

CONNECTED TRANSACTIONS

CONNECTED PERSONS

The table below sets out the connected persons of our Company upon Listing, with whom we have entered into certain transactions that will subsist at Listing, and the nature of their connection with our Company:

Name	Connected relationship
Neusoft Holdings Group	Neusoft Holdings is a Controlling Shareholder and a substantial shareholder at the issuer and subsidiary levels. Its subsidiaries are associates of Neusoft Holdings
Dr. J. Liu and entities controlled by him . . .	Dr. J. Liu is our Chairperson, Director and a core founding member of our Group and a substantial shareholder at the issuer level. Entities controlled by him are associates of Dr. J. Liu

We have entered into certain transactions with our connected persons (listed above) that will constitute continuing connected transactions after Listing.

SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

Transactions	Applicable Listing Rule	Waiver	Proposed annual caps for FY (approximately RMB 'million)		
			2020	2021	2022
A. Neusoft Holdings Framework Agreement					
<i>Fully-exempt continuing connected transactions</i>					
1. Property leasing and management by our Group to Neusoft Holdings Group	14A.76(1)(a)	N/A	N/A	N/A	N/A
<i>Partially-exempt continuing connected transactions</i>					
2. Software development and technological services by our Group to Neusoft Holdings Group	14A.76(2)(a)	Announcement requirement	6.0	6.0	6.0

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Transactions	Applicable Listing Rule	Waiver	Proposed annual caps for FY (approximately RMB 'million)		
			2020	2021	2022
<i>Non-exempt continuing connected transaction</i>					
3. Provision of on-site engineers by our Group to Neusoft Holdings Group	Rules 14A.34-36 Rule 14A.49 Rules 14A.52-53 Rule 14A.59 Rule 14A.105	Announcement, circular and independent shareholders' approval, annual cap, term of agreements limited to three years	90.0	90.0	90.0
B. Property Framework Agreement					
<i>Fully-exempt continuing connected transaction</i>					
1. Property leasing and management between our Group and entities controlled by Dr. J. Liu	14A.76(1)(c)	N/A	N/A	N/A	N/A
C. Contractual Arrangements					
<i>Non-exempt continuing connected transactions</i>					
1. Contractual Arrangements	Rules 14A.34-36 Rule 14A.49 Rules 14A.52-53 Rule 14A.59 Rule 14A.105	Announcement, circular and independent shareholders' approval, annual cap, term of agreements limited to three years	N/A	N/A	N/A

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NEUSOFT HOLDINGS FRAMEWORK AGREEMENT

Background

Prior to our Reorganisation, we were part of the Neusoft Holdings Group. There were a number of intra-group transactions to which we were party due to the talent nurtured through our three universities and the nature of businesses offered (or assets owned) by our Group.

See “Business” for further information on our businesses, “Relationship with our Controlling Shareholders” for more information on our relationship with Neusoft Holdings Group, and “History, Reorganisation and corporate structure — Reorganisation” for information on our Reorganisation.

Following our Reorganisation, our Directors believed that certain of these transactions remain mutually beneficial to our Group and the Neusoft Holdings Group, as (i) we (and our students) would benefit from the software and technological products developed and businesses offered by Neusoft Holdings Group to Chinese and global markets, and (ii) Neusoft Holdings Group would benefit from talent employed by or nurtured through our Group (including our universities), and assets (including buildings and technology) owned or developed by our Group.

On 11 September 2020, our Company (for itself and on behalf of the other members of our 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: (i) our Group would lease certain properties to Neusoft Holdings Group; (ii) our Group would provide software development and technological services to Neusoft Holdings Group; and (iii) our Group would outsource talent (including secondment placements) to Neusoft Holdings Group. The terms of the agreement were entered into on normal commercial terms (or better) after arm’s length negotiations and will be from the Listing Date to 31 December 2022 (both dates inclusive).

Details of these transactions and waivers granted by the Stock Exchange from strict compliance with relevant requirements under Chapter 14A of the Listing Rules (where applicable) are set out below.

Property leasing and management

Description of the transaction and pricing policy

We (primarily through our Operating Entity and Neusoft Industry Management) will lease out certain buildings (including land and facilities) and offer property management services to Neusoft Holdings Group (including, among others, Liaoning Neusoft Venture Capital Co., Ltd. (遼寧東軟創業投資有限公司)).

The rental amount will be agreed upon periodically, generally on an annual basis, between the parties with reference to historical rates, market rates of similar premises within the location, and facilities or fittings within the property. The total rental amount may comprise (i) a base rental amount, (ii) certain taxes, (iii) service fees, (iv) utility fees (charged per unit used), (v) seasonal adjustments, (vi) internet and other communication and networking services, and (vii) deposit. The fees may be adjusted based on market conditions and changes in the surface area leased and services provided.

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Historical amounts

For FY 2018 and 2019 and the three months ended 31 March 2020, we received approximately RMB221,000, RMB259,000 and RMB62,000, respectively, for this transaction. We did not receive any revenue for FY 2017.

Listing Rules implications

Since the highest applicable percentage ratio calculated under Chapter 14A of the Listing Rules is less than 0.1% and the transaction is on normal commercial terms or better, pursuant to Rule 14A.76(1)(a) of the Listing Rules, this transaction will be a fully-exempt continuing connected transaction, exempt from reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Software development and technological services

Description of the transaction and pricing policy

We (primarily through Shanghai Ruixiang and Dalian Yunguan) provide software development and technological services to members of Neusoft Holdings Group (primarily Neusoft Holdings and Shanghai Sirui), including: internet systems, email platforms and support services, helpdesk platform and support, desktop support, video and audio conferencing systems, and network maintenance services.

The transaction fees will be agreed periodically, generally on an annual basis, between the parties with reference to historical amounts for the same transaction, and calculated on the basis of the systems provided and services offered.

Historical amounts and bases of annual caps

For FY 2018 and 2019 and the three months ended 31 March 2020, we received approximately RMB272,000, RMB2.8 million and nil, respectively, for this transaction. We did not receive any revenue in FY 2017 for this transaction. The increase in revenue between FY2018 and 2019 is primarily due to our transaction with Shanghai Sirui, which only took place in FY2019.

For the three years following Listing, the annual cap for this transaction is expected to be RMB6.0 million each year.

The annual caps are set based on the following: (i) historical transaction amounts during the Track Record Period, (ii) our understanding of the business, or the anticipated business, needs of our client companies, and (iii) our future business plan of this business arm. The majority portion of the annual caps has been allocated to transactions with Shanghai Sirui and other entities within the Neusoft Holdings Group for the needs of its clients (see “— Provision of on-site engineers”).

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Listing Rules implications

Since the highest applicable percentage ratio calculated under Chapter 14A of the Listing Rules is more than 0.1% but less than 5%, pursuant to Rule 14A.76(2)(a) of the Listing Rules, this transaction will be a partially-exempt continuing connected transaction, exempt from the circular and independent shareholders' approval (including recommendation from an independent financial adviser) requirements, but will be subject to announcement requirements and annual reporting requirements under Chapter 14A of the Listing Rules.

Provision of on-site engineers

Description of the transaction and pricing policy

We (through Shanghai Ruixiang) provide on-site engineers (and student secondment places from our universities) to members of Neusoft Holdings Group, which in-turn provide client companies with, among others, on-site software engineering services and technological and innovative solutions for their projects and businesses. This forms part of the services offered under our apprenticeship programme, detailed further in “— Education resources and apprenticeship programme — Apprenticeship programme (數字工場)” and “— Featured education model — School-enterprise cooperation” sub-sections of the “Business” section.

The transaction fees will be agreed periodically, or on a project basis, between the parties with reference to historical rates, number of personnel, estimated hours engaged, seniority and experience of each of the person engaged, nature of the client company's request and the pricing is based on the cost of engineers requested plus a certain level of profit. A transaction amount may be agreed beforehand as an estimated amount, or calculated according to actual work performed or required and invoiced periodically. The transaction fees include a base rate and may include reimbursements for fees and expenses.

Historical amounts and basis of annual caps

For FY 2017, 2018 and 2019 and the three months ended 31 March 2020, we received approximately RMB18.4 million, RMB98.1 million, RMB113.8 million and RMB15.2 million, respectively, for this transaction. The increase between FY 2018 and 2019 is largely based on the increase in the total monthly amount billed to our clients over the same period, reflecting a growth in the demand of our client companies.

For the three years following Listing, the annual cap for this transaction is expected to be RMB90.0 million each year.

The annual caps are set based on the following: (i) historical transaction amounts during the Track Record Period, (ii) our understanding of the, or the anticipated, business needs of our client companies, and (iii) our future business plan of this business arm.

Listing Rules implications

Since the highest applicable percentage ratio calculated under Chapter 14A of the Listing Rules is more than 5% and the total consideration is expected to exceed HK\$10.0 million, this transaction will be subject to

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compliance with the requirements set out under Chapter 14A of the Listing Rules, including, among others, reporting, annual review, announcement, circular and independent shareholders' approval requirements.

PROPERTY FRAMEWORK AGREEMENT

Description of the transaction and pricing policy

On 11 September 2020, our Company (for itself and on behalf of the other members of our Group) and Dr. J. Liu (on behalf of the entities controlled by him) entered into a framework agreement (“**Property Framework Agreement**”), pursuant to which we (primarily through our Operating Entity and Neusoft Industry Management) and entities controlled by Dr. J. Liu (primarily through Dalian Siwei) would lease certain buildings (including land and facilities) and offer property management services to one another.

The rental amount will be agreed periodically with reference to, and will comprise, the same factors as those for the property leasing and management transaction with Neusoft Holdings Group under the Neusoft Holdings Framework Agreement (see “— Neusoft Holdings Framework Agreement — Property leasing and management — Description of transaction and pricing policy”). The terms of the agreement were entered into on normal commercial terms (or better) after arm's length negotiations and will be from the Listing Date to 31 December 2022 (both dates inclusive).

Historical amounts

For FY 2017, 2018 and 2019 and the three months ended 31 March 2020, the amounts paid for this transaction were approximately RMB1.5 million, RMB1.5 million, RMB1.6 million and RMB360,000, respectively.

Listing Rules implications

Since the highest applicable percentage ratio calculated under Chapter 14A of the Listing Rules is more than 0.1% but less than 5%, the total annual cap is less than HK\$3.0 million, and the transaction is on normal commercial terms or better, pursuant to Rule 14A.76(1)(c) of the Listing Rules, this transaction will be a fully-exempt continuing connected transaction, exempt from reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

CONTRACTUAL ARRANGEMENTS

Background

As disclosed in “Contractual Arrangements”, due to regulatory restrictions on foreign ownership in the PRC, we conduct our business through our Consolidated Affiliated Entities in China.

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We do not hold equity interests in our Consolidated Affiliated Entities. Rather, through Contractual Arrangements, we have effective control over the Consolidated Affiliated Entities.

See “Contractual Arrangements” for details on the agreements underlying the Contractual Arrangements.

Listing Rules implications and reasons for applying for waivers

The transactions contemplated under the Contractual Arrangements are entered into by our Group and, among others, connected persons of our Company (being Neusoft Holdings and Dr. J. Liu), and therefore, constitute continuing connected transactions of our Company under the Listing Rules upon Listing.

Our Directors are of the view that (i) the Contractual Arrangements are fundamental to our Group’s legal structure and business, and (ii) the transactions contemplated under the Contractual Arrangements have been, and will be, entered into in our Group’s ordinary and usual course of business, are on normal commercial terms (or better) and are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

Our Directors are also of the view that our structure (whereby the financial results of our Consolidated Affiliated Entities flow to our JV, and where our JV acquires effective control over the financial and operational policies of our Consolidated Affiliated Entities) places our Group in a special position in relation to the connected transactions rules. Accordingly, notwithstanding that the transactions contemplated under the Contractual Arrangements and any new transactions, contracts and agreements or renewal of existing transactions, contracts and agreements to be entered into, among others, by our Consolidated Affiliated Entities and any member of our Group from time to time (including our Consolidated Affiliated Entities) (the “**New Intergroup Agreement(s)**”) technically constitute continuing connected transactions under Chapter 14A of the Listing Rules, our Directors consider that it would be unduly burdensome, impracticable, and would add unnecessary administrative costs to our Company, for all the transactions contemplated thereunder to be subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules, including, among others, the announcement, circular and independent shareholders’ approval requirements.

Ongoing reporting and approvals

We will disclose details relating to the Contractual Arrangements on an on-going basis as follows:

- (a) the Contractual Arrangements in place during each financial period will be disclosed in our Company’s annual report and accounts in accordance with the relevant provisions of the Listing Rules;
- (b) our independent non-executive Directors will review the Contractual Arrangements annually and confirm in our Company’s annual report and accounts for the relevant year that (i) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the Contractual Arrangements, (ii) no dividends or other distributions have been made by our Consolidated Affiliated Entities to the holders of its equity interests and/or sponsor interests (where

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applicable) that are not otherwise subsequently assigned or transferred to our Group, and (iii) any new contracts entered into, renewed or reproduced between our Group and our Consolidated Affiliated Entities during the relevant financial period above are fair and reasonable, or advantageous to our Shareholders, as far as our Group is concerned and in the interests of our Shareholders as a whole;

- (c) our Company's auditors will carry out review procedures annually on the transactions carried out pursuant to the Contractual Arrangements and will provide a letter to our Directors, with a copy to the Stock Exchange, confirming that the transactions have received the approval of our Directors, have been entered into in accordance with the relevant Contractual Arrangements and that no dividends or other distributions have been made by our Consolidated Affiliated Entities to the holders of its equity interests and/or sponsor interests (where applicable) that are not otherwise subsequently assigned or transferred to our Group;
- (d) for the purpose of Chapter 14A of the Listing Rules, and in particular the definition of "connected person", our Consolidated Affiliated Entities will be treated as our Company's subsidiaries, but at the same time, the directors, chief executives or substantial shareholders of our Consolidated Affiliated Entities and its associates will be treated as connected persons of our Company (excluding for this purpose, the Consolidated Affiliated Entities), and transactions between these connected persons and our Group (including for this purpose, the Consolidated Affiliated Entities), other than those under the Contractual Arrangements or within the scope of the waiver application below, will be subject to requirements under Chapter 14A of the Listing Rules; and
- (e) our Consolidated Affiliated Entities will undertake that, for as long as our Shares are listed on the Stock Exchange, our Consolidated Affiliated Entities will provide our Group's management and our Company's auditors full access to its relevant records for the purpose of our Company's auditors' review of the connected transactions.

WAIVER APPLICATION

Partially-exempt and non-exempt connected transactions (excluding the Contractual Arrangements)

For the partially-exempt continuing connected transactions mentioned above, we have applied for, and the Stock Exchange has granted us, waivers from strict compliance with the announcement requirements under the Listing Rules.

For the non-exempt continuing connected transactions mentioned above (excluding the Contractual Arrangements), we have applied for, and the Stock Exchange has granted us, a waiver from strict compliance with the announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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Contractual Arrangements

For the Contractual Arrangements mentioned above, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver pursuant to Rule 14A.105 of the Listing Rules from strict compliance with: (i) the announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Contractual Arrangements; (ii) the requirement of setting an annual cap for the transactions under the Contractual Arrangements; and (iii) the requirement to limit the term of the Contractual Arrangements (and the transactions contemplated thereunder) to three years or less (collectively, the "**Applicable Requirements**").

The waivers are granted on, and subject to, the following conditions:

- (a) No change without independent non-executive Directors' approval. No change to the Contractual Arrangements (including with respect to any fees payable to our JV thereunder) will be made without the approval of the independent non-executive Directors.
- (b) No change without independent Shareholders' approval. Save as described below, no change to the agreements governing the Contractual Arrangements will be made without the approval of our independent Shareholders. Once the independent Shareholders' approval of any change has been obtained, no further announcement or approval by our independent Shareholders, except for those described above, will be required under Chapter 14A of the Listing Rules unless and until further changes are proposed. The periodic reporting requirement regarding the Contractual Arrangements in the annual reports of our Company will continue to be applicable.
- (c) Economic benefits and flexibility. The Contractual Arrangements will continue to enable our Group to receive economic benefits derived by our Consolidated Affiliated Entities through: (i) our Group's option (if and when allowed under applicable PRC Laws) to acquire, all or part of, the entire equity interests in our Consolidated Affiliated Entities for nil consideration or for the minimum amount of consideration permitted by applicable PRC Laws; (ii) the business structure under which the profit generated by our Consolidated Affiliated Entities is substantially retained by our Group, such that no annual cap shall be set on the amount of service fees payable to our JV by our Consolidated Affiliated Entities under the Exclusive Management Consultancy and Business Cooperation Agreement (as defined in "Contractual Arrangements"); and (iii) our Group's right to control the management and operation of, as well as, in substance, all of the voting rights of our Consolidated Affiliated Entities.
- (d) Renewal and reproduction. On the basis that the Contractual Arrangements provide an acceptable framework for the relationship between our Company and its subsidiaries in which our Company has direct shareholding, on the one hand, and our Consolidated Affiliated Entities, on the other hand, that framework may be renewed and/or reproduced without being in strict compliance with the Applicable Requirements (including obtaining the approval of our Shareholders): (i) upon the expiry of the existing arrangements; (ii) in connection with any changes to the registered shareholders of or

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their respective shareholdings in or directors of the Consolidated Affiliated Entities; or (iii) in relation to any existing, newly established or acquired wholly foreign-owned enterprise (or foreign controlled joint venture) or operating company (including branch company), engaging in the same business as that of our Group. Such renewal and/or reproduction is justified by business expediency. The directors, chief executive or substantial shareholders of any existing or new wholly foreign-owned enterprise (or foreign controlled joint venture) or operating company (including branch company) engaging in the same business as that of our Group which our Group may establish will, upon renewal and/or reproduction of the Contractual Arrangements, be treated as connected persons of our Group and transactions between these connected persons and our Group other than those under similar Contractual Arrangements shall comply with Chapter 14A of the Listing Rules. This condition is subject to relevant PRC Laws and approvals. Any such renewed or reproduced agreements will be on substantially the same terms and conditions as the existing Contractual Arrangements.

In addition to the above, we have applied to the Stock Exchange, and the Stock Exchange has granted us, a waiver pursuant to Rule 14A.105 of the Listing Rules from strict compliance with: (i) the announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated in any New Intergroup Agreements (as defined above); (ii) the requirement of setting an annual cap for the fees payable by/to any member of our Group to/from our Consolidated Affiliated Entities in any New Intergroup Agreements; and (iii) the requirement to limit the term of any New Intergroup Agreement to three years or less, for so long as our Shares are listed on the Stock Exchange. The waiver is subject to the condition that the Contractual Arrangements subsist and that our Consolidated Affiliated Entities will continue to be treated as our Company's subsidiaries, but the directors, chief executives or substantial shareholders of our Consolidated Affiliated Entities and their associates will be treated as our Company's connected persons (excluding for this purpose, our Consolidated Affiliated Entities), other than those under the Contractual Arrangements, will be subject to requirements under Chapter 14A of the Listing Rules.

We will comply with applicable requirements under the Listing Rules and will immediately inform the Stock Exchange if there are any changes to these continuing connected transactions.

DIRECTORS' CONFIRMATION

Our Directors (including our independent non-executive Directors) are of the view that: (i) the continuing connected transactions set out in this section have been entered into in our ordinary and usual course of business on normal commercial terms or better, on terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and (ii) the proposed annual caps (where applicable) of the continuing connected transactions are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and in particular, (iii) the Contractual Arrangements are fundamental to our Group's legal structure and business operations and that the Contractual Arrangements have been entered into in our ordinary and usual course of business, on normal commercial terms or better and are fair and reasonable and in the interests of our Shareholders as a whole; and (iv) the terms of the relevant agreements underlying the Contractual Arrangements are justifiable and entered into under normal business practice, for an indefinite duration, to ensure that the

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financial and operational policies of the Consolidated Affiliated Entities can be effectively controlled by our JV, that our JV can obtain the economic benefits derived from the Consolidated Affiliated Entities, and any possible leakages of assets and the value of the Consolidated Affiliated Entities can be prevented, on an uninterrupted basis.

SOLE SPONSOR'S CONFIRMATION

Based on the documentation and data provided by the Company, and having made reasonable enquiries and after due and careful consideration, the Sole Sponsor is of the view that, as of the date of this document: (i) the continuing connected transactions described in this section have been entered into in the ordinary and usual course of the Company's business, on normal commercial terms or better, on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole; (ii) the proposed annual caps (where applicable) of the continuing connected transactions are fair and reasonable and in the interests of the Company and its Shareholders as a whole, and in particular, (iii) the Contractual Arrangements are fundamental to the Group's legal structure and business operations and that the Contractual Arrangements have been entered into in the Group's ordinary and usual course of business, on normal commercial terms or better and are fair and reasonable and in the interests of the Shareholders as a whole; and (iv) the terms of the relevant agreements underlying the Contractual Arrangements are justifiable and entered into under normal business practice, for an indefinite duration, to ensure that the financial and operational policies of the Consolidated Affiliated Entities can be effectively controlled by the JV, that the JV can obtain the economic benefits derived from the Consolidated Affiliated Entities, and any possible leakages of assets and the value of the Consolidated Affiliated Entities can be prevented, on an uninterrupted basis.