This summary aims to give you an overview of information contained in this document. This is a summary, and as such, it does not contain all information that may be important to you. You should read the entire document before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in "Risk Factors." You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are a leading private IT higher education service provider in China, focusing on nurturing IT professional talent to cater for the fast-growing demand for talent in China's software and IT service industry. Leveraging our two decades of experience and knowhow accumulated in the IT higher education industry and driven by our vision of becoming a leader in China providing digital education services, we have developed an education service ecosystem with full-time formal higher education services as our fundamental business; continuing education services, and education resources and apprenticeship programme as our two strategic businesses. We are supported by the reputation of Neusoft Corporation, the first software company listed on the Shanghai Stock Exchange (stock code: 600718), and are able to leverage Neusoft Corporation's expertise in software and IT services. We have strategically established three application-oriented universities in Dalian, Chengdu and Foshan and developed a comprehensive portfolio of IT-related majors covering a wide range of industry sectors with a high demand for IT talent, such as computer science, electronic information, digital media, information management service, and healthcare technology. According to the Frost & Sullivan Report, we ranked the first in terms of the number of IT majors provided by China's private higher education institutions and the second in terms of the number of students enroled in IT majors among all private higher education institutions in China, for the 2018/2019 school year. After excluding independent colleges from the ranking, we ranked the first in terms of the number of students enroled in IT majors among all private higher education institutions in the 2018/2019 school year, according to the Frost & Sullivan Report. The number of students enroled in our full-time formal higher education programmes reached 36,066 for the 2019/2020 school year, of which approximately 16,053 were enroled in IT majors. In December 2019, three bachelor degree programmes of Dalian University, i.e. computer science and technology, software engineering, and digital media technology, were included in the list of the first batch of national-level first-class bachelor degree programmes by the MOE, making Dalian University rank the first among all private universities (including independent colleges) in terms of the number of bachelor degree programmes included in the list. With respect to each of the three bachelor degree programmes mentioned above, Dalian University is the only private university (including independent colleges) that was included in the list.

In the course of operating our universities, we have developed an integrated talent cultivation approach, with reference to international engineering education models, to nurture future IT talent bestowed with eight key capabilities/skills — Technical knowledge and reasoning, Open thinking and innovation, Personal and professional skills, Communication and teamwork, Attitude and manner, Responsibility, Ethical values, and Social values created by application practice — an approach we call "TOPCARES". Under our TOPCARES approach, we not only impart knowledge to students, but also focus on fostering good moral character, nurturing innovation capabilities, professional skills and communication skills, and inspiring the spirit teamwork in our students. Our TOPCARES approach is applied to all aspects of our students' learning experience and is instrumental in improving the overall competency of our students. In addition, we creatively blended traditional "face-to-face" offline education methods with our online e-learning platform to become a pioneer in China providing blended learning solutions, so that our students are able to study any education content at anytime and anywhere.

With the support of Neusoft Corporation, we engaged in an extensive school-enterprise cooperation in order to better equip our students with skills that can be applied directly in their future employment, and improve their career prospects. We effectively integrate our education resources with expertise in the software and IT service industry offered by leading enterprises, such as Hewlett-Packard and IBM. We have put in place a mechanism for the interaction between our teachers and engineers to enhance our teaching team. We invite engineers from leading enterprises to our universities to jointly design curricula, establish practical training sites, and deliver lectures, among others. We also encourage our teachers to obtain industry experience and keep abreast of the latest industry trends by working in enterprises that cooperate with us. Through such cooperation and exchange, we are able to formulate student advancement plans that reflect the industry's recent developments and amass a team of teachers with both academic expertise and industry experience to disseminate cutting-edge knowledge to our students, which we believe will narrow the skills gap between school education and future work requirements.

We are among the leaders in innovation and entrepreneurial education. Since we started our business in 2000, we have been focusing on innovation and entrepreneurship education and in 2002 established a unique start-up incubator, Student Office & Venture Office (the "**SOVO**"), through which we encourage and support our students to start their own businesses. SOVO aims at fostering our students' innovative thinking and nurturing entrepreneurial spirit. Teachers and mentors in the SOVO help our students turn the business ideas into projects and provide guidance and support in operating the projects. As of 31 March 2020, SOVO had incubated more than 7,300 start-up projects and over 1,000 "virtual" companies, of which more than 250 had been formally registered as companies. We have won numerous honours and awards for our innovation and entrepreneurship education. For example, in 2016, Dalian University was recognised as one of China's First 50 Model Universities of Experimental Innovation and Entrepreneurship (全國首批50所創新創業典型經驗高校) by the MOE. SOVO of all of our three universities have been awarded as national-level Mass Entrepreneurship Space under the Torch Centre of Ministry of Science and Technology (科技部火炬中心眾創空間).

As a result of the above initiatives, we have achieved favourable graduate employment outcomes for our students. According to the Frost & Sullivan Report, for the 2018/2019 school year, the initial employment rates of the graduates of our Dalian University, Chengdu University and Foshan University full-time formal higher education programmes reached 92.73%, 97.19% and 92.42%, respectively. The employment rates of Dalian University and Chengdu University were higher than the average level of initial employment rates of graduates from full-time formal higher education programmes in Liaoning province and Sichuan province, i.e. 91.95% and 88.28%, respectively, while the employment rate of Foshan University was close to that of Guangdong province, i.e. 94.58%. For the 2017/2018 school year, the average monthly salary of the graduates of our Dalian University, Chengdu University and Foshan University full-time formal higher education programmes was RMB5,211, RMB5,045, and RMB4,528, respectively. These average salaries were also higher than the average level of the salaries of graduates from full-time formal higher education programmes in the provinces where each of our three universities is located, i.e. RMB4,600, RMB4,453 and RMB4,071, respectively.

Our relentless efforts at improving the quality of our education services by applying our education philosophy and approach have won us numerous awards and gained the trust of students, parents, teachers, local governments, potential employers and business partners. Our “Neusoft Education” brand has also achieved strong brand awareness and high social recognition in China’s private higher education industry, which in turn enables us to attract more high quality students. Our students are admitted from either the liberal arts stream or science stream of high schools. According to the Frost & Sullivan Report, for the 2019/2020 school year, the admission scores of students from the science and liberal arts streams entering our Dalian University both ranked the first among all the private universities (exclusive of independent colleges) in Liaoning province, while the admission scores of students from the science and liberal arts streams entering our Chengdu University both ranked the fourth among all the private universities (exclusive of independent colleges) in Sichuan province, and for those entering our Foshan University, ranked the first and the third in terms of science stream and liberal arts stream, respectively, among all the private universities (exclusive of independent colleges) in Guangdong province.

Our extensive experience accumulated through our two decades of school operation and management track record, in particular our experience in IT education, has enabled us to establish our current education service ecosystem, through which we provide a full spectrum of education services, including not only our fundamental business of full-time formal higher education services, but also our two strategic businesses: continuing education services, and education resources and apprenticeship programme. We are committed to empowering other higher education institutions and their students by sharing with them our education philosophy, approach, model, system and standard that we distilled from our two decades of school operations and management. We categorised our education resources business into three modules: (i) joint establishment of academic majors and industrial colleges (專業共建與產業學院), (ii) smart education platform and teaching resources, and (iii) practical training laboratory solutions. As of the Latest Practicable Date, we had delivered our quality education resources to over 400 universities, colleges and vocational schools. Relying on our education service system and through such scalable model, we are able to rapidly replicate our quality education resources to other schools and establish our unique “3+N” business model (“3” stands for our three universities and “N” stands for other higher education institutions that enjoy our quality education resources), which we believe will provide significant potential to our further growth. According to the Frost & Sullivan Report, as measured by cumulative number of schools using IT value-added education services provided by us as of 31 March 2020, we ranked the second in China among providers of IT value-added education services.

Our revenue increased by 16.7% from RMB731.4 million for the year ended 31 December 2017 to RMB853.2 million for the year ended 31 December 2018 and further increased by 12.3% to RMB958.2 million for the year ended 31 December 2019. Our revenue decreased by 7.3% from RMB171.4 million for the three months ended 31 March 2019 to RMB158.9 million for the three months ended 31 March 2020. Our gross profit increased by 16.1% from RMB234.4 million for the year ended 31 December 2017 to RMB272.3 million for the year ended 31 December 2018 and further increased by 18.6% to RMB323.0 million for the year ended 31 December 2019. Our gross profit increased by 6.4% from RMB27.6 million for the three months ended 31 March 2019 to RMB29.4 million for the three months ended 31 March 2020. Our net profit increased by

14.3% from RMB143.2 million for the year ended 31 December 2017 to RMB163.7 million for the year ended 31 December 2018 and further increased by 6.9% to RMB175.0 million for the year ended 31 December 2019. Our net profit increased by 169.0% from RMB4.5 million for the three months ended 31 March 2019 to RMB12.2 million for the three months ended 31 March 2020.

OUR EDUCATION PHILOSOPHY AND APPROACH

Our fundamental education philosophy is "Empower Students with Innovative Education" (教育創造學生價值). We apply our unique TOPCARES approach to nurture future IT talent bestowed with eight types of capabilities/skills — 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 practise. TOPCARES is an acronym of these eight phrases, representing our greatest care for our students. By applying our TOPCARES approach, we aim to create value for our students by helping them develop a promising career path that is commensurate with their expertise, which in turn generates a good return for their families and benefits the whole society. This is the core value and ultimate goal of our education.

OUR SERVICES

We primarily offer three types of services: (i) full-time formal higher education services, (ii) continuing education services, and (iii) education resources and apprenticeship programme. Our three business segments mutually support and complement with each other, and create a unique education service ecosystem. The following table sets forth a breakdown of our revenue by type of services during the Track Record Period.

	For the years ended 31 December			For the three months ended 31 March	
	2017	**2018**	**2019**	**2019**	**2020**
	(RMB'000)	**(RMB'000)**	**(RMB'000)**	**(RMB'000)** (Unaudited)	**(RMB'000)**
Full-time formal higher education services	631,410	673,027	733,480	119,593	124,116
Continuing education services	43,621	58,642	76,435	10,510	13,919
Education resources and apprenticeship programme	56,359	121,498	148,313	41,291	20,832
Total	**731,390**	**853,167**	**958,228**	**171,394**	**158,867**

We offer our education services through our three universities, namely, Dalian Neusoft University of Information ("**Dalian University**") in Dalian, Liaoning province, Chengdu Neusoft University ("**Chengdu University**") in Chengdu, Sichuan province, and Neusoft Institute of Guangdong ("**Foshan University**") in Foshan, Guangdong province, and our eight training schools in six provinces. Our education resources and apprenticeship programme services are provided by Dalian Education and a few of its subsidiaries, such as

Shanghai Ruixiang and Tianjin Ruidao. The following table sets out a breakdown of our revenue from education services by schools during the Track Record Period.

	For the year ended 31 December			For the three months ended 31 March	
	2017	2018	2019	2019	2020
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000) (Unaudited)	(RMB'000)
Dalian University	292,003	318,447	348,039	52,463	55,512
Chengdu University	190,460	188,067	194,305	33,010	35,618
Foshan University	192,569	218,696	244,951	42,286	39,925
Training schools	—	6,459	22,620	2,344	6,980
Total*	**675,032**	**731,669**	**809,915**	**130,103**	**138,035**

* Our education resources and apprenticeship programme are not operated by our schools. As a result, the revenue breakdown by schools does not include the revenue from our education resources and apprenticeship programme.

The following table sets out the number of students enroled in our full-time formal higher education programmes and formal higher continuing education programmes in our three universities in the school years presented. In addition, we offer non-formal higher continuing education services and short-term training programmes through our three universities and our training schools.

	Number of students enroled in our formal higher education programmes for the school year			
	2016/2017*	2017/2018*	2018/2019*	2019/2020*
Dalian University				
Full-time formal higher education programmes	14,509	14,633	14,559	15,336
Formal higher continuing education programmes	991	1,083	1,325	1,682
Chengdu University				
Full-time formal higher education programmes	10,652	10,677	10,465	11,005
Foshan University				
Full-time formal higher education programmes	8,853	9,296	9,120	9,725
Formal higher continuing education programmes	1,761	2,575	2,448	2,320

* Our school year generally ends in June or July of each year. For the purpose of calculating the number of students in each school year, we use 31 August 2017, 2018 and 2019 as the cut-off date for the number of students in the 2016/2017 school year, the 2017/2018 school year, and the 2018/2019 school year, respectively, and 31 March 2020 as the cut-off date for the 2019/2020 school year.

Students enroled in junior college diploma programmes in our three universities decreased gradually from the 2016/2017 school year to the 2018/2019 school year because we strategically focused our resources on the development of our bachelor degree programmes. The total number of students enroled in full-time formal higher education programmes in our three universities decreased for the 2018/2019 school year due to the decreases in the number of students enroled in junior college diploma programmes in our three universities, which was partially offset by the increases in the number of students enroled in bachelor degree programmes in our three universities. In response to government's policies encouraging student enrolments in higher vocational colleges and junior college diploma programmes in 2019, we increased our student enrolments in junior college diploma programmes in the school year of 2019/2020 and expect to further increase in future school years.

OUR STRENGTHS

We believe the following competitive strengths have been essential to our success as a leading private IT education service provider in China and differentiate us from our competitors: (i) leading position in China's IT higher education service industry; (ii) our industrial background enables us to develop an education model that closely tied to the industry demand; (iii) unique TOPCARES education approach developed to deliver our mission of "Empower Students with Innovative Education"; (iv) strong brand awareness and high public recognition; (v) comprehensive education services across continuing education services and education resources and apprenticeship programme; (vi) efficient operations and resources sharing under centralised management model; and (vii) experienced management team and high-quality teaching staff.

OUR STRATEGIES

We aim to further strengthen our position as a leading private IT higher education service provider in China and further enhance our national reputation, building a lifelong digitalised education system centred on our education philosophy. We intend to achieve our goal by pursuing the following key strategies: (i) grow our student enrolments and further expand our enrolment capacity; (ii) maintain and strengthen our market-leading position in terms of education quality and reputation; (iii) further optimise our pricing strategy and enhance our profitability; (iv) further expand our continuing education services in particular online continuing education services; (v) further expand our education resources and apprenticeship programme under our "3+N" business model; and (vi) strengthen our teaching staff and optimise our employee structure.

RISK FACTORS

Our business and the Global Offering involve certain risks and uncertainties, some of which are beyond our control and may affect your decision to invest in us and/or the value of your investment. See section "Risk Factors" for details of our risk factors, which we strongly urge you to read in full before making an investment in our Shares. Some of the major risks we face include: (i) our business and results of operations depend on the level of tuition and boarding fees we are able to charge and our ability to maintain and raise tuition and boarding fee levels, (ii) we may not be able to successfully increase the student enrolments at our universities, which may hinder our business growth, (iii) our business has been and is likely to be materially and adversely affected by the outbreak of COVID-19, (iv) we are subject to uncertainties brought by the recent developments of PRC Laws relating to private education, (v) we may not be able to execute our growth strategies successfully or effectively, which may hinder our ability to capitalise on new business opportunities, (vi) we may not be able to successfully expand our business through acquisitions, (vii) if we determine our goodwill and other intangible assets arising from the acquisition of Tianjin Ruidao are to be impaired, our results of operations and financial condition may be adversely affected, and (viii) our business depends on our ability to promptly and adequately respond to changes in market demand.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary financial data from our consolidated financial information for the Track Record Period, extracted from the Accountant's Report set out in Appendix I to this document. The summary consolidated financial data set forth below should be read together with, and is qualified in its entirety by reference to, the Consolidated Financial Statements in this document, including the related notes. Our consolidated financial information was prepared in accordance with IFRS.

Summary consolidated statements of comprehensive income

	For the year ended 31 December			For the three months ended 31 March	
	2017	2018	2019	2019	2020
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000) (Unaudited)	(RMB'000)
Revenue	731,390	853,167	958,228	171,394	158,867
Cost of revenue	(496,958)	(580,884)	(635,226)	(143,760)	(129,464)
Gross profit	**234,432**	**272,283**	**323,002**	**27,634**	**29,403**
Selling expenses	(9,190)	(10,588)	(11,239)	(1,901)	(3,590)
Administrative expenses	(65,854)	(85,252)	(109,185)	(20,042)	(18,727)
Research and development expenses	(24,019)	(19,819)	(20,445)	(6,131)	(3,980)
Other income	74,405	65,807	71,534	15,390	17,319
Other expense	(19,008)	(19,206)	(18,936)	(4,202)	(4,280)
Other gains	6,084	4,346	944	666	939
Operating profit	**196,850**	**207,571**	**235,675**	**11,414**	**17,084**
Finance income	1,041	1,973	3,387	596	891
Finance expenses	(36,308)	(38,539)	(40,094)	(9,353)	(9,413)
Profit before income tax	**161,583**	**171,005**	**198,968**	**2,657**	**8,562**
Income tax (expense)/credit	(18,368)	(7,327)	(23,953)	1,890	3,671
Profit for the year/period	**143,215**	**163,678**	**175,015**	**4,547**	**12,233**
Attributable to owners of the Company	114,818	131,991	139,213	3,661	9,706
Attributable to non-controlling interests	28,397	31,687	35,802	886	2,527
Non-IFRS measure:					
Adjusted Net Profit[1]	143,215	173,042	195,743	8,082	13,596
Attributable to owners of the Company	114,818	141,355	159,941	7,196	11,069

Note:

(1) Adjusted Net Profit represents profit for the year/period plus the expenses in relation to the Listing. The use of Adjusted Net Profit has material limitations as an analytical tool, as it does not include all items that impact our profit for the relevant year/period. See "— Non-IFRS Measure" in this section.

Our revenue decreased by 7.3% from RMB171.4 million for the three months ended 31 March 2019 to RMB158.9 million for the three months ended 31 March 2020, primarily due to a decrease in revenue generated from education resources and apprenticeship programme. Revenue generated from our education resources and apprenticeship programme decreased by 49.5% from RMB41.3 million for the three months ended 31 March 2019 to RMB20.8 million for the three months ended 31 March 2020 primarily attributable to the decrease of revenue from our apprenticeship programme from RMB38.8 million for the three months ended 31 March 2019 to RMB17.2 million for the same period of 2020 as we optimised our employee structure, in particular, our engineer team, to reduce cost. For the three months ended 31 March 2020, we still primarily relied on our engineering team to generate revenue for our apprenticeship programme and revenue derived from charging enterprises for supplying well-trained students to such enterprises still accounted for a small portion of revenue from our apprenticeship programme. Therefore, such decrease in the number of engineers resulted in the decrease of revenue from our apprenticeship programme. In order to increase our student training capacity with a reduced number of engineers and further improve the quality and effectiveness of our trainings, we applied internet technologies in student training in our apprenticeship programme. As the number of students from other universities and colleges in our apprenticeship programme increases in the future, we will further apply internet technologies to increase our student training capacity and improve the effectiveness of trainings offered by our apprenticeship programmes.

Our administrative expenses decreased by 6.6% from RMB20.0 million for the three months ended 31 March 2019 to RMB18.7 million for the three months ended 31 March 2020, primarily due to a decrease of RMB2.2 million in Listing expenses. Our administrative expenses increased by 29.5% from RMB65.9 million for the year ended 31 December 2017 to RMB85.3 million for the year ended 31 December 2018, primarily due to (i) an increase in Listing expenses from nil for the year ended 31 December 2017 to RMB9.4 million for the year ended 31 December 2018, (ii) an increase in taxes and fees from RMB5.0 million for the year ended 31 December 2017 to RMB9.4 million for the year ended 31 December 2018, and (iii) an increase in employee benefit expenses for our administrative staff from RMB43.3 million for the year ended 31 December 2017 to RMB46.6 million for the year ended 31 December 2018. The increase in taxes and fees was primarily due to taxes and fees arising from the transfer of the legal title of certain real estate properties that Chengdu University had been using from Chengdu Development to Chengdu University so that Chengdu University is able to manage its school properties and operations more efficiently. The increase in employee benefit expenses was primarily the result of the increase in headcount of our administrative staff during the same period.

Our profit for the period increased from RMB4.5 million for the three months ended 31 March 2019 to RMB12.2 million for the three months ended 31 March 2020. This increase is primarily attributed to (i) the decrease in our cost of revenue and growth of our gross profit, (ii) a decrease in Listing expenses, (iii) an increase in government grants and subsidies, as the government grants and subsidies Shanghai Ruixiang received for 2020 took place in March 2020, earlier than that for 2019, which took place in April 2019, and (iv) an increase in tax credit due to a higher amount of deferred income tax assets we recorded for the three months ended 31 March 2020.

Our other income consisted primarily of rental income and property service and management income we received from leasing office space in the university science park to certain cooperating enterprises, and government grants and subsidies. See "Financial Information — Key Components of Our Results of Operations — Other Income" for more information.

Non-IFRS measure

To supplement our Consolidated Financial Statements which are presented in accordance with IFRS, we also use Adjusted Net Profit as an additional financial measure. Adjusted Net Profit eliminates the effect of certain non-recurring expense item, namely the expenses relating to the Listing. The term "Adjusted Net Profit" is not defined under IFRS. The use of Adjusted Net Profit has material limitations as an analytical tool, as it does not include all items that impact our net profit for the relevant years/periods. We present this financial measure because it is used by our management to evaluate our financial performance by eliminating the impact of items that we do not consider indicative of the performance of our business. We also believe that such non-IFRS measure provide additional information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management and in comparing financial results across accounting periods and to those of our peer companies.

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

The following table reconciles our Adjusted Net Profit for the years/periods presented to the most directly comparable financial measure calculated and presented in accordance with IFRS, which is profit for the year/period:

	For the year ended 31 December			For the three months ended 31 March	
	2017	2018	2019	2019	2020
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000) (Unaudited)	(RMB'000)
Profit for the year/period	143,215	163,678	175,015	4,547	12,233
Add:					
Listing expenses	—	9,364	20,728	3,535	1,363
Adjusted Net Profit	**143,215**	**173,042**	**195,743**	**8,082**	**13,596**
Attributable to owners of the Company	114,818	141,355	159,941	7,196	11,069

Summary consolidated statements of financial position

	As of 31 December			As of 31 March	As of 31 July
	2017	2018	2019	2020	2020
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000) (Unaudited)
Current Assets					
Inventories	1,160	2,781	3,063	4,462	3,973
Trade and notes receivables	24,103	14,592	6,148	17,108	13,625
Prepayments, deposits and other receivables	160,598	45,935	45,909	48,291	40,817
Financial assets at fair value through profit or loss	2,082	87,794	50	192,660	27,410
Restricted cash	16	13,682	10,215	11,694	4,992
Cash and cash equivalents	332,558	214,834	562,882	455,013	274,340
Total current assets	**520,517**	**379,618**	**628,267**	**729,228**	**365,157**
Current Liabilities					
Trade and other payables	402,920	163,827	226,531	618,549	530,629
Current income tax liabilities	5,430	7,214	9,210	6,586	59
Contract liabilities	411,766	449,944	489,436	349,334	117,282
Borrowings	238,500	222,040	473,164	475,164	567,620
Lease liabilities	3,026	7,699	5,601	9,983	9,675
Deferred income	34,577	37,851	40,382	42,747	50,603
Total current liabilities	**1,096,219**	**888,575**	**1,244,324**	**1,502,363**	**1,275,868**
Net current liabilities	**575,702**	**508,957**	**616,057**	**773,135**	**910,711**

As of 31 December 2017, 2018, 2019, 31 March 2020 and 31 July 2020, we had net current liabilities of RMB575.7 million, RMB509.0 million, RMB616.1 million, RMB773.1 million and RMB910.7 million, respectively. We had net current liabilities as of each of these dates primarily because we had a large amount of contract liabilities and borrowings as of the end of each year/period during the Track Record Period. We generally had a large amount of contract liabilities because we received tuition fees and boarding fees before or at the beginning of each of the corresponding school year and recorded them initially as contract liabilities under current liabilities. We recognise tuition fees and boarding fees as revenue proportionately over the terms of the applicable programmes. As a result, as of the end of each year during the Track Record Period, we generally had a large amount contract liabilities unrecognised as revenue. We had a large amount of borrowings to finance, among other things, the expansion of our school campus and upgrade of our school facilities.

Our net current liabilities decreased from RMB575.7 million as of 31 December 2017 to RMB509.0 million as of 31 December 2018, primarily due to a decrease in trade and other payables mainly as a result of a decrease of RMB212.8 million in borrowings from related parties while we increased borrowings from banks.

Our net current liabilities increased from RMB509.0 million as of 31 December 2018 to RMB616.1 million as of 31 December 2019 due to the increase in current liabilities resulting primarily from an increase in current borrowings to supplement our working capital and an increase in trade and other payables associated with our construction of a practical training based in Dalian University. Our net current liabilities increased from RMB616.1 million as of 31 December 2019 to RMB773.1 million as of 31 March 2020 primarily because our trade and other payables increased from RMB226.5 million to RMB618.5 million mainly due to the consideration payable to Neusoft Holdings of RMB362.8 million for the acquisition of Tianjin Ruidao in March 2020. Our net current liabilities increased from RMB773.1 million as of 31 March 2020 to RMB910.7 million as of 31 July 2020, primarily because (i) our financial assets at fair value through profit or loss decreased from RMB192.7 million to RMB27.4 million mainly as a result of our redemption of wealth management products to supplement our working capital, (ii) our cash and cash equivalents decreased from RMB455.0 million to RMB274.3 million mainly due to the cash outflow in operating activities, capital expenditure and payment of consideration for acquisition of Tianjin Ruidao, and (iii) our current borrowings increased from RMB475.2 million to RMB567.6 million as we increased borrowings to supplement our working capital.

We have put in place mid-to-long term working capital sufficiency forecast mechanism and our annual working capital sufficiency forecast is updated on a monthly basis. In addition, we monitor our cash inflows and outflows on a daily basis. These cash position monitoring mechanisms and working capital sufficiency forecasts allow us to timely adjust our cash positions and arrange financing activities in advance if we anticipate that there may be a shortage of working capital in the near future. In view of the circumstances outlined in the above paragraphs, our Directors have considered our future liquidity and performance and our available sources of finance in assessing whether we will have sufficient financial resources to continue as a going concern. Our Directors confirm that we will have sufficient financial resources to meet our financial obligations as they fall due in the next twelve months by taking into account our cash flow projection and our planned capital expenditures and capital commitments. We may have a net current liabilities position in the future and be exposed to liquidity risks, and our business, financial condition and results of operations may be materially and adversely affected as a result. See "Risk Factors — Risks relating to our business and our industry — We had net current liabilities as of 31 December 2017, 2018 and 2019, and 31 March 2020, respectively" in this document.

Prepayments, deposits and other receivables decreased significantly in 2018 primarily due to (i) a decrease of RMB109.5 million in receivables from related parties due to Reorganisation, and (ii) a decrease of RMB20.6 million in receivables due from related parties, and (iii) a decrease of RMB4.2 million in prepayment to others as in 2018 Foshan University started to pay service fees to a supplier after the acceptance of services instead of making prepayments in advance. The prepayments, deposits and other receivables as of 31 March 2020 and 31 December 2019 remained stable as compared to that as of 31 December 2018.

Financial assets at fair value through profit or loss increased significantly as of 31 December 2018 because we purchased an additional amount of wealth management products from commercial banks in 2018. Such amount decreased significantly as of 31 December 2019 because we redeemed almost all of our wealth management products to finance our campus expansion and supplement our working capital. The financial assets at fair value through profit or loss increased to RMB192.7 million as of 31 March 2020 because Tianjin Ruidao had idle cash on its account and we therefore bought wealth management products using such cash.

Trade and other payables decreased significantly in 2018 primarily due to a decrease of RMB212.8 million in borrowings from related parties while we increased borrowings from banks. Trade and other payables increased significantly in 2019 primarily due to an increase of RMB40.3 million in payables for purchases of property, plant and equipment which primarily represented the construction contract price payable by Dalian University for the construction of a practical training base. The increase in trade and other payables from RMB226.5 million as of 31 December 2019 to RMB618.5 million as of 31 March 2020 was primarily attributable to an increase in amount due to related parties, which represents the consideration of RMB362.8 million payable to Neusoft Holdings for the acquisition of Tianjin Ruidao.

In addition, our total equity decreased as of 31 December 2018 primarily due to (i) dividend distributions of RMB58.9 million by certain of our subsidiaries to their shareholders, (ii) a deemed cash consideration of RMB84.0 million to Neusoft Holdings and Tianjin Ruidao in connection with our Reorganisation, and (iii) deemed distributions to owners of RMB108.0 million in connection with the transfer of cloud service business and education software development business from Neusoft Holdings and Tianjin Ruidao to Dalian Yunguan. See Note 14 and Note 26 of the Accountant's Report in Appendix I to this document.

Summary consolidated statements of cash flow

	For the year ended 31 December			For the three months ended 31 March	
	2017	2018	2019	2019	2020
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000) (Unaudited)	(RMB'000)
Operating cash flows before movements in working capital	317,755	310,173	343,272	38,637	47,651
Movements in working capital	28,025	38,673	59,935	(114,367)	(121,562)
Income tax paid	(2,056)	(5,643)	(22,235)	(4,934)	(7,481)
Net cash generated from/(used in) operating activities	343,724	343,203	380,972	(80,664)	(81,392)
Net cash used in investing activities	(67,299)	(159,805)	(455,430)	(247,804)	(116,611)
Net cash (used in)/ generated from financing activities	(4,072)	(301,127)	422,502	272,302	90,100
Net (decrease)/ increase in cash and cash equivalents	272,353	(117,729)	348,044	(56,166)	(107,903)
Cash and cash equivalents at beginning of the year/ period	60,230	332,558	214,834	214,834	562,882
Cash and cash equivalents at the end of the year/ period	332,558	214,834	562,882	158,663	455,013

We generally have net cash outflows from operating activities for the first half of a fiscal year because we receive tuition fees and boarding fees, which account for a vast majority of our cash inflows from operating activities in a fiscal year, in the second half of a fiscal year (usually in August and September). For the first half of a financial year (roughly the second half of a school year), we normally do not receive any tuition fees and boarding fees, but incur costs in rendering education services to students. As a result, we normally have net cash outflows from operating activities in the first half of a financial year.

The increase in our net cash used in investing activities in the year ended 31 December 2018 was primarily due to (i) purchases of financial assets measured at fair value or loss of RMB939.8 million; and (ii) purchases of property, plant and equipment of RMB70.9 million, which were partially offset by settlements of financial assets measured at fair value through profit or loss of RMB860.2 million. In 2019, we had net cash used in investing activities of RMB455.4 million, which was primarily attributable to (i) payment for land use right of RMB371.1 million; (ii) purchases of financial assets measured at fair value through profit or loss of RMB312.6 million; and (iii) purchases of property, plant and equipment of RMB177.6 million, which were partially offset by settlements of financial assets measured at fair value through profit or loss of RMB401.4 million.

Key financial ratios

	As of/for the year ended 31 December			As of/for the three months ended 31 March	
	2017	**2018**	**2019**	**2019**	**2020**
Gross profit margin[(1)]	32.1%	31.9%	33.7%	16.1%	18.5%
Net profit margin[(2)]	19.6%	19.2%	18.3%	2.7%	7.7%
Return on assets[(3)]	7.5%	8.7%	8.0%	0.2%	0.4%
Return on equity[(4)]	25.4%	28.0%	27.9%	0.8%	1.7%
Current ratio[(5)]	47.5%	42.7%	50.5%	25.9%	48.5%
Gearing ratio[(6)]	103.2%	107.0%	146.4%	113.0%	152.5%
Net debt to equity ratio[(7)]	50.2%	67.4%	67.5%	84.0%	92.4%

Notes:

(1) Gross profit margin equals our gross profit divided by revenue for the year/period.

(2) Net profit margin equals our profit for the year/period divided by revenue for the year/period.

(3) Return on assets equals profit for the year/period divided by average assets as of the beginning and the end of the year/period.

(4) Return on equity equals profit for the year/period divided by average equity as of the beginning and the end of the year/period.

(5) Current ratio equals our current assets divided by current liabilities as of the end of the year/period.

(6) Gearing ratio equals total indebtedness (the sum of interest-bearing bank loans, other borrowings and lease liabilities) divided by total equity as of the end of the year/period.

(7) Net debt to equity ratio equals total indebtedness (the sum of interest-bearing bank loans, other borrowings and lease liabilities) net of cash and cash equivalents, and divided by total equity as of the end of the year/period.

Our gross profit margin decreased from 32.1% for the year ended 31 December 2017 to 31.9% for the year ended 31 December 2018, and then increased to 33.7% for the year ended 31 December 2019. Our overall gross profit margin remained stable between 2017 and 2018 because the growth of our low-margin apprenticeship programme offset the increased gross profit margin of our full-time formal higher education services resulting from the raise of tuition fees and boarding fees. Our gross profit margin increased from 31.9% in 2018 to 33.7% in 2019, primarily because (i) we raised tuition fee rates for our full-time formal higher education programmes, and (ii) revenue from education resources business, which generally has a higher gross margin, accounted for a larger portion of our total revenues in 2019. Our gross profit margin increased from 16.1% for the three months ended 31 March 2019 to 18.5% for the three months ended 31 March 2020, primarily due to (i) the increase in our tuition fees for our full-time formal higher education programmes, and (ii) the decrease of our revenue from apprenticeship programme, which generally has a lower profit margin. Our gross profit margin for the first quarter of the year is usually lower than that for the whole year, primarily because we recognise tuition fees for our full-time formal higher education as revenue over the school year based on the school calendar, while the cost of revenue is recognised throughout the year on a 12-month period. Since no tuition fees are recognised as revenue during the winter vacation which typically lasts for over one month in the first quarter of the year, cost of revenue for the corresponding period usually accounts for a larger portion of revenue for the first quarter of the year as compared to that for the whole year.

Our net profit margin increased from 2.7% for the three months ended 31 March 2019 to 7.7% for the three months ended 31 March 2020, primarily due to (i) the growth of our gross profit margin, (ii) a decrease in Listing expenses, (iii) an increase in government grants and subsidies, as the government grants and subsidies Shanghai Ruixiang received for 2020 took place in March 2020, earlier than that for 2019, which took place in April 2019, and (iv) an increase in tax credit due to a higher amount of deferred income tax assets we recorded for the three months ended 31 March 2020.

Our current ratio decreased from 47.5% as of 31 December 2017 to 42.7% as of 31 December 2018 due to decreases in our cash and cash equivalents and prepayments as of 31 December 2018. Our current ratio increased from 42.7% as of 31 December 2018 to 50.5% for the year ended 31 December 2019 due to the growth of our current assets mainly as a result of an increase in cash generated from our operating activities in 2019. Our current ratio decreased to 48.5% for the three months ended 31 March 2020, primarily because an increase in our current liabilities mainly attributable to the consideration of RMB362.8 million payable to Neusoft Holdings for the acquisition of Tianjin Ruidao.

Our gearing ratio increased from 103.2% as of 31 December 2017 to 107.0% as of 31 December 2018, and then increased to 146.4% for the year ended 31 December 2019, due to (i) an increase in bank loans to supplement our working capital, and (ii) a decrease in our total equity. See “Summary — Summary of historical financial information — Summary of consolidated statements of financial position” for more information regarding the decrease in our total equity in 2018. Our gearing ratio increased from 107.0% as of 31 December 2018 to 146.4% as of 31 December 2019, primarily due to increase in bank borrowings to supplement our working capital and to execute our upgrade and expansion plans in 2019. Our gearing ratio increased from 146.4% for the year ended 31 December 2019 to 152.5% for the three months ended 31 March 2020, primarily due to an increase in bank borrowings to finance our capital expenditure.

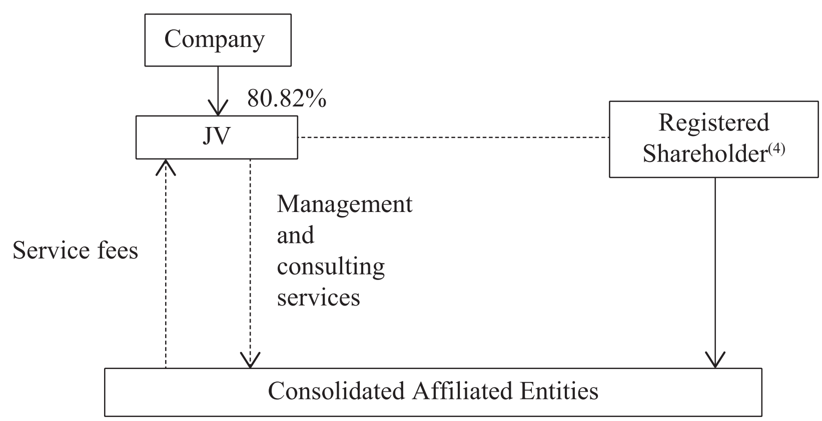
Our net debt to equity ratio increased from 50.2% as of 31 December 2017 to 67.4% as of 31 December 2018 primarily due to the decrease in our cash and cash equivalents as of 31 December 2018. Our net debt to equity ratio stayed stable as 67.5% for the year ended 31 December 2019. Our net debt to equity ratio increased to 92.4% for the three months ended 31 March 2020, primarily due to an increase in bank borrowings to finance our capital expenditure and decrease in our cash and cash equivalents to maintain our business operations.

OUR CORPORATE STRUCTURE

Contractual Arrangements

Our Company operates in industries that are subject to foreign investment restrictions under current PRC Laws. To comply with these PRC Laws, we do not hold equity interest, or sponsor interest, in our Consolidated Affiliated Entities. Rather, we control these entities through Contractual Arrangements entered into on 21 June 2019 and are entitled to all of the economic benefits derived from their operations in proportion to our indirect shareholding interest in our JV. For more details on the Contractual Arrangements, see "Contractual Arrangements."

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



Notes:

(1) "→" denotes direct legal and beneficial ownership in: (a) the equity interests of our Operating Entity and other entities within the Consolidated Affiliated Entities, and (b) the sponsor interests in our universities.

(2) "-->" denotes the contractual relationship.

(3) "---" denotes control by our JV over the Registered Shareholder and Consolidated Affiliated Entities under the Contractual Arrangements through: (a) powers of attorney to exercise all of the Registered Shareholder's rights in our Operating Entity and our universities; (b) exclusive options to acquire all or part of the Registered Shareholder's equity interest in our Operating Entity and sponsor interests in our universities; and (c) equity pledge over the Registered Shareholder's equity interest in our Operating Entity.

(4) See the notes to "Corporate structure before the Reorganisation" and Notes 8 to 12 to "Corporate structure before the Global Offering" in "History, Reorganisation and corporate structure — Corporate structure."

OUR SHAREHOLDERS

Our Controlling Shareholders

Immediately following the Global Offering, each of Dr. J. Liu and Neusoft Holdings (along with its subsidiaries, Neusoft International, Dongkong First and Dongkong Second) will become our Controlling Shareholders. Following the Global Offering and presuming the Assumptions, Dr. J. Liu will hold approximately 37.88% (through beneficially controlled entities and the Irrevocable Voting Proxies) and Neusoft Holdings will hold approximately 37.12% (through beneficially controlled entities) in our Company. See "Relationship with our Controlling Shareholders" and "Substantial shareholders" for further information.

Prior to the Global Offering and as part of our Reorganisation, with a view to increasing operational efficiency and stream-lining the decision-making process, each of our Proxy Grantors (none of which is a substantial shareholder as defined under the Listing Rules) granted an Irrevocable Voting Proxy in favour of Dr. J. Liu, pursuant to which, Dr. J. Liu is entitled to the voting rights attached to all of the Shares held by the respective Proxy Grantor. See "Substantial shareholders" for further information.

OFFERING RELATED INFORMATION

Global Offering

Our Global Offering consists of:

(a) **Hong Kong Public Offering:** of initially 16,667,200 Offer Shares (subject to reallocation) in Hong Kong as described in "Structure of the Global Offering — The Hong Kong Public Offering"; and

(b) **International Offering:** of initially 150,000,000 Offer Shares (subject to reallocation and the Over-allotment Option), (a) in the United States to QIBs in reliance on Rule 144A or another available exemption; and (b) outside the United States in reliance on Regulation S (including to professional and institutional investors in Hong Kong) as described in "Structure of the Global Offering — The International Offering."

The Offer Shares will represent approximately 25% of our Company's total issued share capital immediately following the Global Offering (presuming the Assumptions).

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that, up to the date of this document, except as disclosed above, there has been no material adverse change in our financial or trading position or prospects since 31 March 2020, being the end date of the periods reported on in the Accountant's Report in Appendices I and II, and there is no event since 31 March 2020 that would materially affect the information as set out in the Accountant's Report in Appendices I and II.

Offering Statistics

Our offering statistics is summarised below. This is based on the assumptions that the Global Offering has been completed and 166,667,200 Shares are issued thereunder.

	Based on an Offer Price of HK$5.18 per Offer Share	Based on an Offer Price of HK$6.22 per Offer Share
Market capitalisation of our Shares(1)	HK$3,453.3 million	HK$4,146.7 million
Unaudited pro forma adjusted consolidated net tangible assets per Share(2)	HK$ 1.73	HK$ 1.98

Notes:

(1) The market capitalisation is calculated based on 666,667,200 Shares expected to be in issue immediately upon completion of the Global Offering (presuming the Assumptions).

(2) The unaudited pro forma adjusted consolidated net tangible assets of our Group per Share attributable to our Company's owners as of 31 March 2020 is calculated based on 666,667,200 Shares in issue immediately following the Global Offering (presuming the Assumptions).

Listing expenses

We expect to incur a total of approximately RMB113.6 million (equivalent to approximately HK$128.8 million) of Listing expenses in relation to the Global Offering (assuming an Offer Price of HK$5.70 per Offer Share, being the mid-point of our Offer Price Range of HK$5.18 to HK$6.22 per Offer Share, and assuming the Over-allotment Option is not exercised), of which approximately RMB9.4 million and RMB20.7 million have been charged to our consolidated statement of comprehensive income for the year ended 31 December 2018 and 2019, respectively, and approximately RMB46.1 million is expected to be charged to our consolidated statement of comprehensive income for the year ending 31 December 2020, and approximately RMB37.4 million is directly attributable to the issue of the Shares to the public and to be capitalised. The listing expenses mainly represent professional fees paid and payable to the professional parties in relation to the Global Offering, including underwriting commissions, but excluding discretionary bonus. The listing expenses above are the best estimate as of the Latest Practicable Date and for reference only and the actual amount may differ from this estimate. We do not expect these listing expenses to have a material impact on our results of operations in 2020.

Use of proceeds

We estimate that we will receive gross proceeds from the Global Offering of approximately HK$950.0 million and net proceeds from the Global Offering of approximately HK$821.2 million after deducting underwriting commission and other estimated expenses paid and payable by us in the Global Offering (without deducting any additional discretionary incentive fee), assuming an Offer Price of HK$5.70 per Share, being the mid-point of the indicative Offer Price Range of HK$5.18 to HK$6.22 per Share (assuming the Over-allotment Option is not exercised). We expect to incur a total of RMB113.6 million (equivalent to approximately

HK$128.8 million) of Listing expenses, accounting for approximately 13.6% of our gross proceeds from the Global Offering. We intend to use the net proceeds we will receive from the Global Offering for the following purposes:

Use of proceeds	% of net proceeds	HK$ million
Upgrading our existing school facilities and expanding our campus	50%	410.6
Acquisition of other universities/colleges in China to expand our school network	20%	164.2
Repay bank loans	20%	164.2
Supplement working capital and general business operations	10%	82.2

DIVIDEND

We do not have any specific dividend policy such as pre-determined dividend payout ratio. Any amount of dividends we pay will be at the discretion of our Directors and will depend on our future operations and earnings, 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 our constitutional documents and the Cayman Companies Law. Our Shareholders in a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by our Board. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of the Board. No matter whether we choose to register our schools as for-profit private schools or non-profit private schools, it will not affect our dividend declaration decision. No dividend had been paid or proposed by our Company during the Track Record Period and up to the Latest Practicable Date. There is no assurance that dividends of any amount will be declared to distributed in any year. See "Financial Information — Dividend" for more information.

During the Track Record Period, Tianjin Ruidao (relating to the provision of education software development business transfer to our Group), Dalian Yunguan and Dalian Education declared and paid dividends to their respective shareholders. See Note 14 to the Accountant's Report in Appendix I for further details. When the dividends were declared and paid, these entities had sufficient retained earnings available for dividend distribution, which was in compliance with the PRC Company Law.

IMPACT OF COVID-19

Impact of COVID-19 on our business operations

The outbreak of COVID-19 has negatively affected our business. After the outbreak of COVID-19 in early 2020, we temporarily closed our schools and were not allowed to reopen our schools before receiving local provincial government's further notice. After the second semester of the 2019/2020 school year started, our three universities offered nearly all instruction through online modality. Our training schools have also been offering training services online since February 2020. Despite a vast majority of our courses can be taught online, we cannot guarantee you that teaching courses online can be as effective as teaching courses offline. See "Risk Factors – Risks relating to our business and our industry — Our business has been and is likely to be materially and adversely affected by the outbreak of COVID-19." Since our students did not live on campus for the second semester of the 2019/2020 school year, we decided to refund the boarding fees to our students in the three universities and Neusoft Training School. The total amounts of boarding fee refund were RMB15.3 million for Dalian University, RMB10.0 million for Foshan University, RMB3.7 million for Chengdu University and RMB1.7 million for Neusoft Training School. As of the Latest Practicable Date, Dalian University, Foshan University and Neusoft Training School had refunded almost all the boarding fees to be refunded, and Chengdu University had refunded approximately 20% of the boarding fees to be refunded. The remaining portion of boarding fees to be refunded will be refunded in the near future.

Normal economic life throughout China was sharply curtailed amid COVID-19 pandemic. Our short-term training services for individual customers, which was operated by Tianjin Ruidao prior to the acquisition in March 2020, also experienced a decline in the number of students enroled in our short-term training programmes from 852 in the first quarter of 2019 to 536 in the first quarter of 2020, primarily due to (i) our inability to conduct in-campus marketing and promotional activities as a result of temporary campus closures, and (ii) our inability to offer face-to-face course instruction which negatively affected individual customers' willingness to take our training courses. Such decrease in the number of students enroled also negatively affected Tianjin Ruidao's revenue from providing short-term training services to individual customers for the three months ended 31 March 2020, which together with the fact that the provision of innovation and entrepreneurial education service to higher education institutions by Tianjin Ruidao usually happens in the second half of a calendar year, are the primary reasons for Tianjin Ruidao to have a net loss for the three months ended 31 March 2020.

In addition, the operation of our education resources business was negatively affected by COVID-19 pandemic due to the travel restrictions across China and remote working arrangements of our business partners, which restricted our ability to develop new business. Without taking into account our acquisition of Tianjin Ruidao, operating results of our education resources business for the three months ended 31 March 2020 were negatively affected due to COVID-19 pandemic. If the spread of COVID-19 cannot be fully controlled or continues for longer, however, operating results of our education resources business may be materially and adversely affected.

Further, as COVID-19 has become a global pandemic, our international programmes are also adversely affected. See "Risk Factors — Risks relating to our business and our industry — We rely, in part, on foreign education institutions to provide our international programmes abroad. Accordingly, our business and results of operations are partially dependent on our ability to maintain our relationships with our partner schools" for more information. If the spread of COVID-19 in other countries and regions cannot be effectively controlled, our international programmes for the next school year would be materially and negatively affected. Student admission and business development usually require travels and site visits. If COVID-19 pandemic drags on for longer, we may not be able to effectively carry out student admission marketing activities for the next school year, cooperate with our business partners and develop new business opportunities in the future. See the section headed "Business — Impact of COVID-19 on our business operations" for more information.

Our Directors confirm that the outbreak of COVID-19 have had a negative impact on our business operations in the short run as (a) our universities and training schools were temporarily closed for a period of time; (b) students of our universities and training schools had to take courses online; (c) the number of students enroled in Tianjin Ruidao's short-term training programmes experienced decline in the first quarter of 2020; (d) we have to refund boarding fees of approximately RMB30.7 million to our students; (e) our international programmes for the second semester of the 2019/2020 school year were cancelled or delayed; and (f) the operation of our education resources business was negatively affected due to the travel restrictions across China. However, it is unlikely for COVID-19 to have a material adverse impact on our continuing business operations and sustainability in the long run as (i) we are able to provide education services online and students can attend classes without physically present at our universities or training schools, which will mitigate the negative impact of COVID-19 on our business operations; (ii) as of the Latest Practicable Date, all of our three universities had reopened and our training schools also began to gradually offer offline training services starting from late June 2020; (iii) our major source of revenue, tuition fee income from our fundamental business full-time formal higher education services has not been affected by COVID-19; and (iv) we have sufficient cash and cash equivalents to maintain our business operations.

The latest development of COVID-19 and resumption of our business operations

As of the Latest Practicable Date, the spread of COVID-19 in the provinces where we have business operations were under control. As of the Latest Practicable Date, our three universities had reopened. Starting from the end of June, our training schools gradually resumed offering courses offline. Our subsidiaries operating education resources and apprenticeship programmes gradually resumed offline work since February 2020. As of the Latest Practicable Date, we were not aware of any incidents where our employees, including our teachers, failed to perform their reporting duty in relation to COVID-19.

If there are any COVID-19 resurgences in the places where we have business operations, we will follow government's instructions and resume, when necessary, our previous business arrangements during the spread of COVID-19 earlier this year, which include, without limitation, (i) offering face-to-face instruction through online by using our proprietary "Neusoft Blended Teaching Platform", "Neusoft MOOC Platform" and "Neusoft Practical Training Project Platform" as well as other third-party products, and our employees may also have to follow remote working arrangements; and (ii) communicating with our suppliers, clients and other business partners to find out feasible alternatives such as through online meeting and communication to ensure that existing business cooperation can be continued. In addition, our business contingency plan includes a set of precautionary measures to maintain a hygiene working, teaching and living environment. See "Business — Health and safety matters" for further details.

While many of the restrictions on movement within China had been relaxed as of the Latest Practicable Date, there is great uncertainty as to the future progress of the disease. Currently, there is no vaccine or specific anti-viral treatment for COVID-19. Relaxation of restrictions on economic and social life may lead to new cases which may lead to the reimposition of restrictions. Our business and financial performance have been negatively affected by the outbreak of coronavirus in China since the beginning of 2020, and this is likely to continue throughout the current year, if not longer.

Costs incurred on precautionary measures and our financial viability

As of 30 June 2020, we had incurred approximately RMB1.1 million for taking precautionary measures to prevent the spread of the COVID-19.

In the event that we have to temporarily suspend part of our business operations due to the COVID-19 pandemic, based on the following assumptions, we estimate our existing financial resources as of 30 June 2020 are sufficient for our necessary operations and support our financial viability for at least 1.5 years till the end of 2021 in the worst case scenario. Our key assumptions include: (i) approximately 10% of the net proceeds from the Global Offering is going to be used to supplement our working capital; (ii) we maintain the tuition fee rates of the 2020/2021 school year and do not increase student enrolments or tuition fee rates for our full-time formal higher education programmes, nor will we receive any boarding fees for our full-time formal higher education programmes; (iii) our annual revenue from continuing education services and education resources and apprenticeship programme (including the revenue from Tianjin Ruidao) will decrease by 50% compared with that in 2019; (iv) our annual costs and operating expenses will remain the same as that in 2019 to maintain our operations; (v) our upgrade and expansion plan is delayed and there is no further increase in our capital expenditure; (vi) there will be no further internal or external financing from our Shareholders or financial institutions, and we will repay our bank loans according to the repayment schedule; and (vii) no dividends will be declared and paid. The abovementioned analysis is for illustrative purpose only and our Directors estimate that the likelihood of such situation is remote. The actual impact caused by the outbreak of COVID-19 will depend on its subsequent development, and therefore it is possible that the negative impact of COVID-19 on our Group in the future may be more severe than our estimation and assessment.

In the event that we have to completely suspend all of our business operations and do not generate any revenue from our business operations due to the COVID-19 pandemic, we estimate, based on the following assumptions, our existing financial resources as of 30 June 2020 are sufficient for maintaining minimum necessary operations and support our financial viability for at least till the end of 2020 in the worst case scenario. Our key assumptions include: (i) we generate no revenue after 30 June 2020; (ii) approximately 10% of the net proceeds from the Global Offering is going to be used to supplement our working capital; (iii) suspending all payments relating to employee salary and benefits, and incurring only minimum necessary costs and operating expenses to maintain operations, which is equal to 5% of the annual costs and operating expenses in 2019; (iv) our upgrade and expansion plan is delayed and there is no further increase in our capital expenditure; (v) there will be no further internal or external financing from our Shareholders or financial institutions, and we will repay our bank loans according to the repayment schedule; and (vi) no dividends will be declared and paid. However, our Directors believe that the likelihood of such situation is extremely remote, because (i) the spread of the coronavirus has been contained in the locations where we operate and our business operations have resumed normal, (ii) we have already received tuition fees and boarding fees in August 2020 from students enrolled for the 2020/2021 school year, and (iii) even if the number of confirmed cases spikes again, we can resume our previous online instruction arrangement.

RECENT DEVELOPMENTS

For the six months ended 30 June 2020, we generated revenue of RMB439.6 million, representing a decrease of 3.4% compared with the revenue we generated for the six months ended 30 June 2019. Such decrease was due to (i) a decrease in revenue from boarding fees for the six months ended 30 June 2020 as we made provisions for boarding fee refund to students of RMB23.9 million for the six months ended 30 June 2020, and (ii) a decrease in revenue from our apprenticeship programme as we optimised our employee structure, in particular, our engineer team, to reduce cost. For the six months ended 30 June 2020, we still primarily relied on our engineering team to generate revenue for our apprenticeship programme. Revenue derived from charging enterprises for supplying well-trained students to such enterprises still accounted for a small portion of revenue from our apprenticeship programme during the six months ended 30 June 2020. Therefore, such decrease in the number of engineers resulted in the decrease of revenue from our apprenticeship programme. In order to increase our student training capacity with a reduced number of engineers and further improve the quality and effectiveness of our trainings, we applied internet technologies in student training in our apprenticeship programme. As the number of students from other universities and colleges in our apprenticeship programme increases in the future, we will further apply internet technologies to increase our student training capacity and improve the effectiveness of trainings offered by our apprenticeship programmes. Such decrease was partially offset by an increase in tuition fees we received for the 2019/2020 school year due to increased tuition fee rates and the consolidation of Tianjin Ruidao's revenue into our Group's revenue, which mainly contributed to the increases in revenues from continuing education services and provision of education resources. For the six months ended 30 June 2020, we had gross profit of RMB157.0 million, representing a decrease of 3.0% compared with the gross profit we had for the six months ended 30 June 2019. Such decrease was primarily caused by a decrease in revenue we generated for the six months ended 30 June 2020. Our revenue and gross profit for the six months ended 30 June 2020 as set out above have been extracted from our unaudited interim condensed consolidated financial information as of and for the six months ended 30 June 2020, which has been reviewed by our reporting accountant in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board.

We expect our administrative expenses to increase in 2020 due to the expenses incurred in relation to the Listing. We also expect to incur in 2020 share-based compensation for the options we plan to grant in 2020. As a result, our net profit in 2020 might be materially and negatively affected by such increased Listing expenses and the share-based compensation.

Our Directors confirm that, as of the Latest Practicable Date, other than disclosed above, there had been no material adverse change in the financial condition or prospects of our Group since 31 March 2020 (being the date on which the latest audited consolidated financial information of our Group was prepared) and there had been no event since 31 March 2020 and up to the date of this document that could materially affect the information shown in our Consolidated Financial Statements included in the Accountant's Report in Appendix I to this document.