

TARGET

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NEUSOFT EDUCATION TECHNOLOGY COMPANY LTD: COVID-19 IS TAKING ITS TOLL – ON A DAILY BASIS

**And Management Warns:
Things Could Get Much Worse !**

Neusoft Education Technology Company Ltd (東軟教育科技有限公司) (Code: 9616, Main Board, The Stock Exchange of Hongkong Ltd) published and disseminated its Global Offering Prospectus in the **Hongkong Special Administrative Region (HKSAR)** of the **People's Republic of China (PRC)** on Thursday, September 17, 2020.

In this 663-Page Global Offering Prospectus, prospective investors and minority shareholders were informed, among other things, that in respect of the First Half of the Current Financial Year, ended June 30, 2020, the Company did not fare very well, compared with the like period with regard to the 2019 Financial Year.

At Pages 387 and 388 of the Global Offering Prospectus, one was informed, inter alia, that Revenue had decreased by about 3.40 percent, Year-On-Year, 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 ...’

Then, on Tuesday, September 29, 2020, Management of Neusoft Education Technology Company Ltd published its Interim Report in respect of the six months, ended June 30, 2020.

The following are some of the highlights of this Interim Report:

	The Six Months, Ended June 30		Percentage Increase/(Decrease)
	2020	2019	
	All Figures Are Denominated In Renminbi (RMB) (except where otherwise stated)		
Revenue	439,604,000	455,233,000	(3.43)
Gross Profit	156,965,000	161,821,000	(3.00)
Operating Profit	120,596,000	125,497,000	(3.90)

Net Profit Attributable To Shareholders	72,366,000	70,874,000	2.10
Total Current Assets	404,998,000	628,267,000	(35.54)
Total Current Liabilities	1,266,692,000	1,244,324,000	(1.80)

Under the subheading, ‘**Impact of the COVID-19 Pandemic**’, found at Pages 14 and 15 of the Interim Report, one was informed:

‘The outbreak of the COVID-19 pandemic in early 2020 had certain negative impacts on the operating activities of the Group. Since students did not live on campus, we have made provisions for boarding fee refund to students of RMB23.9 million in accordance with relevant regulations for the six months ended 30 June 2020. In addition:

- 1. Full-time formal higher education services: Due to the impact of the pandemic, the three universities were unable to resume offline teaching and students were unable to return to school during the spring semester of the 2019/2020 school year. The three universities have incurred total expenses of approximately RMB1.06 million for epidemic prevention.*
- 2. Continuing education services: Due to the impact of the pandemic, the training schools under the Group in various regions have been unable to resume offline teaching for a considerably long time and our student enrollment in training schools has been affected. From January to June 2020, our training services for individual student enrolled a total of 1,039 students, and the number of student enrollment decreased by 950 as compared with the corresponding period of last year.*
- 3. Education resources and apprenticeship programme: The customers of this business are mainly colleges and universities, and on-site visits to customers are usually required to carry out the business. However, due to the impact of the pandemic, most colleges and universities in China were closed and not fully reopened in the first half of 2020, and travel across China was also restricted, which adversely affected the market expansion of the business.*

‘The COVID-19 pandemic has affected the traditional offline learning methods, however, online education has received unprecedented attention. As a leading IT (Internet Technology) higher education group in China, we opened our independently developed Neusoft MOOC Platform¹, Neusoft Practical Curriculum Platform and Neusoft Software Development Practical Training Platform to domestic universities for free during the pandemic. Approximately 300 higher education institutions with a total of 87,000 registered users across these three platforms used our smart education platforms. We were also recognised by CAETT as “Excellent Innovative Application Cases of Educational Technology in the Battle against the Pandemic” (“教育科技 ‘戰疫’ 優秀創新應用 案例”). There are also 15 teaching cases of Guangdong University selected as

Outstanding Online Teaching Cases during the Pandemic in Guangdong Province (廣東省疫情階段在線教學優秀案例) by virtue of the effective online teaching. Currently, the COVID-19 pandemic in China is generally under control, but there are still recurrences... ’.

Note ¹: MOOC Platform – A course of studies, made available over the Internet without charge to a very large number of people.

The Initial Public Offering (IPO) Of Neusoft Education Technology Company Ltd

Management of Neusoft Education Technology Company Ltd launched its Global Offering Prospectus in the HKSAR on Thursday, September 17, 2020.

The Company offered a total of 166,667,200, \$HK0.0002 Offer Shares at the Indicative Offer Price Per Share, ranging from a low of \$HK5.18 to a high of \$HK6.22.

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