainland China	Private non-enterprise entity	RMB 158,400,000	–	100	Higher education
Neuedu Technology	PRC/Mainland China	Limited liability company	RMB 100,000,000	–	100	Investment holding

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (continued)

Name	Place of incorporation/ registration and business	Type of legal entity	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Chengdu Neusoft Zhiyuan Technology Co., Ltd. ("Chengdu Zhiyuan")**	PRC/Mainland China	Limited liability company	RMB 10,000,000	–	100	Software development
Chengdu Neusoft Ruixin Health Management Co., Ltd.	PRC/Mainland China	Limited liability company	RMB 1,000,000	–	100	Investment holding
Chengdu Qingcheng Kangdao Hotel Management Co., Ltd.	PRC/Mainland China	Limited liability company	RMB 500,000	–	100	Hotel service
Duijiangyan Qingcheng Kangdao Traditional Chinese Medicine Clinic Co., Ltd.	PRC/Mainland China	Limited liability company	RMB 2,000,000	–	100	Medical service
Shanghai Neusoft Ruixin Technology Co., Ltd. (Shanghai Ruixin Technology)**	PRC/Mainland China	Limited liability company	RMB 1,000,000	–	100	Software development
Chengdu Ruixiang Skill Training School Co., Ltd.	PRC/Mainland China	Limited liability company	RMB 1,000,000	–	100	Training service
Dalian Neusoft Industry Management Services Co., Ltd.	PRC/Mainland China	Limited liability company	RMB 3,000,000	–	100	Property management
Dalian Neusoft Technology Development Co., Ltd.	PRC/Mainland China	Limited liability company	RMB 10,000,000	–	100	Investment holding
Dalian High-Tech Zone Neusoft Training School Co., Ltd.	PRC/Mainland China	Limited liability company	RMB 1,000,000	–	100	Training service
Dalian Yunguan Information Technology Co., Ltd.	PRC/Mainland China	Limited liability company	RMB 20,000,000	–	100	Software development
Foshan Neusoft Zhiyuan Technology Co., Ltd.	PRC/Mainland China	Limited liability company	RMB 10,000,000	–	100	Software development

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (continued)

Name	Place of incorporation/ registration and business	Type of legal entity	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Huzhou Ruidao Digital Technology Co., Ltd.	PRC/Mainland China	Limited liability company	RMB 5,000,000	–	100	Software development
Nanjing Dongruan Ruidao Digital Technology Co., Ltd.	PRC/Mainland China	Limited liability company	RMB 300,000	–	100	Software development
Ningbo Wanli Neusoft Digital Technology Co., Ltd.	PRC/Mainland China	Limited liability company	RMB 3,000,000	–	51	Investment holding
Putian Neusoft Digital Technology Lab Co., Ltd.	PRC/Mainland China	Limited liability company	RMB 5,000,000	–	100	Software development
Shanghai Ruixiang Information Technology Co., Ltd. ("Shanghai Ruixiang")	PRC/Mainland China	Limited liability company	RMB 5,000,000	–	100	Software development
Suzhou Neusoft Ruixiang Technology Co., Ltd.	PRC/Mainland China	Limited liability company	RMB 10,000,000	–	100	Software development
Tianjin Ruidao	PRC/Mainland China	Limited liability company	RMB 110,000,000	–	100	Training service
Dalian Neusoft Ruichuang Technology Development Co., Ltd.	PRC/Mainland China	Limited liability company	RMB 10,000,000	–	100	Software development
Guangdong Ruidao Gongchuang Technology Co., Ltd.	PRC/Mainland China	Limited liability company	RMB 10,000,000	–	51	Software development
Qinhuangdao Neusoft Venture School	PRC/Mainland China	Private non-enterprise entity	RMB 5,000,000	–	90	Training service
Tianjin Neusoft Ruichuang Technology Business Incubator Co., Ltd.	PRC/Mainland China	Limited liability company	RMB 1,000,000	–	60	Software development

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (continued)

Name	Place of incorporation/ registration and business	Type of legal entity	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Dalian Neusoft Software Talent Training Centre	PRC/Mainland China	Private non-enterprise entity	RMB 1,000,000	–	100	Training service
Guangzhou Neusoft Ruidao Education Information Technology Co., Ltd.	PRC/Mainland China	Limited liability company	RMB 10,000,000	–	100	Training service
Guangzhou Neusoft Software Talent Vocational Training School	PRC/Mainland China	Private non-enterprise entity	RMB 1,000,000	–	100	Training service
Neusoft Ruidao (Weihai) Education Information Consulting Co., Ltd.	PRC/Mainland China	Limited liability company	RMB 5,000,000	–	100	Training service
Qingdao Neusoft Ruidao Education Information Technology Co., Ltd.	PRC/Mainland China	Limited liability company	RMB 2,000,000	–	100	Training service
Qingdao West Coast New Area Neusoft Ruidao Software Talent Training School	PRC/Mainland China	Private non-enterprise entity	RMB 1,200,000	–	100	Training service
Shenyang Dongruan Software Human Resource Training Center	PRC/Mainland China	Private non-enterprise entity	RMB 300,000	–	100	Training service
Shenyang Neusoft Ruidao Education Services Co., Ltd.	PRC/Mainland China	Limited liability company	RMB 5,000,000	–	100	Training service

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (continued)

Name	Place of incorporation/ registration and business	Type of legal entity	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Tianjin Port Free Trade Neusoft Ruidao Vocational Training School Co., Ltd.	PRC/Mainland China	Limited liability company	RMB 4,783,935	–	100	Training service
Zhengzhou Neusoft Ruidao Digital Technology Co., Ltd.	PRC/Mainland China	Limited liability company	RMB 2,000,000	–	100	Training service
Dalian Kangdao ***	PRC/Mainland China	Limited liability company	RMB 10,000	–	100	Investment holding
Neusoft Health Medical Management Co., Ltd. ("Neusoft Healthcare")****	PRC/Mainland China	Limited liability company	RMB 100,000,000	–	100	Medical business management
Dalian Dongkong Ruikang Medical Management Co., Ltd.****	PRC/Mainland China	Limited liability company	RMB 20,000,000	–	100	Hospital management
Dalian Ruikang Cardiovascular Hospital Management Co., Ltd.****	PRC/Mainland China	Limited liability company	RMB 17,142,857	–	100	Medical services
Dalian Ruikang Cardiovascular Hospital ("Cardiovascular Hospital")****	PRC/Mainland China	Private non-enterprise entity	RMB 10,000,000	–	100	Healthcare services
Liaoning Ruikang Medical Management Service Co., Ltd. ("Liaoning Ruikang")****	PRC/Mainland China	Limited liability company	RMB 5,000,000	–	100	Sale of medical devices
Shanghai Ruikang Collaborative Medical Services Co., Ltd.****	PRC/Mainland China	Limited liability company	RMB 71,428,571	–	100	Medical services

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (continued)

Name	Place of incorporation/ registration and business	Type of legal entity	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Dalian Ruikang Zhuomei Stomatology Hospital Co., Ltd. ("Zhuomei Stomatology Hospital")****	PRC/Mainland China	Limited liability company	RMB 6,000,000	–	100	Healthcare services
Ruikang Home (Dalian) Home Care Co., Ltd.****	PRC/Mainland China	Limited liability company	RMB 2,000,000	–	100	Elderly care services

* These entities have been deregistered during the year.

** These entities were newly incorporated companies during the year.

*** These entities are controlled through Contractual Arrangements.

**** On 31 May 2024, Neusoft Ruixin acquired 100% equity interest of Neusoft Healthcare from 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.

2. ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and interpretations) as issued by International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, wealth management products and unlisted fund investments which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

The Group has prepared the financial statements on the basis of going concern. The Group recorded net current liabilities of RMB275,521,000 as at 31 December 2024, including contract liabilities of RMB1,018,382,000 as at 31 December 2024, which will be mainly settled by education services to be provided by the Group. In view of the net current liabilities position, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of finance when assessing whether the Group will have sufficient financial resources to continue as a going concern and meet its liabilities as and when they fall due in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

2. ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2024. A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2. ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies and disclosures

The Group has adopted the following revised IFRS Accounting Standards for the first time for the current year's financial statements.

Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 1	Classification of Liabilities as Current or Non-current (the "2020 Amendments")
Amendments to IAS 1	Non-current Liabilities with Covenants (the "2022 Amendments")
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>

The nature and the impact of the revised IFRS Accounting Standards are described below:

- (a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Issued but not yet effective international financial reporting standards

The Group has not applied the following new and revised IFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ³
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i> ³
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial instruments</i> ²
Amendments to IFRS 9 and IFRS 7	<i>Contracts referencing Nature-dependent electricity</i> ²
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴
Amendments to IAS 21	<i>Lack of Exchangeability</i> ¹
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 ²

¹ Effective for annual periods beginning on or after 1 January 2025

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual/reporting periods beginning on or after 1 January 2027

⁴ No mandatory effective date yet determined but available for adoption

Further information about those IFRS Accounting Standards that are expected to be applicable to the Group is described below.

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss and other comprehensive income into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements.

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Issued but not yet effective international financial reporting standards (continued)

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRS Accounting Standards. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply IFRS 19. Some of the Company's subsidiaries are considering the application of IFRS 19 in their specified financial statements.

Amendments to IFRS 9 and IFRS 7 clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB. However, the amendments are available for adoption now.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Issued but not yet effective international financial reporting standards (continued)

Annual Improvements to IFRS Accounting Standards – Volume 11 set out amendments to IFRS 1, IFRS 7 (and the accompanying Guidance on implementing IFRS 7), IFRS 9, IFRS 10 and IAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- *IFRS 7 Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the Guidance on implementing IFRS 7 for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the Guidance on implementing IFRS 7 does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *IFRS 9 Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *IFRS 10 Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *IAS 7 Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

2.4 Material accounting policies

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (continued)

Business combinations and goodwill (continued)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (continued)

Business combinations and goodwill (continued)

Consolidated Affiliated Entities controlled through Contractual Arrangements

Neusoft Ruixin, a subsidiary of the Company, has entered into a series of Contractual Arrangements with Consolidated Affiliated Entities and their equity shareholders including Dalian Kang Ruidao Management Consulting Centre (Limited Partnership), Dalian Neusoft Siwei Technology Development Co., Ltd., ("Dalian Siwei"), Mr. Liu Ming, Alpine Electronics (China) Co., Ltd., Northeastern University Science & Technology Industry Group, Yida Holdings Co., Ltd. ("Yida Holdings"), PICC Life Insurance Co., Ltd., PICC Health Insurance Co., Ltd. and Mrs. Zhang Hong. The Contractual Arrangements enable Neusoft Ruixin and the Group to:

- exercise effective financial and operational control over the Consolidated Affiliated Entities;
- exercise equity voting rights of the Consolidated Affiliated Entities;
- receive substantially all of the economic interest returns generated by the Consolidated Affiliated Entities in consideration for the corporate management and educational management consultancy services, technical and business support services provided by Neusoft Ruixin. Such services include development, design, upgrade and ordinary maintenance on educational software and website; design on college course and major compilation and selection and/or recommendation on college course materials; recruitment and training supporting on teachers and other employees; admission and enrolment supporting services; public relation services; market research and development services; management and marketing consulting and related services; system integration; product development and system maintenance and other additional services as the parties may mutually agree from time to time;
- obtain an irrevocable and exclusive right to purchase all of equity interests in the Consolidated Affiliated Entities from the respective equity holders at nil consideration or a minimum purchase price permitted under PRC laws and regulations. Neusoft Ruixin may exercise such options at any time until it has acquired all equity interests in and/or all assets of the Consolidated Affiliated Entities permitted under the PRC laws and regulations. In addition, the Consolidated Affiliated Entities are not allowed to sell, transfer, or dispose any assets, or make any distributions to their equity shareholders without prior consent of Neusoft Ruixin;
- obtain a pledge over the entire equity interest of the Consolidated Affiliated Entities from their equity shareholders to secure performance of the obligations of the Consolidated Affiliated Entities under the Contractual Agreements.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (continued)

Business combinations and goodwill (continued)

Consolidated Affiliated Entities controlled through Contractual Arrangements (continued)

The Group does not have any equity interests in the Consolidated Affiliated Entities. However, as a result of the Contractual Agreements, the Group has rights to variable returns from its involvement with the Consolidated Affiliated Entities and has the ability to affect those returns through its power over the Consolidated Affiliated Entities and is considered to control the Consolidated Affiliated Entities. Accordingly, the Company regards the Consolidated Affiliated Entities as subsidiaries under IFRS Accounting Standards.

Nevertheless, the Contractual Agreements may not be as effective as direct legal ownership in providing the Group direct control over the Consolidated Affiliated Entities, due to the uncertainties presented by the PRC legal system to impede the Group's beneficiary rights of the results, assets and liabilities of the Consolidated Affiliated Entities. The directors, based on the advice of its legal counsel, consider that the Contractual Agreements with the Consolidated Affiliate Entities and their equity shareholders are in compliance with the relevant PRC laws and regulations and are legally enforceable.

Fair value measurement

The Group measures its investment properties and financial assets at fair value through profit or loss at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (continued)

Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets and non-current assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (continued)

Impairment of non-financial assets (continued)

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	2% to 5%
Renovation	12.5% to 33.3%
Motor vehicles	20%
Medical equipment	12.5% to 20%
Electronic equipment	10% to 33.3%
Furniture and fixtures	20%
Others	20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (continued)

Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Right-of-use assets" for property held as a right-of-use asset up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with IAS 16 *Property, Plant and Equipment*.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (continued)

Intangible assets (other than goodwill) (continued)

Customer relationship and brand

Customer relationship and brand are initially recognised and measured at fair value in business combinations not under common control. Customer relationship is amortised over its estimated useful lives over 10 years using the straight-line method which reflects the pattern in which the customer relationship's future economic benefits is expected to be consumed.

The brand arising from the acquisitions of Tianjin Ruidao has indefinite useful life and there is no foreseeable limit to the period over which it is expected to generate cash flows for the Group as it is expected that its value will not be reduced through usage and there are no legal or similar limits on the period for its use.

Medical licence

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

Software

Software is initially recognised and measured at cost incurred to acquire and bring it to use. It is amortised on a straight-line basis over its estimated useful life from 4 to 10 years and recorded in amortisation within operation expense in the consolidated statement of profit or loss and other comprehensive income.

Research and development costs

All research costs are charged to profit or loss as incurred.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (continued)

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	36 to 50 years
Properties	3 to 17 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (continued)

Leases (continued)

Group as a lessee (continued)

(b) Lease liabilities (continued)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of properties and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipments and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

(d) 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 do not 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.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (continued)

Leases (continued)

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (continued)

Investments and other financial assets (continued)

Initial recognition and measurement (continued)

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in profit or loss when the right of payment has been established.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (continued)

Impairment of financial assets (continued)

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (continued)

Impairment of financial assets (continued)

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, interest-bearing bank and other borrowings and lease liabilities.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost

After initial recognition, trade and other payables, interest-bearing bank and others borrowings and lease liabilities are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (continued)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out or a weighted average basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (continued)

Income tax (continued)

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (continued)

Income tax (continued)

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with 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.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

(a) Full-time formal higher education services

Tuition and boarding fees are generally received prior to the commencement of each school year (which is typically around 9 months starting from September to June or July with winter and summer holiday exclusive) and are initially recorded as contract liabilities. Tuition fees are recognised as revenue proportionately over the school year based on the school calendar, while the boarding fees are recognised as revenue over a 12-month period.

The balance of contract liabilities represents the portion of tuition and boarding fees received from students to which the Group will deliver the services within one year.

(b) Education resources

The revenue from offering a customised, fully-integrated major design solution or college establishment solution to customers is recognised when control of the education resources has been transferred, being the time when the education resources are accepted by the customers. Customers have full discretion over the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. The consideration of the education resources is either received from customers prior to the products delivered or after the control of the products transferred to the customers. The Group recorded the prepayment from customers as contract liabilities, while recorded the outstanding considerations as trade receivables with credit term of 180 days after the invoice date.

(c) Lifelong education services

Lifelong education services are provided to adult students who are not registered as full time students under full-time formal higher education programme, government agencies, enterprises, targeting universities/colleges, and individual customers.

The tuition fees that are received from the adult students prior to the commencement of the academic programmes are recorded as contract liabilities and are recognised as revenue proportionately over the school calendar.

The lifelong education services that are provided to government agencies, enterprises targeting universities/colleges and individual customers are recognised as revenue over the contracted period. The service fees are either received from these types of customers prior the commencement of the contract, or after the services have been delivered by the Group. The advanced payments of the service fees are recorded as contract liabilities and are recognised as revenue over the contract period. The Group recorded the outstanding services fees as trade receivables in line with the transfer of the services to the customers. The Group normally provides the credit term of 180 days after the end of the contract period to its customers.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

(d) Healthcare and wellness services

Healthcare and wellness services consist primarily of stomatology and cardiovascular medical services, and are recognised when the related services are rendered. Majority customers of the Neusoft Healthcare Group have joined into government's social insurance schemes. In accordance with Mainland China government's medical insurance policy, some of the consideration is bore and paid by the individual customers when services are 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 Zhuomei Stomatology Hospital and Cardiovascular Hospital with relevant government's social insurance schemes.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred. Income from property management services are recognised in the accounting period in which the services are rendered.

Development of software system technology is recognised as other income in the consolidated statement of profit or loss and other comprehensive income. The service is provided to customers for scientific research, technical consultation, and system development. The revenue is recognised at a point in time when the customers accept the achievements and obtain the controls of the products.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (continued)

Share-based payments

The Company operates certain share option schemes. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 31 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (continued)

Other employee benefits

Pension schemes

The employees of the Group which operates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentages of these payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (continued)

Foreign currencies

These financial statements are presented in RMB. The functional currency of the Company is Hong Kong dollar. As the major revenues and assets of the Group are derived from operations in Mainland China, RMB is chosen as the presentation currency to present the financial statements. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain subsidiaries incorporated outside Mainland China is currency other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of Company and subsidiaries incorporated outside Mainland China are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates or the year.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Contractual arrangements

The Group exercises control over the Consolidated Affiliated Entities and enjoys substantially all economic benefits of the Consolidated Affiliated Entities through the Contractual Arrangements.

The Group considers that it controls the Consolidated Affiliated Entities notwithstanding the fact that it does not hold direct equity interests in the Consolidated Affiliated Entities, as it has power over the financial and operating policies of the Consolidated Affiliated Entities and receives substantially all of the economic benefits from the business activities of the Consolidated Affiliated Entities through the contractual arrangements. Accordingly, the Consolidated Affiliated Entities have been accounted for as subsidiaries during the year.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group has tax losses of RMB335,962,000 (2023: RMB131,944,000) carried forward. These losses related to subsidiaries that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

If the Group had been able to recognise all unrecognised deferred tax assets, the profit and equity would have increased by RMB54,016,000. Further details on deferred taxes are disclosed in note 20 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of goodwill and brand with an indefinite useful life

The Group determines whether goodwill and brand with an indefinite useful life are impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill and brand with an indefinite useful life are allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill and brand with an indefinite useful life at 31 December 2024 was RMB330,953,000 (2023: RMB134,937,000) and RMB89,499,000 (2023: RMB89,499,000), respectively. Further details are given in note 18 and note 19.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by product type, customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 24 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (continued)

Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

- (a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences; and
- (b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the dates of the transactions that occurred at those prices; and discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The carrying amount of investment properties at 31 December 2024 was RMB18,600,000 (2023: RMB271,400,000). Further details, including the key assumptions used for fair value measurement and a sensitivity analysis, are given in note 16 to the financial statements.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Fair value of unlisted fund investments

The unlisted fund investments have been valued based on a market-based valuation technique as detailed in note 40 to the financial statements. The valuation requires the Group to determine the comparable public companies (peers) and select the price multiple. In addition, the Group makes estimates about the discount for illiquidity and size differences. The Group classifies the fair value of these investments as Level 3. The fair value of the unlisted fund investments at 31 December 2024 was RMB22,500,000 (2023: RMB22,500,000). Further details are included in note 23 to the financial statements.

4. OPERATING SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive Directors of the Group.

The Group was principally engaged in providing higher education services in Mainland China for the year ended 31 December 2023. Management reviewed the operating results of the business as one operating segment to make decisions about resources to be allocated.

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. The acquisition was completed on 31 May 2024, after the acquisition, Neusoft Healthcare Group became indirect owned subsidiaries of the Company.

During the year ended 31 December 2024, for management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

- (a) education services; and
- (b) healthcare and wellness services.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax except that interest income, non-lease-related finance costs as well as other gains/losses, net are excluded from such measurement.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2024	Education services RMB'000	Healthcare and wellness services RMB'000	Total RMB'000
Segment revenue (note 5)			
Sales to external customers	1,985,253	56,820	2,042,073
Total segment revenue	1,985,253	56,820	2,042,073
<i>Reconciliation:</i>			
Elimination of intersegment sales			–
Total revenue			2,042,073
Segment results	772,190	(42,861)	729,329
<i>Reconciliation:</i>			
Interest income			15,109
Other gains/(losses), net			211
Finance costs (other than interest on lease liabilities)			(106,454)
Profit before tax			638,195

Geographical information

During the year, the Group operated within one geographical location because all of its revenue was generated in Mainland China and all of its non-current assets were located in Mainland China. Accordingly, no further geographical information is presented.

Information about a major customer

There was no revenue from a single customer which accounted for 10% or more of the Group's revenue during the years ended 31 December 2024 and 2023.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

5. REVENUE AND OTHER INCOME

An analysis of revenue is as follows:

	2024 RMB'000	2023 RMB'000
Types of services		
Full-time formal higher education services:	1,625,566	1,453,347
Tuition fees	1,496,518	1,332,064
Boarding fees	126,459	120,159
Rental income of telecommunication device	2,589	1,124
Education resources	220,610	192,016
Lifelong education services	139,077	158,603
Healthcare and wellness services	56,820	–
Others	–	2,107
Total	2,042,073	1,806,073
<i>Revenue from contracts with customers</i>	2,039,484	1,804,949
<i>Revenue from other sources</i>		
Rental income of telecommunication device	2,589	1,124
Total	2,042,073	1,806,073

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

5. REVENUE AND OTHER INCOME (CONTINUED)

Revenue from contracts with customers

(a) Disaggregated revenue information

For the year ended 31 December 2024

Segments	Education services RMB'000	Healthcare and wellness services RMB'000	Total RMB'000
Types of services			
Full-time formal higher education services:	1,622,977	–	1,622,977
Tuition fees	1,496,518	–	1,496,518
Boarding fees	126,459	–	126,459
Education resources	220,610	–	220,610
Lifelong education services	139,077	–	139,077
Healthcare and wellness services	–	56,820	56,820
Total	1,982,664	56,820	2,039,484
Geographical market			
Mainland China	1,982,664	56,820	2,039,484
Timing of revenue recognition			
Services transferred at a point in time	139,958	27,222	167,180
Services transferred over time	1,842,706	29,598	1,872,304
Total	1,982,664	56,820	2,039,484

5. REVENUE AND OTHER INCOME (CONTINUED)

Revenue from contracts with customers (continued)

(a) Disaggregated revenue information (continued)

For the year ended 31 December 2023

Segments	Education services RMB'000
Types of services	
Full-time formal higher education services:	1,452,223
Tuition fees	1,332,064
Boarding fees	120,159
Education resources	192,016
Lifelong education services	158,603
Others	2,107
Total	1,804,949
Geographical market	
Mainland China	1,804,949
Timing of revenue recognition	
Services transferred at a point in time	91,698
Services transferred over time	1,713,251
Total	1,804,949

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

5. REVENUE AND OTHER INCOME (CONTINUED)

Revenue from contracts with customers (continued)

(a) Disaggregated revenue information (continued)

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2024 RMB'000	2023 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Full-time formal higher education services	969,258	886,118
Tuition fees	884,453	810,277
Boarding fees	84,805	75,841
Education resources	42,674	38,737
Lifelong education services	51,934	60,182
Total	1,063,866	985,037

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Full-time formal higher education services

Tuition fees and boarding fees mainly represented income received from the provision of education and boarding services to the students, which were recognised over time as services are rendered.

Education resources

The performance obligation is satisfied over time or at the point in time as services are rendered.

Lifelong education services

Lifelong education service fees mainly represented income received from the provision of education services to the students, which were recognised over time as the services are rendered.

Healthcare and wellness services

The performance obligation is satisfied over time or at the point in time as services are rendered.

5. REVENUE AND OTHER INCOME (CONTINUED)

Revenue from contracts with customers (continued)

(b) Performance obligations (continued)

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2024 RMB'000	2023 RMB'000
Amounts expected to be recognised as revenue:		
Within one year	1,018,382	1,067,911

An analysis of other income is as follows:

	2024 RMB'000	2023 RMB'000
Rental income and property service	76,786	88,250
Government grants and subsidies*	23,063	45,610
Development of software system technology	9,045	11,163
Others	5,773	3,163
Total	114,667	148,186

* The government grants and subsidies are related to the subsidies received from the local government for the purpose of compensating the operating expenses arising from providing education services. There are no unfulfilled conditions or contingencies relating to such recognised government grants.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

6. OTHER EXPENSES

	2024 RMB'000	2023 RMB'000
Property maintenance and fire protection expenses	10,670	9,758
Development of software system technology expenses	9,702	12,435
Depreciation of property, plant and equipment	8,905	8,742
Utilities expenses	3,046	3,766
Amortisation of land use rights and other intangible assets	683	683
Others	1,822	1,068
Total	34,828	36,452

7. OTHER GAINS/(LOSSES), NET

	2024 RMB'000	2023 RMB'000
Fair value gains on financial assets at fair value through profit or loss, net	3,047	3,147
Donation received	948	1,071
Written back of payables	315	3
Loss on disposal of items of property, plant and equipment, net	(2,972)	(2,589)
Write-off of intangible assets	—	(1,270)
Others	(1,127)	(961)
Total	211	(599)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

8. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	2024 RMB'000	2023 RMB'000
Cost of inventories sold		34,790	21,219
Depreciation of property, plant and equipment	15	177,515	154,190
Depreciation of right-of-use assets	17(a)	27,198	24,476
Amortisation of other intangible assets	19	11,357	9,779
Lease payments not included in the measurement of lease liabilities		47,307	43,199
Auditor's remuneration		3,830	3,800
Employee benefit expense (including directors' and chief executive's remuneration):		747,040	704,749
Wages and salaries		590,755	564,774
Pension scheme contributions		67,645	61,240
Welfare and other expenses		88,640	78,735
Foreign exchange differences, net*		(1,227)	(928)
Impairment of financial assets, net:			
Impairment of trade receivables	24	11,596	10,589
Impairment of other receivables		3,883	707
Loss on disposal of property, plant and equipment**		2,972	2,589
Write-off of intangible assets**		–	1,270
Fair value gains on financial assets at fair value through profit or loss, net**		(3,047)	(3,147)

* These items are included in "Finance expenses" in the consolidated statement of profit or loss and other comprehensive income.

** These items are included in "Other gains/(losses), net" in the consolidated statement of profit or loss and other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

9. FINANCE INCOME AND EXPENSES

An analysis of finance income and expenses are as follows:

	2024 RMB'000	2023 RMB'000
Finance income		
Interest income from deposits	14,303	16,353
Interest income from loans to a related party	806	316
Total	15,109	16,669
Finance expenses		
Interest on bank and other borrowings	(129,809)	(120,543)
Interest on lease liabilities	(3,008)	(1,787)
Total interest expense on financial liabilities not at fair value through profit or loss	(132,817)	(122,330)
Less: Interest capitalised	22,629	18,261
Subtotal	(110,188)	(104,069)
Other charges	(501)	(419)
Foreign exchange differences, net	1,227	928
Total	(109,462)	(103,560)
Finance expenses, net	(94,353)	(86,891)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1) (a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Group 2024 RMB'000	2023 RMB'000
Fees	492	486
Other emoluments:		
Salaries and bonuses	8,509	36,677
Pension scheme contributions	96	106
Welfare and other expenses	70	64
Subtotal	8,675	36,847
Total	9,167	37,333

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2024 RMB'000	2023 RMB'000
LIU Shulian	164	162
QU Daokui	164	162
WANG Weiping	164	162
Total	492	486

There were no other emoluments payable to the independent non-executive directors during the year (2023: Nil).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

(b) An executive director, two non-executive directors and the chief executive

	Fees RMB'000	Salaries and bonuses RMB'000	Pension scheme contributions RMB'000	Welfare and other expenses RMB'000	Share-based compensation RMB'000	Total remuneration RMB'000
2024						
Executive director: WEN Tao*	-	5,089	70	35	-	5,194
Non-executive directors: ZHANG Yinghui	-	1,820	26	35	-	1,881
Liu Jiren	-	1,600	-	-	-	1,600
Total	-	8,509	96	70	-	8,675
2023						
Executive director: WEN Tao	-	27,707	77	33	-	27,817
Non-executive directors: ZHANG Yinghui	-	8,970	29	31	-	9,030
Liu Jiren	-	-	-	-	-	-
Total	-	36,677	106	64	-	36,847

* Mr. WEN Tao is also the chief executive of the Group.

The Company appointed nine directors on the board, who are LIU Jiren (Chairperson of the Board), WEN Tao (Executive Director), RONG Xinjie (Non-executive Director), ZHANG Xia (Non-executive Director), ZHANG Yinghui (Non-executive Director), SUN Yinhuan (Non-executive Director), LIU Shulian (Independent non-executive director), QU Daokui (Independent non-executive director), and WANG Weiping (Independent non-executive director). Among the directors, RONG Xinjie, ZHANG Xia and SUN Yinhuan received no pay from the Company. The emoluments of other directors of the Company are determined with reference to the economy, the prevailing market conditions, and the responsibilities undertaken and their performance.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year (2023: Nil) and no remuneration was paid by the Group to any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two directors (2023: two directors), details of whose remuneration are set out in note 10 above. Details of the remuneration for the year of the remaining three (2023: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2024 RMB'000	2023 RMB'000
Salaries, allowances and benefits in kind	2,194	2,093
Performance related bonuses	3,208	11,803
Pension scheme contributions	68	82
Welfare and other expenses	104	96
Total	5,574	14,074

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2024	2023
HKD6,000,001 HKD6,500,000	–	1
HKD5,500,001 HKD6,000,000	–	–
HKD5,000,001 HKD5,500,000	–	1
HKD4,500,001 HKD5,000,000	–	–
HKD4,000,001 HKD4,500,000	–	1
HKD3,500,001 HKD4,000,000	–	–
HKD3,000,001 HKD3,500,000	–	–
HKD2,500,001 HKD3,000,000	–	–
HKD2,000,001 HKD2,500,000	1	–
HKD1,500,001 HKD2,000,000	2	–
Total	3	3

During the year, none of the five highest paid individuals waived or has agreed to waive any emoluments, and none of the five highest paid individuals received emoluments from the Group as inducement to join or upon joining the Group, or as compensation for loss of office.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

12. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

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 is accordingly exempted from Cayman Islands income tax.

British Virgin Islands profit tax

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

Hong Kong profits tax

The subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax. The first HK\$2,000,000 (2023: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2023: 8.25%) and the remaining assessable profits are taxed at 16.5% (2023: 16.5%).

No provision for Hong Kong profits tax was provided as there was no estimated assessable profit subject to Hong Kong profits tax during the years ended 2024 and 2023.

PRC corporate income tax ("CIT")

According to the Decision of the Standing Committee of the National People's Congress on Amending the Private Schools Promotion Law, which was promulgated on 7 November 2016 (the "2016 Decision"), and came into force on 1 September 2017, private schools are no longer being classified as either schools for which the school sponsors require reasonable returns or schools for which the school sponsors do not require reasonable returns. Instead, the school sponsors of a private school may choose for the school to be a for-profit private school or a non-profit private school, with the exception that schools providing nine-year compulsory education must be non-profit.

On 14 May 2021, the State Council released the *Implementation Rules for the Law for Promoting Private Education of the PRC* with an effective date of 1 September 2021 (the "2021 Implementation Rules"). The 2021 Implementation Rules are the detailed implementation rules of the Law for Promoting Private Education of the PRC. Pursuant to the 2016 Decision and the 2021 Implementation Rules, a private school may enjoy the preferential tax policies, which are not defined under the 2016 Decision nor the 2021 Implementation Rules, as stipulated by the related government authorities and a non-profit school may enjoy the same tax policies as enjoyed by a public school.

As at the date of approval of these financial statements, the Group's school in the Mainland China is in the process of classification registration and remains as a private non-enterprise unit.

CIT is provided on assessable profits of entities established in the PRC. Pursuant to the PRC CIT Law and the respective regulations, except for certain subsidiaries which enjoy preferential tax rates ranging from 15% to 20%, other subsidiaries of the Group which operate in Mainland China are subject to CIT at a rate of 25% on their respective taxable income.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

12. INCOME TAX EXPENSE (CONTINUED)

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%. For the Group, the applicable withholding tax rate was 10% during 2024 (2023: 5%). As at 31 December 2024, accrual of RMB32,000,000 has been made by the Company based on the current plans of dividends distribution of its PRC subsidiaries.

	2024 RMB'000	2023 RMB'000
Current – Mainland China		
Charge for the year	154,371	144,031
Underprovision in prior years	1,802	–
Deferred (<i>note 20</i>)	14,703	4,109
Total	170,876	148,140

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	2024 RMB'000	2023 RMB'000
Profit before tax	638,195	577,781
Tax at the statutory tax rate	159,549	144,445
Lower tax rates for specific provinces or enacted by local authorities	(26,659)	(7,999)
Effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	23,395	10,833
Income not subject to tax	(2,173)	(2,103)
Expenses not deductible for tax	2,932	2,230
Tax losses utilised from previous periods	(475)	(1,058)
Tax losses and deductible temporary differences not recognised	16,067	5,353
Super deduction for research and development expenses	(3,562)	(4,155)
Adjustments in respect of current tax of previous periods	1,802	–
Others	–	594
Tax charge at the Group's effective rate	170,876	148,140

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

13. DIVIDEND

	2024 RMB'000	2023 RMB'000
Proposed final – HKD0.388 (2023: HKD0.366) per ordinary share	232,184	215,419

A final dividend of HKD0.366 per share for the year ended 31 December 2023, in an aggregate amount of HKD236,510,000 (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.

A dividend in respect of the year ended 31 December 2024 of HKD0.388 per share has been proposed by the directors of the Company and is subject to the approval by the shareholders in the forthcoming annual general meeting to be held on 30 May 2025. Based on the total issued share capital of the Company as at 31 December 2024, the total final dividend to be paid by the Company amounts to approximately HKD250,728,000 (approximately equivalent to RMB232,184,000).

14. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 646,205,135 (2023: 646,203,535) outstanding during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2024 and 2023 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic earnings per share amounts presented.

The calculation of basic and diluted earnings per share is based on:

	2024 RMB'000	2023 RMB'000
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	465,619	429,540

	Number of shares	
	2024	2023
Shares		
Weighted average number of ordinary shares outstanding during the year used in the basic and diluted earnings per share calculation	646,205,135	646,203,535

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15. 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
31 December 2024									
At 1 January 2024:									
Cost	3,326,337	90,548	6,434	–	340,461	208,746	32,079	593,169	4,597,774
Accumulated depreciation	(757,093)	(61,337)	(4,972)	–	(250,480)	(146,213)	(20,238)	–	(1,240,333)
Net carrying amount	2,569,244	29,211	1,462	–	89,981	62,533	11,841	593,169	3,357,441
At 1 January 2024, net of accumulated depreciation	2,569,244	29,211	1,462	–	89,981	62,533	11,841	593,169	3,357,441
Additions	23,695	4,597	–	636	36,178	12,264	3,943	128,047	209,360
Acquisition of subsidiaries (note 33)	–	89	152	49,171	1,005	2,984	629	–	54,030
Disposals	(1,092)	(278)	–	–	(5,715)	(375)	(70)	–	(7,530)
Depreciation provided during the year	(101,434)	(8,960)	(453)	(5,344)	(41,927)	(12,485)	(6,912)	–	(177,515)
Transfers	613,560	–	–	–	–	–	–	(613,560)	–
Transfer to investment properties	(11,500)	–	–	–	–	–	–	–	(11,500)
Transfer from investment properties	250,507	–	–	–	–	–	–	–	250,507
At 31 December 2024, net of accumulated depreciation	3,342,980	24,659	1,161	44,463	79,522	64,921	9,431	107,656	3,674,793
At 31 December 2024:									
Cost	4,201,507	94,956	6,586	49,807	371,929	223,619	36,581	107,656	5,092,641
Accumulated depreciation	(858,527)	(70,297)	(5,425)	(5,344)	(292,407)	(158,698)	(27,150)	–	(1,417,848)
Net carrying amount	3,342,980	24,659	1,161	44,463	79,522	64,921	9,431	107,656	3,674,793

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Year ended 31 December 2024

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings RMB'000	Renovation RMB'000	Motor vehicles RMB'000	Electronic equipment RMB'000	Furniture and fixtures RMB'000	Others RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2023								
At 1 January 2023:								
Cost	2,967,364	84,922	5,488	298,667	188,812	28,227	448,156	4,021,636
Accumulated depreciation	(664,993)	(50,589)	(4,611)	(213,317)	(134,579)	(18,054)	–	(1,086,143)
Net carrying amount	2,302,371	34,333	877	85,350	54,233	10,173	448,156	2,935,493
At 1 January 2023, net of accumulated depreciation	2,302,371	34,333	877	85,350	54,233	10,173	448,156	2,935,493
Additions	–	7,262	966	42,535	20,447	3,852	503,986	579,048
Disposals	–	(1,636)	(20)	(741)	(513)	–	–	(2,910)
Depreciation provided during the year	(92,100)	(10,748)	(361)	(37,163)	(11,634)	(2,184)	–	(154,190)
Transfers	358,973	–	–	–	–	–	(358,973)	–
At 31 December 2023, net of accumulated depreciation	2,569,244	29,211	1,462	89,981	62,533	11,841	593,169	3,357,441
At 31 December 2023:								
Cost	3,326,337	90,548	6,434	340,461	208,746	32,079	593,169	4,597,774
Accumulated depreciation	(757,093)	(61,337)	(4,972)	(250,480)	(146,213)	(20,238)	–	(1,240,333)
Net carrying amount	2,569,244	29,211	1,462	89,981	62,533	11,841	593,169	3,357,441

As at 31 December 2024, certain of the Group's medical equipment, electronic equipment and other property, plant and equipment with a net carrying amount of RMB45,448,000 (31 December 2023: RMB970,000) were pledged to secure other borrowings of RMB37,363,000 (31 December 2023: RMB742,000) (note 27).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

16. INVESTMENT PROPERTIES

	2024 RMB'000	2023 RMB'000
Carrying amount at 1 January	271,400	271,400
Transfer from property, plant and equipment (<i>note 15</i>)	11,500	–
Transfer from right-of-use assets (<i>note 17(a)</i>)	919	–
Transfer to property, plant and equipment* (<i>note 15</i>)	(250,507)	–
Transfer to right-of-use assets* (<i>note 17(a)</i>)	(14,793)	–
Net gain from a fair value adjustment	81	–
Carrying amount at 31 December	18,600	271,400

- * Due to the acquisition of Neusoft Healthcare Group during the year, certain of the Group's investment properties which were leased to Neusoft Healthcare Group prior to the acquisition, with a total carrying amount of RMB265,300,000 were transferred to owner-occupied properties since the acquisition date.

As at 31 December 2024, the Group's investment properties consist of two commercial properties in Mainland China. The Group's investment properties were revalued on 31 December 2024 based on valuations performed by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, independent professionally qualified valuers, at RMB18,600,000. Each year, the Group's management decides to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's management has discussions with the valuer on the valuation assumptions and valuation results once a year when the valuation is performed for annual financial reporting.

As at 31 December 2024, the investment properties were leased to third parties under operating leases, further summary details of which are included in note 17 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

16. INVESTMENT PROPERTIES (CONTINUED)

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 December 2024 using			Total RMB'000
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	
Recurring fair value measurement for: Commercial properties	–	–	18,600	18,600

	Fair value measurement as at 31 December 2023 using			Total RMB'000
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	
Recurring fair value measurement for: Commercial properties	–	–	271,400	271,400

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2023: Nil).

Below is a summary of the valuation technique used and the key inputs to the valuation of investment properties:

Valuation technique		Significant unobservable inputs	Range or weighted average	
			2024	2023
Commercial properties	Income approach	Estimated rental value (per sq.m. per month)	RMB46 to RMB48	RMB45 to RMB52
		Term yield	5.5%	5.5%
		Reversionary yield	6.0%	6.0%

16. INVESTMENT PROPERTIES (CONTINUED)

Fair value hierarchy (continued)

Fair value of the investment properties is 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 are determined with reference to recent lettings of the subject properties and other comparable properties.

A significant increase (decrease) in the estimated rental value in isolation would result in a significant increase (decrease) in the fair value of the investment properties. A significant increase (decrease) in the term yield and the reversionary yield in isolation would result in a significant decrease (increase) in the fair value of the investment properties. Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and an opposite change in the term yield and the reversionary yield.

17. LEASES

The Group as a lessee

The Group has lease contracts for land and properties used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 36 to 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of properties generally have lease terms between 3 and 17 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land RMB'000	Properties RMB'000	Total RMB'000
As at 1 January 2023	591,044	39,740	630,784
Additions	–	8,479	8,479
Depreciation charge	(16,195)	(8,281)	(24,476)
Termination of lease contracts	–	(4,444)	(4,444)
As at 31 December 2023 and 1 January 2024	574,849	35,494	610,343
Additions	274,779	2,722	277,501
Acquisition of subsidiaries (note 33)	–	897	897
Transfer from investment properties (note 16)	14,793	–	14,793
Transfer to investment properties (note 16)	(919)	–	(919)
Depreciation charge	(18,438)	(8,760)	(27,198)
As at 31 December 2024	845,064	30,353	875,417

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Year ended 31 December 2024

17. LEASES (CONTINUED)

The Group as a lessee (continued)

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2024 RMB'000	2023 RMB'000
Carrying amount at 1 January	35,827	41,314
New leases	2,722	8,479
Acquisition of subsidiaries (note 33)	897	–
Accretion of interest recognised during the year	3,008	1,787
Termination of lease contracts	–	(4,719)
Payments	(9,933)	(11,034)
Carrying amount at 31 December	32,521	35,827
Analysed into:		
Current portion	9,279	8,255
Non-current portion	23,242	27,572

The maturity analysis of lease liabilities is disclosed in note 41 to the financial statements.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2024 RMB'000	2023 RMB'000
Interest on lease liabilities	3,008	1,787
Depreciation charge of right-of-use assets	27,198	24,476
Expense relating to short-term leases (included in cost of sales)	47,307	43,199
Total amount recognised in profit or loss	77,513	69,462

(d) The total cash outflow for leases and future cash outflows relating to leases that have not yet commenced are disclosed in notes 34 and 41, respectively, to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

17. LEASES (CONTINUED)

The Group as a lessor

The Group leases its investment properties (note 16) in Mainland China under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was RMB48,715,000 (2023: RMB64,323,000).

At 31 December 2024, the undiscounted lease payments receivable by the Group in future periods under operating leases with its tenants are as follows:

	2024 RMB'000	2023 RMB'000
Within one year	26,267	40,871
After one year but within five years	24,644	112,341
After five years	1,612	46,402
Total	52,523	199,614

18. GOODWILL

	RMB'000
Cost at 1 January 2023, net of accumulated impairment	134,937
Impairment during the year	–
Cost and net carrying amount at 31 December 2023	134,937
Cost at 1 January 2024, net of accumulated impairment	134,937
Acquisition of subsidiaries (note 33)	196,016
Impairment during the year	–
Cost and net carrying amount at 31 December 2024	330,953
At 31 December 2024:	
Cost	330,953
Accumulated impairment	–
Net carrying amount	330,953

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18. GOODWILL (CONTINUED)

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating units for impairment testing:

- Tianjin Ruidao education resources and lifelong education services cash-generating unit ("Tianjin Ruidao cash-generating unit"); and
- Healthcare and wellness cash-generating unit.

The carrying amount of goodwill allocated to each of the cash-generating units is as follows:

	Tianjin Ruidao		Healthcare and wellness		Total	
	2024	2023	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount of goodwill	134,937	134,937	196,016	–	330,953	134,937

Tianjin Ruidao cash-generating unit

The recoverable amount of the Tianjin Ruidao cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 16.40% (2023: 16.18%). The growth rate used to extrapolate the cash flows of the Tianjin Ruidao unit beyond the five-year period is 2.0% (2023: 2.0%), which approximates the long-term average growth rate of the relevant industry in Mainland China.

Healthcare and wellness cash-generating unit

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 in Neusoft Healthcare, at a total consideration of RMB81,000,000, which was settled in cash. The acquisition was completed on 31 May 2024 and the related goodwill is attributable to Neusoft Healthcare Group's synergies expected to arise after this acquisition.

18. GOODWILL (CONTINUED)

Impairment testing of goodwill (continued)

Healthcare and wellness cash-generating unit (continued)

The recoverable amount of the Healthcare and wellness cash-generating unit was determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections was 17.03% and cash flows beyond the five-year period were extrapolated using a growth rate of 2.0%, which approximates the long-term average growth rate of the relevant industry in Mainland China.

Assumptions were used in the value in use calculation of the Tianjin Ruidao and Healthcare and wellness cash-generating units for 31 December 2024 and 31 December 2023. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Expected revenue growth rates – The expected revenue growth rates are based on the historical data and management's expectation on the future market.

Long-term growth rate – This is the weighted average growth rate used to extrapolate cash flows rate beyond the forecast period. The rates are consistent with forecasts included in industry reports.

Earnings Before Interest, Taxes, Depreciation and Amortization (% of revenue) – Based on past performance and management's expectations for the future.

Discount rates – The discount rates used are before tax and reflect specific risks relating to the relevant cash-generating units.

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19. OTHER INTANGIBLE ASSETS

	Brand* RMB'000	Customer relationship RMB'000	Medical License RMB'000	Software RMB'000	Total RMB'000
31 December 2024					
Cost at 1 January 2024, net of accumulated amortisation	89,499	41,258	–	8,189	138,946
Additions	–	–	–	4,106	4,106
Acquisition of subsidiaries (note 33)	–	–	59,495	13,447	72,942
Amortisation provided during the year	–	(6,691)	(1,262)	(3,404)	(11,357)
At 31 December 2024	89,499	34,567	58,233	22,338	204,637
At 31 December 2024:					
Cost	89,499	66,907	59,495	51,515	267,416
Accumulated amortisation	–	(32,340)	(1,262)	(29,177)	(62,779)
Net carrying amount	89,499	34,567	58,233	22,338	204,637
31 December 2023					
At 1 January 2023:					
Cost	89,499	66,907	–	34,181	190,587
Accumulated amortisation	–	(18,958)	–	(23,334)	(42,292)
Net carrying amount	89,499	47,949	–	10,847	148,295
Cost at 1 January 2023, net of accumulated amortisation	89,499	47,949	–	10,847	148,295
Additions	–	–	–	1,700	1,700
Disposal	–	–	–	(1,270)	(1,270)
Amortisation provided during the year	–	(6,691)	–	(3,088)	(9,779)
At 31 December 2023	89,499	41,258	–	8,189	138,946
At 1 January 2024:					
Cost	89,499	66,907	–	33,962	190,368
Accumulated amortisation	–	(25,649)	–	(25,773)	(51,422)
Net carrying amount	89,499	41,258	–	8,189	138,946

* The brand with an indefinite useful life arose from the acquisition of Tianjin Ruidao. The brand and the goodwill generated from the acquisition of Tianjin Ruidao both related to Tianjin Ruidao cash-generating unit. The Group tests annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. The details of key assumptions are disclosed in note 18.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

20. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

	2024								
	Customer relationship RMB'000	Brand RMB'000	Medical licence RMB'000	Investment property RMB'000	Property, plant and equipment RMB'000	Financial assets measured at fair value RMB'000	Withholding tax on undistributed earnings RMB'000	Right-of-use assets RMB'000	Total RMB'000
Balance at 1 January 2024	(9,890)	(22,374)	-	(5,465)	(3,647)	(646)	(10,717)	(7,176)	(59,915)
Acquisition of subsidiaries (note 33)	-	-	(14,807)	-	-	-	-	-	(14,807)
Deferred tax credited/(charged) to profit or loss during the year (note 12)	1,672	-	249	(1,130)	1,569	(1,253)	(21,283)	978	(19,198)
Deferred tax charged to other comprehensive income during the year	-	-	-	(20)	-	-	-	-	(20)
Gross deferred tax liabilities at 31 December 2024	(8,218)	(22,374)	(14,558)	(6,615)	(2,078)	(1,899)	(32,000)	(6,198)	(93,940)

Deferred tax assets

	2024					
	Unrealised gain on intra-group transactions RMB'000	Asset impairment provision RMB'000	Property, plant and equipment RMB'000	Tax losses RMB'000	Lease liability RMB'000	Total RMB'000
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
Deferred tax credited/(charged) to profit or loss during the year (note 12)	(794)	2,338	471	3,149	(669)	4,495
Gross deferred tax assets at 31 December 2024	32,823	7,044	3,764	34,408	6,775	84,814

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20. DEFERRED TAX (CONTINUED)

Deferred tax liabilities

	2023							
	Customer relationship RMB'000	Brand RMB'000	Investment property RMB'000	Property, plant and equipment RMB'000	Financial assets measured at fair value RMB'000	Withholding tax on undistributed earnings RMB'000	Right-of-use assets RMB'000	Total RMB'000
Balance at 1 January 2023 (Restated)	(11,595)	(22,374)	(3,657)	(2,966)	(667)	–	(7,166)	(48,425)
Deferred tax charged/(credited) to profit or loss during the year (note 12)	1,705	–	(1,808)	(681)	21	(10,717)	(10)	(11,490)
Gross deferred tax liabilities at 31 December 2023	(9,890)	(22,374)	(5,465)	(3,647)	(646)	(10,717)	(7,176)	(59,915)

Deferred tax assets

	2023						
	Unrealised gain on intra-group transactions RMB'000	Asset impairment provision RMB'000	Property, plant and equipment RMB'000	Tax losses RMB'000	Lease liability RMB'000	Total RMB'000	
Balance at 1 January 2023 (restated)	34,523	1,756	1,761	–	7,166	45,206	
Deferred tax credited/(charged) to profit or loss during the year (note 12)	(906)	2,950	1,532	3,527	278	7,381	
Gross deferred tax assets at 31 December 2023	33,617	4,706	3,293	3,527	7,444	52,587	

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

20. DEFERRED TAX (CONTINUED)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2024 RMB'000	2023 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	80,212	45,659
Net deferred tax liabilities recognised in the consolidated statement of financial position	(89,338)	(52,987)
	(9,126)	(7,328)

The Group has tax losses arising in Mainland China of RMB457,599,000 (2023: RMB138,350,000) that will expire in one to five years for offsetting against future taxable profits. The Group has tax losses arising in Hong Kong of RMB15,996,000 (2023: RMB7,702,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Deferred tax assets have not been recognised in respect of the following items:

	2024 RMB'000	2023 RMB'000
Tax losses	335,962	131,944
Deductible temporary differences	177	29
	336,139	131,973

The above tax losses are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

The Group is liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008. The applicable rate is 5% or 10% for the Group.

The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China, for which deferred tax liabilities have not been recognised for withholding taxes that would be payable on the unremitted earnings of these subsidiaries, totalled approximately RMB1,140,327,000 at 31 December 2024 (2023: RMB1,042,618,000). In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

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Year ended 31 December 2024

21. OTHER RECEIVABLES

	Note	2024 RMB'000	2023 RMB'000
Loan receivable from a related party	38(e)	–	40,264
Loan receivables from third parties		1,114	1,170
Advance to staff		1,899	1,573
Advance to third parties		23,779	1,265
Deposits		13,781	14,108
Others		2,845	1,953
Subtotal		43,418	60,333
Impairment allowance		(5,104)	(1,220)
Total		38,314	59,113
Analysed into:			
Non-current portion		–	40,000
Current portion		38,314	19,113

A deposit of RMB4,600,000 (2023: Nil) was individually assessed and the impairment allowance of RMB4,600,000 (2023: Nil) was recognised as at 31 December 2024, which was guarantee deposit.

Where applicable, an impairment analysis is performed at each reporting date. As at 31 December 2024, the probability of default applied ranged from 1.34% to 1.56% (2023: 2.70%) and the loss given default was estimated to be 66.60% (2023: 66.60%). The loss rate is adjusted for forward-looking factors to reflect the current conditions and forecasts of future economic conditions as appropriate. The loss rate applied as at 31 December 2024 was from 1.11% to 1.29% (2023: 2.02%).

Other than the impaired other receivables, the financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 December 2024, the loss allowance was assessed to be minimal.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

22. PREPAYMENTS AND OTHER ASSETS

	2024 RMB'000	2023 RMB'000
Prepayment for utilities	6,711	4,837
Prepayment for leases	7,687	13,736
Prepayment to others	20,030	25,991
Deductible VAT input	69,397	70,483
Others	5,444	5,790
Subtotal	109,269	120,837
Impairment allowance	–	(923)
Total	109,269	119,914
Analysed into:		
Non-current portion	5,270	4,515
Current portion	103,999	115,399

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 RMB'000	2023 RMB'000
Current assets		
Wealth management products	226,443	76,224
Non-current assets		
Unlisted fund investments (Note 37(a))	22,500	22,500

The Group invests in wealth management products which were issued by major banks in Mainland China. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

24. TRADE AND BILLS RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables	95,699	89,569
Impairment	(28,111)	(16,515)
Net carrying amount	67,588	73,054
Bills receivable	–	1,095
Total	67,588	74,149

To manage the risk arising from trade receivables from third parties and related parties ("counterparties"), the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of its counterparties. The credit period granted to the customers is usually no more than 180 days and the credit quality of these customers is assessed, which takes into account the customers' financial position, past experience and other factors.

As at 31 December 2024 and 2023, the ageing analysis of the trade receivables on the basis of transaction date was as follows:

	2024 RMB'000	2023 RMB'000
Less than 6 months	36,930	45,610
6 months to 1 year	19,632	28,925
1 to 2 years	27,210	4,996
More than 2 years	11,927	10,038
Total	95,699	89,569

The movements in the loss allowance for impairment of trade receivables are as follows:

	2024 RMB'000	2023 RMB'000
At beginning of year	16,515	5,926
Impairment losses, net	11,596	10,589
At end of year	28,111	16,515

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

24. TRADE AND BILLS RECEIVABLES (CONTINUED)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

- (i) The loss allowance of individually impaired trade receivables is determined as follows:

As at 31 December 2024

The amount of RMB11,193,000 was individually assessed and the loss allowance of RMB2,140,000 was recognised as at 31 December 2023, which are all lease receivables from Neusoft Healthcare Group. On 31 May 2024, Neusoft Ruixin acquired 100% equity interest of Neusoft Healthcare Group, therefore there was no individually impaired trade receivables as at 31 December 2024.

As at 31 December 2023

	Trade Receivables RMB'000	Expected credit loss rate	Loss allowance RMB'000
Trade receivables	11,193	19%	(2,140)

- (ii) The loss allowance of trade receivables collectively assessed was determined as follows:

As at 31 December 2024

	Current	Past due				Total
		Less than 6 months	6 to 12 months	12 to 18 months	Over 18 months	
Expected credit loss rate	0.64%-15.25%	19.99%-46.74%	31.60%-96.99%	58.87%-100.00%	91.17%-100.00%	
Gross carrying amount (RMB'000)	57,920	86	8,155	23,142	6,396	95,699
Expected credit losses (RMB'000)	(4,131)	(19)	(3,703)	(13,900)	(6,358)	(28,111)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

24. TRADE AND BILLS RECEIVABLES (CONTINUED)

(ii) The loss allowance of trade receivables collectively assessed was determined as follows: (continued)

As at 31 December 2023

	Current	Past due				Total
		Less than 6 months	6 to 12 months	12 to 18 months	Over 18 months	
Expected credit loss rate	0.22%-8.93%	0.28%-14.4%	12.52%-42.98%	2.39%-64.25%	99.62%-100.00%	
Gross carrying amount (RMB'000)	23,381	40,251	7,730	6,416	598	78,376
Expected credit losses (RMB'000)	(1,158)	(5,420)	(3,266)	(3,933)	(598)	(14,375)

25. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	Note	2024 RMB'000	2023 RMB'000
Cash and bank balances		1,697,653	1,771,231
Including: Time deposits		211,969	207,999
Less: Restricted cash	(a)	(32,854)	(62,804)
Cash and cash equivalents		1,664,799	1,708,427

(a) As at 31 December 2023 and 2024, the Group had cash and bank balances of RMB60,227,000 and RMB25,241,000, respectively, which were frozen by the relevant PRC local authorities in connection with an on-going disputes with a supplier.

As at 31 December 2023 and 2024, the Group had cash and bank balances of RMB2,577,000 and RMB7,613,000, respectively, which were frozen as a guarantee deposit.

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to RMB1,684,853,000 (2023: RMB1,709,541,000). The RMB is not freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying original periods of between one day to three months depending on the immediate cash requirements of the Group and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

26. TRADE AND OTHER PAYABLES

	Note	2024 RMB'000	2023 RMB'000
Trade and bills payables			
Trade payables		21,045	11,320
Bills payable		24,541	–
		45,586	11,320
Other payables			
Amounts due to related parties	38(e)	97,214	2,763
Miscellaneous expenses received from students		58,000	56,589
Salary and welfare payables		90,614	85,573
Deposits		29,425	31,852
Government subsidies payable to students		10,800	19,639
Payables for purchases of property, plant and equipment		304,420	366,629
Payables for administrative cost		15,036	13,670
Other tax payables		11,188	11,698
Interest payables		3,708	3,898
Others		22,486	13,445
		642,891	605,756
Total		688,477	617,076
Analysed into:			
Non-current portion		675	675
Current portion		687,802	616,401

The trade payables are non-interest-bearing and are normally settled on 180-day terms. As at 31 December 2024 and 2023, the aging analysis of the trade payables based on invoice dates was as follows:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Less than 6 months	21,045	11,320

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

27. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2024			2023		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans – secured	–	–	–	3.45%	2024	13,925
Bank loans – unsecured	3.10%-4.60%	2025	330,081	3.45%-4.35%	2024	147,700
Other loans – secured	4.72%-6.67%	2025	36,135	–	–	–
Current portion of long term bank loans – secured	3.60%-4.45%	2025	232,910	4.25%-4.70%	2024	220,171
Current portion of long term bank loans – unsecured	3.10%-4.55%	2025	30,269	4.30%-4.80%	2024	268,505
Current portion of long term other loans – secured	–	–	–	4.70%	2024	742
Current portion of long term other loans – unsecured	4.65%-6.52%	2025	332	–	–	–
Total – current			629,727			651,043
Non-current						
Bank loans – secured	3.60%-4.45%	2026-2037	1,862,392	4.25%-4.70%	2025-2037	1,918,861
Bank loans – unsecured	3.10%-4.60%	2026-2038	595,623	4.30%-4.80%	2026-2038	155,000
Other loans – secured	6.01%-6.67%	2026-2027	16,228	–	–	–
Total – non-current			2,474,243			2,073,861
Total			3,103,970			2,724,904

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

27. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

	2024 RMB'000	2023 RMB'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	593,260	650,301
In the second year	399,994	251,974
In the third to fifth years, inclusive	743,490	526,512
Beyond five years	1,314,531	1,295,375
Subtotal	3,051,275	2,724,162
Other borrowings repayable:		
Within one year	36,467	742
In the second year	16,228	–
Subtotal	52,695	742
Total	3,103,970	2,724,904
Analysed into:		
Variable interest rate	2,392,792	2,563,279
Fixed interest rate	711,178	161,625
Total	3,103,970	2,724,904

Notes:

(a) The Group's overdraft facilities amounted to RMB5,200,000,000 (2023: RMB3,562,004,000), of which RMB2,362,410,000 (2023: RMB2,552,110,000) had been utilised as at the end of the reporting period.

(b) As at 31 December 2024, the loan balance of RMB297,300,000 (31 December 2023: RMB293,340,000) of 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 31 December 2024, the balance in this bank account was RMB413,397,000 (2023: RMB356,215,000).

As at 31 December 2024, the loan balance of RMB353,638,000 (31 December 2023: RMB389,312,000) of 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 31 December 2024, the balance in this bank account was RMB44,000 (2023: RMB17,038,000).

As at 31 December 2024, the loan balance of RMB739,200,000 (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 31 December 2024, the loan balance of RMB440,084,000 (31 December 2023: RMB380,880,000) of Chengdu University was pledged by the collection rights of the tuition fees from 21 April 2021 to 20 April 2036 to the bank.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

27. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

Notes: (continued)

(b) (continued)

As at 31 December 2024, the loan balances of RMB65,500,000, RMB97,500,000 and RMB53,500,000 (31 December 2023: RMB98,500,000, RMB146,500,000, RMB80,500,000) of Dalian Ruidi, Dalian Sidi and Dalian Xindi were pledged by 5.93%, 8.4% and 4.85% of equity interests of Neusoft Ruixin to the bank, respectively.

As at 31 December 2024, the loan balances of RMB48,580,000 (31 December 2023: Nil) of Neusoft Ruixin were pledged by 100% equity interests of Neusoft Healthcare and 70% equity interests of Zhoumei Stomatological Hospital to the bank, respectively.

(c) As at 31 December 2024, Neusoft Holdings has guaranteed certain of the Group's bank loans up to RMB1,970,327,000 (31 December 2023: RMB1,845,692,000).

(d) As at 31 December 2024, the loan balance of RMB37,363,000 of Liaoning Ruikang was pledged by certain medical equipment, electronic equipment and other property, plant and equipment of RMB45,448,000 to a financial institution. As at 31 December 2023, the loan balance of RMB742,000 of Dalian University was pledged by electronic equipment of RMB970,000 to a financial institution.

As at 31 December 2024, the loan balance of RMB15,000,000 (31 December 2023: Nil) of Chengdu University was pledged by intellectual property rights of RMB16,658,000 (31 December 2023: Nil) to a financial institution.

(e) As at 31 December 2024, Dalian University's bank loan of RMB49,940,000 with maturity date of 19 December 2025 is subject to a covenant that requires its contingent liability-to-net asset ratio less than 20%. There was no contingent liability as at 31 December 2024. Dalian University considers there is no indication that it will have difficulties in complying with this covenant.

(f) All borrowings are denominated in RMB.

28. CONTRACT LIABILITIES

	2024 RMB'000	2023 RMB'000
Advances received from customers		
Full-time formal higher education services	953,754	969,258
Tuition fees	870,170	884,453
Boarding fees	83,584	84,805
Education resources	18,366	42,674
Lifelong education services	39,902	51,934
Healthcare and wellness services	5,604	–
Development of software system technology	756	4,045
Total	1,018,382	1,067,911

Contract liabilities include tuition fees and boarding fees received in advance from students prior to the beginning of each school year, education resources fee, lifelong education service fees and fees for the development of software system technology received in advance from customers and the inpatient fees received in advance from patients.

NOTES TO THE FINANCIAL STATEMENTS

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29. DEFERRED INCOME

	2024 RMB'000	2023 RMB'000
Government grants	48,273	57,468
Rental	13,934	15,328
Current portion	26,796	38,781
Non-current portion	35,411	34,015
Total	62,207	72,796

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 and software developments. 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.

30. SHARE CAPITAL

Shares

	2024 RMB'000	2023 RMB'000
Issued and fully paid: 646,205,135 (2023: 646,203,535) ordinary shares	113	113

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital RMB'000
At 1 January 2023	646,203,535	113
At 31 December 2023 and 1 January 2024	646,203,535	113
Share options exercised (Note (a))	1,600	–
At 31 December 2024	646,205,135	113

Note:

- (a) The subscription rights attaching to 1,600 share options were exercised at the subscription price of HKD3.11 per share, resulting in the issue of 1,600 shares for a total cash consideration, before expenses, of RMB4,000.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

30. SHARE CAPITAL (CONTINUED)

Share options

Details of the Company's share option scheme and the share options issued under the scheme are included in note 31 to the financial statements.

31. SHARE OPTION SCHEMES

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 and 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 Incentive 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. Exercise period is 31 August 2020 to 31 August 2030.

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 the post-IPO Share Incentive Scheme was 66,666,720. As of 31 December 2024, no options have been granted or agreed to be granted pursuant to the post-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.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

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31. SHARE OPTION SCHEMES (CONTINUED)

Share options granted to participants (continued)

The following share options were outstanding under the Scheme during the year:

	2024		2023	
	Weighted average exercise price HKD per share	Number of options	Weighted average exercise price HKD per share	Number of options
At 1 January	3.11	32,018,897	3.11	40,381,569
Granted during the year	3.11	–	3.11	–
Exercised during the year	3.11	(1,600)	3.11	–
Expired during the year	3.11	(22,991,800)	3.11	(8,362,672)
At 31 December	3.11	9,025,497	3.11	32,018,897

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 the year ended 31 December 2024.

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

2024 Number of options	Exercise price HKD per share	Exercise period
9,025,497	3.11	31 August 2020 to 31 August 2030

2023 Number of options	Exercise price HKD per share	Exercise period
32,018,897	3.11	31 August 2020 to 31 August 2030

The weighted-average remaining contract life for outstanding share options was 5.67 years as of 31 December 2024 (2023: 6.67 years).

The total expenses recognised in profit or loss for share options granted under Pre-IPO Share Incentive Scheme was nil for the year ended 31 December 2024 (2023: Nil).

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32. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

Statutory surplus reserves

- (a) In accordance with the relevant laws and regulations in the PRC and Articles of Association of the companies incorporated in the PRC now comprising the Group (the "PRC Subsidiaries"), it is required to appropriate 10% of the annual statutory net profits of the PRC Subsidiaries, after offsetting any prior years' losses as determined under the PRC accounting standards, to the statutory reserve fund before distributing the net profit. When the balance of the statutory reserve fund reaches 50% of the registered capital of the PRC Subsidiaries, any further appropriation is at the discretion of owners. The statutory reserves fund can be used to offset prior years' losses, if any, and may be converted into share capital by issuing new shares to owners in proportion to their existing shareholding, provided that the remaining balance of the statutory reserve fund after such issue is not less than 25% of registered capital.
- (b) According to the relevant PRC laws and regulations, since 1 September 2021, a for-profit private school is required to appropriate to the development fund of not less than 10% of its audited annual net income, while a non-profit private school is required to appropriate to the development fund of not less than 10% of the audited annual increase in non-restricted net assets. The development fund is for the construction or maintenance of the school, or procurement or upgrading of educational equipment.

33. BUSINESS COMBINATION

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 in Neusoft Healthcare, at a total consideration of RMB81,000,000, which was settled in cash. Neusoft Healthcare and its subsidiaries are principally engaged in the provision of medical services. The acquisition was made as part of the Group's strategy to expand its market share of elderly education. While the Group is simultaneously developing the elderly education business, the expansion into elderly healthcare services thereby laying the foundation for the further expansion into the elderly market.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

33. BUSINESS COMBINATION (CONTINUED)

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

	Notes	Fair value recognised on acquisition RMB'000
Cash and bank balances		34,073
Restricted cash		804
Financial assets at fair value through profit or loss		2,600
Trade and bills receivables		6,064
Inventory		1,613
Right-of-use assets		897
Property, plant and equipment	15	54,030
Other receivables		2,180
Prepayments and other assets		96
Other intangible assets – medical licence	19	59,495
Other intangible assets – software	19	13,447
Deferred tax assets	20	27,732
Trade and other payables		(208,196)
Contract liabilities		(3,403)
Lease liabilities		(897)
Interest-bearing bank and other borrowings		(90,744)
Deferred tax liabilities	20	(14,807)
Total identifiable net liabilities at fair value		(115,086)
Goodwill on acquisition		196,016
Satisfied by cash		81,000

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to RMB6,064,000 and RMB96,000, respectively. The gross contractual amounts of trade receivables and other receivables were RMB6,532,000 and RMB96,000, respectively, of which trade receivables of RMB468,000 are expected to be uncollectible.

The acquired business contributed revenue of RMB56,820,000 and caused a net loss of RMB42,130,000 to the Group for the period from 1 June 2024 to 31 December 2024. If the acquisition had occurred on 1 January 2024, the revenue and net profit to the Group for the period ended 31 December 2024 would have been RMB2,077,288,000 and RMB435,915,000 respectively.

Acquisition-related costs were not significant. These transaction costs have been expensed and are included in other expenses in the consolidated statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

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33. BUSINESS COMBINATION (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.

An analysis of the cash flows in respect of the acquisition of subsidiaries is as follows:

	RMB'000
Cash consideration	(81,000)
Cash and bank balances acquired	34,073
Net outflow of cash and cash equivalents included in cash flows from investing activities	(46,927)
Total net cash outflow	(46,927)

34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to lease liabilities of RMB2,722,000 (2023: RMB8,478,000) in respect of lease arrangements for plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) Cash generated from operations

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		638,195	577,781
Adjustments for:			
Loss on disposal of items of property, plant and equipment, net	7	2,972	2,589
Write-off of intangible assets	7	–	1,270
Gain on cancelled leasing contract		–	(275)
Depreciation of property, plant and equipment	15	177,515	154,190
Depreciation of right-of-use assets	17	27,198	24,476
Amortisation of other intangible assets	19	11,357	9,779
Finance expenses	9	108,961	103,141
Interest income	9	(15,109)	(16,669)
Fair value gains on financial assets at fair value through profit or loss	7	(3,047)	(3,147)
Impairment losses on financial assets		15,479	11,296
Impairment losses on other assets		–	167
		963,521	864,598
Decrease/(increase) in trade and bills receivables		1,029	(9,404)
Decrease in other receivables		19,406	8,005
Decrease/(increase) in prepayments and other assets		9,969	(19,321)
Decrease/(increase) in inventories		2,313	(5,078)
Decrease in trade and other payables		(66,873)	(7,871)
Decrease in deferred income		(10,589)	(4,479)
(Decrease)/increase in contract liabilities		(52,932)	78,570
Cash generated from operations		865,844	905,020
Income tax paid		(163,489)	(169,116)
Net cash flows from operating activities		702,355	735,904

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(c) Changes in liabilities arising from financing activities

2024

	Bank and other loans RMB'000	Borrowing from a related party RMB'000	Dividends payable RMB'000	Lease liabilities RMB'000
At 1 January 2024	2,724,904	–	–	35,827
Proceeds from borrowings	992,486	–	–	–
Repayments of borrowings	(688,524)	–	–	–
Repayments of borrowings to a related party	–	(8,000)	–	–
Repayments of borrowings to a third party	(15,640)	–	–	–
Lease principal elements paid	–	–	–	(6,925)
Interest paid	(127,266)	(3,600)	–	(3,008)
Dividends paid	–	–	(216,072)	–
New leases	–	–	–	2,722
Interest expense	127,266	2,733	–	3,008
Dividends declared	–	–	215,419	–
Foreign exchange adjustments	–	–	653	–
Acquisition of subsidiaries (note 33)	90,744	105,496	–	897
At 31 December 2024	3,103,970	96,629	–	32,521

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(c) Changes in liabilities arising from financing activities (continued)

2023

	Bank and other loans RMB'000	Borrowing from a related party RMB'000	Dividends payable RMB'000	Lease liabilities RMB'000
At 1 January 2023	2,386,255	—	1,568	41,314
Proceeds from borrowings	623,891	—	—	—
Repayments of borrowings	(278,276)	—	—	—
Borrowings from a related party	—	400,000	—	—
Repayments of borrowings to a related party	—	(400,000)	—	—
Repayments of borrowings to a third party	(7,186)	—	—	—
Lease principal elements paid	—	—	—	(9,247)
Interest paid	(102,282)	—	—	(1,787)
Dividends paid	—	—	(99,239)	—
New leases	—	—	—	8,479
Interest expense	102,282	—	—	1,787
Dividends declared	—	—	96,461	—
Foreign exchange adjustments	220	—	1,210	—
Other	—	—	—	(4,719)
At 31 December 2023	2,724,904	—	—	35,827

(d) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2024 RMB'000	2023 RMB'000
Within operating activities	47,307	43,199
Within financing activities	9,933	11,034
Total	57,240	54,233

35. CONTINGENT LIABILITIES

The Group did not have any significant contingencies items as at 31 December 2024 and 2023.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

36. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bank loans are included in notes 15 and 27, respectively, to the financial statements.

37. COMMITMENTS

- (a) The Group had the following contractual commitments at the end of the reporting period:

	2024 RMB'000	2023 RMB'000
Property, plant and equipment	276,041	96,218
Capital contributions to an investment fund (Note)	67,500	67,500
Total	343,541	163,718

Note:

On 15 June 2023, 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) ("Liaoning Ruikang Investment Fund") and will engage in investing in areas of medical health businesses 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 instalments in cash and with the payment notice issued by the executive partner.

- The first instalment 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 instalment 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 instalment 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 instalment of the contracted capital contribution of RMB22.5 million. As at 31 December 2024, the second and third installment have not been paid.

- (b) The Group has various lease contracts that have not yet commenced as at 31 December 2024. The future lease payments for these non-cancellable lease contracts are RMB2,812,000 due within one year, RMB200,000 due in the second to fifth years, inclusive.

38. RELATED PARTY TRANSACTIONS

(a) Names and relationships with related parties:

Names of the related parties	Nature of relationship
Neusoft Holdings	Owner who has significant influence over the Company
Dalian Siwei	A company controlled by Liu Jiren
Shenyang Neusoft System Technology Co., Ltd. ("Neusoft System Technology")	A company controlled by Liu Jiren
Liaoning Neusoft Venture Capital Co., Ltd. ("Neusoft Venture Capital")	A company controlled by Neusoft Holdings
Neusoft Healthcare*	A company controlled by Neusoft Holdings
Cardiovascular Hospital*	A company controlled by Neusoft Holdings
Dalian Ruikang Stomatological Hospital Co., Ltd.** ("Dalian Ruikang Stomatological Hospital")	A company controlled by Neusoft Holdings
Liaoning Ruikang*	A company controlled by Neusoft Holdings
Zhuomei Stomatology Hospital*	A company controlled by Neusoft Holdings
Liaoning Ruikang Investment Fund	A limited partnership controlled by Neusoft Holdings

* On 31 May 2024, Neusoft Ruixin, a wholly-owned subsidiary of the Company, acquired 100% equity interest of Neusoft Healthcare and its subsidiaries including Cardiovascular Hospital, Liaoning Ruikang and Zhuomei Stomatology Hospital. 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.

** This entity was deregistered on 26 February 2024.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

38. RELATED PARTY TRANSACTIONS (CONTINUED)

- (b) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties:

	Notes	2024 RMB'000	2023 RMB'000
Receiving outsourcing services			
Dalian Siwei	(i)	–	92
Receiving entrustment services			
Neusoft Holdings	(i)	2,089	10,138
Providing rental and property management services			
Cardiovascular Hospital	(ii)	5,813	14,420
Zhuomei Stomatology Hospital	(ii)	2,298	4,612
Dalian Siwei	(ii)	1,110	1,380
Neusoft Venture Capital	(ii)	250	279
Liaoning Ruikang	(ii)	1	113
Dalian Ruikang Stomatological Hospital	(ii)	–	363
Neusoft Healthcare	(ii)	–	1
		9,472	21,168

Notes:

- (i) Receiving services were made at prices mutually agreed between the Group and its related parties and conducted in the normal course of business.
- (ii) Providing services were made at prices mutually agreed between the Group and its related parties and conducted in the normal course of business.
- (c) Other transactions with related parties:

As at 31 December 2024, Neusoft Holdings has guaranteed certain of the Group's bank loans of RMB1,970,327,000 (2023: RMB1,845,692,000).

- (d) Commitment with a related party:

	Notes	2024 RMB'000	2023 RMB'000
Liaoning Ruikang Investment Fund	37	67,500	67,500

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

38. RELATED PARTY TRANSACTIONS (CONTINUED)

(e) Outstanding balances with related parties:

	Notes	2024 RMB'000	2023 RMB'000
Trade receivables due from related parties			
Cardiovascular Hospital		–	8,617
Dalian Ruikang Stomatological Hospital		–	2,576
		–	11,193
Other receivables due from related parties			
Neusoft Holdings		7	–
Neusoft Healthcare		–	40,264
		7	40,264
Other payables due to related parties			
Neusoft Holdings	(i)	96,889	21
Dalian Siwei		272	272
Neusoft Venture Capital		48	77
Neusoft System Technology		5	–
Cardiovascular Hospital		–	1,692
Zhuomei Stomatology Hospital		–	701
		97,214	2,763
Amounts prepaid by related parties			
Dalian Siwei		252	252
Neusoft Venture Capital		44	71
		296	323

Notes:

- (i) The Group had an outstanding balance due to Neusoft Holdings of RMB96,629,000 as at 31 December 2024 (31 December 2023: Nil). This balance is unsecured and the bear interests ranging from 4.65% to 4.83% (2023: Nil) per annum.

As at 31 December 2024 and 2023, except the balance due to Neusoft Holdings and due from Neusoft Healthcare, are non-interest bearing, unsecured and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

38. RELATED PARTY TRANSACTIONS (CONTINUED)

(f) Compensation of key management personnel of the Group:

	2024 RMB'000	2023 RMB'000
Salaries and bonuses	16,613	54,466
Contributions to pension plans	246	259
Welfare and other expenses	273	225
Total compensation paid to key management personnel	17,132	54,950

Further details of directors' and the chief executive's emoluments are included in note 10 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

39. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2024

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	Mandatorily designated as such RMB'000	RMB'000	RMB'000
Trade and bills receivables	–	67,588	67,588
Other receivables	–	38,314	38,314
Financial assets at fair value through profit or loss	248,943	–	248,943
Restricted cash	–	32,854	32,854
Cash and cash equivalents	–	1,664,799	1,664,799
Total	248,943	1,803,555	2,052,498

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Financial liabilities included in trade and other payables	586,674
Interest-bearing bank and other borrowings	3,103,970
Lease liabilities	32,521
Total	3,723,165

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

39. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

2023

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	Mandatorily designated as such RMB'000	RMB'000	RMB'000
Trade and bills receivables	–	74,149	74,149
Other receivables	–	59,113	59,113
Financial assets at fair value through profit or loss	98,724	–	98,724
Restricted cash	–	62,804	62,804
Cash and cash equivalents	–	1,708,427	1,708,427
Total	98,724	1,904,493	2,003,217

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Financial liabilities included in trade and other payables	519,805
Interest-bearing bank and other borrowings	2,724,904
Lease liabilities	35,827
Total	3,280,536

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Financial assets				
Financial assets at fair value through profit or loss	248,943	98,724	248,943	98,724
Financial liabilities				
Interest-bearing bank and other borrowings	3,103,970	2,724,904	3,103,970	2,724,904

Management has assessed that the fair values of cash and cash equivalents, restricted cash, trade and bills receivables, other receivables and financial liabilities included in trade and other payables approximate to their carrying amounts largely due to the short term maturities of these instruments.

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 fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of bank wealth management products in financial assets at fair value through profit or loss have been estimated using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks. The unlisted fund investments at fair value in financial assets at fair value through profit or loss have been estimated using a market-based valuation technique.

The fair values of the interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2024 were assessed to be insignificant.

NOTES TO THE FINANCIAL STATEMENTS

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40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a sensitivity analysis as at 31 December 2024 and 2023:

	Significant unobservable input	Range	Sensitivity of fair value to the input
Bank wealth management products	Expected rate of return	0.84% to 3.01% (2023: 2.1% to 2.9%)	The higher the expected rate of return, the higher the fair value.
Unlisted fund investments	Net assets	–	The higher the net asset value, the higher the fair value.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2024

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at fair value through profit or loss	–	–	248,943	248,943

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (continued)

Assets measured at fair value: (continued)

As at 31 December 2023

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at fair value through profit or loss	–	–	98,724	98,724

The movements in fair value measurements within Level 3 during the year are as follows:

	2024 RMB'000	2023 RMB'000
Financial assets at fair value through profit or loss:		
At 1 January	98,724	390,449
Acquisition of subsidiaries (note 33)	2,600	–
Purchases	330,000	102,500
Disposals	(185,428)	(397,372)
Fair value gains recognised in profit or loss (note 7)	3,047	3,147
At 31 December	248,943	98,724

The Group did not have any financial liabilities measured at fair value as at 31 December 2024 and 2023.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2023: Nil).

The carrying amounts of the Group's financial assets were either measured at fair value in the statement of financial positions or approximate to fair values as at 31 December 2024 and 2023.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (continued)

Liabilities for which fair values are disclosed:

As at 31 December 2024

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Interest-bearing bank and other borrowings	–	3,103,970	–	3,103,970

As at 31 December 2023

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Interest-bearing bank and other borrowings	–	2,724,904	–	2,724,904

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrowings, cash and cash equivalents, restricted cash and financial assets at fair value through profit or loss. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**Interest rate risk**

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank borrowings with a floating interest rate.

The following table demonstrates the sensitivity to a reasonably possible change in RMB interest rate, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings).

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax RMB'000
2024		
RMB	50	(5,502)
RMB	(50)	5,502
2023		
RMB	50	(3,397)
RMB	(50)	3,397

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

NOTES TO THE FINANCIAL STATEMENTS

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41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Trade receivables*	–	–	–	95,699	95,699
Other receivables					
– Normal**	38,818	–	–	–	38,818
– Doubtful**	–	–	4,600	–	4,600
Restricted cash					
– Not yet past due	32,854	–	–	–	32,854
Cash and cash equivalents					
– Not yet past due	1,664,799	–	–	–	1,664,799
Total	1,736,471	–	4,600	95,699	1,836,770

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Year ended 31 December 2024

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Maximum exposure and year-end staging (continued)

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Trade receivables*	–	–	–	89,569	89,569
Bills receivables	–	–	–	1,095	1,095
Other receivables					
– Normal**	60,333	–	–	–	60,333
Restricted cash					
– Not yet past due	62,804	–	–	–	62,804
Cash and cash equivalents					
– Not yet past due	1,708,427	–	–	–	1,708,427
Total	1,831,564	–	–	90,664	1,922,228

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 24 to the financial statements.

** The credit quality of other receivables is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

Further quantitative data in respect of the Group’s exposure to credit risk arising from trade receivables are disclosed in note 24 to the financial statements.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. There are no significant concentrations of credit risk within the Group as the customer bases of the Group’s trade receivables are widely dispersed in different sectors and industries.

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41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	Less than 1 year RMB'000	1 and 2 years RMB'000	2024 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Lease liabilities	10,615	9,336	13,083	1,986	35,020
Interest-bearing bank and other borrowings	750,613	510,995	957,732	1,515,772	3,735,112
Financial liabilities included in trade and other payables	587,021	–	–	–	587,021
Total	1,348,249	520,331	970,815	1,517,758	4,357,153

	Less than 1 year RMB'000	1 and 2 years RMB'000	2023 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Lease liabilities	9,836	9,276	18,922	2,348	40,382
Interest-bearing bank and other borrowings	701,425	344,647	743,162	1,552,774	3,342,008
Financial liabilities included in trade and other payables	519,805	–	–	–	519,805
Total	1,231,066	353,923	762,084	1,555,122	3,902,195

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41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may balance its overall capital structure through raising new debts as well as redemption of the existing debt. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 31 December 2023.

The Group monitors capital using a liability-to-asset ratio which is total liabilities divided by total assets. The liability-to-asset ratio as at the end of the reporting period was as follows:

	2024 RMB'000	2023 RMB'000
Total assets	7,355,053	6,691,232
Total liabilities	5,041,101	4,625,023
Liability-to-asset ratio	68.54%	69.12%

42. EVENTS AFTER THE REPORTING PERIOD

The Company has been notified by Neusoft Holdings that, as requested by the Dalian Branch of Industrial Bank Co., Ltd. (the "Lender"), its wholly-owned subsidiaries Dongkong First and Dongkong Second separately entered into a Maximum Amount Pledge Contract for Listed Company Stocks (collectively, the "Pledge Contracts") with the Lender on 6 March 2025, pursuant to which, Dongkong First and Dongkong Second, as the pledgers, pledged their respective 127,465,000 shares and 120,000,000 shares (collectively representing approximately 38.30% of the Company's total issued shares) of the Company to the Lender as supplementary collateral for the loans of RMB325,500,000 under the mergers and acquisitions loan contracts entered into between the Lender and the Company's wholly-owned subsidiaries, namely Dalian Sidi, Dalian Xindi and Dalian Ruidi on 23 June 2021 (the "Loans"). Such Loans were used as supplement for the payment of the consideration for the acquisition of an aggregate of 19.18% equity interests in Neusoft Ruixin by the Group. As at the date of approval of these financial statements, the outstanding balance of the Loans is RMB216,500,000.

Save as disclosed above, there were no other significant events subsequent to 31 December 2024 which may materially affect the Group's operating and financial performance as of the date of approval of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	5	—
Investments in subsidiaries	2,287,059	2,238,110
Total non-current assets	2,287,064	2,238,110
CURRENT ASSETS		
Other receivables	437,976	647,421
Cash and cash equivalents	4,176	2,956
Total current assets	442,152	650,377
CURRENT LIABILITIES		
Trade and other payables	21,940	18,579
Total current liabilities	21,940	18,579
NET CURRENT ASSETS	420,212	631,798
TOTAL ASSETS LESS CURRENT LIABILITIES	2,707,276	2,869,908
Net assets	2,707,276	2,869,908
EQUITY		
Share capital	113	113
Reserves (note)	2,707,163	2,869,795
Total equity	2,707,276	2,869,908

Dr. LIU Jiren

Director

Dr. WEN Tao

Director

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

A summary of the Company's reserves is as follows:

	Share premium RMB'000	Capital reserve RMB'000	Other reserve RMB'000	Retained profits/ (accumulated loss) RMB'000	Total RMB'000
Balance at 1 January 2023	2,756,159	122,996	39,253	(34,955)	2,883,453
Profit for the year	–	–	–	40,888	40,888
Exchange differences on the translation of the Company's financial statements	–	–	41,915	–	41,915
Dividends distribution	(96,461)	–	–	–	(96,461)
At 31 December 2023 and 1 January 2024	2,659,698	122,996	81,168	5,933	2,869,795
Loss for the year	–	–	–	(6,293)	(6,293)
Exercise of share options	10	(5)	–	–	5
Exchange differences on translation of the Company's financial statements	–	–	59,075	–	59,075
Dividends distribution	(215,419)	–	–	–	(215,419)
At 31 December 2024	2,444,289	122,991	140,243	(360)	2,707,163

44. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 March 2025.

FINANCIAL SUMMARY

RESULTS OF OPERATIONS

	For the year ended 31 December				
	2020 RMB'000	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000
Revenue	1,100,011	1,363,126	1,548,382	1,806,073	2,042,073
Cost of sales	(678,923)	(771,696)	(881,643)	(940,997)	(1,073,521)
Gross profit	421,088	591,430	666,739	865,076	968,552
Profit before tax	136,966	378,825	517,535	577,781	638,195
Profit for the year	102,936	301,220	385,416	429,641	467,319
Profit for the year attributable to owners of the Company	74,246	284,222	385,393	429,540	465,619
Adjusted net profit (<i>note i</i>)	275,817	328,132	380,608	428,713	466,092
Adjusted net profit attributable to owners of the Company	225,930	309,320	380,585	428,612	464,392

Note i: Adjusted net profit is derived from the profit for the year after deducting the effects of listing expenses, share-based compensation expenses, and net exchange gains/losses.

FINANCIAL RATIOS

	For the year ended 31 December				
	2020	2021	2022	2023	2024
Gross profit margin	38.3%	43.4%	43.1%	47.9%	47.4%
Net profit margin	9.4%	22.1%	24.9%	23.8%	22.9%
Adjusted net profit margin	25.1%	24.1%	24.6%	23.7%	22.8%

ASSETS AND LIABILITIES

	As at 31 December				
	2020 RMB'000	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000
Non-current assets	2,552,441	3,907,026	4,211,383	4,625,741	5,212,382
Current assets	1,554,639	1,495,039	1,782,237	2,065,491	2,142,671
Current liabilities	1,694,005	1,849,728	2,007,438	2,446,630	2,418,192
Net current assets (liabilities)	(139,366)	(354,689)	(225,201)	(381,139)	(275,521)
Total assets less current liabilities	2,413,075	3,552,337	3,986,182	4,244,602	4,936,861
Non-current liabilities	621,783	2,045,438	2,250,430	2,178,393	2,622,909
Total equity	1,791,292	1,506,899	1,735,752	2,066,209	2,313,952
Total equity and non-current liabilities	2,413,075	3,552,337	3,986,182	4,244,602	4,936,861

EXTRACTED MAJOR ITEMS

	As at 31 December				
	2020 RMB'000	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000
Property, plant and equipment	1,543,474	2,684,499	2,935,493	3,357,441	3,674,793
Cash and cash equivalents	1,426,063	1,228,478	1,183,811	1,708,427	1,664,799
Contract liabilities	619,510	769,183	989,341	1,067,911	1,018,382
Interest-bearing bank and other borrowings	1,153,264	2,167,169	2,386,255	2,724,904	3,103,970

FINANCIAL RATIOS

	As at 31 December				
	2020	2021	2022	2023	2024
Asset to liability ratio	56.4%	72.1%	71.0%	69.1%	68.5%
Gearing ratio (<i>Note ii</i>)	67.5%	147.1%	139.9%	133.6%	139.7%

Note ii: As at the end of the relevant financial year, gearing ratio equals total indebtedness (the sum of interest-bearing bank loans, other borrowing and lease liabilities) divided by total equity as at the end of the year.

CASH FLOWS

	For the year ended 31 December				
	2020 RMB'000	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000
Net cash flows from operating activities	574,822	721,682	797,236	735,904	702,355

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
"14th Five-Year"	the 14th Five-Year of national economic and social development of the People's Republic of China, i.e., the five-year period of 2021–2025
"Acquisition of Neusoft Healthcare"	the acquisition of all the equity interests of Neusoft Healthcare by the Company from Neusoft Holdings pursuant to the share transfer agreement dated 26 March 2024
"Adjusted Net Profit"	a non-IFRS measure that eliminates the effect of certain non-recurring items from our profit for the year. See "Financial Information – Non-IFRS Measure" of the Prospectus of the Company
"affiliate"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"Alpine Electronics"	Alpine Electronics, Inc., a company incorporated under the laws of Japan and a wholly-owned subsidiary of Alps Alpine Co., Ltd. (a company listed on the Tokyo stock exchange (stock code: TSE-6770))
"APP"	an application, especially as downloaded by a user to a mobile device
"Articles" or "Articles of Association"	the articles of association of our Company conditionally adopted on 11 September 2020 with effect from the Listing Date, as amended from time to time, a summary of which is set out in "Summary of the constitution of our Company and Cayman Companies Law" in Appendix IV to the Prospectus dated 17 September 2020
"Audit Committee"	the audit committee of the Board
"Board"	the board of directors of the Company
"BVI"	British Virgin Islands
"Cardiovascular Management"	Dalian Ruikang Cardiovascular Hospital Management Co., Ltd. (大連睿康心血管醫院管理有限公司), a company incorporated under PRC Laws on 4 February 2021 and a subsidiary of the Company as of the date of this Report
"Century Bliss"	Century Bliss International Limited, a company incorporated under the laws of the BVI with limited liability and a Shareholder as of 31 December 2024

"CG Code"	The Corporate Governance Code as set in Appendix C1 of the Listing Rules
"Chengdu Development"	Chengdu Neusoft Information Technology Development Co., Ltd. (成都東軟信息技術發展有限公司), the majority school sponsor for Chengdu University, and a company incorporated under PRC Laws on 8 July 2002 and a wholly-owned subsidiary of our Dalian Development
"Chengdu University"	Chengdu Neusoft University (成都東軟學院), established in 2003, and one of the higher education schools operated by our Group
"China" or the "PRC"	the People's Republic of China, and for the purposes of this 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
"Companies Ordinance"	Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company", "our Company", or the "Company"	Neutech Group Limited (東軟睿新科技集團有限公司) (formerly Known as 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
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"Consolidated Affiliated Entity" or "Consolidated Affiliated Entities"	entities controlled by the Company through the Contractual Arrangements A and considered as our subsidiaries
"Contractual Arrangements A"	the contractual arrangements entered into by our Group as described in the section headed "Contractual Arrangements" of the Prospectus of the Company
"Contractual Arrangements B"	a series of contractual arrangements entered into by our Group as described in the section headed "The New Contractual Arrangements" of the announcement of the Company dated 26 March 2024 of connected transaction in relation to the acquisition of Neusoft Healthcare
"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)

DEFINITIONS

“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 DOIT”	Dalian DOIT Human Resource Service Co., Ltd. (大連都愛迪人力資源服務有限公司), a company incorporated under PRC Laws on 19 November 2020
“Dalian Kang Ruidao”	Dalian Kang Ruidao Management Consulting Centre (Limited Partnership) (大連康睿道管理諮詢中心(有限合夥))
“Dalian Neusoft Ruixin”	Dalian Neusoft Ruixin Technology Group Co. Limited (大連東軟睿新科技集團有限公司) (Previously Dalian Neusoft Ruixin Technology Development Co. Limited (大連東軟睿新科技發展有限公司)), a company incorporated under PRC Laws on 17 May 2019 and a wholly-owned subsidiary of the Company as at the date of this Report
“Dalian Ruikang”	Dalian Dongkong Ruikang Medical Management Co., Ltd. (大連東控睿康醫療管理有限公司), a company incorporated under the PRC laws on 21 July 2019 and a subsidiary of the Company as of the date of this Report
“Dalian Siwei”	Dalian Neusoft Siwei Technology Development Co., Ltd. (大連東軟思維科技發展有限公司)
“Dalian Technology”	Dalian Neusoft Technology Development Co., Ltd. (大連東軟科技發展有限公司), a company incorporated under PRC Laws on 10 October 2013 and a wholly-owned subsidiary of the Company
“Dalian University”	Dalian Neusoft University of Information (大連東軟信息學院), established in 2004, and one of the higher education schools operated by our Group
“Dalian Yunguan”	Dalian Yunguan Information Technology Co., Ltd. (大連雲觀信息技術有限公司), a company incorporated under PRC Laws on 19 February 2013 and a wholly-owned subsidiary of the Company
“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
“Dr. J. Liu” or “Chairperson”	LIU Jiren (劉積仁), the Chairperson, Director and a core founding member of the Group

"Dr. Qu"	QU Daokui (曲道奎), our Director
"Dr. S. Liu"	LIU Shulian (劉淑蓮), our Director
"Dr. Wen"	WEN Tao (溫濤), our Director
"EMPOWER"	the development and business philosophy of our Company is as follows: Ecosystem, Marketing, Product, Opportunity, Win-win, Efficiency, and R&D. "EMPOWER" is the acronym of these seven English words
"Foshan Development"	Foshan Nanhai Neusoft Information Technology Development Co., Ltd. (佛山市南海東軟信息技術發展有限公司), the majority school sponsor for Neusoft Institute Guangdong, and a company incorporated under PRC Laws on 8 January 2002 and a wholly-owned subsidiary of our Dalian Development
"Global Offering"	the Hong Kong Public Offering and the International Offering
"Group", "we", "us", or "our"	the Company and its subsidiaries (including our consolidated affiliated entities) from time to time or, where the context requires, in respect of the period prior to the Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of the Company at the relevant time
"Guangdong University"	Neusoft Institute Guangdong (廣東東軟學院), established in 2003, and one of the higher education schools operated by our Group
"Healthcare Technology Training Base"	Dalian Neutech Healthcare Technology Training Base located at North Section of Digital Road, Dalian Hightech Industrial Park and the land area is 62,190.7 square meters
"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
"Hong Kong Share Registrar"	Tricor Investor Services Limited
"Huayu Construction"	Dalian Huayu Construction Group Co., Ltd. (大連華禹建設集團有限公司), a company with limited liability incorporated under the laws of the Cayman Islands on 27 February 1993, and a first-class enterprise for general construction project contracting
"IFRS"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"Independent Third Party" or "Independent Third Parties"	any entity or person who is not a connected person of our Company within the meaning ascribed to it under the Listing Rules

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
“Kangdao Medical”	Dalian Kangdao Medical Management Co., Ltd. (大連康道醫療管理有限公司), a company incorporated under PRC laws on 6 February 2024 and is wholly owned by Ms. ZHANG Hong as of the date of this Report
“Latest Practicable Date”	15 April 2025, being the latest practicable date prior to the printing of this annual report for ascertaining certain information in this annual report
“Laws”	means all laws, statutes, legislation, ordinances, rules, regulations, guidelines, opinions, notices, circulars, directives, requests, orders, judgments, decrees, interpretations or rulings of any Governmental Authority (including the Stock Exchange and the SFC) of all relevant jurisdictions
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	29 September 2020, on which the Shares of the Company are listed and from which dealings therein are permitted to take place on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with GEM of the Stock Exchange
“Memorandum” or “Memorandum of Association”	the memorandum of association of our Company conditionally adopted on 11 September 2020, with effect from the Listing Date, as amended from time to time
“MHRSS (人社部)”	Ministry of Human Resources and Social Security of the People’s Republic of China
“MIIT”	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部) (formerly known as Ministry of Information Industry)
“Ministry of Education” or “MOE”	Ministry of Education of the People’s Republic of China (中華人民共和國教育部)
“Mr. Rong”	RONG Xinjie (榮新節), our Director
“Mr. Sun”	SUN Yinhuan (孫蔭環), our Director

“Neusoft Corporation”	Neusoft Corporation (東軟集團股份有限公司), a company incorporated under PRC Laws on 17 June 1991, which is listed on the Shanghai Stock Exchange (stock code: 600718) on 18 June 1996
“Neusoft Education Technology”	Neusoft Education Technology Group Co. Limited (Previously Dalian Neusoft Education Technology Group Co. Limited (大連東軟教育科技集團有限公司, formerly known as 東軟教育科技(大連)有限公司)), a company incorporated under PRC Laws on 3 August 2018 and a wholly-owned subsidiary of the Company
“Neusoft Electronic Press”	Dalian Neusoft Electronic Press Co., Ltd. (大連東軟電子出版社有限公司), a company incorporated under PRC Laws on 21 April 2005 and a wholly-owned subsidiary of Dalian University
“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 an indirect wholly-owned subsidiary of the Company as of the date of this Report
“Neusoft Healthcare Group”	Neusoft Healthcare and its subsidiaries, including OPCOs
“Neusoft Holdings Group”	Neusoft Holdings and its subsidiaries (excluding our Group)
“Neusoft Industry Management”	Dalian Neusoft Industry Management Services Co., Ltd. (大連東軟產業管理服務有限公司), a company incorporated under PRC Laws on 14 August 2018 and a wholly-owned subsidiary of the Company
“Neusoft International”	Neusoft Holdings International Inc. (東軟控股國際有限公司), a company incorporated under the laws of the BVI on 8 March 2012 and a wholly-owned subsidiary of Neusoft Holdings
“Neusoft Training School”	Dalian High-Tech Zone Neusoft Training School Co., Limited, a company incorporated under PRC Laws on 29 August 2018 and a wholly-owned subsidiary of the Company
“Neutech BVI”	Neutech Group (BVI) Co. Limited (東軟睿新科技集團(英屬維京群島)有限公司) (formerly known as Neusoft Education Technology (BVI) Co. Limited (東軟教育科技(英屬維京群島)有限公司)), a company incorporated under the laws of the BVI on 6 September 2018 and a wholly-owned subsidiary of our Company
“Neutech HK”	Neutech Group (HK) Co. Limited (東軟睿新科技集團(香港)有限公司) (formerly known as Neusoft Education Technology (HK) Co. Limited (東軟教育科技(香港)有限公司)), a company incorporated under Hong Kong laws on 26 September 2018
“Nomination Committee”	the nomination committee of the Board

DEFINITIONS

“Northeastern University Group”	Northeastern University Science & Technology Industry Group Co., Ltd. (東北大學科技產業集團有限公司)
“OPCOs”	Cardiovascular Management, Shanghai Xietong, Ruikang Cardiovascular Hospital and Ruikang Stomatological Hospital
“PICC Health”	PICC Health Insurance Company Limited (中國人民健康保險股份有限公司)
“PICC Life”	PICC Life Insurance Company Limited (中國人民人壽保險股份有限公司)
“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
“PRC Legal Adviser”	Tian Yuan Law Firm, our legal adviser on PRC Laws
“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
“Principal Share Registrar”	Ogier Global (Cayman) Limited
“Property A”	the property in the Healthcare Technology Training Base Phase I (No. 50, North Section of Digital Road, Dalian Hightech Industrial Park)
“Property B”	the property in the Healthcare Technology Training Base Phase I (No. 52-1 and No. 52-2, North Section of Digital Road, Dalian Hightech Industrial Park)
“Property C”	the property in the Healthcare Technology Training Base Phase I (No. 52-1, North Section of Digital Road, Dalian Hightech Industrial Park)
“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 our Dalian Development
“Remuneration Committee”	the remuneration committee of the Board
“Reporting Period”	the year ended 31 December 2024
“RMB” or “Renminbi”	Renminbi, the current lawful currency of China

"Ruikang Cardiovascular Hospital"	Dalian Ruikang Cardiovascular Hospital (大連睿康心血管病醫院), a private non-enterprise organization and specialized cardiovascular hospital incorporated under the PRC laws on 31 December 2021 and a subsidiary of the Company as of the date of this Report
"Ruikang Stomatological Hospital"	Dalian Ruikang Zhuomei Stomatological Hospital Co., Ltd. (大連睿康卓美口腔醫院有限公司), a company incorporated under the PRC laws on 30 November 2022, a specialized stomatological hospital and a subsidiary of the Company as of the date of this Report
"School Sponsor(s)"	our Dalian Development, Chengdu Development, Foshan Development, Neusoft Holdings and Yida Group, or any one of them
"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
"SFC"	Securities and Futures Commission of Hong Kong
"Shanghai Ruixiang"	Shanghai Ruixiang Information Technology Co., Ltd. (上海芮想信息科技有限公司), a company incorporated under PRC Laws on 14 April 2017 and a wholly-owned subsidiary of the Company
"Shanghai Sirui"	Shanghai Sirui Information Technology Co., Ltd. (上海思芮信息科技有限公司), incorporated under PRC Laws on 7 November 2013, 43% of its equity interests held by Neusoft Holdings as at the date of this Report
"Shanghai Xietong"	Shanghai Ruikang Xietong Medical Service Co., Ltd. (上海睿康協同醫療服務有限公司), a company incorporated under PRC laws on 18 November 2022 and a subsidiary of the Company as of the date of this Report
"Share(s)"	ordinary share(s) in the share capital of our Company, currently with a par value of HK\$0.0002 each following the Share Consolidation
"Shareholder(s)"	holders of our Shares or any one or more of the holders
"Shenyang Kang Ruidao"	Shenyang Kang Ruidao Consulting Co., Ltd. (瀋陽康睿道諮詢有限公司)
"State Council"	State Council of the PRC (中華人民共和國國務院)
"Structured Contracts"	Contractual Arrangements A and Contractual Arrangements B
"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

DEFINITIONS

“Tianjin Ruidao”	Tianjin Neusoft Ruidao Education Information Technology Co., Ltd. (天津東軟睿道教育信息技術有限公司), a company incorporated under PRC Laws on 22 March 2012 and a non-wholly owned subsidiary of Neusoft Education Technology
“TOPCARES”	our unique approach that are bestowed with eight types of capabilities/skills, which are technical knowledge and reasoning, open thinking and innovation, personal and professional skills, communication and teamwork, attitude and manner, responsibility, ethical values, social values created by application practice. TOPCARES is an acronym of these eight phrases
“Yida Group”	Yida Group Co., Ltd. (億達集團有限公司), a company incorporated under PRC Laws
“Yida Holdings”	Yida Holdings Co., Ltd. (億達控股有限公司), a company incorporated under PRC Laws

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.



Neutech

東軟睿新科技集团有限公司

Neutech Group Limited

科技赋能教医养生态

EMPOWER EDUCATION HEALTHCARE WELLNESS ECOSYSTEM WITH TECHNOLOGY

教育创新数智化生活

BOOST DIGITAL INTELLIGENT LIFESTYLES WITH INNOVATIVE EDUCATION