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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)

MAJOR TRANSACTION

COOPERATION AGREEMENT INVOLVING GRANT OF CALL OPTION

BACKGROUND

On 12 April 2021 (after trading hours), Dalian Education and Fujian Jiantou entered into the Cooperation Agreement, in relation to (i) the development of the School Project and (ii) the grant of the Call Option to Dalian Education.

LISTING RULES IMPLICATIONS

Pursuant to Rule 14.74(1) of the Listing Rules, given the exercise of the Call Option is not at the discretion of Dalian Education, the transaction contemplated under the Cooperation Agreement shall be classified as if the Call Option had been exercised. The Earnest Money shall be regarded as the premium in relation to the grant of Call Option. However, as the highest possible monetary value of the Exercise Price is not known at the time of the grant of the Call Option, the grant of the Call Option will be classified as a major transaction for the Company pursuant to Rule 14.76(1) of the Listing Rules and is therefore subject to the reporting, announcement and shareholders' approval requirement under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, none of the Shareholders has a material interest in the Cooperation Agreement and the grant of Call Option. As such, no Shareholder would be required to abstain from voting if the Company were to convene a general meeting for the approval of the grant of Call Option.

As at the date of this announcement, the Controlling Shareholders of the Company are Dr. Liu and Neusoft Holdings. Dr. Liu and Neusoft Holdings holds approximately 36.50% and 37.42% voting rights at the general meeting of the Company, respectively. Dr. Liu ultimately controls more than 30% of the voting rights at the general meeting of Neusoft Holdings and is the chairman of the board of Neusoft Holdings. In view of the above, Dr. Liu and Neusoft Holdings are considered a closely allied group of Shareholders under Rule 14.45 of the Listing Rules.

As at the date of this announcement, the Controlling Shareholders, which control approximately 73.92% of voting rights at the general meeting of the Company, have given the written approval of the grant of Call Option and such written approval has been accepted in lieu of holding a general meeting for the approval of the transaction pursuant to Rule 14.44 of the Listing Rules. Therefore, no general meeting of the Company for the approval of the transaction will be convened and held.

A circular (for information purposes only) will be despatched to the Shareholders by no later than 30 April 2021 setting out, among others, details of the Cooperation Agreement and other information.

BACKGROUND

In March 2021, Dalian Education (a non-wholly owned subsidiary of the Company) entered into a cooperation agreement with the Putian Government in respect of the School Project. The School Project represents the proposed establishment of a new vocational college (tentatively known as Fujian Neusoft College (福建東軟學院)) in the Putian Meizhouwan Beian Economic Zone (莆田市湄洲灣北岸經濟開發區). The Putian Government has authorized Fujian Jiantou to be responsible for the land acquisition and campus construction of the School Project.

Prior to the establishment of the new vocational college, as part of the cooperation between Dalian Education and the Putian Government, the Putian Government has additionally approved Dalian Education and Meizhouwan College to recruit students under the industrial college for a number of IT-related majors (the “**Relevant IT Majors**”). Under the relevant cooperation agreement between Dalian Education and Meizhouwan College dated 1 March 2021, for the period of 3 years commencing from 2021, (i) Dalian Education is allowed to set up an industrial college (產業學院) under Meizhouwan College and start recruiting students for the Relevant IT Majors; (ii) Dalian Education is responsible for the operation of the industrial college; (iii) Dalian Education is allowed to operate the industrial college at Xianyou campus and utilize all real properties at Xianyou campus for free; and (iv) for students of the industrial college, Meizhouwan College shall pay 85% of the tuition fees, all the boarding fees as well as the relevant government subsidies to Dalian Education.

On 12 April 2021 (after trading hours), Dalian Education and Fujian Jiantou entered into the Cooperation Agreement, in relation to (i) the development of the School Project and (ii) the grant of the Call Option to Dalian Education. The principal terms of the Cooperation Agreement are set out below.

THE COOPERATION AGREEMENT

Date

12 April 2021

Parties

- (a) Dalian Education (a non-wholly owned subsidiary of the Company); and
- (b) Fujian Jiantou, a stated-owned enterprise based in Fujian Province.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Fujian Jiantou and its ultimate beneficial owners is an independent third party of the Company and its connected persons.

Subject Matter

Pursuant to the Cooperation Agreement, (i) Fujian Jiantou shall set up the Project Company and the Project Company shall be responsible for the land acquisition and project construction (including but not limited to campus construction and the procurement of teaching and supporting facilities); (ii) the Project Company, as the sponsor of the new vocational college, shall be responsible for obtaining the school operating licence; and (iii) Fujian Jiantou has agreed to grant to Dalian Education the Call Option, for Dalian Education (or other members of the Group) to acquire the entire equity interest in the Project Company upon completion of the campus construction.

Earnest Money and Payment Terms

Pursuant to the Cooperation Agreement, Dalian Education shall pay to Fujian Jiantou a non-refundable earnest money of RMB200 million (the "**Earnest Money**"). The amount of the Earnest Money was determined after arm's length negotiation between Dalian Education and Fujian Jiantou taking into account the expected investment cost of Fujian Jiantou in respect of the land acquisition and project construction. The Earnest Money is payable by Dalian Education to Fujian Jiantou as follows:

- (a) 25% of the Earnest Money shall be payable within one month after the signing of the Cooperation Agreement;
- (b) 25% of the Earnest Money shall be payable within one month after Fujian Jiantou obtains the construction permit for the School Project;
- (c) 25% of the Earnest Money shall be payable within one month after the main structure of the School Project is capped; and
- (d) 25% of the Earnest Money shall be payable within one month after the completion certificate is issued.

The Earnest Money shall be applied to set off part of the Exercise Price payable by Dalian Education to Fujian Jiantou upon exercise of the Call Option. It is intended that the Earnest Money will be financed by relevant IPO Proceeds and internal resources.

Grant of the Call Option

Pursuant to and subject to the terms and conditions of the Cooperation Agreement, Fujian Jiantou has agreed to grant to Dalian Education the Call Option, exercisable by Dalian Education (or other members of the Group) upon completion of the campus construction, to acquire from Fujian Jiantou the entire equity interest in the Project Company. It is expected that the campus construction may be completed within 2 years upon obtaining the relevant construction permit for the School Project.

The exercise of the Call Option is not at the discretion of Dalian Education. Dalian Education and Fujian Jiantou will jointly appoint a qualified independent valuer to evaluate the 100% equity interest of the Project Company, so as to determine the Exercise Price of the Call Option, after the completion of the campus construction.

Pursuant to the Cooperation Agreement, the Exercise Price is payable by Dalian Education to Fujian Jiantou as follows:

- (i) from the first year to the fourth year after the Valuation Report Date, the Exercise Price shall be set off with the Earnest Money in four equal installments, that is, RMB50 million each year and RMB200 million in total; and
- (ii) the remaining Exercise Price shall be thereafter payable in five equal installments from the fifth year to the ninth year after the Valuation Report Date.

INFORMATION OF THE GROUP

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

Dalian Education is a non-wholly owned subsidiary of the Company, principally engaged in educational software development, educational consulting services and information technology services (including cloud and data services).

INFORMATION OF FUJIAN JIANTOU

Fujian Jiantou is a state-owned enterprise established under the laws of the PRC law and is principally engaged in the business of construction.

INFORMATION OF THE PROJECT COMPANY

As the Project Company was only established on 19 February 2021, no accounts for the Project Company have been prepared. As at the date of this Announcement, the Project Company has not yet commenced operation and therefore the Project Company has no assets and no profit has been recognized since its formation. The accounts of the Project Company will not be consolidated into the financial statements of the Group.

REASONS FOR AND BENEFITS OF ENTERING INTO THE COOPERATION AGREEMENT

The provision of higher education service is the principal business of the Group, in particular, the Relevant IT Majors. Further, taking into account that (i) the land acquisition and campus construction of the School Project are responsible by Fujian Jiantou, (ii) our Group has been authorized to use Xianyou campus to recruit students for the Relevant IT Majors until the new vocational college has been set up, (iii) the Company has been granted the Call Option to acquire the entire equity interest in the Project Company upon completion of the campus construction and the Exercise Price shall be determined in accordance with an independent valuation at that time, and (iv) the Putian Government offers preferential supportive policies, the School Project provides the Group a great development opportunity to expand our tertiary education services to the Fujian Province.

The Directors (including the independent non-executive Directors) consider that the terms of the Cooperation Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole.

As none of the Directors has a material interest in the Cooperation Agreement and the transactions contemplated thereunder, no Director is required to abstain from voting on the Board resolution(s) approving the transaction.

LISTING RULES IMPLICATIONS

Pursuant to Rule 14.74(1) of the Listing Rules, given the exercise of the Call Option is not at the discretion of Dalian Education, the transaction contemplated under the Cooperation Agreement shall be classified as if the Call Option had been exercised. The Earnest Money shall be regarded as the premium in relation to the grant of Call Option. However, as the highest possible monetary value of the Exercise Price is not known at the time of the grant of the Call Option, the grant of the Call Option will be classified as a major transaction for the Company pursuant to Rule 14.76(1) of the Listing Rules and is therefore subject to the reporting, announcement and shareholders' approval requirement under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.44 of the Listing Rules, written shareholders' approval may be accepted in lieu of holding a general meeting if (a) no Shareholder is required to abstain from voting if the Company was to convene a general meeting for the approval of the grant of Call Option; and (b) a written approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the voting rights at a general meeting to approve the grant of Call Option.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, none of the Shareholders has a material interest in the Cooperation Agreement and the grant of Call Option. As such, no Shareholder would be required to abstain from voting if the Company were to convene a general meeting for the approval of the grant of Call Option.

As at the date of this announcement, the Controlling Shareholders of the Company are Dr. Liu and Neusoft Holdings. Dr. Liu and Neusoft Holdings holds approximately 36.50% and 37.42% voting rights at the general meeting of the Company, respectively. Dr. Liu ultimately controls more than 30% of the voting rights at the general meeting of Neusoft Holdings and is the chairman of the board of Neusoft Holdings. In view of the above, Dr. Liu and Neusoft Holdings are considered a closely allied group of Shareholders under Rule 14.45 of the Listing Rules.

As at the date of this announcement, the Controlling Shareholders, which control approximately 73.92% of voting rights at the general meeting of the Company, have given the written approval of the grant of Call Option and such written approval has been accepted in lieu of holding a general meeting for the approval of the transaction pursuant to Rule 14.44 of the Listing Rules. Therefore, no general meeting of the Company for the approval of the transaction will be convened and held.

A circular (for information purposes only) will be despatched to the Shareholders by no later than 30 April 2021 setting out, among others, details of the Cooperation Agreement and other information.

DEFINITIONS

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

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| “Board” | the board of Directors |
| “Call Option” | the right of Dalian Education (or other members of the Group) to acquire all the equity interest in the Project Company from Fujian Jiantou pursuant to the terms of the Cooperation 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, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 9616) |
| “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, and unless the context otherwise requires, namely Dr. Liu and Neusoft Holdings |
| “Cooperation Agreement” | the cooperation agreement dated 12 April 2021 executed by Dalian Education and Fujian Jiantou |

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| “Dalian Education” | Dalian Neusoft Education Technology Group Co. Limited (大連東軟教育科技集團有限公司, formerly known as 東軟教育科技(大連)有限公司), a company incorporated under PRC laws and a non-wholly owned subsidiary of the Company |
| “Director(s)” | the director(s) of the Company |
| “Dr. Liu” | LIU Jiren (劉積仁), a non-executive Director and core founding member of the Group |
| “Exercise Price” | the exercise price of the Call Option |
| “Fujian Jiantou” | Fujian Jiantou Group Co., Limited* (福建省建投集團有限公司), a company incorporated under the PRC laws and a wholly-owned subsidiary of the Putian SASC |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “IPO Proceeds” | the net proceeds received by the Company in respect of the global offering of the Company in September 2020 |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Meizhouwan College” | Meizhouwan Vocational Technology College (湄洲灣職業技術學院), an existing vocational college located in Putian City, Fujian Province, the PRC |
| “Neusoft Holdings” | Dalian Neusoft Holdings Co., Ltd. (大連東軟控股有限公司), a company incorporated under PRC laws, 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 and Taiwan) |
| “Project Company” | Putian Xianliang Education Technology Co., Limited* (莆田市賢良教育科技有限公司), a company incorporated under the PRC laws on 19 February 2021, which is currently a wholly-owned subsidiary of the Putian SASC, will be transferred to Fujian Jiantou |
| “Putian Government” | Putian Municipal People’s Government |

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|-------------------------|---|
| “Putian SASC” | the State-owned Assets Supervision and Administration Commission of the Putian Government (莆田市人民政府國有資產監督管理委員會) |
| “RMB” | Renminbi, the lawful currency of PRC |
| “School Project” | the project of establishment of a new vocational college (tentatively known as Fujian Neusoft College (福建東軟學院) in Putian City, Fujian Province, the PRC |
| “Share(s)” | ordinary share(s) in the share capital of the Company |
| “Shareholder(s)” | Holders of our Shares or any one or more of the holders |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Valuation Report Date” | the date on which the valuation report prepared by a qualified independent valuer is issued |
| “%” | per cent |

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

Hong Kong, 12 April 2021

As at the date of this announcement, the board of Directors comprises Dr. WEN Tao as executive Director; Dr. LIU Jiren, Mr. RONG Xinjie, Dr. YANG Li, Dr. ZHANG Yinghui and Mr. Klaus Michael ZIMMER as non-executive Directors; and Dr. LIU Shulian, Dr. QU Daokui and Dr. WANG Weiping as independent non-executive Directors.

* *For identification purposes only*