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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)

DISCLOSEABLE TRANSACTION ENTERING INTO THE CONSTRUCTION CONTRACT FOR THE GENERAL CONTRACTING PROJECT

ENTERING INTO THE CONSTRUCTION CONTRACT FOR THE GENERAL CONTRACTING PROJECT

The Board is pleased to announce that on 23 October 2024 (after trading hours), Dalian University (a Consolidated Affiliated Entity of the Company) and Huayu Construction entered into the Construction Contract for the General Contracting Project of the Neuedu Healthcare Technology Park Dormitory Project, pursuant to which Huayu Construction would be entrusted by Dalian University to be responsible for the construction work of the Project, with a tentative consideration of RMB270.0 million (subject to adjustment).

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio of the transactions contemplated under the Construction Contract for the General Contracting Project exceeds 5% but is less than 25%, the transactions contemplated under the Contract constitute discloseable transactions of the Company pursuant to Chapter 14 of the Listing Rules, and are only subject to the notification and announcement requirements, but exempted from the shareholders' approval requirements.

INTRODUCTION

The Board is pleased to announce that on 23 October 2024 (after trading hours), Dalian University (a Consolidated Affiliated Entity of the Company) and Huayu Construction entered into the Construction Contract for the General Contracting Project of the Neuedu Healthcare Technology Park Dormitory Project, pursuant to which Huayu Construction would be entrusted by Dalian University to be responsible for the construction work of the Project, with a tentative consideration of RMB270.0 million (subject to adjustment).

THE CONSTRUCTION CONTRACT FOR THE GENERAL CONTRACTING PROJECT

The major terms of the Contract are outlined below:

- Date : 23 October 2024 (after trading hours)
- Parties : (i) Dalian University (as the Principal); and
(ii) Huayu Construction (as the Contractor)
- Project : The Neuedu Healthcare Technology Park Dormitory Project located at North Section, Shu Ma Road, Dalian, Liaoning, with a site area of approximately 25,176.96 square meters and a building area of 112,494.98 square meters.
- Contracting Scope : The clearing of all ground objects of the current land status of the Project, earthwork, foundation engineering, main structure, exterior wall stone, exterior wall paint, outdoor supporting pipelines, water supply and drainage engineering, electrical engineering and reserved and embedded engineering in the drawings.
- Term : The term will commence from 27 October 2024 until all entrusted services are delivered and settlement is completed, no later than 30 December 2025.
- Contract Consideration and Adjustment : The total tentative consideration of the Contract is RMB270,000,000 (tax inclusive). After the completion of the construction drawings of the Project, the parties will determine the fixed consideration of the Project by entering into a supplementary agreement. The Company will issue a further announcement in relation to the fixed consideration after entering into the supplementary agreement, and the fixed consideration is expected to be no more than RMB295,000,000 (tax inclusive).
- Once the fixed consideration and payment method are determined, they may only be adjusted based on the following circumstances: (i) the increase or decrease in the actual construction volume; (ii) design changes or engineering negotiations; (iii) changes in materials and equipment; (iv) treatment and adjustments made by the Principal due to the Contractor's breach of the contract; and (v) other construction not included in the Contract and procurement documents.

- Payment Terms : The consideration under the Contract will be paid by Dalian University via bank transfer in the following manners:
- i. The Contractor shall submit the progress budget for the completion of construction before the 25th of each month, and 70% of the progress cost approved by the Principal will be paid in the next month;
 - ii. After the Project is accepted by the Principal, 85% of the total progress cost approved by the Principal will be paid;
 - iii. After the Project is accepted and taken over by the Principal and the project completion certificate is issued, 95% of the approved total project settlement cost will be paid;
 - iv. The remaining 5% of the total project settlement cost will be the project quality deposit. The Principal will pay 50% of the project quality deposit (interest-free and after deducting relevant expenses) to the Contractor when the project warranty period expires 2 years and 5 years, respectively.

The consideration under the Contract will be funded by the Group's internal resources and/or bank loans.

- Performance Bond : The performance bond for the Project is RMB1.66 million, which will be paid by the Contractor in the form of a bank guarantee before the payment of the first installment of the contract consideration by the Principal.

The performance bond shall be returned to the Contractor in full (without interests) within 28 days after the completion and acceptance of all construction under the Contract.

- Quality Warranty : During the warranty period, the Contractor shall bear the warranty responsibility for the quality of all projects under the contract. The warranty period for each detailed item shall be implemented in accordance with the administrative provisions of the contract and relevant laws, regulations, rules and other agreements between the parties.

BASIS OF DETERMINATION OF THE CONSIDERATION

The consideration for the Contract was determined after taking into consideration the following factors: (i) the design plans of the Project; (ii) the pricing principles for the dormitory construction projects previously entered into between Huayu Construction and the Group; (iii) the pricing principles for construction projects similar to the Project previously entered into by the Group; and (iv) Huayu Construction's experience, capabilities and market position in the general contracting construction. Accordingly, the Company is of the view that the consideration for the Contract is determined on an arm's length basis in accordance with normal commercial terms, and the Directors are of the view that the consideration for the Contract is fair and reasonable, and is in the interests of the Company and the shareholders as a whole.

GENERAL INFORMATION

Information on the Group

The Group principally operates two types of business segments in the PRC: (i) education business; and (ii) healthcare and wellness business, among which, the education service segment primarily covers three types of business: (i) full-time formal higher education services; (ii) education resources; and (iii) continuing education services.

Information on Dalian University

Located in Dalian, Liaoning Province and established in 2004, Dalian Neusoft University of Information is one of the higher education schools operated by the Group, and is mainly engaged in the provision of full-time formal higher education services in the PRC.

Information on Huayu Construction

Established on 27 February 1993, Dalian Huayu Construction Group Co., Ltd. is a first-class enterprise for general construction project contracting, and its business scope covers real estate development, building construction, decoration and renovation, building curtain walls, mechanical and electrical installation, steel structure engineering, municipal public construction works, fire service facilities construction works and other development and construction fields. As at the date of this announcement, Huayu Construction is held as to approximately 82.04%, 8.98% and 8.98% by SONG Aiguo, SONG Aimin and SONG Tao, respectively, and SONG Aiguo, SONG Aimin and SONG Tao are third parties independent of the Company and its connected persons.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, Huayu Construction and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CONTRACT

Due to the continuous increase in the number of students at Dalian University, the existing campus capacity of Dalian University may not be able to meet the needs of students in the future. As disclosed in the announcement of the Company dated 13 October 2024, after acquiring the two land parcels adjacent to the main campus of Dalian University in October 2024, the Group has intended to carry out campus expansion projects for Dalian University on such land parcels and the construction of Neuedu Healthcare Technology Park including student practice and training bases, dormitories, and other facilities, with the deep integration of education, technology, and healthcare as the core. The park will focus on the development of key majors in the fields of “IT + Digital Media + Healthcare”, further establishing the platform for talent practice and training, scientific and technological achievement transformation, as well as innovation and entrepreneurship incubation in professional fields, which will fully realize the interaction and sharing of resources among Dalian University and its affiliated institutions, driving the integrated fusion of “education, healthcare, and wellness”. The Project will form the dormitory part of the aforementioned campus expansion projects.

In addition, Huayu Construction is a first-class enterprise for general construction project contracting, with extensive experience in the field of construction projects. Its construction projects cover 11 provincial regions across the country, with an annual construction capacity of 1.0 million square meters and an average annual output value of RMB1.0 billion. At the same time, Huayu Construction and the Group are long-term strategic partners, and the teaching buildings and libraries built by Huayu Construction for Dalian University have both won the Luban Award. Dalian University has entrusted Huayu Construction to be responsible for the construction work of the Project, which is conducive to ensuring that the Project will be completed as planned according to the standards as required by Dalian University, and maintain the high quality of the construction projects of Dalian University.

Based on the above, the Directors are of the view that the transactions under the Construction Contract for the General Contracting Project are beneficial to the Group’s business development and are thus in the interest of the Group.

The Directors (including the independent non-executive Directors) are of the view that the Construction Contract for the General Contracting Project is entered into on normal commercial terms, and the terms of the Contract are fair and reasonable, and are in the best interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio of the transactions contemplated under the Construction Contract for the General Contracting Project exceeds 5% but is less than 25%, the transactions contemplated under the Contract constitute discloseable transactions of the Company pursuant to Chapter 14 of the Listing Rules, and are only subject to the notification and announcement requirements, but exempted from the shareholders’ approval requirements.

DEFINITIONS

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

“%”	per cent
“Consolidated Affiliated Entity”	entities controlled by the Company through the contractual arrangements entered into by the Group and considered as our subsidiaries
“Contract” or “Construction Contract for the General Contracting Project”	the construction contract for the general contracting project dated 23 October 2024 and entered into by Dalian University and Huayu Construction in relation to the Project
“Board”	the board of Directors
“Company”	Neusoft Education Technology Co. Limited (東軟教育科技有限公司), an exempted company with limited liability incorporated under the laws of the Cayman Islands on 20 August 2018
“Dalian University” or “Principal”	Dalian Neusoft University of Information (大連東軟信息學院), established in 2004, and one of the higher education schools operated by the Group
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries (together with Consolidated Affiliated Entities)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Huayu Construction” or “Contractor”	Dalian Huayu Construction Group Co., Ltd. (大連華禹建設集團有限公司), a company with limited liability incorporated under the laws of the Cayman Islands on 27 February 1993, and a first-class enterprise for general construction project contracting

“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“Project”	the Neuedu Healthcare Technology Park Dormitory Project located at North Section, Shu Ma Road, Dalian, Liaoning, with a site area of approximately 25,176.96 square meters and a building area of 112,494.98 square meters
“RMB”	Renminbi, the lawful currency of PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 23 October 2024

As at the date of this announcement, the Board comprises Dr. LIU Jiren as chairperson and non-executive Director; Dr. WEN Tao as executive Director; Mr. RONG Xinjie, Dr. ZHANG Xia, Dr. ZHANG Yinghui and Mr. SUN Yinhuan as non-executive Directors (aside from our chairperson); and Dr. LIU Shulian, Dr. QU Daokui and Dr. WANG Weiping as independent non-executive Directors.