NIIT CHINA (SHANGHAI) LIMITED AND ITS SUBSIDIARIES
(Registered in the People's Republic of China)

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

上海佳亮会计师事务所
Shanghai JiaLiang CPAs

Floor 14, Building 1, Huajiao Mansion,
No.69 South Chezhan Road, Huangpu District,
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Independent Auditor's Report

To the shareholders of NIIT China (Shanghai) Limited,

Opinion

We have audited the consolidated financial statements of NIIT China (Shanghai) Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated balance sheet as at March 31, 2020, and the consolidated income statement, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines 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, management is 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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Those charged with governance are responsible 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. 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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 management.

- Conclude on the appropriateness of management's 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 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.

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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.

We communicate with those charged with governance 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.

Other Matters

This report, including the opinion, has been prepared for and only for you, as a body in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

上海佳亮会计师事务所

Shanghai JiaLiang CPAs Co., Limited

May 10, 2020

NIIT CHINA (SHANGHAI) LIMITED

CONSOLIDATED BALANCE SHEET
AS AT MARCH 31, 2020
(All amount in CNY unless otherwise stated)

	Note	As at March 31 2020	2019
ASSETS			
Non-current assets			
Property, plant and equipment	6	968,319	1,385,100
Right-of-use assets	7	2,801,101	-
Intangible assets	8	1,304,760	2,049,891
Investment	9	-	-
Other non-current assets	10	898,762	813,891
Deferred income tax assets, net	11	1,687,789	1,011,501
Subtotal non-current assets		7,660,731	5,260,383
Current assets			
Inventories	12	22,491	22,578
Trade and other receivables	13	14,279,422	16,993,859
Cash and cash equivalents	14	19,060,403	17,451,238
Subtotal current assets		33,362,316	34,467,675
TOTAL ASSETS		41,023,047	39,728,058
EQUITY			
Capital and reserves attributable to the investor of the Group			
Paid-up capital	15	4,096,451	4,096,451
General reserve		2,348,098	2,348,098
Retained earnings		8,265,211	2,569,983
		14,709,760	9,014,532
Minority interest in equity		225,697	904,218
TOTAL EQUITY		14,935,457	9,918,750
LIABILITIES			
Non-current liabilities			
Lease liabilities, non-current portion	16	998,826	-
Subtotal non-current liabilities		998,826	-
Current liabilities			
Trade and other payables	17	12,128,779	13,669,878
Lease liabilities, current portion	16	1,925,023	-
Current income tax liabilities		435,736	756,027
Other current liabilities	18	10,599,226	15,383,403
Subtotal current liabilities		25,088,764	29,809,308
TOTAL LIABILITIES		26,087,590	29,809,308
TOTAL EQUITY AND LIABILITIES		41,023,047	39,728,058

Director　　　　　　　　Director

The accompanying notes are an integral part of these financial statements.

NIIT CHINA (SHANGHAI) LIMITED

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED MARCH 31, 2020
(All amount in CNY unless otherwise stated)

	Note	Year ended 31 March 2020	2019
Revenue from operations	19	53,827,404	55,627,646
Other income	20	289,543	39,685
Total Revenue		54,116,947	55,667,331
Cost and expenditures	21&22	(49,683,266)	(49,827,627)
Impairment loss of investment	9	-	(660,327)
Profit before income tax		4,433,681	5,179,377
Income tax credits	23	583,026	771,838
Profit after income tax		5,016,707	5,951,215
Attributable to:			
Equity holders of the Company		5,695,228	5,346,687
Minority interest		(678,521)	604,528
Profit after income tax		5,016,707	5,951,215

Director

Director

The accompanying notes are an integral part of these financial statements.

NIIT CHINA (SHANGHAI) LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2020
(All amount in CNY unless otherwise stated)

	Paid in capital	General reserve	Retained earnings	Minority interest	Total equity
Balance at March 31, 2018	**4,096,451**	**2,348,098**	**(1,558,774)**	**299,690**	**5,185,465**
Profit for the year of 2019	-	-	5,346,687	604,528	5,951,215
Profit appropriation	-	-	(1,217,930)	-	(1,217,930)
Balance at March 31, 2019	**4,096,451**	**2,348,098**	**2,569,983**	**904,218**	**9,918,750**
Profit for the year of 2020	-	-	5,695,228	(678,521)	5,016,707
Balance at March 31, 2020	**4,096,451**	**2,348,098**	**8,265,211**	**225,697**	**14,935,457**

The accompanying notes are an integral part of these financial statements.

NIIT CHINA (SHANGHAI) LIMITED

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED MARCH 31, 2020
(All amount in CNY unless otherwise stated)

	Note	Year ended March 31 2020	2019
Cash flows from operating activities			
Cash generated from/(used in) operations	24	3,324,976	(10,459,784)
Income tax paid		(413,554)	(185,928)
Net cash generated from/(used in) operating activities		2,911,422	(10,645,712)
Cash flows from investing activities			
Purchase of property, plant and equipment		(455,529)	(648,032)
Sales of investment		397,489	2,350,000
Net cash (used in)/generated from investing activities		(58,040)	1,701,968
Cash flows from financing activities			
Dividend paid to shareholders		-	(1,217,930)
Repayment of leasing liabilities		(1,244,217)	-
Net cash used in financing activities		(1,244,217)	(1,217,930)
Net increase/(decrease) in cash and cash equivalents		1,609,165	(10,161,674)
Cash and cash equivalents at beginning of the year		17,451,238	27,612,912
Cash and cash equivalents at end of the year		19,060,403	17,451,238

The accompanying notes are an integral part of these financial statements.

NIIT China (Shanghai) Limited 艾尔迪信息技术（上海）有限公司

上海佳亮会计师事务所有限公司 (1) 审计专用章

1. General Information

NIIT China (Shanghai) Limited ("the Company") was incorporated in the People's Republic of China on August 23, 2000 as a wholly foreign owned enterprise. The Company principally engaged in the producing, selling software and multimedia, providing professional information technology training and services. In January 2013, the registered capital of the Company was increased to USD 2,000,000 from USD 210,000. In November 2012, the shareholder of the Company (i.e., NIIT GC Limited) injected 21% of the increment (i.e., USD 378,000) in form of cash into the Company's capital account. As of March 31, 2020, the paid-up capital of the Company was USD 588,000.

On March 14, 2008, NIIT Wuxi Service Outsourcing Training School ("Wuxi School") was jointly set up by the Company and Wuxi An Ai Ai Di Education and Training Company Limited. Wuxi School engaged in providing non-diploma education, such as computer information technology training and relevant outsourcing training services. The registered capital of Wuxi School is CNY 800,000. The Company owned 60% of equity interest of Wuxi School. Starting from April 1, 2017, the Company substantively lost control of Wuxi School, therefore, Wuxi School was de-consolidated from that point of time.

On May 13, 2008, Chongqing NIIT Education Consulting Limited ("Chongqing Consulting") was jointly set up by the Company and Chongqing Suobosi Business Consulting Company Limited. The registered capital of Chongqing Consulting is CNY 800,000. The Company owns 60% of equity interest of Chongqing Consulting. Chongqing Consulting was in process of deregistration. Approval of tax deregistration was obtained on January 11, 2019. Administration Bureau of Industry and Commerce deregistration was in process.

On August 22, 2008, NIIT Chongqing Training Center ("Chongqing School") was established and fully controlled by Chongqing Consulting. Chongqing School engaged in providing non-diploma education, such as computer information technology training and relevant outsourcing training services. The registered capital is CNY 500,000. Chongqing School was in process of deregistration. Approval of tax deregistration was obtained on January 23, 2019. Civil Affairs Bureau deregistration was in process.

On May 14, 2012, Qingdao NIIT Information Technology Company Limited ("Qingdao Consulting") was set up and fully controlled by the Company. The registered capital was CNY 1,500,000. Qingdao Consulting has been deregistered. Qingdao Consulting has been deregistered. Approval of tax deregistration was obtained on July 22, 2017. Approval of Administration Bureau of Industry and Commerce deregistration was obtained on January 31, 2018.

On July 11, 2012, Qingdao ETDZ NIIT Service Outsourcing School ("Qingdao School") was set up and fully controlled by Qingdao Consulting. The registered capital was CNY 1,200,000. Qingdao School has been deregistered. Approval of tax deregistration was obtained on February 12, 2019. Approval of Administrative Approval Service Bureau was obtained on March 13, 2019.

On June 5, 2012, Chongqing An Dao Education Consulting Limited ("Chongqing Consulting II") jointly set up by the Company and Chongqing Yan'ao Business Management Consulting Company Limited. The registered capital is CNY 500,000. The Company owns 65% of the equity interest.

On January 11, 2013, Chongqing BeiBuXinQu AnDao Software Out-Source Education School ("Chongqing School II") was set up and fully controlled by Chongqing Consulting II. The registered capital is CNY 500,000.

On September 14, 2012, Zhangjiagang NIIT Information Services Limited ("Zhangjiagang Consulting") was jointly set up by the Company and Zhangjiagang Huizhi Technology Consulting Services Company Limited. The Articles of Association was approved on September 1, 2012. The registered capital was CNY 500,000. The Company owned 60% of the equity interest. Zhangjiagang Consulting has been deregistered. Approval of tax deregistration was obtained on April 19, 2019. Approval of ABIC deregistration was obtained on August 12, 2019.

On October 12, 2012, Zhangjiagang NIIT Software and Service Outsourcing Training Center ("Zhangjiagang School") was set up and fully controlled by Zhangjiagang Consulting. The registered capital was CNY 500,000. Zhangjiagang School has been deregistered. Approval of tax deregistration was obtained on April 22, 2019. Approval of Civil Affairs Bureau was obtained on July 19, 2019.

On December 19, 2012, Chengmai NIIT Information Technology Company Limited ("Hainan Consulting") was set up and fully controlled by the Company. The registered capital is CNY 500,000. Hainan Consulting was in process of deregistration. Approval of tax deregistration was obtained on September 2, 2019. ABIC deregistration was in process.

On August 6, 2013, Hainan NIIT software services and outsourcing training school ("Hainan School") was set up and fully controlled by Hainan Consulting. The registered capital is CNY 500,000. Hainan School was in process of deregistration. Approval of tax deregistration was obtained on August 15, 2019. Civil Affairs Bureau deregistration was in process.

On November 24, 2015, Guizhou NIIT Information Technology Consulting Limited ("Guizhou Consulting") was set up and fully controlled by NIIT China (Shanghai) Limited. The registered capital is CNY 3,000,000.

On December 2, 2016, NIIT (Guizhou) Education Technology Co., Ltd. ("Guizhou

Consulting II") was set up and fully controlled by NIIT China (Shanghai) Limited. The registered capital is CNY 5,000,000.

On May 19, 2017, NIIT (Ningxia) Education Technology Company Limited ("Ningxia Consulting") was set up and fully controlled by NIIT China (Shanghai) Limited. The registered capital is CNY 1,000,000.

On January 16, 2019, Guiyang AIDI Vocational Training School ("Guiyang School") was set up and fully controlled by NIIT (Guizhou) Education Technology Co., Ltd. The registered capital is CNY 800,000.

On May 23, 2019, Tongren NIIT Education Technology Co., Ltd. ("Tongren Consulting") was set up and fully controlled by NIIT China (Shanghai) Limited. The registered capital is CNY 1,000,000.

The Company, Wuxi School, Chongqing Consulting, Chongqing School, Qingdao Consulting, Qingdao School, Chongqing Consulting II, Chongqing School II, Zhangjiagang Consulting, Zhangjiagang School, Hainan Consulting, Hainan School, Guizhou Consulting, Guizhou Consulting II, Ningxia Consulting, Guiyang School and Tongren Consulting are collectively referred to as the Group.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRSs"). The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

2.2 Consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries made up to March 31, 2020.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Chinese Yuan ("CNY"), which is the Group's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'.

All other foreign exchange gains and losses are presented in the income statement within "other (losses)/gains – net".

2.4 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged in the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost to the residual values over the estimated useful lives as follows:

	Useful lives
Machinery	3-10 years
Vehicles	5 years
Furniture	5 years

Machinery including:	Useful lives
- Computers, printers and related accessories	3 years
- Computers Server and Networks	5 years
- Electronic Equipment	8 years
- Air Conditioners	10 years
- Motor Vehicles	8 years
- Office Equipment	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.6).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within other (losses)/gains - net, in the income statement.

2.5 Intangible assets

Cost incurred on internal development of courseware and products are capitalized as intangible assets when the following criteria are met

- it is technically feasible to complete the courseware and products so that it will be available for use;
- management intends to complete the courseware and products and use or sell it;
- there is an ability to use or sell the courseware and products;
- it can be demonstrated how the courseware and products will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the courseware and products are available; and
- the expenditure attributable to the courseware and products during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the courseware and products include the courseware development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Courseware and products development costs recognized as assets are amortized over their estimated useful lives.

2.6 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested periodically for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Non-financial assets other than goodwill that suffered on impairment are reviewed for possible reversal of the impairment at each reporting date.

2.7 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expense.

2.8 Financial instruments

Financial assets and financial liabilities carried on the balance sheet include cash and bank balances, trade and other receivables and trade and other payables.

2.9 Trade and other receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against the expenditures in the income statement.

2.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2.11 Employee benefits

The Group participates in a mandatory government employee social security plans, including pension, medical, housing and other welfare benefits, arranged by the government authorities in accordance with relevant regulations. According to the relevant regulations, the premium and welfare benefit contributions are remitted to the social welfare authorities and are calculated based on percentages of the total salary of employees, subject to a certain ceiling and floor. Contributions to the plans are charged to the income statement.

Under the plans, retirement benefits of existing and retired employees are guaranteed by the local authorities and the Group has no further obligation beyond the monthly contributions.

2.12 Provisions

Provisions are recognized when the Group has a present obligation or constructive obligation as a result of past transactions or events, it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2.13 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates, discounts and taxes.

When two or more revenue generating activities or deliverables are provided under a single arrangement, each deliverable that is considered to be a separate deliverable is accounted separately. Where the contracts include multiple performance obligations, the transaction price is allocated to each performance obligation based on the standalone selling prices. Where the standalone selling prices are not directly observable, these are estimated based on expected cost-plus margin or residual method to allocate the total transaction price. In cases of residual method, the standalone selling price is estimated by reference to the total transaction price less the sum of the observable standalone selling prices of other goods or services promised in the contract.

Revenue from providing services is recognised over a period of time in the accounting period in which services are rendered. In respect of fixed price contracts, revenue is recognised based on the technical evaluation of utilization of services as per the proportionate completion method when no significant uncertainty exists regarding the amount of consideration that will be determined from rendering the service. The customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment and invoice, a contract asset is recognised. If the payment/invoice exceed the services rendered, a contract liability is recognised. The foreseeable losses on completion of contract, if any, are provided for.

Revenue from the training services is recognised over the period of the course programs as the case may be. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided (percentage of completion method). Revenue from time and material contracts is recognised as the related services are performed.

Estimates of revenues, costs or extent of progress towards completion are revised if circumstances change. Any resulting increase or decrease in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known to management.

On certain contracts, where the Group acts as agent, only commission and fees receivable for services rendered are recognised as revenue. Any third-party costs incurred on behalf of the principal that are rechargeable under the contractual arrangement are not included in revenue.

Revenue in respect of sale of courseware and other physical deliverables is recognised at a point in time when control of these are passed, the legal title is passed and the customer has accepted the courseware and other physical deliverables. In other cases, where courseware is not considered a separate component under a contract, revenue from the composite course is recognised over the period of the training or the contract period, depending upon the terms and conditions.

Revenue for providing Technical Information and Reference Material (TIRM) to the business partners is recognised over the period of the contract.

The Group classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue. A receivable is right to consideration that is unconditional upon passage of time. Revenue for ongoing services at the reporting date yet to be invoiced is recorded as unbilled revenue.

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period. The Group classifies the remaining performance obligation as deferred revenue.

2.14 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

At the commencement date, as a lessee, the Group measures the right-of-use asset at cost, and subsequently depreciation shall be provided, and impairment shall be assessed.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the incremental borrowing rate. After the commencement date, the Group measures the lease liability by (a) increasing the carrying amount to reflect interest on the lease liability; (b) reducing the carrying amount to reflect the lease payments made; and (c) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

As a lessee, the Group elects not to apply the above accounting treatments to: (a) short-term leases; and (b) leases for which the underlying asset is of low value. Instead, the Group recognises the lease payments associated with those leases as an expense on either a straight-line basis over the lease term.

1^{st} adoption of IFRS 16 in FY2020

In January 2016 the International Accounting Standards Board ("Board") issued *IFRS 16 Leases*. IFRS 16 replaces *IAS 17 Leases, IFRIC 4, SIC-15 and SIC-27*. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

IFRS 16 was effective in the Group's consolidated financial statements for the accounting period commencing April 1, 2019.

The Group elected modified approach as the first adoption approach of IFRS 16. Under such approach, the Group did not restate comparative information. Instead, the Group recognised the cumulative effect of initially applying this Standard as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the date of initial application.

As a lessee, the Group recognised a lease liability at the date of initial application for leases previously classified as an operating lease applying IAS 17. The lessee measured that lease liability at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application. The Group recognised a right-of-use asset at the date of initial application for leases previously classified as an operating lease applying IAS 17. The Group chose, on a lease-by-lease basis, to measure that right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application. The Group elected to apply below practical expedients on a lease-by-lease basis,

(a) to apply a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment).

(b) not to apply the requirements under IFRS 16 to leases for which the lease term ends within 12 months of the date of initial application. In this case, a lessee shall: (i) account for those leases in the same way as short-term leases; and (ii) include the cost associated with those leases within the disclosure of short-term lease expense in the annual reporting period that includes the date of initial application.

The most significant IFRS 16 judgements include the determination of lease term when there are extension or termination options, the selection of an appropriate discount rate to calculate the lease liability and the impairment of right of use assets.

The Group's lease portfolio consists of office properties, training base and own training centers' facilities.

The tables below set out the impact, between IAS 17 and IFRS 16, on the Group's consolidated balance sheet as of March 31, 2020, and consolidated income statement and consolidated cash flow statement for the year then ended. Right-of-use assets and lease liabilities are presented separately on the face of balance sheet. Rental prepayment and lease payable reduce as lease prepayments and accruals are eliminated. A deferred tax asset is recognised on the transition adjustment.

a) Effect on Consolidated Balance Sheet

Dr./(Cr.)	As of March 31, 2020		
	IAS 17 (A)	IFRS 16 (B)	Effect (B-A)
Right-of-use Assets, cost	-	4,414,315	4,414,315
Right-of-use Assets, accumulated depreciation	-	(1,613,214)	(1,613,214)
Right-of-use Assets, net book value	-	2,801,101	2,801,101
Unrealized interest income on security deposits	-	(38,150)	(38,150)
Rental prepayment	471,584	-	(471,584)
Rental payable	(216,059)	-	216,059
Deferred tax assets, net	-	104,106	104,106
Lease liabilities, current portion	-	(1,925,023)	(1,925,023)
Lease liabilities, non-current portion	-	(998,826)	(998,826)
Net assets	**255,525**	**(56,792)**	**(312,317)**
Retained earnings, attributable to the investor of the Group	1,338,887	1,498,545	159,658
Minority interest in equity	8,542	161,201	152,659
Total Equity	**1,347,429**	**1,659,746**	**312,317**

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b) Effect on Consolidated Income Statement

Dr./(Cr.)	FY2020		
	IAS 17 (A)	IFRS 16 (B)	Effect (B-A)
Rental expenses	1,347,429	-	(1,347,429)
Depreciation	-	1,613,214	1,613,214
Interest expenses	-	171,023	171,023
Interest incomes	-	(20,385)	(20,385)
Impact on Profit before tax	1,347,429	1,763,852	416,423
Deferred tax credits	-	(104,106)	(104,106)
Impact on Profit after tax	**1,347,429**	**1,659,746**	**312,317**
Attributable to:			
Equity holders of the Company	1,338,887	1,498,545	159,658
Minority interest	8,542	161,201	152,659
Profit after income tax	**1,347,429**	**1,659,746**	**312,317**

c) Effect on Consolidated Cash Flow Statement

	FY2020		
	IAS 17 (A)	IFRS 16 (B)	Effect (B-A)
Net cash used in operating activities	(1,244,217)	-	1,244,217
Net cash used in investing activities	-	-	-
Net cash used in financing activities	-	(1,244,217)	(1,244,217)
Net increase in cash, cash equivalents	**(1,244,217)**	**(1,244,217)**	-

2.15 Deferred income tax

Deferred income tax is recognized, using the comprehensive balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

3. Financial Risk Management

3.1 Foreign Risk Factors

The Group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk, liquidity risk and cash flow and fair value interest rate risk.

Risk management is carried out by finance department under policies approved by the Board of Directors.

a) Foreign exchange risk

The Group operates domestically and is not significantly exposed to foreign exchange risk arising from any currency exposures. Accordingly, the Group has not used any forward contracts or currency borrowings to hedge its exposure to foreign currency risk.

b) Credit risk

The Group has no significant concentrations of credit risk. It has policies in place to ensure that technical services are rendered to customers with an appropriate credit history. The Group has policies that limit the amount of credit exposure to any financial institution.

c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents together with adequate banking facilities.

d) Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets and liabilities, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

3.2 Fair Value estimation

The carrying amounts of the following financial assets and financial liabilities approximate their fair value due to their short maturities: cash and cash equivalents, trade and other receivables, trade and others payables.

4. Critical Accounting Estimates and Judgments

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definitions, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(1) Impairment of receivables

The Group's management determines the provision for impairment of trade and other receivables. This estimate is based on the credit history of its customers and the current market condition. Management reassesses the provision on each of the balance sheet date.

(2) Obsolescence of inventories

Inventories are valued at lower of cost or net realisable value. The provision for obsolescence of inventory is based on the aging analysis. Management reassesses the provision on each of the balance sheet date.

(3) Deferred income tax assets

The Group's management determines the deferred tax assets based on the enacted or substantially enacted tax rates and law and best knowledge of profit projections of the Group for the coming years during which the deferred tax assets are expected to be utilized. Management will revise the assumption and profit projections by the balance sheet date.

(4) Impairment of investment

The Group's management assesses the recoverable amount of an investment if there are any indicators of impairment. An impairment loss is recognised whenever recoverable amount is below carrying amount. The impairment loss is recognised as an expense.

5. Taxation

(1) Value-added Tax ("VAT")

Revenue derived from services provided by the Company, Chongqing School, Guizhou Consulting, Guizhou Consulting II, Ningxia Consulting and Tongren Consulting is subject to VAT at 6% of service income, revenue derived from services provided by Chongqing Consulting, Qingdao Consulting, Qingdao School, Chongqing Consulting II, Zhangjiagang Consulting, Zhangjiagang

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School, Hainan Consulting, Hainan School and Guiyang School is subject to VAT at 3% of service income. Revenue derived from services provided by Chongqing School II for the period from April 1, 2019 to December 31, 2019 is subject to 6% of service income, while the one for the period from January 1, 2020 to March 31, 2020 is exempted for VAT due to COVID-19 situation.

(2) Enterprise Income Tax ("EIT")

The enterprise income tax rate applicable for Chongqing School II was 15%, while EIT rate applicable for the Company and other subsidiaries was 25%.

The Group provides for income tax on the basis of its statutory income for financial reporting purpose, adjusting for income and expense items which are not assessable or deductible for income tax purposes and after considering all available tax benefits.

(3) Other taxes

Other taxes are provided in accordance with the prevailing PRC tax regulations.

6. Property, plant and equipment

	Machinery	Vehicles	Furniture	Total
Cost				
At March 31, 2019	3,220,478	249,904	4,197,894	7,668,276
Addition	170,966	-	15,317	186,283
Disposal	(15,040)	-	(275,825)	(290,865)
At March 31, 2020	**3,376,404**	**249,904**	**3,937,386**	**7,563,694**
Accumulated Depreciation				
At March 31, 2019	(2,329,671)	(62,476)	(3,891,029)	(6,283,176)
Charge	(372,591)	(31,237)	(198,154)	(601,982)
Disposal	13,957	-	275,826	289,783
At March 31, 2020	**(2,688,305)**	**(93,713)**	**(3,813,357)**	**(6,595,375)**
Net Book Value				
At March 31, 2019	**890,807**	**187,428**	**306,865**	**1,385,100**
At March 31, 2020	**688,099**	**156,191**	**124,029**	**968,319**

7. Right-of-use assets

	Longlife Building	QD Training Base	CQ Facility	Total
Cost				
At March 31, 2019	-	-	-	-
Initial application of IFRS 16	1,578,648	1,920,466	915,201	4,414,315
At March 31, 2020	**1,578,648**	**1,920,466**	**915,201**	**4,414,315**
Accumulated Depreciation				
At March 31, 2019	-	-	-	-
Charge	(485,738)	(794,676)	(332,800)	(1,613,214)
At March 31, 2020	**(485,738)**	**(794,676)**	**(332,800)**	**(1,613,214)**
Net Book Value				
At March 31, 2019	-	-	-	-
At March 31, 2020	**1,092,910**	**1,125,790**	**582,401**	**2,801,101**

8. Intangible assets

	Acquired	Internally generated	Under development	Total
Cost				
At March 31, 2019	35,710	2,996,330	369,348	3,401,388
Transfer	-	369,348	(369,348)	-
At March 31, 2020	**35,710**	**3,365,678**	-	**3,401,388**
Accumulated Amortization				
At March 31, 2019	(4,760)	(1,346,737)	-	(1,351,497)
Charge	(7,140)	(737,991)	-	(745,131)
At March 31, 2020	**(11,900)**	**(2,084,728)**	-	**(2,096,628)**
Net Book Value				
At March 31, 2019	**30,950**	**1,649,593**	**369,348**	**2,049,891**
At March 31, 2020	**23,810**	**1,280,950**	-	**1,304,760**

9. Investment

	March 31, 2020	March 31, 2019
Investment in Wuxi School		
- Cost	480,000	480,000
- Share of profit	642,929	642,929
	1,122,929	1,122,929
Less: impairment	(1,122,929)	(1,122,929)
	-	-

10. Other non-current assets

	March 31, 2020	March 31, 2019
Deposits	632,894	813,891
Prepayment for content development	265,868	-
Total	**898,762**	**813,891**

11. Deferred income tax

Deferred tax assets and deferred tax liabilities should be offset on the balance sheet only if the entity has the legal right to settle on a net basis and they are levied by the same taxing authority on the same entity or different entities that intend to realize the asset and settle the liability at the same time.

Deferred tax assets mainly arise from 1) outstanding expense accrued by management which are not approved by local tax authority temporarily, and 2) deferred revenue which has been taxed by local tax authority. Above-mentioned outstanding expense and deferred revenue are deductible temporary differences which result in amounts that are deductible in determining taxable profit or loss of future periods when carrying amount of the outstanding expense and deferred revenue are recovered or settled. The movement in deferred tax assets during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

As of March 31, 2019	4,207,691
Credit to the income statement	1,274,950
As of March 31, 2020	**5,482,641**

Deferred tax liabilities mainly arise from 1) unbilled revenue which has yet to be taxed but recognized as revenue in financial statement, and 2) expenses which are deducted in tax return under the local tax rule but not recognized in financial statement. The movement in deferred tax liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

As of March 31, 2019	3,196,190
Debit to the income statement	598,662
As of March 31, 2020	**3,794,852**

12. Inventories

	March 31, 2020	March 31, 2019
Inventories	491,410	491,497
Less: Provision for obsolescence	(468,919)	(468,919)
Inventories, net	**22,491**	**22,578**

13. Trade and other receivables

	March 31, 2020	March 31, 2019
Trade receivables	7,885,329	7,879,675
Less: impairment provision	(4,256,307)	(5,510,635)
	3,629,022	2,369,040
Loan		
- Principal	4,100,000	4,100,000
- Interest	1,039,241	1,039,241
Less: impairment provision	(5,139,241)	(5,139,241)
	-	-
Prepayment	4,566,409	4,134,353
Less: impairment provision	(4,016,171)	(3,936,833)
	550,238	197,520
Unbilled revenue	7,462,715	11,893,064
Receivable of agency services' passing-through proceeds	1,224,798	150,581
Prepaid VAT	592,780	542,592
Prepaid expense	590,248	1,199,333
Deposits	117,588	201,430
Staff advance	112,033	42,810
Receivable for sales of investment	-	397,489
Total	**14,279,422**	**16,993,859**

14. Cash and cash equivalents

	March 31, 2020	March 31, 2019
Cash on hand	65,081	64,873
Cash in banks (a)	18,995,322	17,386,365
Total	**19,060,403**	**17,451,238**

(a) The deposits of CNY 100,000 in Chongqing School II's accounts were restricted according to the local regulation issued by Chongqing Education Committee. Such deposits were placed to guarantee the ongoing operation if the training center encounters the financial difficulties.

15. Paid-up capital

	USD	CNY equiv.
NIIT GC Limited	588,000	4,096,451

The paid-in capital is USD 588,000 which is fully contributed by NIIT GC Limited. All of the paid-in capital was verified by a local CPA firm.

16. Lease liabilities

As of March 31, 2019	-
Initial application of IFRS 16 on April 1, 2019	3,997,043
Interest expenses on lease liabilities	171,023
Less: Lease payments made in FY2020	(1,244,217)
As of March 31, 2020	**2,923,849**
Less: Non-current portion	(998,826)
Current portion	**1,925,023**

17. Trade and other payables

	March 31, 2020	March 31, 2019
Accrued expenses	9,449,912	9,486,038
Trade payables	1,247,043	3,540,771
Payable of agency services' passing-through cost	742,253	158,052
Salary and welfare payable	274,273	82,885
Security deposit payable	274,187	-
Staff reimbursement payable	41,465	194,657
Other payables	99,646	207,475
Total	**12,128,779**	**13,669,878**

18. Other current liabilities

	March 31, 2020	March 31, 2019
Deferred revenue (a)	9,383,122	9,466,086
Advance from customers	1,152,246	5,887,805
Tax and surcharge payable	63,858	29,512
Total	**10,599,226**	**15,383,403**

(a) Deferred revenue represents the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and expected to be recognised in revenue in less than 12 months subsequent to the balance sheet date.

19. Revenue

	2020	2019
Course fee and course ware	46,391,879	51,136,608
Corporate training program	2,688,876	1,701,252
Others	4,746,649	2,789,786
Total	**53,827,404**	**55,627,646**

20. Other income

	2020	2019
Interest income	60,334	36,423
Gain on foreign exchange	66,427	-
Others	162,782	3,262
Total	**289,543**	**39,685**

21. Cost and expenditures

	2020	2019
Employee benefit costs (Note 22)	24,703,658	24,797,720
Development, production and execution costs	7,056,427	8,194,435
Sales tax and surcharge	195,554	289,512
Depreciation and amortization	2,964,786	2,597,502
Interest expenses on lease liabilities	171,023	-
Rental expenses	2,109,895	3,365,218
Other expenses	12,481,923	10,583,240
Total	**49,683,266**	**49,827,627**

22. Employee benefit costs

	2020	2019
Salary and bonus	19,986,671	19,201,497
Social benefit	3,568,814	3,685,769
Staff welfare	1,148,173	1,910,454
Total	**24,703,658**	**24,797,720**

23. Income tax credits

	2020	2019
Current income tax expenses	93,263	417,891
Deferred tax credits	(676,289)	(1,189,729)
Total	**(583,026)**	**(771,838)**

The income tax on the Group's profit before tax differs from the theoretical amount that would arise using the effective tax rate of the Group as follows.

	2020	2019
Profit before tax	4,433,681	5,179,377
Tax calculated at the applicable tax rates	1,313,307	1,074,760
Remeasurement of deferred tax due to change of applicable tax rate within the year	51,700	249,577
Adjustment in respect of prior year	(328,185)	(697,532)
Benefit from reduced current tax rate due to Small low profit enterprises	(260,625)	-
Benefit from tax loss carried forward	(1,173,457)	(1,959,059)
Permanent differences	(407,329)	45,082
Timing difference not recognized on account of prudence	221,563	515,334
Income tax credits	**(583,026)**	**(771,838)**

24. Cash generated from/(used in) operations

	2020	2019
Profit before tax	4,433,681	5,179,377
Adjustment for		
- Depreciation and amortization	2,964,786	2,597,502
- Loss on impairment of investment	-	660,327
- Interest on lease liabilities, net of interest income on rental deposit	150,638	-
Change in working capital		
- Decrease in inventories	87	3,761
- Decrease/(Increase) in receivables	2,101,056	(3,936,115)
- Decrease in payables	(6,325,272)	(14,964,636)
Net cash generated from/(used in) operations	**3,324,976**	**(10,459,784)**

25. Related party transactions

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

(a) Names of related companies and nature of relationship:

Entity Name	Nature of relationship
NIIT Limited	Ultimate parent company
NIIT (USA) Inc.	Controlled by the same ultimate parent company
NIIT Limited, UK	Controlled by the same ultimate parent company
NIIT Technologies Limited and its subsidiaries ("NTL")	Under which the ultimate parent company exercises significant influence, as of May 17, 2019. On April 6, 2019, NIIT Limited executed a Share Purchase Agreement ("SPA"), with Hulst B.V. ("Purchaser") and NIIT Technologies Limited ("NTL") for the sale of its entire shareholding to Purchaser. On May 17, 2019, NIIT Limited transferred its entire shareholding in NTL to Purchaser in accordance with the terms and conditions of the SPA in an Off-Market Trade and received full consideration. Henceforth, NTL ceased to be an associate of NIIT Limited.

(b) Significant related party transactions and balances

(1) Pricing Policy

The Group's pricing policies on receiving or providing services are determined by internal negotiation with reference to market situation.

(2) Significant transaction with related parties

	2020	2019
Rendering of services		
- NIIT (USA) Inc.	1,330,056	1,548,069
- NIIT (USA) Inc., Singapore Branch	21,675	-
- NIIT Limited, UK	27,200	-
- NIIT Technologies Pte Limited, Singapore	237,393	856,277
Total	**1,616,324**	**2,404,346**
Royalty fee		
- NIIT Limited	2,783,779	3,043,255
Receiving of services		
- NIIT Limited	1,777,564	2,221,202

(3) Significant balances with related parties

	March 31, 2020	March 31, 2019
Trade and other receivables		
- NIIT Technologies Pte Limited, Singapore	-	146,222
- NIIT (USA) Inc.	927,137	133,737
- NIIT (USA) Inc., Singapore Branch	21,675	-
- NIIT Technology Limited – India	-	1,672
Total	**948,812**	**281,631**
Trade and other payables		
- NIIT Limited	810,008	1,100,504
- NIIT Limited, UK	648,179	677,011
- NIIT (USA) Inc.	-	24,813
Total	**1,458,187**	**1,802,328**

26. Commitments

Operating lease commitments.

The operating leases are all composed of leasing offices under non-cancellable operation lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future aggregate minimum lease payments due under non-cancellable operating leases are as follows:

	March 31, 2020	March 31, 2019
Next 1 year	2,525,161	2,369,382
Next 2 to 5 years	1,236,227	2,438,241
Above 5 years	-	-
Total	**3,761,388**	**4,807,623**

27. Contingent liability

Contingent Liability includes demand of CNY 2,000,000 towards property lease rent on which the Group was operating one of its centers. The Group does not expect any reimbursements in respect of the above.