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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)

POSSIBLE CONTINUING CONNECTED TRANSACTION TECHNICIANS SUPPLY SERVICES FRAMEWORK AGREEMENT

ENTERING INTO THE TECHNICIANS SUPPLY SERVICES FRAMEWORK AGREEMENT

The Board hereby announces that, as (i) the Group expects to continuously provide Technicians Supply Services to Shanghai Sirui (together with its subsidiaries) in the ordinary course of business after the Acquisition, and (ii) Shanghai Sirui will become a non-wholly owned subsidiary of Renrui while Neusoft Holdings will hold the remaining 43% equity interest in Shanghai Sirui after the completion of the Acquisition, on 21 September 2022 (after trading hours), the Company entered into the Technicians Supply Services Framework Agreement with Renrui, pursuant to which the Group agreed to provide Technicians Supply Services to the Renrui Group (including Shanghai Sirui and its subsidiaries) for a term commencing from the completion date of the Acquisition to 31 December 2024.

LISTING RULES IMPLICATIONS

After the completion of the Acquisition, Neusoft Holdings, the controlling shareholder of the Company, will hold 43% equity interest in Shanghai Sirui. Shanghai Sirui will therefore be an associate of Neusoft Holdings and a connected person of the Company. As the transactions contemplated under the Technicians Supply Services Framework Agreement will be conducted between the Group and Shanghai Sirui (together with its subsidiaries), such transactions constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listings Rules.

As the highest applicable percentage ratio (as defined in the Listing Rules) exceeds 0.1% but is less than 5%, the transactions contemplated under the Technicians Supply Services Framework Agreement are only subject to the reporting, announcement and annual review requirements, but are exempt from the circular (including independent financial advice) and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the Prospectus in relation to, among others, the Neusoft Holdings Framework Agreement. As disclosed in the Prospectus, on 11 September 2020, the Company (for itself and on behalf of the other members of the 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, among others, the Group would provide on-site engineers (and student secondment placees from its universities) to members of Neusoft Holdings Group, which in-turn would provide client companies with, among others, on-site software engineering services and technological and innovative solutions for their projects and businesses, for a term from 29 September 2020 to 31 December 2022 (both dates inclusive). The Group previously outsourced talent to Shanghai Sirui, which was a wholly-owned subsidiary of Neusoft Holdings, pursuant to the Neusoft Holdings Framework Agreement.

Reference is further made to the announcement issued by Renrui dated 8 March 2022 in relation to (a) the acquisition of 46% of the equity interests in Shanghai Sirui from Neusoft Holdings (the “**Acquisition**”) and (b) the possible continuing connected transaction between the Group and Shanghai Sirui (together with its subsidiaries) upon completion of the Acquisition (the “**Renrui Announcement**”). As disclosed in the Renrui Announcement, upon completion of the Acquisition, Shanghai Sirui will become a non-wholly subsidiary of Renrui and be held by Renrui, Neusoft Holdings and Tianjin Ruiyi as to 46%, 43% and 11%, respectively.

The Board hereby announces that, as (i) the Group expects to continuously provide Technicians Supply Services to Shanghai Sirui (together with its subsidiaries) in the ordinary course of business after the completion of the Acquisition, and (ii) Shanghai Sirui will become a non-wholly owned subsidiary of Renrui while Neusoft Holdings will hold the remaining 43% equity interest in Shanghai Sirui after completion of the Acquisition, on 21 September 2022 (after trading hours), the Company entered into the Technicians Supply Services Framework Agreement with Renrui, pursuant to which the Group agreed to provide Technicians Supply Services to the Renrui Group (including Shanghai Sirui and its subsidiaries) for a term commencing from the completion date of the Acquisition to 31 December 2024.

THE TECHNICIANS SUPPLY SERVICES FRAMEWORK AGREEMENT

The principal terms of the Technicians Supply Services Framework Agreement are set out below.

Date	: 21 September 2022
Parties	: (a) The Company (b) Renrui
Term	: The completion date of the Acquisition to 31 December 2024

Subject Matter : Pursuant to the Technicians Supply Services Framework Agreement, the Group agreed to provide Technicians Supply Services to the Renrui Group (including Shanghai Sirui and its subsidiaries).

Pricing Policy : The service fees payable by Renrui to the Company under the Technicians Supply Services Framework Agreement shall be determined after arm's length negotiations between the parties with reference to the cost incurred by the technicians of the Group plus certain profit margin and other factors (including but not limited to taxes involved). The profit margin is expected to be in the range from 10% to 15%, which shall be determined based on the historical rates of the technicians, number of technicians requested, estimated hours to be engaged, seniority and experience of each of the technician engaged, nature of the client company's request, as well as nature and complexity of the underlying projects.

The price and terms of the transactions contemplated under the Technicians Supply Services Framework Agreement shall be on normal commercial terms and in any event (i) not lower than the price and terms offered by the Company to independent third parties for supply of similar Technicians Supply Services (if any) and (ii) not higher than the price and terms offered to Renrui by independent third parties for supply of similar Technicians Supply Services.

Implementation Agreements : Individual implementation agreements will be entered into between the parties to set out the detailed terms, including scope of service, payment methods and term of service, within the parameters provided under the Technicians Supply Services Framework Agreement.

HISTORICAL AMOUNTS

The service fees paid by Shanghai Sirui to the Company under the Neusoft Holdings Framework Agreement for the two years ended 31 December 2020 and 2021 and for the six months ended 30 June 2022, were approximately RMB56.8 million, RMB53.7 million and RMB28.3 million, respectively.

ANNUAL CAPS

The annual caps for the service fees payable by Renrui to the Company under the Technicians Supply Services Framework Agreement for the years ending 31 December 2022, 2023 and 2024, respectively, are set out below:

	From the completion date of the Acquisition to 31 December 2022 <i>(in RMB thousands)</i>	Year ending 31 December 2023 <i>(in RMB thousands)</i>	2024 <i>(in RMB thousands)</i>
Service fees	15,000	30,000	30,000

The above annual caps for the service fees payable by Renrui to the Company under the Technicians Supply Services Framework Agreement were determined with reference to (i) the historical amount of service fees paid by Shanghai Sirui to the Company under the Neusoft Holdings Framework Agreement for the two years ended 31 December 2020 and 2021 and for the six months ended 30 June 2022, (ii) the estimated business needs from the Renrui Group, and (iii) the future business plan of the Group in relation to the apprenticeship programme.

INFORMATION IN RELATION TO THE COMPANY AND RENRUI

The Company

The Company was incorporated in Cayman Islands as an exempted company with limited liability on 20 August 2018, the Shares of which are listed on the Main Board of the Stock Exchange. The Group is principally engaged in the provision of private IT higher education service, IT training services and education technology services in the PRC.

Renrui

Renrui was incorporated in Cayman Islands as an exempted company with limited liability on 14 October 2011, the shares of which are listed on the Main Board of the Stock Exchange. The Renrui Group is a fast-growing pioneer in the human resources solutions sector in China and a strategic partner for a number of industry leaders, primarily engaged in the provision of comprehensive flexible staffing services, professional recruitment, and other human resources solutions.

Shanghai Sirui

Shanghai Sirui is a company established under laws of the PRC on 7 November 2013. After the completion of the Acquisition, Shanghai Sirui will be held as to 46% by Renrui, 43% by Neusoft Holdings and 11% by Tianjin Ruiyi, thus becoming a non-wholly owned subsidiary of Renrui. Shanghai Sirui is an information technology and software outsourcing service provider committed to providing digital transformation and information technology services to customers.

REASONS FOR AND BENEFITS OF ENTERING INTO THE TECHNICIANS SUPPLY SERVICES FRAMEWORK AGREEMENT

The Directors are of the view that the transaction is a normal continuation of the existing transactions between Shanghai Sirui and the Group under the original apprenticeship programme model, where technicians (including but not limited to students from the three universities operated by the Group) will provide on-site project solutions on information technology and software development to Shanghai Sirui (together with its subsidiaries) or its clients, instead of a newly occurring connected transaction. In addition, while the Group is gradually promoting the transformation of apprenticeship programme business model (replacing the self-established apprenticeship programme training bases with those jointly established with government, and replacing the onsite project directly participated by engineers with self-developed online training project), the transformation may take time and the continuation of this transaction will provide a necessary transitional period for the transformation.

The Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the Technicians Supply Services Framework Agreement will be conducted on normal commercial terms in the ordinary and usual course of business of the Group, the terms and conditions therein as well as the annual caps for the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Each of Dr. LIU Jiren, Dr. WEN Tao, Mr. RONG Xinjie and Mr. SUN Yinhuan is a Director of the Company, who also hold office in Neusoft Holdings, are deemed to have material interest in the transaction contemplated under the Technicians Supply Services Framework Agreement and have abstained from voting on the relevant Board resolutions. Save as mentioned above, none of the Directors have a material interest in the Technicians Supply Services Framework Agreement nor are they required to abstain from voting in the relevant board resolutions.

INTERNAL CONTROL MEASURES

To protect the interests of the Group, the Group will adopt the following internal control measures:

- (a) the relevant business department, the office of the Board and the finance department of the Company will closely monitor the transactions contemplated under the Technicians Supply Services Framework Agreement to ensure that the transaction amounts do not exceed the relevant annual caps set thereunder;
- (b) each individual implementation agreement to be entered into by the Group shall be subject to the appropriate approval of the relevant departments of the Company, including but not limited to business department, the office of the Board and the finance department, to ensure that each transaction is in line with the pricing policy and principal terms of the Technicians Supply Services Framework Agreement;
- (c) the auditors of the Company shall conduct annual reviews on pricing and annual caps of such transactions to ensure that the transaction amounts are within the annual caps and that the transactions, in all material aspects, are conducted in accordance with the pricing policies and principal terms of the Technicians Supply Services Framework Agreement; and
- (d) the independent non-executive Directors of the Company shall conduct annual reviews on the transactions contemplated under the Technicians Supply Services Framework Agreement to ensure that such transactions are conducted on normal commercial terms and are in the ordinary and usual course of business of the Group, and the terms thereof are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

After the completion of the Acquisition, Neusoft Holdings, the controlling shareholder of the Company, will hold 43% equity interest in Shanghai Sirui. Shanghai Sirui will therefore be an associate of Neusoft Holdings and a connected person of the Company. As the transactions contemplated under the Technicians Supply Services Framework Agreement will be conducted between the Group and Shanghai Sirui (together with its subsidiaries), such transactions constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listings Rules.

As the highest applicable percentage ratio (as defined in the Listing Rules) exceeds 0.1% but is less than 5%, the transactions contemplated under the Technicians Supply Services Framework Agreement are only subject to the reporting, announcement and annual review requirements, but are exempt from the circular (including independent financial advice) and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“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, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 9616)
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with GEM of 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, a controlling shareholder of the Company
“Neusoft Holdings Framework Agreement”	framework agreement dated 11 September 2020 entered into between the Company and Neusoft Holdings, details of which are described in “Connected transactions — Neusoft Holdings Framework Agreement” in the Prospectus
“Neusoft Holdings Group”	Neusoft Holdings and its subsidiaries (excluding our Group)

“PRC”	the People’s Republic of China, and for the purposes of this announcement only, except where the context requires otherwise, excluding Hong Kong, the Macao Special Administrative Region and Taiwan province of the People’s Republic of China
“Prospectus”	the prospectus of the Company dated 17 September 2020
“Renrui”	Renrui Human Resources Technology Holdings Limited (人瑞人才科技控股有限公司), an exempted company incorporated in the Cayman Islands on 14 October 2011 with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6919)
“Renrui Group”	Renrui and its subsidiaries
“RMB”	Renminbi, the lawful currency of PRC
“Shanghai Sirui”	Shanghai Sirui Information Technology Co., Ltd.* (上海思芮信息科技有限公司), a company established under laws of the PRC on 7 November 2013, will be a non-wholly owned subsidiary of Renrui and to be held as to 43% by Neusoft Holdings after the completion of the Acquisition
“Share(s)”	ordinary share(s) in the share capital of our Company, with a par value of HK\$0.0002 each
“Shareholder(s)”	holders of our Shares or any one or more of the holders
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed to it under the Listing Rules
“Technicians Supply Services”	the provision of technicians (including but not limited to students from the three universities operated by the Group) to provide on-site project solutions on information technology and software development to the Renrui Group or its clients
“Technicians Supply Services Framework Agreement”	the Technicians Supply Services Framework Agreement (技術人員供應服務框架協議) entered into between the Company and Renrui on 21 September 2022

“Tianjin Ruiyi”

Tianjin Ruiyi Business Management Consulting Centre (Limited Partnership) (天津芮屹企業管理諮詢中心(有限合夥)), a limited partnership established under the laws of the PRC on 27 August 2020, and to the best of the Directors’ knowledge having made all reasonable enquiries, an independent third party as at the date of this announcement

“%”

per cent

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

Hong Kong, 21 September 2022

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.