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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)

ANNOUNCEMENT

FURTHER CHANGE IN USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING

References are made to (i) the prospectus of Neusoft Education Technology Co. Limited (the “**Company**” and together with its subsidiaries and consolidated affiliated entities, the “**Group**”) dated 17 September 2020 (the “**Prospectus**”), (ii) the announcement of the Company dated 8 June 2021 (the “**Previous Announcement**”) in relation to the change in use of proceeds from the initial public offering of the Company (the “**IPO**”), (iii) the announcement of the Company dated 28 August 2023 (the “**Termination Announcement**”) in relation to the termination of the cooperation agreement (the “**Cooperation Agreement**”) entered into between Neusoft Education Technology Group Co. Limited (“**Neusoft Education Technology**”) and Fujian Jiantou Group Co., Limited (“**Fujian Jiantou**”) on 12 April 2021, and (iv) the interim report of the Company for the six months ended 30 June 2023 (the “**2023 Interim Report**”). Unless otherwise defined, terms used in this announcement shall have the same meanings as those defined in the 2023 Interim Report.

BACKGROUND

After deduction of underwriting commissions and other expenses payable by the Company in connection with the IPO, the net proceeds from the IPO (the “**IPO Proceeds**”) amounted to approximately HK\$924.2 million (approximately RMB777.5 million).

As disclosed in the Previous Announcement, on 8 June 2021, the Board resolved to reallocate part of the unutilised IPO Proceeds of approximately RMB59.9 million originally intended to be used for the acquisition of other schools to repay commercial loans of the Group.

As disclosed in the Termination Announcement, on 28 August 2023, Neusoft Education Technology entered into a termination agreement (the “**Termination Agreement**”) with Fujian Jiantou, pursuant to which, both parties agreed (i) to terminate the Cooperation Agreement with effect from 28 August 2023; and (ii) that Fujian Jiantou shall return the earnest money of RMB50.0 million paid by Neusoft Education Technology within 5 business days from the signing date of the Termination Agreement. Neusoft Education Technology has received the earnest money of RMB50.0 million paid by Fujian Jiantou on 5 September 2023.

As at the date of this announcement, the amount of unutilised IPO Proceeds is approximately RMB100.0 million.

FURTHER CHANGE IN USE OF PROCEEDS FROM THE IPO

The Board hereby announces that for the reasons set out in the paragraph headed “Reasons for and Benefits of the Change in Use of the IPO Proceeds” below, it has resolved to reallocate the unutilised IPO Proceeds of approximately RMB100.0 million (representing approximately 12.9% of the IPO Proceeds) originally intended to be used for the acquisition of other schools, of which approximately RMB93.4 million to repay commercial loans, and approximately RMB6.6 million to supplement working capital.

Set out below is the utilisation of the IPO Proceeds as at the date of this announcement and the proposed change in the use of unutilised IPO Proceeds:

Use of proceeds	Original allocation of IPO Proceeds (RMB million)	Previously revised allocation of IPO Proceeds (RMB million)	Further revised allocation of IPO Proceeds (RMB million)	Amount of utilised IPO Proceeds as at the date of this announcement (RMB million)	Amount of unutilised IPO Proceeds as at the date of this announcement (RMB million)	Expected timeline for utilisation
Upgrading our existing school facilities and expanding our campus	399.6	399.6	399.6	399.6	0.0	–
Acquisition of other schools	159.9	100.0	0.0	0.0	0.0	–
Repay commercial loans	138.1	198.0	198.0	198.0	93.4	By the end of 2024
Supplement working capital	79.9	79.9	179.9	79.9	6.6	By the end of 2024
Total	777.5	777.5	777.5	677.5	100.0	

Save for the aforementioned changes, there are no other changes in the use of IPO Proceeds.

REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF THE IPO PROCEEDS

As disclosed in the Previous Announcement, the Company intends to use the IPO Proceeds of approximately RMB100.0 million to finance part of the earnest money under the Cooperation Agreement. Considering the fact that the transaction under the Cooperation Agreement has been terminated pursuant to the Termination Agreement and that there is no proper acquisition target for the Group under the current market environment, the Board believes that reallocating the remaining unutilised IPO Proceeds of approximately RMB100.0 million originally intended for the acquisition of other schools to repay commercial loans and supplement working capital will allow the Group to better utilise its financial resources in a more flexible, beneficial and efficient manner, which will thus reduce the financial expenses of the Group and provide adequate financial support for the implementation of the Group’s development strategy.

The Board is of the view that (i) notwithstanding the aforesaid change in the use of the IPO Proceeds, the development direction of the Group remains consistent with the direction as disclosed in the Prospectus; and (ii) the abovementioned change in the use of the IPO Proceeds is fair and reasonable and will not have any material adverse effect on the existing business and operation of the Group, and is in the interests of the Company and its shareholders as a whole.

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

Hong Kong, 8 March 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.