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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)

CONTINUING CONNECTED TRANSACTIONS TERMINATION OF THE FORMER PROPERTY AGREEMENTS AND ENTERING INTO THE NEW PROPERTY AGREEMENTS

TERMINATION OF THE FORMER PROPERTY AGREEMENTS AND ENTERING INTO THE NEW PROPERTY AGREEMENTS

Reference is made to the announcements of the Company dated 24 September 2021 and 14 June 2022 in relation to the entering into the Former Property Agreements.

The Board announces that on 23 February 2023 (after trading hours), Neusoft Industry Management (as the lessor), a wholly-owned subsidiary of the Company, respectively:

- (i) entered into Supplemental Agreement A with Dalian Ruikang Cardiovascular (as the lessee) and Hospital A (as the successor to the Former Property Agreements A), pursuant to which, the parties agreed to terminate the Former Property Agreements A with effect on 28 February 2023, and to make a payment schedule for the outstanding fees under the Former Property Agreements A as at 28 February 2023;
- (ii) entered into Supplemental Agreement B with Dalian Ruikang Stomatological (as the lessee) and Dalian Dongkong Ruikang (as the payer), pursuant to which, the parties agreed to terminate the Former Property Agreements B with effect on 28 February 2023, and to make a payment schedule for the outstanding fees under the Former Property Agreements B as at 28 February 2023;

- (iii) entered into Supplemental Agreement C with Liaoning Ruikang Medical (as the lessee), pursuant to which, the parties agreed to terminate the Former Property Agreements C with effect on 28 February 2023, and to make a payment schedule for the outstanding fees under the Former Property Agreements C as at 28 February 2023;
- (iv) entered into the Property Leasing Agreement A and the Property Service Agreement A with Hospital A (as the lessee), pursuant to which Neusoft Industry Management agreed to lease Property A and provide property management services in relation to Property A to Hospital A for the period from 1 March 2023 to 28 February 2031; and
- (v) entered into the Property Leasing Agreement B and the Property Service Agreement B with Hospital B (as the lessee), pursuant to which Neusoft Industry Management agreed to lease Property B and Property C and provide property management services in relation to Property B and Property C to Hospital B for a period from 1 March 2023 to 28 February 2031.

LISTING RULES IMPLICATIONS

Hospital A is a consolidated affiliated entity of Neusoft Holdings and Hospital B is an indirect wholly-owned subsidiary of Neusoft Holdings. Neusoft Holdings is a controlling shareholder of the Company. Accordingly, Hospital A and Hospital B are connected persons of the Company and the transactions contemplated under the Agreements constitute continuing connected transactions of the Company pursuant to 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, the transactions under the Neusoft Holdings Property Framework Agreement and the transactions under the Dr. LIU Property 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.

As the terms of the Agreements all exceed three years, pursuant to Rule 14A.52 of the Listing Rules, the Company has appointed the Independent Financial Adviser to elaborate the reasons for the longer duration of the Agreements, and to confirm that it is normal business practice for agreements of this type to be of such duration.

BACKGROUND

Reference is made to the announcements of the Company dated 24 September 2021 and 14 June 2022 in relation to the entering into the Former Property Agreements.

The Board announces that on 23 February 2023 (after trading hours), Neusoft Industry Management (as the lessor), a wholly-owned subsidiary of the Company, respectively:

- (i) entered into Supplemental Agreement A with Dalian Ruikang Cardiovascular (as the lessee) and Hospital A (as the successor to the Former Property Agreements A), pursuant to which, the parties agreed to terminate the Former Property Agreements A with effect on 28 February 2023, and to make a payment schedule for the outstanding fees under the Former Property Agreements A as at 28 February 2023;
- (ii) entered into Supplemental Agreement B with Dalian Ruikang Stomatological (as the lessee) and Dalian Dongkong Ruikang (as the payer), pursuant to which, the parties agreed to terminate the Former Property Agreements B with effect on 28 February 2023, and to make a payment schedule for the outstanding fees under the Former Property Agreements B as at 28 February 2023;
- (iii) entered into Supplemental Agreement C with Liaoning Ruikang Medical (as the lessee), pursuant to which, the parties agreed to terminate the Former Property Agreements C with effect on 28 February 2023, and to make a payment schedule for the outstanding fees under the Former Property Agreements C as at 28 February 2023;
- (iv) entered into the Property Leasing Agreement A and the Property Service Agreement A with Hospital A (as the lessee), pursuant to which Neusoft Industry Management agreed to lease Property A and provide property management services in relation to Property A to Hospital A for the period from 1 March 2023 to 28 February 2031; and
- (v) entered into the Property Leasing Agreement B and the Property Service Agreement B with Hospital B (as the lessee), pursuant to which Neusoft Industry Management agreed to lease Property B and Property C and provide property management services in relation to Property B and Property C to Hospital B for a period from 1 March 2023 to 28 February 2031.

TERMINATION OF FORMER PROPERTY AGREEMENTS

Supplemental Agreement A:

Date: 23 February 2023

Parties: (i) Neusoft Industry Management (as the lessor)
(ii) Dalian Ruikang Cardiovascular (as the lessee)
(iii) Hospital A (as the successor)

Related properties: Property A, for the establishment and operation of a specialised hospital

Succession: Pursuant to the Former Property Agreements A, upon the establishment of the specialised hospital, which is to be established and operated by Dalian Ruikang Cardiovascular, all rights and obligations of Dalian Ruikang Cardiovascular under the Former Property Agreements A shall be transferred to the specialised hospital.

The specialised hospital, namely Hospital A, obtained its independent legal personality qualification on 31 December 2021. Therefore, through negotiation, Neusoft Industry Management, Dalian Ruikang Cardiovascular and Hospital A confirmed that all rights and obligations of Dalian Ruikang Cardiovascular under the Former Property Agreements A have been transferred to Hospital A since 1 January 2022.

Termination: Due to various factors such as Covid-19 pandemic and business growth, after arm's length negotiation, the parties agree that: (i) the Former Property Agreements A will be terminated on 28 February 2023. And except for the outstanding fees and payment schedule described below, the rights and obligations among Neusoft Industry Management, Dalian Ruikang Cardiovascular and Hospital A under the Former Property Agreements A shall be terminated accordingly, and the parties shall not be liable to each other for breach of the agreements; and (ii) Neusoft Industry Management and Hospital A will enter into a separate agreement in relation to the lease of Property A and the provision of related property management services.

Outstanding fees and payment schedule: As of 28 February 2023, the fees payable of Hospital A under the Former Property Agreements A include (i) the rental payable of RMB12,059,524.65; (ii) the property service fee payable of RMB1,345,364.34 (excluding the electricity and water fees for the period from 1 January 2023 to 28 February 2023); and (iii) the electricity and water fees for the period from 1 January 2023 to 28 February 2023 (subject to the actual usage).

The fees payable above shall be paid in four instalments by Hospital A prior to 31 December 2025.

Supplemental Agreement B:

Date: 23 February 2023

Parties: (i) Neusoft Industry Management (as the lessor)
(ii) Dalian Ruikang Stomatological (as the lessee)
(iii) Dalian Dongkong Ruikang (as the payer)

Related properties: Property B, for the establishment and operation of a specialised hospital

Termination: Due to the major adjustments to the operating model of the specialised hospital under the Former Property Agreements B, after arm's length negotiation, the parties agree that the Former Property Agreements B will be terminated on 28 February 2023. And except for the outstanding fees and payment schedule described below, the rights and obligations among Neusoft Industry Management, Dalian Ruikang Stomatological and Dalian Dongkong Ruikang under the Former Property Agreements B will be terminated accordingly, and the parties shall not be liable to each other for breach of the agreements.

Neusoft Industry Management and Hospital B will enter into a separate agreement in relation to the lease of Property B and the provision of related property management services.

Outstanding fees and payment schedule: As of 28 February 2023, the fees payable of Dalian Ruikang Stomatological under the Former Property Agreements B include (i) the rental payable of RMB3,683,318.45; (ii) the property service fee payable of RMB524,069.19 (excluding the electricity and water fees for the period from 1 January 2023 to 28 February 2023); and (iii) the electricity and water fees for the period from 1 January 2023 to 28 February 2023 (subject to the actual usage).

The fees payable above shall be paid in four instalments by Dalian Dongkong Ruikang prior to 31 December 2025.

Supplemental Agreement C:

Date: 23 February 2023

Parties: (i) Neusoft Industry Management (as the lessor)
(ii) Liaoning Ruikang Medical (as the lessee)

Related properties: Property C, for offering hospital canteen services

Termination: Due to the operation adjustment of the hospital canteen under the Former Property Agreements C, after arm's length negotiation, the parties agree that the Former Property Agreements C will be terminated on 28 February 2023. And except for the outstanding fees and payment schedule described below, the rights and obligations among Neusoft Industry Management and Liaoning Ruikang Medical under the Former Property Agreements C shall be terminated accordingly, and both parties shall not be liable to each other for breach of the agreements.

Neusoft Industry Management and Hospital B will enter into a separate agreement in relation to the lease of Property C and the provision of related property management services.

Outstanding fees and payment schedule: As of 28 February 2023, the fees payable of Liaoning Ruikang Medical under the Former Property Agreements C include (i) the rental payable of RMB215,226.20; (ii) the property service fee payable of RMB37,321.91 (excluding the electricity and water fees for the period from 1 January 2023 to 28 February 2023); and (iii) the electricity and water fees for the period from 1 January 2023 to 28 February 2023 (subject to the actual usage).

The fees payable above shall be paid in a lump sum by Liaoning Ruikang Medical prior to 30 April 2023.

ENTERING INTO NEW PROPERTY LEASING AGREEMENTS

Property Leasing Agreement A

Date: 23 February 2023

Parties: (i) Neusoft Industry Management (as the lessor)
(ii) Hospital A (as the lessee)

Related properties: Property A, for the operation of a specialised hospital

Term: From 1 March 2023 to 28 February 2031 (both days inclusive)

Rental payable and payment period: (1) For the period from 1 March 2023 to 31 December 2025: only fixed rent will be charged; and (2) for the period from 1 January 2026 to 28 February 2031: both fixed rent and variable rent will be charged.

Specifically:

- (i) The fixed rent payable for the relevant rental terms and the respective payment periods under the Property Leasing Agreement A are as follows:

	Rental period	Fixed rent payable (RMB)	Payment period
1	From 1 March 2023 to 30 June 2023	3,796,249.20	Prior to 30 June 2023
2	From 1 July 2023 to 31 December 2023	5,694,373.80	Prior to 31 December 2023
3	From 1 January 2024 to 30 June 2024	5,694,373.80	Prior to 30 June 2024
4	From 1 July 2024 to 31 December 2024	5,694,373.80	Prior to 31 December 2024
5	From 1 January 2025 to 30 June 2025	6,247,707.12	Prior to 30 June 2025
6	From 1 July 2025 to 31 December 2025	6,524,373.78	Prior to 31 December 2025
7	From 1 January 2026 to 30 June 2026	6,934,373.78	Prior to 30 June 2026
8	From 1 July 2026 to 31 December 2026	7,139,373.78	Prior to 31 December 2026
9	From 1 January 2027 to 30 June 2027	7,139,373.78	Prior to 30 June 2027
10	From 1 July 2027 to 31 December 2027	7,139,373.78	Prior to 31 December 2027
11	From 1 January 2028 to 30 June 2028	7,139,373.78	Prior to 30 June 2028
12	From 1 July 2028 to 31 December 2028	7,139,373.78	Prior to 31 December 2028
13	From 1 January 2029 to 30 June 2029	7,139,373.78	Prior to 30 June 2029
14	From 1 July 2029 to 31 December 2029	7,139,373.78	Prior to 31 December 2029
15	From 1 January 2030 to 30 June 2030	7,139,373.78	Prior to 30 June 2030
16	From 1 July 2030 to 31 December 2030	7,139,373.78	Prior to 31 December 2030
17	From 1 January 2031 to 28 February 2031	2,379,791.26	Prior to 28 February 2031
	Total	<u>107,219,980.56</u>	

- (ii) The formula for calculating the variable rent payable for the rental terms under the Property Leasing Agreement A and the payment periods thereof are as follows:

①. Formula:

Variable rent during the rental term = the total income of the hospital during the period *2%. Specifically, the total income of the hospital includes medical income, drug income, other incomes and business subsidies.

The variable rent shall be confirmed based on financial statements every 6 months. After obtaining the audit report for the previous year in the following year, the variable rent for the previous year shall be recalculated based on the data in the audit report, and there will be a refund for any overpayment or a supplemental payment for any deficiency.

②. Payment period:

- a. Hospital A shall pay the variable rent by 30 June of each year for the period from December in the previous year to May in the year;
- b. Hospital A shall pay the variable rent by 31 December of each year for the period from June to November in the year; and
- c. Hospital A shall pay the variable rent by 31 March 2031 for December 2030, January 2031 and February 2031.

In case of any change in government policies, market conditions, etc., or any new investment in Property A and ancillary facilities by Neusoft Industry Management due to the demand of Hospital A, the above rentals may be adjusted by Neusoft Industry Management within a reasonable range after mutual agreement. The Company will comply with the Listing Rules at that time and make a separate announcement when necessary.

The rentals under the Property Leasing Agreement A are determined by Neusoft Industry Management and Hospital A after arm's length negotiation, taking into account the gross floor area above and below ground leased by Hospital A, the business growth cycle of Hospital A and the overall condition of the property leasing markets in the vicinity of Property A affected by the pandemic.

- Guarantee: Hospital A shall pay RMB1,692,564.86 as a security deposit or provide a bank performance guarantee, being the joint liability guarantee, with a limit of RMB1,692,564.86 to Neusoft Industry Management within 10 days following the signing of the Property Leasing Agreement A .
- Termination:
- (i) Hospital A has no right to request early termination;
 - (ii) Unless otherwise agreed, Hospital A shall not unilaterally surrender the lease of Property A in violation of the agreement; otherwise, it shall pay off all fixed rentals (in total of RMB107,219,980.56) under the Property Leasing Agreement A;
 - (iii) Hospital A shall inform Neusoft Industry Management in written notice prior to 28 February 2030 if Hospital A has no renewal arrangement upon the expiry date of the Property Leasing Agreement A;
 - (iv) If Hospital A is in breach, Neusoft Industry Management has the right to immediately terminate the Property Leasing Agreement A; otherwise, Neusoft Industry Management shall not terminate the Property Leasing Agreement A unless and until it notifies Hospital A in writing 6 months in advance; and
 - (v) If the Property Leasing Agreement A is terminated early due to force majeure, neither of the parties shall be liable for the breach and Neusoft Industry Management shall refund the remaining portion of the rentals prepaid by Hospital A.

Property Leasing Agreement B

- Date: 23 February 2023
- Parties:
- (i) Neusoft Industry Management (as the lessor)
 - (ii) Hospital B (as the lessee)
- Related properties: Property B and Property C, for the construction and operation of a specialised hospital
- Term: From 1 March 2023 to 28 February 2031 (both days inclusive)

Rental payable and payment period:

(1) For the period from 1 March 2023 to 31 December 2025: only fixed rent will be charged; and (2) for the period from 1 January 2026 to 28 February 2031: both fixed rent and variable rent will be charged.

Specifically:

(i) The fixed rentals payable for the relevant rental terms and their payment periods under the Property Leasing Agreement B are as follows:

	Rental term	Fixed rent payable (RMB)	Payment period
1	From 1 March 2023 to 30 June 2023	1,284,944.68	Prior to 30 June 2023
2	From 1 July 2023 to 31 December 2023	1,927,417.02	Prior to 31 December 2023
3	From 1 January 2024 to 30 June 2024	2,010,750.34	Prior to 30 June 2024
4	From 1 July 2024 to 31 December 2024	2,052,417.00	Prior to 31 December 2024
5	From 1 January 2025 to 30 June 2025	2,329,083.68	Prior to 30 June 2025
6	From 1 July 2025 to 31 December 2025	2,467,417.02	Prior to 31 December 2025
7	From 1 January 2026 to 30 June 2026	2,737,417.02	Prior to 30 June 2026
8	From 1 July 2026 to 31 December 2026	2,872,417.02	Prior to 31 December 2026
9	From 1 January 2027 to 30 June 2027	2,872,417.02	Prior to 30 June 2027
10	From 1 July 2027 to 31 December 2027	2,872,417.02	Prior to 31 December 2027
11	From 1 January 2028 to 30 June 2028	2,872,417.02	Prior to 30 June 2028
12	From 1 July 2028 to 31 December 2028	2,872,417.02	Prior to 31 December 2028
13	From 1 January 2029 to 30 June 2029	2,872,417.02	Prior to 30 June 2029
14	From 1 July 2029 to 31 December 2029	2,872,417.02	Prior to 31 December 2029
15	From 1 January 2030 to 30 June 2030	2,872,417.02	Prior to 30 June 2030
16	From 1 July 2030 to 31 December 2030	2,872,417.02	Prior to 31 December 2030
17	From 1 January 2031 to 28 February 2031	957,472.34	Prior to 28 February 2031
	Total	<u>41,618,672.28</u>	

- (ii) The formula for calculating the variable rent payable for the rental terms under the Property Leasing Agreement B and the payment periods thereof are as follows:

①. Formula:

Variable rent during the rental term = the total income of the hospital during the period *2%. Specifically, the total income of the hospital includes medical income, drug income, other incomes and business subsidies.

The variable rent shall be confirmed based on financial statements every 6 months. After obtaining the audit report for the previous year in the following year, the variable rent for the previous year shall be recalculated based on the data in the audit report, and there will be a refund for any overpayment or a supplemental payment for any deficiency.

②. Payment period:

- a. Hospital B shall pay the variable rent by 30 June of each year for the period from December in the previous year to May in the year;
- b. Hospital B shall pay the variable rent by 31 December of each year for the period from June to November in the year; and
- c. Hospital B shall pay the variable rent by 31 March 2031 for December 2030, January 2031 and February 2031.

In case of any change in government policies, market conditions, etc. or any new investment in Property B, Property C and ancillary facilities thereof by Neusoft Industry Management due to the demand of Hospital B, the above rentals may be adjusted by Neusoft Industry Management within a reasonable range after mutual agreement. The Company will comply with the Listing Rules at that time and make a separate announcement when necessary.

The rentals under the Property Leasing Agreement B are determined by Neusoft Industry Management and Hospital B after arm's length negotiation, taking into account the gross floor area above and below ground leased by Hospital B, the business growth cycle of Hospital B and the overall condition of the property leasing markets in the vicinity of Property B and Property C affected by the pandemic.

- Guarantee: Hospital B shall pay RMB742,579.92 as a security deposit or provide a bank performance guarantee, being the joint liability guarantee, with a limit of RMB742,579.92 to Neusoft Industry Management within 10 days following the signing of the Property Leasing Agreement B.
- Termination:
- (i) Hospital B has no right to request early termination;
 - (ii) Unless otherwise agreed, Hospital B shall not unilaterally surrender the lease of Property B and Property C in violation of the agreement; otherwise, it shall pay off all fixed rentals (in total of RMB41,618,672.28) under the Property Leasing Agreement B;
 - (iii) Hospital B shall inform Neusoft Industry Management in written notice prior to 28 February 2030 if Hospital B has no renewal arrangement upon the expiry date of the Property Leasing Agreement B;
 - (iv) If Hospital B is in breach, Neusoft Industry Management has the right to immediately terminate the Property Leasing Agreement B; otherwise, Neusoft Industry Management shall not terminate the Property Leasing Agreement B unless and until it notifies Hospital B in writing 6 months in advance; and
 - (v) If the Property Leasing Agreement B is terminated early due to force majeure, neither of the parties shall be liable for the breach and Neusoft Industry Management shall refund the remaining portion of the rentals prepaid by Hospital B.

ENTERING INTO NEW PROPERTY SERVICE AGREEMENTS

Property Service Agreement A

- Date: 23 February 2023
- Parties:
- (i) Neusoft Industry Management (as the server)
 - (ii) Hospital A (as the entrusting party)
- Term: 1 March 2023 to 28 February 2031 (both dates inclusive)

Served property:	Property A for the operation of a specialised hospital
Scope of service:	The property management services to be provided by Neusoft Industry Management include order maintenance, safety guard, environmental cleaning and garbage removal of the public area of the Training Base where Property A located (excluding Property A), and facility operation and maintenance of Property A.
Property management service fees:	<ul style="list-style-type: none"> (i) Shared expenses: RMB143,437.70 per month (ii) Electricity fee: RMB0.63/kWh (iii) Water fee: RMB3.83/ton (iv) Heating fee: RMB31/sq. m./year (v) Other entrusted service fees: to be charged based on the actual usage <p>The property management service fees under the Property Service Agreement A is determined after arm's length negotiations among Neusoft Industry Management and Hospital A, 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 A in the Training Base.</p> <p>The service fees under the Property Service Agreement A is paid by Hospital A to Neusoft Industry Management via bank transfer.</p>
Payment terms:	<ul style="list-style-type: none"> (i) The shared expenses of the month shall be paid before the 25th day of each month; (ii) The electricity fee, water fee and other entrusted service fees of the previous month shall be paid before the 25th day of each month; and (iii) The heating fee of the year shall be paid before 25 October of each year.
Termination:	The Property Service Agreement A will terminate upon termination of the Property Leasing Agreement A.

Property Service Agreement B

- Date: 23 February 2023
- Parties: (i) Neusoft Industry Management (as the server)
(ii) Hospital B (as the entrusting party)
- Term: 1 March 2023 to 28 February 2031 (both dates inclusive)
- Served property: Property B and Property C for the construction and operation of a specialised hospital
- Scope of service: The property management services to be provided by Neusoft Industry Management include order maintenance, safety guard, environmental cleaning and garbage removal of the public area of the Training Base where Property B and Property C located (excluding Property B and Property C), and facility operation and maintenance of Property B and Property C.
- Property management service fees: (i) Shared expenses: RMB62,930.50 per month
(ii) Electricity fee: RMB0.63/kWh
(iii) Water fee: RMB3.83/ton
(iv) Heating fee: RMB31/sq. m./year
(v) Other entrusted service fees: to be charged based on the actual usage

The property management service fees under the Property Service Agreement B are determined after arm's length negotiations among Neusoft Industry Management and Hospital B, 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 Property B and Property C in the Training Base.

The service fees under the Property Service Agreement B is paid by Hospital B to Neusoft Industry Management via bank transfer.

- Payment terms:
- (i) The shared expenses of the month shall be paid before the 25th day of each month;
 - (ii) The electricity fee, water fee and other entrusted service fees of the previous month shall be paid before the 25th day of each month; and
 - (iii) The heating fee of the year shall be paid before 25 October of each year.
- Termination: The Property Service Agreement B will terminate upon termination of the Property Leasing Agreement B.

Historical Transaction Amounts

For the two years ended 31 December 2021 and 2022, the rental incomes generated by Neusoft Industry Management under the Former Property Agreements A were approximately RMB3.6 million and RMB17.1 million, respectively.

For the two years ended 31 December 2021 and 2022, the property management service fee incomes generated by Neusoft Industry Management under the Former Property Agreements A were approximately RMB0.9 million and RMB1.2 million, respectively.

For the year ended 31 December 2022, the rental incomes generated by Neusoft Industry Management under the Former Property Agreements B and the Former Property Agreements C were approximately RMB3.1 million and RMB0.2 million, respectively.

For the year ended 31 December 2022, the property management service fee incomes generated by Neusoft Industry Management under the Former Property Agreements B and the Former Property Agreements C were approximately RMB0.2 million and RMB0.01 million, respectively.

PROPOSED ANNUAL CAPS

The proposed annual caps for the transactions under the Agreements are set out as follows:

Year	Annual caps (RMB)				Total
	Property Leasing Agreement A	Property Leasing Agreement B	Property Service Agreement A	Property Service Agreement B	
For the year ending 31 December 2023	14,000,000	6,000,000	8,500,000	3,900,000	32,400,000
For the year ending 31 December 2024	14,000,000	6,000,000	8,500,000	3,900,000	32,400,000
For the year ending 31 December 2025	14,000,000	6,000,000	8,500,000	3,900,000	32,400,000
For the year ending 31 December 2026	24,000,000	12,000,000	8,500,000	3,900,000	48,400,000
For the year ending 31 December 2027	25,000,000	12,500,000	8,500,000	3,900,000	49,900,000
For the year ending 31 December 2028	26,000,000	13,000,000	8,500,000	3,900,000	51,400,000
For the year ending 31 December 2029	27,000,000	14,000,000	8,500,000	3,900,000	53,400,000
For the year ending 31 December 2030	28,000,000	15,000,000	8,500,000	3,900,000	55,400,000
For the period from 1 January 2031 to 28 February 2031	6,000,000	4,000,000	1,500,000	650,000	12,150,000

The annual caps above are determined with reference to the following factors:

- (i) Historical amounts of property management service fee incomes generated by Neusoft Industry Management under the Former Property Agreements A for the two years ended 31 December 2021 and 2022 respectively and historical amounts of property management service fee incomes generated by Neusoft Industry Management under the Former Property Agreements B and the Former Property Agreements C for the year ended 31 December 2022;
- (ii) The total gross floor area of the Properties;
- (iii) Fixed rent receivable under the New Property Leasing Agreements;
- (iv) Variable rent projected based on the pricing policy under the New Property Leasing Agreements and the estimated incomes of Hospital A and Hospital B, which are determined by reference to the actual operating statistics from Hospital A and Hospital B and the same industry as well as the industry development cycle; and
- (v) Total projected property management service fees to be charged based on the pricing standards in the New Property Service Agreements.

As disclosed in the announcement of the Company dated 27 December 2022, on 27 December 2022, the Company (for itself and on behalf of other members of the Group) entered into (i) the Neusoft Holdings Property Framework Agreement with Neusoft Holdings (for itself and on behalf of Neusoft Holdings Group); and (ii) the Dr. LIU Property Framework Agreement with Dr. LIU (for himself and on behalf of the Group Controlled by Dr. LIU), respectively, pursuant to which, the Group will lease certain properties and provide property management services in respect of the properties, to Neusoft Holdings Group and the Group Controlled by Dr. LIU, respectively, for a period from 1 January 2023 to 31 December 2025 (both days inclusive).

As the continuing connected transactions contemplated under the Agreements and the transactions under the Neusoft Holdings Property Framework Agreement and the Dr. LIU Property Framework Agreement are similar in nature, the transactions shall be aggregated pursuant to Rule 14A.81 of the Listing Rules. The annual caps are set out as follows:

	Annual caps			
	<i>(RMB)</i>			
		Neusoft Holdings Property Framework Agreement	Dr. LIU Property Framework Agreement	Total
	Agreements			
For the year ending 31 December 2023	32,400,000	2,400,000	2,500,000	37,300,000
For the year ending 31 December 2024	32,400,000	2,400,000	2,500,000	37,300,000
For the year ending 31 December 2025	32,400,000	2,400,000	2,500,000	37,300,000
For the year ending 31 December 2026	48,400,000	–	–	48,400,000
For the year ending 31 December 2027	49,900,000	–	–	49,900,000
For the year ending 31 December 2028	51,400,000	–	–	51,400,000
For the year ending 31 December 2029	53,400,000	–	–	53,400,000
For the year ending 31 December 2030	55,400,000	–	–	55,400,000
For the period from 1 January 2031 to 28 February 2031	12,150,000	–	–	12,150,000

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 is an investment holding company incorporated under PRC laws on 15 November 2011 and a controlling shareholder of the Company. Neusoft Holdings invests and has operations in four primary industries: including education, IT services, medical devices and healthcare services. As of the date of this announcement, Dr. LIU 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 Neusoft Holdings.

Information on Dalian Ruikang Cardiovascular

Dalian Ruikang Cardiovascular, 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.

Information on Dalian Dongkong Ruikang

Dalian Dongkong Ruikang, a company incorporated under the PRC laws on 21 July 2019 and an indirect wholly-owned subsidiary of Neusoft Holdings, is mainly engaged in medical device operation, hospital management, medical devices sales, leasing of medical devices and other business activities and is the only shareholder of Dalian Ruikang Cardiovascular.

Information on Dalian Ruikang Stomatological

Dalian Ruikang Stomatological, a company incorporated under the PRC laws on 6 April 2021 and a direct wholly-owned subsidiary of Dalian Dongkong Ruikang, is principally engaged in business activities including medical service, hospital management, medical devices sales and medical equipment leasing.

Information on Liaoning Ruikang Medical

Liaoning Ruikang Medical, a company incorporated under the PRC laws on 4 February 2021 and an indirect wholly-owned subsidiary of Neusoft Holdings, is mainly engaged in medical services, hospital management, medical devices sales and other business activities.

Information on Hospital A

Hospital A, a specialised cardiovascular hospital incorporated under the PRC laws on 31 December 2021, provides comprehensive life-cycle medical care services featuring cardiology. It is a consolidated affiliated entity of Neusoft Holdings. The hospital has a coronary heart disease and hypertension centre, heart failure and structural heart disease centre, arrhythmia centre, cardiac rehabilitation centre, cardiac and macrovascular surgery department, comprehensive vascular intervention department, maternal-fetal cardiology centre, comprehensive internal medicine department, general surgery department, thoracic surgery department, gynecology department, pediatrics department, traditional Chinese medicine department, intensive medicine department and other professional departments, as well as corresponding medical and technical functional departments.

Information on Hospital B

Hospital B, a company incorporated under the PRC laws on 30 November 2022 and an indirect wholly-owned subsidiary of Neusoft Holdings, is the second major specialised stomatological hospital constructed with three-level standard in Dalian. Hospital B has a children's oral medical centre, an orthodontic aesthetic centre, a maxillofacial surgery and oral implant medical centre, an oral comprehensive medical centre and a VIP special medical centre.

REASONS FOR AND BENEFITS OF TERMINATION OF FORMER PROPERTY AGREEMENTS AND ENTERING INTO NEW PROPERTY AGREEMENTS

The Group plans to develop the Training Base into a science-technology park of our universities, with a focus on healthcare technology in which our universities have established relevant majors. As a result, the Properties have been successively leased out for the establishment and operation of the specialised hospitals and hospital canteens, respectively, to construct a comprehensive healthcare practice base. The termination of Former Property Agreements and the entering into New Property Agreements will provide certain support for the initial operation of the relevant specialised hospitals, and facilitate the survival and development of the Group's comprehensive healthcare practice base, thus helping the three universities accumulate more sustainable practice resources in terms of development of relevant majors and training of students. Meanwhile, as the healthcare technology sector is fast-growing and promising, such Agreements will also help the Group obtain a relatively considerable return in healthcare technology while gaining sufficient and stable income from the Properties in the long term in the future. In addition, as the specialised hospitals proposed to be constructed and operated in the Properties have been established, the relevant rights and obligations should be transferred to the specialised hospitals. Therefore, the termination of Former Property Agreements and the entering into New Property Agreements will better clarify the rights and obligations of the parties. Based on the above, the Directors are of the view that the termination of Former Property Agreements and the entering into New Property Agreements are conducive to the business development of the Group and are therefore in the interest of the Group.

The Directors (including the independent non-executive Directors) are of the view that the transactions under the Agreements are conducted in the Group's usual and ordinary course of business, and 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 Yinhan, 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 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.

INTERNAL CONTROL MEASURES

In order to protect the interests of the Group, the Group will adopt the following internal control measures:

- (a) The relevant business departments and finance department of the Company will closely monitor the execution of the Agreements to ensure that the transaction amounts do not exceed the relevant annual caps set thereunder; and
- (b) The independent non-executive Directors of the Company shall conduct an annual review of the Agreements to ensure that such transactions are carried out on normal or better commercial terms in the ordinary course of the business of the Group and that the terms are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

Hospital A is a consolidated affiliated entity of Neusoft Holdings and Hospital B is an indirect wholly-owned subsidiary of Neusoft Holdings. Neusoft Holdings is a controlling shareholder of the Company. Accordingly, Hospital A and Hospital B are connected persons of the Company pursuant to Chapter 14A of the Listing Rules, and the transactions contemplated under the Agreements constitute continuing connected transactions of the Company pursuant to 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, the transactions under the Neusoft Holdings Property Framework Agreement and the transactions under the Dr. LIU Property 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.

As the terms of the Agreements all exceed three years, pursuant to Rule 14A.52 of the Listing Rules, the Company has appointed the Independent Financial Adviser to elaborate the reasons for the longer duration of the Agreements, and to confirm that it is normal business practice for agreements of this type to be of such duration. Please refer to the section "Opinion from the Independent Financial Adviser" in this announcement for details.

OPINION FROM THE INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 14A.52 of the Listing Rules, the term of an agreement for a continuing connected transaction of a listed issuer must not exceed three years except in special circumstances. As the duration of the Agreements (being eight years) exceeds the restriction of three years, the Company has appointed the Independent Financial Adviser to explain why a longer period is required for the Agreements and to confirm such duration is a normal business practice for this type of agreement.

In arriving its opinion, the Independent Financial Adviser has relied on the information and representations provided by the Company, including but not limited to, the information set out in this announcement and the Agreements. In considering whether it is a normal business practice for an agreement of a similar nature to the Agreements to have a term of such duration, the Independent Financial Adviser has:

- (i) reviewed the terms of existing property leasing and service agreements entered into between the Group and independent third parties. It is noted that the durations of these agreements exceeded three years and are comparable to that of the Agreements. It is also noted that the property management service agreements usually share the same duration with respective leasing agreements as the services provided are based on the leased properties. Hence, the Independent Financial Adviser is of the view that it is justifiable for the New Property Service Agreements to tag along with the New Property Leasing Agreements with the same durations; and
- (ii) identified and reviewed, on a best-effort basis, nine announcements issued by other companies listed on the Stock Exchange since 1 January 2021, involving the entering into of agreements in relation to the leasing of premises for medical and/or healthcare purposes with the terms/durations of over three years (the “**Comparable Agreements**”), which the Independent Financial Adviser considered to be appropriate to reflect the recent market practices on agreements of similar nature. It is noted that the terms/durations of the nine Comparable Agreements ranged from 4 to 20 years, with the duration of the Agreements falling within the range, indicating that it is not uncommon for agreements of similar nature to have a term/duration comparable to that of the Agreements.

In assessing the reasons for the duration of the Agreements being longer than three years, the Independent Financial Adviser has taken into account of the following principal factors considered by the management of the Company:

- (i) the longer lease term protects the interests of the Group in terms of operational consistency and stability by avoiding burdens to identify new tenants after expiration of leases, minimising the potential disruption to operation caused by discontinuance of such leasing agreement, and refraining from any unnecessary administration costs to the renewal and/or any potential delay of renewal of the Agreements as a result of negotiation between parties during agreement renewal process, leading to a loss of economic benefits of the Group;

- (ii) the longer lease term will benefit the Group by obtaining considerable return in the healthcare technology sector, whilst gaining sufficient and stable income from the Properties in the long term and facilitating the development of the Group's comprehensive healthcare practice base;
- (iii) a longer lease term is required for premises for the provision of medical and healthcare services, hospitals in particular, as they require (i) a significant amount of capital expenditure on infrastructure, machineries and equipment for medical purposes; and (ii) stability for the convenience of patients and relevant parties; and
- (iv) the Directors (including the independent non-executive Directors) are of the view that the Agreements are (i) entered into the usual and ordinary course of business of the Group; (ii) on normal commercial terms; (iii) fair and reasonable in terms of the terms and conditions; and (iv) in the interests of the Company and the Shareholders as a whole.

Having considered the above, the Independent Financial Adviser is of the view that (i) a duration of longer than three years is required for the Agreements; and (ii) it is a fair and reasonable and normal business practice for such type of agreements to be of such duration.

DEFINITIONS

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

%	per cent
Agreements/New Property Agreements	collectively, the New Property Leasing Agreements and the New Property Service Agreements
Board	the board of Directors 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
Dalian Dongkong Ruikang	Dalian Dongkong Ruikang Medical Management Co., Ltd. (大連東控睿康醫療管理有限公司), a company incorporated under the PRC laws on 21 July 2019, the only shareholder of Dalian Ruikang Stomatological and an indirect wholly-owned subsidiary of Neusoft Holdings, mainly engaged in medical device operation, hospital management, sale of medical devices, leasing of medical devices and other business activities

Dalian Ruikang Cardiovascular	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
Dalian Ruikang Stomatological	Dalian Ruikang Stomatological Hospital Co., Ltd. (大連睿康口腔醫院有限公司) (formerly known as Dalian Ruikang Stomatological Hospital Management Limited (大連睿康口腔醫院管理有限公司)), a company incorporated under the PRC laws on 6 April 2021 and an indirect wholly-owned subsidiary of Neusoft Holdings
Director(s)	the director(s) of the Company
Dr. LIU	Dr. LIU Jiren, the chairperson of the Board, a non-executive Director, a controlling shareholder and a core founding member of the Company
Dr. LIU Property Framework Agreement	the property framework agreement dated 27 December 2022 entered into between the Company and Dr. LIU Jiren. Please refer to the announcement of the Company dated 27 December 2022 for details
Former Property Agreements	collectively, the Former Property Agreements A, Former Property Agreements B and Former Property Agreements C
Former Property Agreements A	the property leasing agreement and the service agreement dated 24 September 2021 entered into between Neusoft Industry Management and Dalian Ruikang Cardiovascular with regard to Property A. Please refer to the announcement of the Company dated 24 September 2021 for details
Former Property Agreements B	the property leasing agreement and the service agreement dated 14 June 2022 entered into between Neusoft Industry Management and Dalian Ruikang Stomatological with regard to Property B. Please refer to the announcement of the Company dated 14 June 2022 for details
Former Property Agreements C	the property leasing agreement and the service agreement dated 14 June 2022 entered into between Neusoft Industry Management and Liaoning Ruikang Medical with regard to Property C. Please refer to the announcement of the Company dated 14 June 2022 for details
Group	the Company and its subsidiaries
Group Controlled by Dr. LIU	the entities controlled by Dr. LIU (excluding Neusoft Holdings Group and the Group)

Hong Kong	the Hong Kong Special Administrative Region of the PRC
Hospital A	Dalian Ruikang Cardiovascular Hospital (大連睿康心血管病醫院), a specialised cardiovascular hospital incorporated under the PRC laws on 31 December 2021 and a consolidated affiliated entity of Neusoft Holdings
Hospital B	Dalian Ruikang Zhuomei Stomatological Hospital Co., Ltd. (大連睿康卓美口腔醫院有限公司), a company incorporated under the PRC laws on 30 November 2022, a specialised stomatological hospital and a direct wholly-owned subsidiary of Dalian Dongkong Ruikang
Independent Financial Adviser	Lego Corporate Finance Limited (力高企業融資有限公司), a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser appointed by the Company for the purpose of Rule 14A.52 of the Listing Rules in relation to the Agreements
Liaoning Ruikang Medical	Liaoning Ruikang Medical Management Service Co., Ltd. (遼寧睿康醫療管理服務有限公司), a company incorporated under the PRC laws on 4 February 2021 and an indirect wholly-owned subsidiary of Neusoft Holdings
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 and a controlling shareholder of the Company
Neusoft Holdings Group	Neusoft Holdings and its subsidiaries and the operating entities controlled by it (excluding the Group)
Neusoft Holdings Property Framework Agreement	the property framework agreement dated 27 December 2022 entered into between the Company and Neusoft Holdings. Please refer to the announcement of the Company dated 27 December 2022 for details
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
New Property Leasing Agreements	collectively, the Property Leasing Agreement A and the Property Leasing Agreement B

New Property Service Agreements	collectively, the Property Service Agreement A and the Property Service Agreement B
PRC	the People's Republic of China (for the purpose of this announcement, excluding Hong Kong of the PRC, the Macau Special Administrative Region of the PRC and Taiwan)
Properties	collectively, the Property A, the Property B and the Property C
Property A	the property with a gross floor area of 23,578.8 sq.m. in Dalian Neusoft Education Health Technology Training Base Phase I (No.50, North Section of Digital Road, Dalian Hightech Industrial Park)
Property B	the property with a gross floor area of 9,773.64 sq.m. in Dalian Neusoft Education Health Technology Training Base Phase I (No.52-1 and No.52-2, North Section of Digital Road, Dalian Hightech Industrial Park)
Property C	the property with a gross floor area of 571.10 sq.m. in Dalian Neusoft Education Health Technology Training Base Phase I (No.52-1, North Section of Digital Road, Dalian Hightech Industrial Park)
Property Leasing Agreement A	the property leasing agreement dated 23 February 2023 entered into between Neusoft Industry Management and Hospital A in respect of the lease of Property A
Property Leasing Agreement B	the property leasing agreement dated 23 February 2023 entered into between Neusoft Industry Management and Hospital B in respect of the lease of Property B and Property C
Property Service Agreement A	the property service agreement dated 23 February 2023 entered into between Neusoft Industry Management and Hospital A in respect of providing property management service in relation to Property A
Property Service Agreement B	the property service agreement dated 23 February 2023 entered into between Neusoft Industry Management and Hospital B in respect of providing property management service in relation to Property B and Property C
RMB	Renminbi, the lawful currency of PRC
sq. m.	square metre
Stock Exchange	The Stock Exchange of Hong Kong Limited

Supplemental Agreement A	the supplemental agreement dated 23 February 2023 entered into among Neusoft Industry Management, Dalian Ruikang Cardiovascular and Hospital A with regard to the termination of the Former Property Agreements A
Supplemental Agreement B	the supplemental agreement dated 23 February 2023 entered into among Neusoft Industry Management, Dalian Ruikang Stomatological and Dalian Dongkong Ruikang with regard to the termination of the Former Property Agreements B
Supplemental Agreement C	the supplemental agreement dated 23 February 2023 entered into between Neusoft Industry Management and Liaoning Ruikang Medical with regard to the termination of the Former Property Agreements C
Training Base	Dalian Neusoft Education Health Technology Training Base Phase I located at North Section of Digital Road, Dalian Hightech Industrial Park, with gross land area of 62,190.7 sq. m.

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

Hong Kong, 23 February 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 Yinhan as non-executive Directors (aside from our Chairperson); and Dr. LIU Shulian, Dr. QU Daokui and Dr. WANG Weiping as independent non-executive Directors.