

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

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024



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, 2024, 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, 2024, 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.





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.





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.


Shanghai JiaLiang CPAs Co., Limited

May 10, 2024



NIIT CHINA (SHANGHAI) LIMITED

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2024

(All amount in CNY unless otherwise stated)

		As at March 31	
	Note	2024	2023
ASSETS			
Non-current assets			
Property, plant and equipment	6	578,491	849,744
Right-of-use assets	7	1,467,342	3,282,513
Intangible assets	8	2,860,253	2,492,574
Other non-current assets	9	324,172	235,480
Deferred income tax assets, net	10	2,259,055	2,045,555
Subtotal non-current assets		<u>7,489,313</u>	<u>8,905,866</u>
Current assets			
Inventories	11	-	10,411
Trade and other receivables	12	12,734,124	7,298,705
Cash and cash equivalents	13	29,181,691	33,533,605
Other current assets	14	1,217,253	1,942,910
Subtotal current assets		<u>43,133,068</u>	<u>42,785,631</u>
TOTAL ASSETS		<u>50,622,381</u>	<u>51,691,497</u>
EQUITY			
Capital and reserves attributable to the investor of the Group			
Paid-up capital	15	4,096,451	4,096,451
General reserve		4,463,728	4,463,728
Retained earnings		20,089,549	18,637,362
		<u>28,649,728</u>	<u>27,197,541</u>
Minority interest in equity		<u>1,033,010</u>	<u>1,072,769</u>
TOTAL EQUITY		<u>29,682,738</u>	<u>28,270,310</u>
LIABILITIES			
Non-current liabilities			
Lease liabilities, non-current portion	7	769,654	2,359,932
Subtotal non-current liabilities		<u>769,654</u>	<u>2,359,932</u>
Current liabilities			
Trade and other payables	16	12,693,516	10,985,291
Lease liabilities, current portion	7	744,024	961,362
Current income tax liabilities		199,265	535,550
Other current liabilities	17	6,533,184	8,579,052
Subtotal current liabilities		<u>20,169,989</u>	<u>21,061,255</u>
TOTAL LIABILITIES		<u>20,939,643</u>	<u>23,421,187</u>
TOTAL EQUITY AND LIABILITIES		<u>50,622,381</u>	<u>51,691,497</u>

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, 2024**
(All amount in CNY unless otherwise stated)

	Note	Year ended 31 March	
		2024	2023
Revenue from operations	18	48,439,625	46,790,497
Other incomes	19	461,558	726,742
Total Revenue		48,901,183	47,517,239
Cost and expenditures	20, 21&22	(47,969,328)	(43,298,206)
Profit before income tax		931,855	4,219,033
Income tax credits	23	480,573	994,442
Profit after income tax		1,412,428	5,213,475
Attributable to:			
Equity holders of the Company		1,452,187	5,319,250
Minority interests		(39,759)	(105,775)
Profit after income tax		1,412,428	5,213,475

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, 2024
 (All amount in CNY unless otherwise stated)

	Paid in capital	General reserve	Retained earnings	Minority interests	Total equity
Balance at March 31, 2022	4,096,451	3,370,304	14,411,536	1,178,544	23,056,835
Profit for the year of 2023	-	-	5,319,250	(105,775)	5,213,475
General Reserve	-	1,093,424	(1,093,424)	-	-
Balance at March 31, 2023	4,096,451	4,463,728	18,637,362	1,072,769	28,270,310
Profit for the year of 2024	-	-	1,452,187	(39,759)	1,412,428
General Reserve	-	-	-	-	-
Balance at March 31, 2024	4,096,451	4,463,728	20,089,549	1,033,010	29,682,738

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, 2024**
(All amount in CNY unless otherwise stated)

		Year ended March 31	
	Note	2024	2023
Cash flows from operating activities			
Cash (used in)/generated from operations	24	(1,771,540)	6,987,305
Income tax (paid)/refund		<u>(69,214)</u>	<u>22,541</u>
Net cash (used in)/generated from operating activities		<u>(1,840,754)</u>	<u>7,009,846</u>
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		<u>(1,667,332)</u>	<u>(2,497,374)</u>
Disposal of property, plant and equipment and intangible assets		<u>2,000</u>	<u>-</u>
Net cash used in investing activities		<u>(1,665,332)</u>	<u>(2,497,374)</u>
Cash flows from financing activities			
Repayment of leasing liabilities		<u>(845,828)</u>	<u>(1,130,595)</u>
Net cash used in financing activities		<u>(845,828)</u>	<u>(1,130,595)</u>
Net (decrease)/increase in cash and cash equivalents			
		(4,351,914)	3,381,877
Cash and cash equivalents at beginning of the year		<u>33,533,605</u>	<u>30,151,728</u>
Cash and cash equivalents at end of the year		<u>29,181,691</u>	<u>33,533,605</u>

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



NIIT CHINA (SHANGHAI) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

(All amount in CNY unless otherwise stated)

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, 2023, the paid-up capital of the Company was USD 588,000.

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 December 12, 2022, the name of Chongqing Consulting II was changed to Chongqing NIIT Business Consulting Co., Ltd.

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 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.

The Company, Chongqing Consulting II, Chongqing School II, Hainan Consulting, Guizhou Consulting, and Guizhou Consulting II 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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

(All amount in CNY unless otherwise stated)

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, 2024.

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



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

(All amount in CNY unless otherwise stated)

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.



NIIT CHINA (SHANGHAI) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

(All amount in CNY unless otherwise stated)

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.

NIIT CHINA (SHANGHAI) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

(All amount in CNY unless otherwise stated)

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

(All amount in CNY unless otherwise stated)

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 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.

NIIT CHINA (SHANGHAI) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (All amount in CNY unless otherwise stated)

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

NIIT CHINA (SHANGHAI) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

(All amount in CNY unless otherwise stated)

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 is 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 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

NIIT CHINA (SHANGHAI) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

(All amount in CNY unless otherwise stated)

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 a straight-line basis over the lease term.

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.



NIIT CHINA (SHANGHAI) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

(All amount in CNY unless otherwise stated)

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 other 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.

NIIT CHINA (SHANGHAI) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

(All amount in CNY unless otherwise stated)

(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 Consulting II, Chongqing School II, Guizhou Consulting, and Guizhou Consulting II is subject to VAT at 6% of service income.

(2) Enterprise Income Tax ("EIT")

The standard EIT rate is 25%. The reduced tax rate of 5% can be applied if a taxpayer is qualified for a Small Low-profit Enterprise.

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.



NIIT CHINA (SHANGHAI) LIMITED

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6. Property, plant and equipment

	Machinery	Vehicles	Furniture	Total
Cost				
At March 31, 2023	3,032,124	249,904	3,263,137	6,545,165
Addition	207,645	-	21,980	229,625
At March 31, 2024	3,239,769	249,904	3,285,117	6,774,790
Accumulated Depreciation				
At March 31, 2023	(2,564,673)	(187,429)	(2,943,319)	(5,695,421)
Charge	(341,970)	(31,238)	(127,670)	(500,878)
At March 31, 2024	(2,906,643)	(218,667)	(3,070,989)	(6,196,299)
Net Book Value				
At March 31, 2023	467,449	62,475	319,821	849,744
At March 31, 2024	333,126	31,237	214,128	578,491

7. Right-of-use assets / Lease liabilities

The following are the carrying amount of right-of-use assets recognised and movement during the year:

	Buildings
As at March 31, 2022	2,857,446
Addition	1,459,254
Depreciation	(1,034,187)
As at March 31, 2023	3,282,513
Modification	(1,005,675)
Depreciation	(809,496)
As at March 31, 2024	1,467,342



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The following are the carrying amount of Lease liabilities and movement during the year:

	<u>Total</u>
As at March 31, 2022	2,849,521
Addition	1,439,831
Accretion of interest	162,537
Payments	<u>(1,130,595)</u>
As at March 31, 2023	3,321,294
Modification	(1,059,945)
Accretion of interest	98,157
Payments	<u>(845,828)</u>
As at March 31, 2024	1,513,678

The following is the break-up of current and non-current lease liabilities:

	<u>March 31, 2024</u>	<u>March 31, 2023</u>
Lease Liabilities (Non-current)	769,654	2,359,932
Lease Liabilities (Current)	744,024	961,362
Total lease liabilities	1,513,678	3,321,294

The following are the amounts recognised in Consolidated Income Statement:

	<u>2024</u>	<u>2023</u>
Depreciation expense on ROU assets	809,496	1,034,187
Interest expense on lease liabilities	98,157	162,537
Total	907,653	1,196,724

The table below provides details regarding the contractual maturities of lease liabilities:

	<u>March 31, 2024</u>	<u>March 31, 2023</u>
Less than one year	744,024	961,362
One to two years	769,654	2,359,932
More than two years	-	-
Total	1,513,678	3,321,294



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8. Intangible assets

	Acquired	Internally generated	Under development	Total
Cost				
At March 31, 2023	559,550	3,365,678	2,294,000	6,219,228
Addition	-	-	1,437,707	1,437,707
Transfer	-	3,731,707	(3,731,707)	-
At March 31, 2024	559,550	7,097,385	-	7,656,935
Accumulated Amortization				
At March 31, 2023	(397,905)	(3,328,749)	-	(3,726,654)
Charge	(159,183)	(910,845)	-	(1,070,028)
At March 31, 2024	(557,088)	(4,239,594)	-	(4,796,682)
Net Book Value				
At March 31, 2023	161,645	36,929	2,294,000	2,492,574
At March 31, 2024	2,462	2,857,791	-	2,860,253

9. Other non-current assets

	March 31, 2024	March 31, 2023
Deposits	324,172	235,480

10. 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 expenses accrued by management which are not approved by local tax authority temporarily, 2) deferred revenue from Chongqing School II which has been taxed by local tax authority, and 3) lease liabilities. Above-mentioned provisions, outstanding expenses 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 expenses and deferred revenue are settled or recovered. 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, 2023	2,528,262
Debit to the income statement	(57,164)
As of March 31, 2024	2,471,098

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Deferred tax liabilities mainly arise from capitalization of leased assets. 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, 2023	482,707
Credit to the income statement	(270,664)
As of March 31, 2024	<u>212,043</u>

11. Inventories

	<u>March 31, 2024</u>	<u>March 31, 2023</u>
Inventories	479,330	479,330
Less: Provision for obsolescence	(479,330)	(468,919)
Inventories, net	<u>-</u>	<u>10,411</u>

12. Trade and other receivables

	<u>March 31, 2024</u>	<u>March 31, 2023</u>
Trade receivables	3,068,678	3,537,662
Less: impairment provision	(31,269)	(37,969)
	<u>3,037,409</u>	<u>3,499,693</u>
Unbilled revenue	8,409,179	3,467,136
Receivable of agency services' passing-through proceeds	1,178,216	111,455
Deposits	109,320	220,421
Total	<u>12,734,124</u>	<u>7,298,705</u>

13. Cash and cash equivalents

	<u>March 31, 2024</u>	<u>March 31, 2023</u>
Cash on hand	4,255	8,318
Cash in banks (a)	29,177,436	33,525,287
Total	<u>29,181,691</u>	<u>33,533,605</u>

- (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 its ongoing operation if the training center encounters financial difficulties.



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14. Other current assets

	March 31, 2024	March 31, 2023
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	226,022	919,315
Less: impairment provision	(84,449)	(84,449)
	141,573	834,866
Prepaid expense	937,588	929,856
Staff advance	92,869	75,482
Prepaid VAT	45,223	102,706
Total	1,217,253	1,942,910

15. Paid-up capital

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

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

16. Trade and other payables

	March 31, 2024	March 31, 2023
Accrued expenses	8,597,780	6,743,604
Trade payables	2,414,651	3,146,504
Payable of agency services' passing-through cost	1,387,359	502,982
Security deposit payable	81,000	208,500
Staff reimbursement payable	5,462	71,077
Salary and welfare payable	3,213	115,069
Other payables	204,051	197,555
Total	12,693,516	10,985,291



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17. Other current liabilities

	March 31, 2024	March 31, 2023
Deferred revenue (a)	6,052,412	8,275,577
Advance from customers	417,693	274,162
Tax and surcharge payable	63,079	29,313
Total	6,533,184	8,579,052

- (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 recognized in revenue in less than 12 months subsequent to the balance sheet date.

18. Revenue

	2024	2023
Course fee and course ware	38,993,955	41,950,193
Corporate training program	6,341,544	2,644,057
Others	3,104,126	2,196,247
Total	48,439,625	46,790,497

19. Other income

	2024	2023
Interest income of bank deposits	339,155	368,413
Interest income of security deposits on leases	10,067	12,670
Gain on disposal of PPE	2,000	-
Foreign exchange gain, net	-	140,111
Others	110,336	205,548
Total	461,558	726,742



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20. Cost and expenditures

	2024	2023
Employee benefit costs (Note 21)	27,872,859	25,256,452
Development, production and execution costs	9,905,785	8,317,960
Depreciation and amortization (Note 22)	2,380,403	1,786,110
Rental expenses	993,774	1,256,991
Interest expenses on lease liabilities	98,157	162,537
Foreign loss	78,981	-
Sales tax and surcharge	35,012	75,522
Other expenses	6,604,357	6,442,634
Total	47,969,328	43,298,206

21. Employee benefit costs

	2024	2023
Salary and benefits	21,815,392	19,447,200
Contribution to Provident and Other Funds	5,159,875	4,921,306
Employees Stock Option Expenses	186,679	282,911
Welfare and Other expenses	710,914	605,035
Total	27,872,860	25,256,452

22. Depreciation and amortization

	2024	2023
Depreciation on Property, plant and equipment	500,879	532,926
Depreciation on Right-of-use assets	809,496	1,034,187
Amortization on Intangible assets	1,070,028	218,997
Total	2,380,403	1,786,110



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23. Income tax credits

	2024	2023
Current income tax credits/(expenses)	267,073	(540,615)
Deferred tax credits	213,500	1,535,057
Total	480,573	994,442

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.

	2024	2023
Profit before tax	931,855	4,219,033
Tax calculated at the standard tax rates	232,964	1,054,758
Remeasurement of deferred tax due to change of applicable tax rate	(10,150)	(1,755,972)
Adjustment in respect of prior year	-	21,090
Benefit from reduced current tax rate due to Small low profit enterprises	(804,988)	(369,964)
Permanent differences	68,166	(162,334)
Timing difference not recognized on account of prudence	33,435	217,980
Income tax credits	(480,573)	(994,442)

24. Cash generated from operations

	2024	2023
Profit before tax	931,855	4,219,033
Adjustment for		
- Depreciation and amortization	2,380,404	1,786,110
- Interest on lease liabilities, net of interest income on rental deposit	88,090	149,867
- Provision for inventory obsolescence	10,411	-
- (Gain) / Loss on disposal of PPE	(2,000)	4,691
Change in working capital		
- (Increase)/Decrease in receivables	(4,842,658)	2,567,084
- Decrease in payables	(337,642)	(1,760,153)
- Decrease in inventories		20,673
Net cash generated from operations	(1,771,540)	6,987,305



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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 holding company
NIIT GC Limited, Mauritius	Parent company
NIIT Institute of Finance Banking and Insurance Training Limited	Controlled by the same ultimate holding company
NIIT Yuva Jyoti Limited (Liquidated on February 25, 2022)	
NIIT Institute of Process Excellence Limited (Under Voluntary Liquidation w.e.f. February 19, 2020)	
PT NIIT Indonesia, Indonesia (under liquidation)	
RPS Consulting Private Limited (w.e.f. October 01, 2021)	Controlled by the same ultimate holding company
NIIT Learning Systems Limited* (Formerly Mindchampion Learning Systems Limited, name changed w.e.f January 18, 2022)	
NIIT (USA) Inc, USA	<p>*Ceased to be wholly owned subsidiary of the Ultimate Holding company, pursuant to the Composite Scheme of Arrangement between NIIT Limited and NIIT Learning Systems Limited as approved by Hon'ble Company Law Tribunal vide its Order dated May 19, 2023 and effective on May 24, 2023, with an appointed date April 1, 2022.</p> <p>Entities in which Key Management Personnel of the Ultimate Holding Company and NIIT Learning Systems Limited are same</p> <p>Became subsidiaries of NIIT Learning Systems Limited, in which key management of the Ultimate Holding Company are interested, pursuant to the Composite Scheme of Arrangement between NIIT Limited and NIIT Learning Systems Limited as approved by Hon'ble Company Law Tribunal vide its Order dated May 19, 2023 and effective on May 24, 2023, with an appointed date April 1, 2022.</p>
Stackroute Learning Inc, USA (subsidiary of entity at serial no. 1)	
St. Charles Consulting Group, LLC (subsidiary of entity at serial no. 1 w.e.f. November 04, 2022)	
NIIT Limited, UK	
NIIT Malaysia Sdn. Bhd, Malaysia	
NIIT (Ireland) Limited	
NIIT West Africa Limited	
NIIT Learning Solutions (Canada) Limited (subsidiary of entity at serial no. 6)	
Eagle international Institute Inc. USA (subsidiary of entity at serial no. 1 till June 30, 2021, merged with NIIT (USA) Inc, USA w.e.f. July 01, 2021)	

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Entity Name	Nature of relationship
Eagle Training Spain, S.L.U (subsidiary of entity at serial no. 9 till June 30, 2021, became subsidiary of entity at serial no. 1 w.e.f. July 1, 2021)	
NIIT Mexico, S. DE R.L. DE C.V. (subsidiary of entity at serial no. 1 - incorporated on February 23, 2023)	
NIIT Brazil LTDA (subsidiary of entity at serial no. 1- incorporated on March 23, 2023)	
NIIT Foundation (formerly known as NIIT Education Society)	Parties in which the Key Management Personnel of the Company are deemed to be interested

(b) Key managerial personnel

Mr. Kamal Nain Dhuper (Executive Director)
Mr. Sapnesh Kumar Lalla (Non - Executive Director)
Mr. Abhas Kumar (Non - Executive Director)
Mr. Umesh Kumar Gola (Non - Executive Director)
Mr. P R Subramanian (Non - Executive Director)

(c) 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.



NIIT CHINA (SHANGHAI) LIMITED

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(2) Significant transactions with related parties

	2024	2023
Rendering of services		
- NIIT USA Inc., USA	1,882,158	1,029,460
- NIIT (Ireland) Limited	819,146	183,321
- NIIT Limited, UK	398,132	1,841
- NIIT Limited	-	345,378
Total	3,099,436	1,560,000
Royalty fee		
- NIIT Limited	2,457,996	2,603,518
Expenses recovery		
- NIIT Limited	42,805	-
Receiving of services		
- NIIT Limited	2,659,921	2,102,551
- RPS Consulting Private Limited	581,807	542,355
- NIIT Malaysia Sdn. Bhd	148,236	-
- NIIT USA Singapore Branch	58,956	-
Total	3,448,920	2,644,906

(3) Significant balances with related parties

	March 31, 2024	March 31, 2023
Trade and other receivables		
- NIIT USA Inc., USA	573,854	177,855
- NIIT (Ireland) Limited	394,874	15,319
- NIIT Limited, UK	1,008	1,951
Total	969,736	195,125

	March 31, 2024	March 31, 2023
Trade and other payables		
- NIIT Limited	1,438,364	1,599,560
- NIIT Malaysia Sdn. Bhd	149,607	
- NIIT Limited, UK	139,355	3,907
- NIIT USA Singapore Branch	58,795	-
- RPS Consulting Private Limited	33,222	65,756
- NIIT USA Inc., USA	149	-
- NIIT Limited, UK, Netherland Branch		30,403
- NIIT (Ireland) Limited., Belgium Branch		6,638
- NIIT Limited, UK, Germany Branch		6,638
Total	1,819,492	1,712,902



NIIT CHINA (SHANGHAI) LIMITED

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26. Commitments

Short-term lease commitments.

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

	March 31, 2024	March 31, 2023
Next 1 year	774,019	415,039
Next 2 to 5 years	168,000	-
Total	942,019	415,039

