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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)

CONTINUING CONNECTED TRANSACTIONS ENTERING INTO THE PROPERTY LEASING AGREEMENT AND THE SERVICE AGREEMENT

ENTERING INTO THE PROPERTY LEASING AGREEMENT AND THE SERVICE AGREEMENT

The Board announces that on 24 September 2021 (after trading hours), Neusoft Industry Management, a wholly-owned subsidiary of the Company, entered into the Property Leasing Agreement with Dalian Ruikang Hospital, pursuant to which Neusoft Industry Management agreed to lease the Property to Dalian Ruikang Hospital, from 16 October 2021 to 15 October 2024. On the same date, Neusoft Industry Management also entered into the Service Agreement with Dalian Ruikang Hospital, pursuant to which Neusoft Industry Management agreed to provide property management services to Dalian Ruikang Hospital in relation to the Property, from 16 October 2021 to 15 October 2024.

LISTING RULES IMPLICATIONS

Dalian Ruikang Hospital is an indirect wholly-owned subsidiary of Neusoft Holdings, which is a controlling shareholder of the Company. Accordingly, Dalian Ruikang Hospital is a connected person of the Company under Chapter 14A of the Listing Rules, and the continuing connected transactions contemplated under the Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

For the purpose of calculation of the size of transactions in accordance with the relevant requirements of the Listing Rules, the Company has aggregated the continuing connected transactions contemplated under the Agreements and the Property Leasing and Management Transaction under the Existing Neusoft Holdings Framework Agreement. As the highest applicable percentage ratio calculated after the aggregation exceeds 0.1% but is less than 5%, the transactions contemplated under the Agreements are only subject to the reporting and announcement requirements, but exempted from the circular and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

BACKGROUND

Reference is made to the Prospectus of the Company in relation to, among others, the Property Leasing and Management Transaction under the Existing Neusoft Holdings Framework Agreement.

The Board announces that on 24 September 2021 (after trading hours), Neusoft Industry Management, a wholly-owned subsidiary of the Company, entered into the Property Leasing Agreement with Dalian Ruikang Hospital, pursuant to which Neusoft Industry Management agreed to lease the Property to Dalian Ruikang Hospital, from 16 October 2021 to 15 October 2024. On the same date, Neusoft Industry Management also entered into the Service Agreement with Dalian Ruikang Hospital, pursuant to which Neusoft Industry Management agreed to provide property management services to Dalian Ruikang Hospital in relation to the lease of the Property, from 16 October 2021 to 15 October 2024.

PROPERTY LEASING AGREEMENT

The principal terms of the Property Leasing Agreement are set out as follows:

Date	:	24 September 2021
Parties	:	(i) Neusoft Industry Management (as lessor) (ii) Dalian Ruikang Hospital (as lessee)
Leased Property	:	The real estate located at Dalian Neusoft Education Health Technology Training Base Phase I (No. 50, North Section of Digital Road, Dalian High-tech Industrial Park), with gross floor area of 23,578.8 sq.m.
Term	:	16 October 2021 to 15 October 2024

Usage : The establishment and operation of a specialized hospital.

Upon completion of the establishment of the specialized hospital, the rights and obligations of Dalian Ruikang Hospital under the Property Leasing Agreement will be succeeded by the specialized hospital.

Rental and aggregate value of consideration payable, and payment term : The rental payable under the Property Leasing Agreement and the payment term for the relevant rental period is set out below:

	Rental period	Rental payment (RMB)	Payment term
1.	16 October 2021 to 31 December 2021	3,173,559.13	Before 31 December 2021
2.	1 January 2022 to 30 June 2022	7,616,541.90	Before 30 June 2022
3.	1 July 2022 to 31 December 2022	8,674,394.93	Before 31 December 2022
4.	1 January 2023 to 30 June 2023	10,155,389.16	Before 30 June 2023
5.	1 July 2023 to 31 December 2023	10,155,389.16	Before 31 December 2023
6.	1 January 2024 to 30 June 2024	10,155,389.16	Before 30 June 2024
7.	1 July 2024 to 15 October 2024	5,923,977.01	Before 15 October 2024
		<hr/>	
	Total	<u>55,854,640.45</u>	—

The rental under the Property Leasing Agreement is determined after arm's length negotiations between Neusoft Industry Management and Dalian Ruikang Hospital, after taking into consideration the prevailing market rental of comparable premises in the vicinity of the Leased Property.

Security Deposit : RMB1,692,564.86 as security deposit, which shall be paid by Dalian Ruikang Hospital within ten days after entering into the Property Leasing Agreement.

Termination : Dalian Ruikang Hospital has no right of early termination. If Neusoft Industry Management wants to terminate the Property Leasing Agreement, it shall notify Dalian Ruikang Hospital in writing 6 months in advance and shall be liable for breach of contract if it fails to give the notification within the agreed time limit.

In the event of breach of contract by Dalian Ruikang Hospital, Neusoft Industry Management has the right to terminate the Property Leasing Agreement immediately, and Dalian Ruikang Hospital shall be liable for breach of contract.

In the event of early termination due to force majeure, no party shall be liable for breach of contract, and Neusoft Industry Management shall refund the remaining part of the rental prepaid by Dalian Ruikang Hospital.

SERVICE AGREEMENT

The principal terms of the Service Agreement are set out as follows:

Date : 24 September 2021

Parties : (i) Neusoft Industry Management
(ii) Dalian Ruikang Hospital

Term : 16 October 2021 to 15 October 2024

Served property : The real estate located at Dalian Neusoft Education Health Technology Training Base Phase I (No. 50, North Section of Digital Road, Dalian High-tech Industrial Park), with gross floor area of 23,578.8 sq.m. and the Training Base.

Scope of service : The property management services to be provided by Neusoft Industry Management include order maintenance, safety guard, environmental cleaning, garbage removal and facility operation and maintenance of the public area of the Training Base where the Property located (excluding the Property).

Property management service fees : Shared expenses: RMB107,578.28 per month for 16 October 2021 to 15 October 2022, and RMB143,437.70 per month for 16 October 2022 to 15 October 2024

Electricity fee: RMB0.63/kWh

Water fee: RMB3.83/ton

Heating fee: RMB31/sq.m/year

Other miscellaneous fees: to be charged based on the actual usage

The property management service fees under the Service Agreement are determined after arm's length negotiations between Neusoft Industry Management and Dalian Ruikang Hospital, after taking into consideration the public utility expenses charged by relevant independent third parties, the operation and maintenance cost of the public facilities and the floor area proportion of the Property in the Training Base.

Payment terms : The shared expenses, electricity fee and water fee shall be paid on a monthly basis before the 25th day of each month for the relevant expenses incurred in the previous month. The heating fee shall be paid on a yearly basis before 25 October of each year.

Termination : The Service Agreement will terminate upon termination of the Property Leasing Agreement.

PROPOSED ANNUAL CAPS

The proposed aggregated annual caps for the transactions under the Property Leasing Agreement and the Service Agreement are set out as follows:

	During the period from 16 October 2021 to 31 December 2021	For the year ending 31 December 2022	For the year ending 31 December 2023	During the period from 1 January 2024 to 15 October 2024
Rental and property management service fee	<u>RMB5,500,000</u>	<u>RMB27,000,000</u>	<u>RMB30,000,000</u>	<u>RMB23,500,000</u>

The annual caps above are determined by the Directors with reference to: (i) the gross floor area of the Leased Property; (ii) the rental payable in accordance with the pricing standard under the Property Leasing Agreement; and (iii) the total estimated property management service fees payable in accordance with the pricing standard under the Service Agreement.

As disclosed in the Prospectus, on 11 September 2020, the Company (for itself and on behalf of the other members of the Group) and Neusoft Holdings (for itself and on behalf of the other members of Neusoft Holdings Group) entered into the Neusoft Holdings Framework Agreement, pursuant to which, among others, the Group will lease out certain buildings (including land and facilities) and offer property management services to members of Neusoft Holdings Group, for a term from 29 September 2020 to 31 December 2022 (both dates inclusive). In 2020, the actual revenue from the Property Leasing and Management Transaction under the Neusoft Holdings Framework Agreement was approximately RMB0.3 million.

Since the continuing connected transactions contemplated under the Agreements and the Property Leasing and Management Transaction under the Existing Neusoft Holdings Framework Agreement are similar in nature and Dalian Ruikang Hospital is an indirect wholly-owned subsidiary of Neusoft Holdings, such transactions should be aggregated pursuant to Rule 14A.81 of the Listing Rules. The aggregate annual caps for the continuing connected transactions contemplated under the Agreements and the Property Leasing and Management Transaction under the Existing Neusoft Holdings Framework Agreement are set out as follows:

	During the period from 16 October 2021 to 31 December 2021	For the year ending 31 December 2022	For the year ending 31 December 2023	During the period from 1 January 2024 to 15 October 2024
Agreements	RMB5,500,000	RMB27,000,000	RMB30,000,000	RMB23,500,000
Property Leasing and Management Transaction under the Existing Neusoft Holdings Framework Agreement	RMB1,200,000	RMB2,400,000	N/A	N/A
Total	<u>RMB6,700,000</u>	<u>RMB29,400,000</u>	<u>RMB30,000,000</u>	<u>RMB23,500,000</u>

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 Neusoft Industry Management

Neusoft Industry Management, a company incorporated under PRC Laws on 14 August 2018 and an indirect wholly-owned subsidiary of the Company, is principally engaged in logistics services, property management, entrepreneurial space services, professional parking services, real estate leasing operations and real estate consulting services.

Information on Neusoft Holdings

Neusoft Holdings, a company incorporated under PRC Laws on 15 November 2011 and a controlling shareholder of the Company, is an investment holding company. Neusoft Holdings invests and has operations in four primary industries: education, IT services, medical devices, and healthcare services. The ultimate controlling shareholder of Neusoft Holdings is Dr. LIU Jiren, who is a Director and a controlling shareholder of the Company.

Information on Dalian Ruikang Hospital

Dalian Ruikang Hospital, a company incorporated under the PRC laws on 4 February 2021 and an indirect wholly-owned subsidiary of Neusoft Holdings, is principally engaged in medical services, medical device sales, medical equipment leasing and hospital management.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENTS

The Group plans to develop the Training Base into a science-technology park to our universities focusing on healthcare technology in which our universities have established majors. Under the Property Leasing Agreement, the Property will be used for the operation of a specialized hospital, which will create a convenient environment for teachers' research and students' practice and internship and promote the co-construction and sharing of educational resources for our majors in healthcare technology. In addition, the entering into of the Agreements will allow the Group to utilise its ancillary properties to create an additional source of income and thus will increase its revenue and enhance its profitability. Based on the above, the Directors are of the view that entering into the Agreements 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 Agreements will be conducted on normal commercial terms, and the terms and conditions therein as well as the annual caps for the continuing connected transactions contemplated thereunder 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 Yinhuan, each being a Director of the Company, also hold office in Neusoft Holdings, they are deemed to have material interests in the continuing connected transactions contemplated under the Agreements 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.

LISTING RULES IMPLICATIONS

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DEFINITIONS

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

“Agreements”	the Property Leasing Agreement and the Service Agreement
“Board”	the board of Directors
“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
“Dalian Ruikang Hospital”	Dalian Ruikang Cardiovascular Hospital Management Co., Ltd.* (大連睿康心血管醫院管理有限公司), a company incorporated under the PRC laws on 4 February 2021 and an indirect wholly-owned subsidiary of Neusoft Holdings
“Director(s)”	the director(s) of the Company
“Existing Neusoft Holdings Framework Agreement”	framework agreement dated 11 September 2020 entered into between the Company and Neusoft Holdings, details of which are described in “Connected transactions — Neusoft Holdings Framework Agreement” in the Prospectus
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Leased Property” or “Property”	the real estate located at Dalian Neusoft Education Health Technology Training Base Phase I (No. 50, North Section of Digital Road, Dalian High-tech Industrial Park), with gross floor area of 23,578.8 sq.m.
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“Neusoft Holdings Group”	Neusoft Holdings and its subsidiaries (excluding the Group)
“Neusoft Industry Management”	Dalian Neusoft Industry Management Services Co., Ltd. (大連東軟產業管理服務有限公司), a company incorporated under PRC Laws on 14 August 2018 and an indirect wholly-owned subsidiary 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)

“Property Leasing Agreement”	the property leasing agreement dated 24 September 2021, entered into between Neusoft Industry Management and Dalian Ruikang Hospital in relation to the lease of the Property
“Property Leasing and Management Transaction”	the property leasing and management transaction under the Existing Neusoft Holdings Framework Agreement, pursuant to which, the Group will lease out certain buildings (including land and facilities) and offer property management services to Neusoft Holdings Group, details of which are described in “Connected transactions — Neusoft Holdings Framework Agreement” in the Prospectus
“Prospectus”	the prospectus of the Company dated 17 September 2020
“RMB”	Renminbi, the lawful currency of PRC
“Service Agreement”	the service agreement dated 24 September 2021, entered into between Neusoft Industry Management and Dalian Ruikang Hospital in relation to the provision of property management services
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Training Base”	Dalian Neusoft Education Health Technology Training Base Phase I located at North Section of Digital Road, Dalian High-tech Industrial Park, with gross land area of 62,190.7 sq.m.
“%”	per cent.

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

Hong Kong, 24 September 2021

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. YANG Li, 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.

* *For identification purposes only*