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Neuedu

東軟教育科技有限公司

Neusoft Education Technology Co. Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 9616)

CONNECTED TRANSACTION ENTERING INTO THE ENTRUSTMENT CONSULTING MANAGEMENT AGREEMENT

ENTERING INTO THE ENTRUSTMENT CONSULTING MANAGEMENT AGREEMENT

Reference is made to the announcement of the Company dated 8 March 2022 in respect of, inter alia, each of Dalian University, Chengdu University and Guangdong University (each a Consolidated Affiliated Entity of the Company) entrusted Neusoft Holdings to carry out the construction management service under the Former Special Entrustment Service Management Agreements.

The Board announces that on 29 November 2022 (after trading hours), Chengdu University (a Consolidated Affiliated Entity of the Company), entered into the Entrustment Consulting Management Agreement with Neusoft Holdings, pursuant to which, Neusoft Holdings will be entrusted by Chengdu University to carry out the project construction consulting management as agreed thereunder.

LISTING RULES IMPLICATIONS

Neusoft Holdings is the controlling shareholder of the Company. Accordingly, Neusoft Holdings is a connected person of the Company under Chapter 14A of the Listing Rules and the transaction contemplated under the Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the transaction contemplated under the Entrustment Consulting Management Agreement on a standalone basis and after aggregation with the transactions under the Former Special Entrustment Service Management Agreements both exceed 0.1% but are less than 5%, the transaction contemplated under the Entrustment Consulting Management Agreement is only subject to the reporting and announcement requirements, but exempted from the circular and shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

BACKGROUND

Reference is made to the announcement of the Company dated 8 March 2022 in respect of, inter alia, each of Dalian University, Chengdu University and Guangdong University (each a Consolidated Affiliated Entity of the Company) entrusted Neusoft Holdings to carry out the construction management service under the Former Special Entrustment Service Management Agreements.

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The main terms of the Agreement are as follows:

- Date** : 29 November 2022 (after the trading hours)
- Parties** : (i) Chengdu University (as the entrusting party)
(ii) Neusoft Holdings (as the entrusted party)
- Entrusted service projects** : The construction project of Comprehensive Teaching Building in Chengdu Neusoft University Phase IIIV (located in No. 1 Neusoft Avenue, Qingcheng Mountain Town, Dujiangyan, Chengdu, Sichuan Province), with gross floor area of 53,021.94 sq. m.

Entrusted service scope : Chengdu University entrusts Neusoft Holdings to carry out the consulting management work throughout the whole process of the construction as stipulated in the contract, the scope of which covers all services from the whole process management and cost consulting, design consulting, application for construction, BIM technical management to overall management, specifically including:

- i. the whole process management and cost consulting: mainly refers to the estimation, budget, settlement and final account review management, progress payment, alteration reporting and claim of the relevant projects which may affect the overall investment control. Such projects mainly includes the general contracting project, interior decoration engineering, landscape and greening engineering, air defense engineering, exterior decoration engineering, weak current engineering, fire engineering, ventilation and air conditioning engineering, elevators and others; the bidding management in relation to the overall bidding work; the quality management, the progress management, on-site security risk management, contract management, construction organization information management, parallel completion acceptance, record, rectification and project handover of the construction;
- ii. design consulting: mainly refers to interior decoration design, landscape design and electromechanical supporting design for multi-functional teaching buildings 1#, 2#, 3#, 4# and the basements;
- iii. application for construction: mainly refers to all necessary procedure for the construction of multi-functional teaching buildings 1#, 2#, 3#, 4# and the basements throughout the whole process under entrustment, including but not limited to land use approval, site selection report, planning permits, construction permits and the coordination with the departments of land, planning, construction, housing, fire protection, municipal, landscape, environmental protection, air defense, lightning protection, water supply, electricity supply, and gas supply, as well as the completion of the required documents for relevant procedures;

- iv. BIM technical management: mainly refers to the set up and application of BIM model for multi-functional teaching buildings 1#, 2#, 3#, 4# and the basements; and
- v. overall management: mainly refers to the overall management of other parties in relation to survey, design, and supervision who participate in the consulting and management service of the Project, so as to meet the integrated services needs of the entrusting party and to enhance the synergy of the construction process.

Term : from 29 November 2022 up to the date of delivering all entrusted service and completing settlement, no later than 28 November 2025

- Pricing standard** :
- i. the whole process management and cost consulting: charging based on the Total Construction Cost * 2.995%;
 - ii. design consulting: charging based on the design area * RMB3/m²;
 - iii. application for construction: charging based on the design area * RMB2/m²;
 - iv. BIM technical management: charging based on the design area * RMB12/m²;
 - v. overall management design phase: charging based on the overall fees for services from item i to item iv * 8%.

The total service fee is the aggregation of the services fee from item i to item v above. In determining the entrusted service management fee under the Entrustment Consulting Management Agreement, the Company shall calculate based on the actual floor area of the Project, the Total Construction Cost, service items and respective market prices according to the predetermined formula, with reference to the price fixed by the state or fees no less favourable than the fees provided by independent third party.

Service fee cap : Total service fee cap under the Agreement is RMB10.85 million (tax-inclusive).

- Terms of payment** :
- i. Pay 30% of the cap amount of total service fee within 30 days of the execution of the Agreement;

- ii. Pay until the total amount paid reaches 50% of the cap amount of total service fee within 30 days after the tender for all of the entrustment service engineering has been finalized;
- iii. Pay until the total amount paid reaches 70% of the cap amount of total service fee within 30 days after the entrustment service engineering of the dormitories has been completed and inspected for acceptance;
- iv. Pay until the total amount paid reaches 85% of the cap amount of total service fee within 30 days after all of the entrustment service engineering has been completed and inspected for acceptance; and
- v. Pay until the total amount paid reaches 100% of final total service fee within 30 days after the settlement of all of the entrustment service engineering has been completed.

Termination

- i. If the Project has been suspended or terminated due to the failure on the part of the entrusting party, the entrusted party shall inform, in writing, the entrusting party of the same and the potential effect in a timely manner, and the entrusted party shall take the corresponding measures. If the entrusting party has not taken the corresponding measures, the entrusted party may either suspend to implement all or part of the Project or terminate the Agreement, and the resulting loss and the fees incurred for the completed service shall be assumed by the entrusting party.
- ii. If the Project has been suspended or terminated on the part of the entrusted party's failure, the entrusted party shall inform, in writing, the entrusting party of the same and the potential effect in a timely manner and take the corresponding measures. If the entrusted party is still unable to resume the entrusted project to normal after 30 days of suspension or termination of the entrusted project, the entrusting party may either suspend all or part of the Project or terminate the Agreement, and the entrusted party shall assume the corresponding loss as a result thereof. After the contents and service compensation and payment for the completed service have been mutually negotiated and agreed, the service fee received by the entrusted party shall be returned or covered in the circumstances.

- iii. The total amount of the liquidated damages, compensations and losses that shall be assumed by the entrusted party for the entrusting party under the Agreement shall not exceed the amount of the service management fee actually received by the entrusted party under the Agreement for whatever reason.
- iv. The Agreement may be early terminated upon mutual negotiation by both parties.
- v. If either party failed to perform its obligations under the Agreement according to the agreed conditions due to the occurrence of earthquake, typhoon, flood, fire, thunder and other unforeseeable events, and the occurrence thereof and their consequences cannot be prevented or avoided, or as a result of explosion, wars, riots, strikes and changes in laws and regulations or other social disasters or force majeure, the party so affected shall inform the other party of the same using the possibly fast method, and both parties shall negotiate to terminate the Agreement or partially waive the obligations under the Agreement, defer or change the performance of the Agreement based on the effect of the events on the Agreement. The affected party or either party shall provide the other party with the news report and a notarized document issued by a notary agency or a proof document issued by the relevant competent governmental authority, etc. in this regard with 15 days after the effect of that event has been eliminated, and the breach responsibility shall be waived accordingly.

GENERAL INFORMATION

INFORMATION ON THE GROUP

The Group is principally engaged in the provision of private IT higher education service, IT training services and education technology services in the PRC.

INFORMATION ON CHENGDU UNIVERSITY

Located in Chengdu, Sichuan Province and established in 2003, Chengdu Neusoft University is one of the colleges and universities operated by the Group, and is mainly engaged in the provision of full-time formal higher-education services in the PRC.

INFORMATION ON NEUSOFT HOLDINGS

Dalian Neusoft Holdings Co., Ltd., a company incorporated under PRC Laws on 15 November 2011, a controlling shareholder of the Company. Neusoft Holdings is an investment holding company which is mainly engaged in investments and operations in four industries: education, IT services, medical devices and medical services. As at the date of this announcement, Dr. LIU Jiren, a Director and a controlling shareholder of the Company, indirectly controls Dalian Kang Ruidao Management Consulting Centre (Limited Partnership) (大連康睿道管理諮詢中心(有限合夥)) and Dalian Neusoft Siwei Technology Development Co., Ltd. (大連東軟思維科技發展有限公司), which collectively hold approximately 40.47% interest in Neusoft Holdings, and is therefore the single largest ultimate controlling shareholder of Neusoft Holdings. Save as disclosed above, no other shareholder of Neusoft Holdings holds 30% or more of the interest in of Neusoft Holdings.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT

Neusoft Holdings was historically responsible for a number of construction projects with extensive experience in the related area and Chengdu University has also entrusted Neusoft Holdings on the special entrustment service management. By entrusting Neusoft Holdings to carry out the entrustment consulting management of the basic construction projects, Chengdu University may, leveraging on the rich experience and expertise of Neusoft Holdings, ensure that the Project will be completed as planned according to the standards as required by Chengdu University, and maintain the high quality of the construction projects of Chengdu University. Based on the above, the Directors are of the view that entering into the Agreement is beneficial to the Group's business development and is thus in the interest of the Group.

The Directors (including the independent non-executive Directors) are of the view that the transactions under the Agreement, will be conducted on normal commercial terms, and the terms and conditions therein, while not being conducted in the Company's ordinary and usual course of business, are fair and reasonable, and are in the best interests of the Company and its shareholders as a whole.

Since Dr. LIU Jiren, Dr. WEN Tao, Mr. RONG Xinjie and Mr. SUN Yinhan, each being a Director of the Company, also hold office in Neusoft Holdings, they are deemed to have material interests in the connected transactions contemplated under the Agreement and have abstained from voting on the relevant Board resolutions. Save as mentioned above, none of the other Directors has a material interest in such transactions and is required to abstain from voting on the relevant Board resolutions.

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DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“%”	per cent
“Agreement” or “Entrustment Consulting Management Agreement”	the entrustment consulting management agreement on basic construction project dated 29 November 2022 entered into between Chengdu University and Neusoft Holdings in relation to the Project
“BIM”	Building Information Modeling
“Board”	the board of Directors
“Chengdu University”	Chengdu Neusoft University (成都東軟學院), established in 2003, and one of the higher education schools operated by the Group, a Consolidated Affiliated Entity of the Company
“Company”	Neusoft Education Technology Co. Limited (東軟教育科技有限公司), an exempted company with limited liability incorporated under the laws of the Cayman Islands on 20 August 2018

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Consolidated Affiliated Entity”	entities controlled by the Company through the Contractual Arrangements entered into by the Group and deemed as subsidiaries of the Company
“Dalian University”	Dalian Neusoft University of Information (大連東軟信息學院), established in 2004, and one of the higher education schools operated by the Group
“Director(s)”	the director(s) of the Company
“Former Special Entrustment Service Management Agreements”	collectively, the special entrustment service management agreements on basic construction projects dated 8 March 2022 entered into between each of Dalian University, Chengdu University and Guangdong University, on one hand, and Neusoft Holdings on the other hand, in relation to entrustment service management of construction projects
“Group”	the Company and its subsidiaries
“Guangdong University”	Neusoft Institute, Guangdong (廣東東軟學院), established in 2003, and one of the higher education schools operated by the Group
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Neusoft Holdings”	Dalian Neusoft Holdings Co., Ltd. (大連東軟控股有限公司), a company incorporated under PRC Laws on 15 November 2011, a controlling shareholder of the Company
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)

“Project”	the construction project of Comprehensive Teaching Building in Chengdu Neusoft University Phase IIIV (located in No. 1 Neusoft Avenue, Qingcheng Mountain Town, Dujiangyan, Chengdu, Sichuan Province), with gross floor area of 53,021.94 sq. m.
“RMB”	Renminbi, the lawful currency of PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“sq. m.” or “m ² ”	Square metre
“Total Construction Cost”	the actual total construction cost of the Project, which is estimated to be approximately RMB3.1 billion

By order of the Board
NEUSOFT EDUCATION TECHNOLOGY CO. LIMITED
Dr. LIU Jiren
Chairperson and non-executive Director

Hong Kong, 29 November 2022

As at the date of this announcement, the Board comprises Dr. LIU Jiren as Chairperson and non-executive Director; Dr. WEN Tao as executive Director; Mr. RONG Xinjie, Dr. ZHANG Xia, Dr. ZHANG Yinghui and Mr. SUN Yinhuan as non-executive Directors (aside from our Chairperson); and Dr. LIU Shulian, Dr. QU Daokui and Dr. WANG Weiping as independent non-executive Directors.