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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
EXERCISE OF THE PUT OPTION BY TIANJIN RUIYI

EXERCISE OF THE PUT OPTION BY TIANJIN RUIYI

As disclosed in the Prospectus, on 19 May 2020, Neusoft Education Technology (formerly known as Dalian Neusoft Education Technology Group Co., Ltd), a subsidiary of the Company, entered into a Share Option Agreement with Tianjin Ruiyi, pursuant to which, within three years from the Listing Date, Tianjin Ruiyi has the option to sell to Neusoft Education Technology, and Neusoft Education Technology has the option to acquire from Tianjin Ruiyi, 9.09% equity interest in the Target Company for a consideration of approximately RMB36.3 million. In addition, pursuant to the Share Option Agreement, Tianjin Ruiyi has waived the dividend distribution right on the Target Equity within three years from the Listing Date or from the Listing Date to the Closing Date, whichever is earlier. Therefore, 100% of the net profit of the Target Company has been attributable to the Group since the Listing Date.

The Board hereby announces that, on 15 June 2023, the Company was notified by Tianjin Ruiyi that Tianjin Ruiyi exercised the Put Option to sell its 9.09% equity interest in the Target Company to Neusoft Education Technology.

On 29 August 2023 (after the trading hours), Neusoft Education Technology entered into an Equity Transfer Agreement with Tianjin Ruiyi, pursuant to which Neusoft Education Technology will acquire 9.09% equity interest in the Target Company from Tianjin Ruiyi for a consideration of approximately RMB36.3 million. Upon completion of the Acquisition, the Target Company will become an indirect wholly-owned subsidiary of the Company.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Target Company is a significant subsidiary of the Company, where Mr. LI Yingao holds the positions as a director and general manager. Therefore, Mr. LI Yingao is a connected person at the subsidiary level of the Company under Chapter 14A of the Listing Rules. Meanwhile, as at the date of this announcement, Tianjin Ruige is owned as to 84% by Mr. LI Yingao, and Tianjin Ruige is the general partner and the managing partner of Tianjin Ruiyi, therefore, both of Tianjin Ruige and Tianjin Ruiyi are the associates of Mr. LI Yingao and also the connected persons at the subsidiary level of the Company under Chapter 14A of the Listing Rules. Therefore, the transaction under the Agreement constitutes a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

Pursuant to the Chapter 14A of the Listing Rules, as the highest applicable percentage ratio in respect of the transaction under the Agreement exceeds 1% but is less than 5%, the transaction under the Agreement is only subject to the reporting and announcement requirements but exempted from the circular and independent shareholders' approval requirements.

BACKGROUND

As disclosed in the Prospectus, on 19 May 2020, Neusoft Education Technology (formerly known as Dalian Neusoft Education Technology Group Co., Ltd), a subsidiary of the Company, entered into a Share Option Agreement with Tianjin Ruiyi, pursuant to which, within three years from the Listing Date, Tianjin Ruiyi has the option to sell to Neusoft Education Technology, and Neusoft Education Technology has the option to acquire from Tianjin Ruiyi, 9.09% equity interest in the Target Company for a consideration of approximately RMB36.3 million. In addition, pursuant to the Share Option Agreement, Tianjin Ruiyi has waived the dividend distribution right on the Target Equity within three years from the Listing Date or from the Listing Date to the Closing Date, whichever is earlier. Therefore, 100% of the net profit of the Target Company has been attributable to the Group since the Listing Date.

EXERCISE OF THE PUT OPTION TIANJIN RUIYI

The Board hereby announces that, on 15 June 2023, the Company was notified by Tianjin Ruiyi that Tianjin Ruiyi exercised the Put Option to sell its 9.09% equity interest in the Target Company to Neusoft Education Technology.

On 29 August 2023 (after the trading hours), Neusoft Education Technology entered into an Equity Transfer Agreement with Tianjin Ruiyi, pursuant to which Neusoft Education Technology will acquire 9.09% equity interest in the Target Company from Tianjin Ruiyi for a consideration of approximately RMB36.3 million. Upon completion of the Acquisition, the Target Company will become an indirect wholly-owned subsidiary of the Company.

The principal terms of the Equity Transfer Agreement are set out below:

- Date : 29 August 2023 (after the trading hours)
- Parties : (i) Tianjin Ruiyi (as the transferor); and
(ii) Neusoft Education Technology (as the transferee)
- Subject matter : In accordance with and subject to the terms and conditions of the Share Option Agreement and the Equity Transfer Agreement, Neusoft Education Technology has agreed to acquire and Tianjin Ruiyi has agreed to sell 9.09% equity interest in the Target Company.
- Consideration : Approximately RMB36.3 million
- The consideration for the Acquisition is the exercise price of the Put Option as agreed in the Share Option Agreement, which was calculated as the Target Equity interest percentage multiplied by the calculated value of the Target Company as at 31 December 2019 (being approximately RMB399.1 million). For details, please refer to the Prospectus.
- The consideration for the Acquisition will be funded by the Group's internal resources.
- Closing : Tianjin Ruiyi shall transfer the Target Equity to Neusoft Education Technology within 20 days after the entering into of the Equity Transfer Agreement, and complete the shareholders' approval procedures for the transfer of the Target Equity and the registration procedures at the administration authority for market regulation.
- Payment : Neusoft Education Technology shall pay the consideration in full within 10 days after the completion of the transfer of the Target Equity.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT

Entering into the Agreement is the normal performance of the Share Option Agreement, which will provide more flexibility to the Group's business strategy at the same time, and enable the Group to obtain sustainable economic benefits through the Target Company. Based on the above, the Directors are of the view that entering into the Agreement is beneficial to the business development and economic benefits of the Group and is thus in the interests of the Group as a whole.

The Directors (including all independent non-executive Directors) are of the view that although the transaction under the Agreement is not conducted in the ordinary and usual course of business of the Company, the terms of the Agreement are on normal or better commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the Directors has a material interest in the transaction under the Agreement and is required to abstain from voting on the relevant Board resolution.

GENERAL INFORMATION

Information on the Target Company

The Target Company is a company incorporated under the PRC laws on 22 March 2012. As at the date of this announcement, the Target Company is owned as to 90.91% by Neusoft Education Technology and 9.09% by Tianjin Ruiyi. As at the date of this announcement, the Target Company is a subsidiary of the Company and one of the principal platforms of the Group to conduct the business of education resource provision and continuing education services.

Based on the financial statements of the Target Company prepared under the PRC Accounting Standards, the audited net profits (both before and after taxation) of the Target Company for the years ended 31 December 2021 and 31 December 2022 are set out as follows:

	For the year ended 31 December	
	2021	2022
	(Audited)	(Audited)
	<i>RMB'000</i>	<i>RMB'000</i>
Net profit before taxation	16,907.68	22,186.56
Net profit after taxation	12,488.14	16,807.24

The unaudited consolidated net assets of the Target Company as at 30 June 2023 were approximately RMB175.5 million.

The original cost of the Target Equity to Tianjin Ruiyi was approximately RMB14.4 million.

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 Education Technology

Neusoft Education Technology, a company incorporated under PRC laws on 3 August 2018, is a wholly-owned subsidiary of the Company and the principal investment platform of the Group in the PRC. It is principally engaged in education services business of teaching consulting services, business training, software development, software sales and others. As at the date of this announcement, Neusoft Education Technology holds 90.91% equity interest in the Target Company.

Information on Tianjin Ruiyi

Tianjin Ruiyi, a limited partnership incorporated under PRC laws on 12 January 2018, is principally engaged in enterprise management consulting business. The general partner and managing partner of Tianjin Ruiyi is Tianjin Ruige (holding 0.01% interest*) and the limited partners of Tianjin Ruiyi are Tianjin Ruifeng (holding 76.89% interest*) and Tianjin Ruishuo (holding 23.10% interest*). As at the date of this announcement, Tianjin Ruiyi holds 9.09% equity interest in the Target Company.

Information on Tianjin Ruige

Tianjin Ruige, a company incorporated under PRC laws on 16 August 2017, is principally engaged in enterprise management consulting business. As at the date of this announcement, Tianjin Ruige is owned as to 84% by Mr. LI Yingao and 16% by Ms. DENG Haibo, being an Independent Third Party.

Information on Tianjin Ruifeng

Tianjin Ruifeng, a limited partnership incorporated under PRC laws on 28 November 2017, is principally engaged in enterprise management consulting business. The general partner and managing partner of Tianjin Ruifeng is Tianjin Ruige (holding 0.01% interest*), and each of the limited partners, except for Mr. LI Yingao, is an Independent Third Party. The details of its limited partners (with their respective interest*) are set out as follows: LI Yingao (20.80%), DENG Haibo (9.10%), LI Bing (5.20%), XIE Shangfei (5.20%), TAN Shuai (3.90%), SUN Lining (3.90%), LIU Jixian (3.90%), YANG Yiwen (3.90%), ZHAO Tao (3.51%), AN Junlong (2.60%), LIU Tongjun (2.34%), WANG Yue (1.95%), GAO Tieshan (1.95%), LIU Ning (1.95%), LUO Liang (1.95%), SU Yunfeng (1.95%), CONG Nan (1.95%), WANG Xu (1.95%), YANG Nan (1.30%), ZHAO Long (1.30%), LE Jie (1.30%), ZHANG Xin (1.30%), WU Bingqing (1.30%), HU Ziming (1.30%), TAN Fuchao (1.30%), LIU Zhitao (1.30%), LIU Zhihao (1.30%), CHAI Yongchun (1.30%), LI Liang (1.30%), SUN Cixing (1.30%), CHEN Yali (1.30%), REN Zhilong (1.30%), XIAO Yadong (1.30%), GUO Zheng (0.91%), SHI Lei (0.91%) and HAO Chenyang (0.65%).

* The respective percentage of interest of partners of Tianjin Ruifeng may not add up to 100.00% due to rounding.

Information on Tianjin Ruishuo

Tianjin Ruishuo, a limited partnership incorporated under PRC laws on 28 November 2017, is principally engaged in enterprise management consulting business. The general partner and managing partner of Tianjin Ruishuo is Tianjin Ruige (holding 0.04% interest*), and each of the limited partners is an Independent Third Party. The details of its limited partners (with their respective interest*) are set out as follows: CHEN Pingping (18.18%), MA Yongmei (17.31%), ZHAO Jing (3.03%), FAN Yaya (3.03%), DING Haitao (3.03%), FAN Jiawei (3.03%), WANG Qiuye (3.03%), LIU Xudong (3.03%), JIANG Tianhang (3.03%), FAN Jialin (3.03%), LI Jinsong (1.30%), LU Xiaoli (1.30%), ZHANG Chunjie (1.30%), XU Bing (1.30%), DONG Sai (1.30%), LEI Xiaoyu (1.30%), FEI Yuanyuan (1.30%), ZHANG Runhong (1.30%), HE Ning (1.30%), ZHONG Haobo (1.30%), RONG Jingsong (1.30%), LI Xia (1.30%), CHEN Yanhui (1.30%), YANG Chenchen (1.30%), LI Shengnan (1.30%), CHEN Liping (1.30%), XIU Chunyong (1.30%), CAI Xiaoqiu (1.30%), DUAN Nan (1.30%), WANG Xu (1.30%), HE Zhenni (1.30%), DONG Tingting (1.30%), CHEN Xi (1.30%), WAN li (1.30%), SUN Xin (1.30%), LIU Siyuan (1.30%), LIU Shaoshuai (1.30%), WANG Tao (1.30%), ZHANG Jingfang (1.30%), GUO Shuai (1.30%) and JIA Yuanzheng (1.30%).

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Target Company is a significant subsidiary of the Company, where Mr. LI Yingao holds the positions as a director and general manager. Therefore, Mr. LI Yingao is a connected person at the subsidiary level of the Company under Chapter 14A of the Listing Rules. Meanwhile, as at the date of this announcement, Tianjin Ruige is owned as to 84% by Mr. LI Yingao, and Tianjin Ruige is the general partner and the managing manager of Tianjin Ruiyi, therefore, both of Tianjin Ruige and Tianjin Ruiyi are the associates of Mr. LI Yingao and also the connected persons at the subsidiary level of the Company under Chapter 14A of the Listing Rules. Therefore, the transaction under the Agreement constitutes a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

Pursuant to the Chapter 14A of the Listing Rules, as the highest applicable percentage ratio in respect of the transaction under the Agreement exceeds 1% but is less than 5%, the transaction under the Agreement is only subject to the reporting and announcement requirements but exempted from the circular and independent shareholders' approval requirements.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“%” per cent

“Acquisition” the acquisition of the Target Equity by Neusoft Education Technology from Tianjin Ruiyi pursuant to the Equity Transfer Agreement

* The respective percentage of interest of partners of Tianjin Ruishuo may not add up to 100.00% due to rounding.

“Agreement” or “Equity Transfer Agreement”	the equity transfer agreement entered into between Neusoft Education Technology and Tianjin Ruiyi in relation to the Target Equity pursuant to the Share Option Agreement on 29 August 2023
“Board”	the board of Directors of the Company
“Closing Date”	the date when the Target Equity is transferred to Neusoft Education Technology by Tianjin Ruiyi as a result of exercise of the Put Option or the call option under the Share Option Agreement
“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
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	a third party independent of the Company and its connected persons
“Listing Date”	29 September 2020, the date on which listing and dealings in the Shares of the Company are permitted to take place on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Neusoft Education Technology”	Neusoft Education Technology Group Co., Ltd. (東軟教育科技集團有限公司, formerly known as Dalian Neusoft Education Technology Group Co., Ltd), a company incorporated under PRC laws on 3 August 2018 and a wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China, and for the purposes of this announcement only, except where the context requires otherwise, excluding Hong Kong, the Macao Special Administrative Region and Taiwan province of the People’s Republic of China
“Prospectus”	the prospectus of the Company dated 17 September 2020
“Put Option”	an option that Tianjin Ruiyi has the right to sell its 9.09% equity interest in the Target Company to Neusoft Education Technology pursuant to the Share Option Agreement

“RMB”	Renminbi, the lawful currency of PRC
“Share Option Agreement”	the agreement entered into between Neusoft Education Technology and Tianjin Ruiyi in relation to the Put Option and Call Option on the 9.09% equity interest in the Target Company on 19 May 2020
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Target Company” or “Tianjin Ruidao”	Tianjin Neusoft Ruidao Education Information Technology Co., Ltd. (天津東軟睿道教育科技信息技術有限公司), a company incorporated under PRC laws on 22 March 2012 and a non-wholly-owned subsidiary of Neusoft Education Technology
“Target Equity”	9.09% equity interest in the Target Company
“Tianjin Ruifeng”	Tianjin Ruifeng Enterprise Management Consulting Center (Limited Partnership) (天津睿烽企業管理諮詢中心(有限合夥)), a limited partnership incorporated under PRC laws on 28 November 2017 and a limited partner of Tianjin Ruiyi
“Tianjin Ruige”	Tianjin Ruige Enterprise Management Consulting Co., Ltd. (天津睿格企業管理諮詢有限公司), a company incorporated under PRC laws on 16 August 2017 and the managing partner of each of Tianjin Ruifeng, Tianjin Ruishuo and Tianjin Ruiyi
“Tianjin Ruishuo”	Tianjin Ruishuo Enterprise Management Consulting Center (Limited Partnership) (天津睿燦企業管理諮詢中心(有限合夥)), a limited partnership incorporated under PRC laws on 28 November 2017 and a limited partner of Tianjin Ruiyi
“Tianjin Ruiyi”	Tianjin Ruiyi Enterprise Management Consulting Center (Limited Partnership) (天津睿熠企業管理諮詢中心(有限合夥)), a limited partnership incorporated under PRC laws on 12 January 2018

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

Hong Kong, 29 August 2023

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.