Neutech

東軟睿新科技集团有限公司

Neutech Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9616)

CONNECTED TRANSACTIONS
ACQUISITION AND CAPITAL CONTRIBUTION IN XIKANG YUNSHE

THE ACQUISITION

On 20 May 2025 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company, entered into the Share Transfer Agreement with the Vendor (an Independent Third Party) and the Target Company, pursuant to which the Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the Assigned Paid-up Capital, representing approximately 4.2255% of the total paid-up capital of the Target Company as of the date of this announcement, at a total consideration of RMB30 million.

THE CAPITAL CONTRIBUTION

On the same date, the Purchaser entered into the Capital Contribution Agreement with the Target Company, pursuant to which the Purchaser has conditionally agreed to make capital contribution, by way of cash, to the Target Company in the amount of RMB45 million. In addition, the Target Company will convert RMB4,136,047 of its capital reserve into registered capital, and the newly increased registered capital will be fully allocated to the Purchaser.

As of the date of this announcement, the Target Company is held as to approximately 55.9176% by Neusoft Holdings, approximately 11.8339% by the Vendor and approximately 32.2485% by three Independent Third Parties. Immediately upon completion of the Acquisition, the Capital Contribution and the Conversion of Capital Reserve, (i) the Target Company will be held as to approximately 52.5847% by Neusoft Holdings, approximately 9.9341% by the Purchaser, approximately 7.1549% by the Vendor and approximately 30.3263% by three Independent Third Parties; and (ii) the Target Company will not become a subsidiary of the Company and the financial results of the Target Group will not be consolidated into the financial statements of the Group.

LISTING RULES IMPLICATIONS

As of the date of this announcement, Neusoft Holdings is a Controlling Shareholder of the Company holding approximately 39.29% of the total issued Shares of the Company. Therefore, Neusoft Holdings is a "controller" of the Company within the meaning of Rule 14A.28 of the Listing Rules. In addition, as Neusoft Holdings held approximately 55.9176% equity interest in the Target Company as of the date of this announcement, Neusoft Holdings is a substantial shareholder of the Target Company. Accordingly, the Acquisition and the Capital Contribution constitute connected transactions of the Company under Rule 14A.28(1) of the Listing Rules.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition and the Capital Contribution, on an aggregate basis, exceeds 0.1% but is less than 5%, the Acquisition and the Capital Contribution are subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the completion of the Acquisition and the Capital Contribution are subject to the satisfaction and/or waiver, where applicable, of the conditions precedent in the Share Transfer Agreement and the Capital Contribution Agreement, the Acquisition and/or the Capital Contribution may or may not proceed to completion. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

I. INTRODUCTION

The Board is pleased to announce that (i) on 20 May (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company, entered into the Share Transfer Agreement with the Vendor (an Independent Third Party) and the Target Company, pursuant to which the Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the Assigned Paid-up Capital, representing approximately 4.2255% of the total paid-up capital of the Target Company as of the date of this announcement, at a total consideration of RMB30 million; and (ii) on the same date, the Purchaser entered into the Capital Contribution Agreement with the Target Company, pursuant to which the Purchaser has conditionally agreed to make capital contribution, by way of cash, to the Target Company in the amount of RMB45 million. In addition, the Target Company will convert RMB4,136,047 of its capital reserve into registered capital, and the newly increased registered capital will be fully allocated to the Purchaser.

II. THE ACQUISITION

1. Share Transfer Agreement

The principal terms of the Share Transfer Agreement are summarized below:

(a) Date

20 May 2025

(b) Parties

(i) Neusoft Ruixin, an indirect wholly-owned subsidiary of the Company, as the Purchaser;

(ii) Xikang Healthcare as the Vendor; and

(iii) Xikang Yunshe as the Target Company.

(c) Effectiveness

The Share Transfer Agreement shall take effect upon obtaining the approval by the shareholders of the Target Company.

(d) Equity interest to be acquired

Pursuant to the Share Transfer Agreement, the Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the Assigned Paid-up Capital, representing approximately 4.2255% of the total paid-up capital of the Target Company as of the date of this announcement.

(e) Consideration

The consideration for the Acquisition shall be RMB30 million and shall be satisfied by cash. The consideration for the Acquisition will be funded by the internal resources of the Group and/or external bank loans.

(f) Payment terms and conditions precedent

The consideration for the Acquisition of RMB30 million shall be paid by the Purchaser to the Vendor in a lump sum on 30 September 2025, subject to the fulfillment or (if applicable) waiver by the Purchaser of all the following conditions precedent before 30 September 2025. In the event that any of the conditions precedent set out below are not fulfilled or waived by the Purchaser before 30 September 2025, the Purchaser shall pay the consideration for the Acquisition to the Vendor in a lump sum within ten (10) Business Days upon fulfillment or (if applicable) waiver by the Purchaser of all conditions precedent:

(i) the Share Transfer Agreement and the Capital Contribution Agreement having been duly executed and taken effect;

(ii) the conditions precedent for the payment of the Capital Contribution under the Capital Contribution Agreement having been satisfied;

(iii) the shareholders of the Target Company having approved (a) the execution of the Share Transfer Agreement and the Acquisition; (b) to make corresponding amendments to the articles of association of the Target Company; and (c) to waive the pre-emptive rights in relation to the Acquisition;

(iv) the Target Company having completed all necessary registrations and fillings with the relevant market supervision and administration authority in relation to the Acquisition, the Capital Contribution and the Conversion of Capital Reserve (as defined below);

(v) the Purchaser having obtained all necessary approvals, consents and authorizations for the Acquisition, including but not limited to the approval by the Board for the Acquisition;

(vi) the Vendor having obtained all necessary approvals, consents and authorizations for the Acquisition, including but not limited to the approval by the board of directors of Xikang Cloud for the Acquisition;

(vii) up to the payment date of the consideration for the Acquisition, the representations, warranties and undertakings made by the Vendor and the Target Company under the Share Transfer Agreement being true, accurate and complete in all material respects with no misrepresentation, misleading or material omission, and there being no breach of the representations and warranties, undertakings or other obligations of the Vendor or the Target Company under the Share Transfer Agreement;

(viii) up to the payment date of the consideration for the Acquisition, there being no laws, judgement, award, ruling or injunction by any court or government authority which shall restrict, prohibit or terminate the transactions contemplated under the Share Transfer Agreement, and there being no pending or potential litigation, arbitration, judgement, award, ruling or injunction which shall have material adverse impact on the Target Company, any of its subsidiaries and/or the transactions contemplated under the Share Transfer Agreement; and

(ix) up to the payment date of the consideration for the Acquisition, there being no material adverse change in the Target Group in respect of assets, business operations, financial position or applicable laws.

As of the date of this announcement, save as the conditions precedent numbered (v) and (vi), none of the other conditions precedent has been fulfilled.

(g) Completion

Completion of the Acquisition shall take place on the date of completion of all necessary registrations and fillings with the relevant market supervision and administration authority.

2. Basis of Determination of consideration for the Acquisition

The consideration for the Acquisition was determined after arm's length negotiations between the Purchaser and the Vendor with reference to the valuation of the total equity value of the Target Company as of the Valuation Benchmark Date (being 31 December 2024) of approximately RMB709.97 million, as appraised by the Independent Valuer by way of asset-based approach, and the proportion of capital contribution (i.e. 4.2255%).

Valuation Report

The Valuation Report is issued by the Independent Valuer, Beijing Guorong Xinghua Asset Appraisal Co., Ltd.* (北京國融興華資產評估有限責任公司), on 30 April 2025 and is valid until 30 December 2025. The Independent Valuer is a qualified asset appraisal firm authorised by Beijing Finance Bureau of the PRC to perform valuation works in the PRC. The Valuation Report was prepared based on the audited consolidated financial statements of the Target Group for the year ended 31 December 2022, 2023 and 2024 and taking into account a reasonable estimate of any identifiable off-balance sheet assets and liabilities related items.

Valuation methodology

The methodology adopted for preparation of the Valuation Report regarding the Acquisition is asset-based approach. Given the nature of the Target Group, there are substantial limitations for the income approach and the market approach for valuing the underlying assets. Considering that (i) the Target Company is a holding company and does not have independent profitability, and (ii) the Target Group is undergoing a strategic transformation with future revenue having potential upward space, the future revenue of the Target Group cannot be reasonably and reliably predicted, hence the income approach is not applicable. In the meantime, there is insufficient public information of comparable companies or transactions in the same industry as the Target Group, therefore the market approach is also inapplicable. As (i) the input parameters involved in the asset-based approach have sufficient data, and (ii) the financial data of the Target Group has been audited and there are no off-balances sheet assets that would significantly affect the value of the Target Group and are difficult to identify and assess, the Independent Valuer considers that the asset-based approach is the most appropriate valuation method for appraising the equity value of the Target Company.

A summary of the Valuation Report containing, among other things, the key assumptions, valuation model and input parameters for preparation of the valuation of the total equity value of the Target Company is set out in Appendix to this announcement.

III. THE CAPITAL CONTRIBUTION

1. Capital Contribution Agreement

The principal terms of the Capital Contribution Agreement are summarized below:

(a) Date

20 May 2025

(b) Parties

(i) the Purchaser; and

(ii) the Target Company.

(c) Effectiveness

The Capital Contribution Agreement shall take effect upon the effective date of the Share Transfer Agreement and obtaining the approval by the shareholders of the Target Company (whichever is later).

(d) ***Subject of transaction***

Pursuant to the Capital Contribution Agreement, the Purchaser has conditionally agreed to make capital contribution, by way of cash, to the Target Company in the amount of RMB45 million. In addition, the Target Company will convert RMB4,136,047 of its capital reserve into registered capital, and the newly increased registered capital will be fully allocated to the Purchaser (the "**Conversion of Capital Reserve**").

(e) ***Consideration***

The aggregate amount of capital contribution to be made to the Target Company by the Purchaser shall be RMB45 million, which will be credited to the registered capital of the Target Company.

The consideration for the Capital Contribution shall be satisfied by cash and will be funded by the internal resources of the Group.

(f) ***Payment terms and conditions precedent***

The Capital Contribution of RMB45 million shall be paid by the Purchaser to the Target Company in a lump sum on 30 September 2025, subject to the fulfillment of the following conditions precedent. In the event that any of the conditions precedent set out below are not fulfilled before 30 September 2025, the Purchaser shall pay the Capital Contribution within ten (10) Business Days upon fulfillment of all conditions precedent:

(i) the Capital Contribution Agreement and the Share Transfer Agreement having been duly executed and taken effect;

(ii) the conditions precedent to the payment of the consideration for the Acquisition having been satisfied or waived by the Purchaser;

(iii) the shareholders of the Target Company having approved (a) the execution of the Capital Contribution Agreement, the Capital Contribution and the Conversion of Capital Reserve; (b) to waive the pre-emptive rights in relation to the Capital Contribution and the Conversion of Capital Reserve; and (c) to make corresponding amendments to the articles of association of the Target Company;

(iv) the Target Company having completed all necessary registrations and fillings with the relevant market supervision and administration authority in relation to the Acquisition, the Capital Contribution and the Conversion of Capital Reserve;

(v) the Purchaser having obtained all necessary approvals, consents and authorizations for the Capital Contribution and the Conversion of Capital Reserve;

(vi) the representations, warranties and undertakings made by the Target Company under the Capital Contribution Agreement being true, accurate and complete in all material respects, with no misrepresentation, misleading or material omission, and there being no breach of the representations and warranties, undertakings or other obligations of the Target Company under the Capital Contribution Agreement;

(vii) there being no laws, judgement, award, ruling or injunction by any court or government authority which shall restrict, prohibit or terminate the transactions contemplated under the Capital Contribution Agreement, and there being no pending or potential litigation, arbitration, judgement, award, ruling or injunction which shall have material adverse impact on the Target Company and/or the transactions contemplated under the Capital Contribution Agreement; and

(viii) there being no material adverse change in the Target Company in respect of assets, business operations, financial position or applicable laws.

As of the date of this announcement, save as the condition precedent numbered (v), none of the other conditions precedent has been fulfilled.

(g) Completion

Completion of the Capital Contribution shall take place on the date of completion of all necessary registrations and fillings with the relevant market supervision and administration authority.

2. Basis of Determination of consideration for the Capital Contribution

The consideration for the Capital Contribution was determined after arm's length negotiations between the Purchaser and the Target Company with reference to the Target Company's demand for working capital, the valuation of the total equity value of the Target Company as of the Valuation Benchmark Date and in accordance with the PRC laws and regulations.

IV. REASONS FOR AND BENEFITS OF THE ACQUISITION AND THE CAPITAL CONTRIBUTION

Since its strategic transformation in 2024, the Group has evolved from a singular education service provider to an industry pioneer in a five-in-one integrated ecosystem of "Education, Healthcare, Wellness and Mind Tour". This shift marks the Group's stride toward a broader and more diversified business layout. The Target Group is principally engaged in the operation and management of hotels, owning five wellness hotels. These hotels have served as important cooperative bases for the Mind Tour Class of the Group's elderly education business, enriching the course offerings of the Group's elderly education services and fostering the development of its elderly education business, thereby forming one of the distinctive features of the Group's elderly education business. Upon completion of the Acquisition, the Group will further expand its wellness tourism services and deepen the collaboration and synergies between the Target Group's hotels and the Group's elderly education business, achieving mutual benefits and win-win outcomes for both parties.

Based on the above, the Board believes that the Acquisition and the Capital Contribution aligns with the Company's expansion strategy and will therefore help the Group establish diversified sources of income and bring sustainable cash flow.

In view of the above, the Directors (including the independent non-executive Directors) are of the view that the Share Transfer Agreement, the Capital Contribution Agreement and the transactions contemplated thereunder are on normal commercial terms and the terms thereunder are fair and reasonable, while not in the ordinary and usual course of business of the Group, are in the interests of the Company and the Shareholders as a whole.

Since Dr. Liu, Dr. Wen Tao and Mr. Sun Yinhuan, each being a Director of the Company, hold office in Neusoft Holdings, they are deemed to have material interests in the Acquisition and the Capital Contribution and have abstained from voting on the relevant Board resolutions. Save as disclosed above, none of the other Directors has a material interest in the Acquisition and the Capital Contribution and is required to abstain from voting on the relevant Board resolutions.

V. GENERAL INFORMATION OF THE TARGET GROUP

The Target Company is a company incorporated under PRC laws on 8 December 2016. As of the date of this announcement, the Target Company is held as to approximately 55.9176% by Neusoft Holdings, approximately 12.8994% by Shanghai Huxiang Investment Management Co., Ltd.* (上海互象投資管理有限公司) ("**Shanghai Huxiang**"), approximately 12.8994% by Beijing Yongyou Technology Co., Ltd.* (北京用友科技有限公司) ("**Beijing Yongyou**"), approximately 11.8339% by the Vendor and approximately 6.4497% by Ningxia Chengbei Chuangye Investment Consulting Co., Ltd.* (寧夏誠貝創業投資諮詢有限公司) ("**Ningxia Chengbei**"). Each of Shanghai Huxiang, Beijing Yongyou and Ningxia Chengbei is an Independent Third Party. Immediately upon completion of the Acquisition, the Capital Contribution and the Conversion of Capital Reserve, (i) the Target Company will be held as to approximately 52.5847% by Neusoft Holdings, approximately 12.1305% by Shanghai Huxiang, approximately 12.1305% by Beijing Yongyou, approximately 9.9341% by the Purchaser, approximately 7.1549% by the Vendor and approximately 6.0653% by Ningxia Chengbei; and (ii) the Target Company will not become a subsidiary of the Company and the financial results of the Target Group will not be consolidated into the financial statements of the Group.

The Target Company is an investment holding company. Set out below are the principal businesses of the subsidiaries of the Target Company as of the date of this announcement:

No.	Name of subsidiary of the Target Company	Principal business
1.	Chengmai Zhiye	property holding and leasing
2.	Benxi Yunshe	hotel management and operation
3.	Baimashan Yunshe	hotel management and operation
4.	Mangka Yunshe	hotel management and operation
5.	Ximeng Yunshe	hotel management and operation
6.	Hainan Yunshe Management	provision of management services for hotel
7.	Yunshe Management	provision of management services for hotel, restaurant operation and sale of local speciality

Set out below is the audited consolidated net loss (both before and after taxation) of the Target Group for the two years ended 31 December 2023 and 2024:

	For the year ended 31 December	
	2023	**2024**
	(RMB million)	*(RMB million)*
Net loss before taxation	36.93	50.36
Net loss after taxation	36.86	50.29

As of 31 December 2024, the audited consolidated net assets of the Target Group were approximately RMB694.59 million.

The original cost incurred by the Vendor in respect of the Assigned Paid-up Capital amounted to RMB100 million.

VI. GENERAL INFORMATION OF THE PARTIES

Information on the Group

The Group, with education as the core business, has established five major businesses in the PRC: (i) education technology; (ii) medical and elderly care services; (iii) heath technology; (iv) university science parks and campus services; and (v) wellness tourism services, to create a new business ecosystem integrating "Education healthcare wellness and mind tour" into a unified development model.

Information on the Purchaser

The Purchaser is a company incorporated under PRC laws on 17 May 2019 and is an indirect wholly-owned subsidiary of the Company. The Purchaser is principally engaged in the business of investment and shareholding, development and sales of software and consulting services.

Information on the Vendor

The Vendor is a company incorporated under PRC laws on 12 August 2011 and is a wholly-owned subsidiary of Xikang Cloud. The Vendor is principally engaged in research and development of computer technology.

Information on Xikang Cloud

Xikang Cloud nurtured a cloud hospital network that connects local governments, medical institutions, patients and insurers to enable equitable access to medical resources and more effective and efficient delivery of medical service, nursing service and health management service. The shares of Xikang Cloud are listed on the Main Board of the Stock Exchange (stock code: 9686).

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, a non-executive Director and a Controlling Shareholder of the Company, 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.

VII. LISTING RULES IMPLICATIONS

As of the date of this announcement, Neusoft Holdings is a Controlling Shareholder of the Company holding approximately 39.29% of the total issued Shares of the Company. Therefore, Neusoft Holdings is a "controller" of the Company within the meaning of Rule 14A.28 of the Listing Rules. In addition, as Neusoft Holdings held approximately 55.9176% equity interest in the Target Company as of the date of this announcement, Neusoft Holdings is a substantial shareholder of the Target Company. Accordingly, the Acquisition and the Capital Contribution constitute connected transactions of the Company under Rule 14A.28(1) of the Listing Rules.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition and the Capital Contribution, on an aggregate basis, exceeds 0.1% but is less than 5%, the Acquisition and the Capital Contribution are subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the completion of the Acquisition and the Capital Contribution are subject to the satisfaction and/or waiver, where applicable, of the conditions precedent in the Share Transfer Agreement and the Capital Contribution Agreement, the Acquisition and/or the Capital Contribution may or may not proceed to completion. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

VIII. DEFINITIONS

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

"Acquisition"	the acquisition of the Assigned Paid-up Capital by the Company from the Vendor pursuant to the Share Transfer Agreement
"Assigned Paid-up Capital"	the paid-up capital contributed by the Vendor with the amount of RMB32,757,364, representing approximately 4.2255% of the total paid-up capital of the Target Company as of the date of this announcement
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Baimashan Yunshe"	Pu'er Baimashan Yunshe Hotel Co., Ltd.* (普洱白馬山雲舍酒店有限公司), a company incorporated under the PRC laws on 9 April 2018 and a direct wholly-owned subsidiary of the Target Company
"Benxi Yunshe"	Benxi Guanshanhu Xikang Yunshe Ltd.* (本溪觀山湖熙康雲舍有限公司), a company incorporated under the PRC laws on 5 August 2016 and a direct non-wholly owned subsidiary of the Target Company
"Board"	the board of directors of the Company
"Business Day"	the statutory working days in the PRC, i.e. weekdays excluding weekends and public holidays
"Capital Contribution"	the capital contribution to be made by the Purchaser to the Target Company under the Capital Contribution Agreement
"Capital Contribution Agreement"	the capital contribution agreement dated 20 May 2025 entered into between the Purchaser and the Target Company in relation to the Capital Contribution

"Chengmai Zhiye"	Neusoft Chengmai Zhiye Co., Ltd.* (東軟(澄邁)置業有限公司), a company incorporated under the PRC laws on 22 November 2013 and a direct non-wholly owned subsidiary of the Target Company
"Company"	Neutech Group Limited (東軟睿新科技集團有限公司), (formerly known as Neusoft Education Technology Co. Limited (東軟教育科技有限公司)), a company incorporated in the Cayman Islands on 20 August 2018 as an exempted company with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 9616)
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules, and unless the context otherwise requires, namely Dr. Liu and Neusoft Holdings
"Director(s)"	the director(s) of the Company
"Dr. Liu"	LIU Jiren (劉積仁), a non-executive Director and core founding member of the Group
"Group"	the Company and its subsidiaries
"Hainan Yunshe Management"	Hainan Yunshe Hotel Management Co., Ltd.* (海南雲舍酒店管理有限公司), a company incorporated under the PRC laws on 22 November 2013 and a direct wholly-owned subsidiary of the Target Company
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	person(s) who is(are) third party(ies) independent of the Company and its connected persons (as defined under the Listing Rules)
"Independent Valuer"	Beijing Guorong Xinghua Asset Appraisal Co., Ltd.* (北京國融興華資產評估有限責任公司), an independent valuer engaged by the Company
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange

"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
"Mangka Yunshe"	Pu'er Jinggu Yunshe Hotel Co., Ltd.* (普洱景穀雲舍酒店有限公司), a company incorporated under the PRC laws on 2 April 2014 and a direct wholly-owned subsidiary of the Target Company
"Neusoft Holdings"	Dalian Neusoft Holdings Co., Ltd.* (大連東軟控股有限公司), a company incorporated under PRC laws, a Controlling Shareholder of the Company
"Neusoft Ruixin" or the "Purchaser"	Dalian Neusoft Ruixin Technology Group Co. Limited* (大連東軟睿新科技集團有限公司) (formerly known as "Dalian Neusoft Ruixin Technology Development Co. Limited* (大連東軟睿新科技發展有限公司)"), a company incorporated under PRC laws on 17 May 2019 and a wholly-owned subsidiary of the Company
"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)
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	the ordinary share(s) of HK$0.0002 each in the share capital of the Company
"Share Transfer Agreement"	the share transfer agreement dated 20 May entered into among the Purchaser, the Vendor and the Target Company in relation to the Acquisition
"Shareholder(s)"	the holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the same meaning ascribed thereto under the Listing Rules
"Target Group"	the Target Company and its subsidiaries
"Valuation Benchmark Date"	31 December 2024, being the date on which the appraised value of total equity value of the Target Company was determined as set out in the Valuation Report

"Valuation Report"	the valuation report dated 30 April 2025 prepared by the Independent Valuer in respect of the valuation of the total equity value of the Target Company
"Xikang Cloud"	Xikang Cloud Hospital Holdings Inc. (熙康雲醫院控股有限公司), a company incorporated in the Cayman Islands on 12 May 2011 as an exempted company with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 9686)
"Xikang Healthcare" or the "Vendor"	Xikang Healthcare Technology Co., Ltd. (熙康健康科技有限公司), a company incorporated under PRC laws on 12 August 2011 and a wholly-owned subsidiary of Xikang Cloud
"Xikang Yunshe" or the "Target Company"	Dalian Xikang Yunshe Kang Travel Investment Management Co., Ltd.* (大連熙康雲舍康旅投資管理有限公司), a company incorporated under PRC laws on 8 December 2016 and is held as to approximately 11.83% by the Vendor as of the date of this announcement
"Ximeng Yunshe"	Pu'er Ximeng Yunshe Hotel Co., Ltd.* (普洱西盟雲舍酒店有限公司), a company incorporated under the PRC laws on 3 April 2014 and a direct wholly-owned subsidiary of the Target Company
"Yunshe Management"	Dalian Xikang Yunshe Hotel Management Co., Ltd.* (大連熙康雲舍酒店管理有限公司), a company incorporated under the PRC laws on 13 July 2017 and a direct wholly-owned subsidiary of the Target Company
"%"	per cent

By order of the Board
NEUTECH GROUP LIMITED
Dr. LIU Jiren
Chairperson and non-executive director

Hong Kong, 20 May 2025

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.

* *for identification purposes only*

APPENDIX – SUMMARY OF THE VALUATION REPORT

Key Assumptions

(a) Basic assumptions

(i) open market assumption, which assumes that with respect to the asset traded or to be traded in the market, the transacting parties are in equal position and both have opportunities and time to access sufficient market information so as to make a rational judgment on the function, purpose and transaction price of assets;

(ii) transaction assumption, which assumes that all assets to be valued are in the process of transaction, and the Independent Valuer makes estimation in a simulated market according to the transaction conditions of assets to be valued; and

(iii) going-concern assumption, which assumes that the Target Company will not cease to operate for various reasons in the foreseeable future, but will continue to operate lawfully, based on the conditions of existing assets and resources.

(b) General assumptions

(i) it is assumed that there is no material change in the relevant current laws, regulations and policies, and the macroeconomic situation of the PRC, and there is no material change in the political, economic and social environment of the regions where the parties are located;

(ii) it is assumed that the industry in which the Target Company operates maintains a trend of stable development and there are no significant changes in the industrial policies, management systems and relevant regulations;

(iii) it is assumed that there will be no material change relating to the bases of valuation, including interest rate, exchange rate, tax bases, tax rate, and policy-based levies, which are applicable to the Target Company; and

(iv) it is assumed that no force majeure or unforeseeable factor will have any material adverse effect on the Target Company following the Valuation Benchmark Date.

(c) Specific assumptions

(i) it is assumed that the general information relating to the operation, property rights information, policy documents and other related materials provided by the Purchaser and the Target Company remain true and valid;

(ii) it is assumed that the purchase, acquisition and construction of the assets involved in the Target Company are in accordance with the relevant laws and regulations of the PRC;

(iii) it is assumed that there are no major technical failures affecting the continued use of the tangible assets associated with the Target Company, and it is assumed that there are no potentially major quality defects in the key components and materials;

(iv) it is assumed that the assets within the scope of the valuation are true and complete, and there is no defect of property right, no mortgage, lien or guarantee, and there is no other restricted transaction;

(v) it is assumed that the management of the Target Company after the Valuation Benchmark Date is responsible, stable and capable of performing its duties;

(vi) it is assumed that, on the basis of the existing management methods and management performance, the business scope and operation methods of the Target Company after the Valuation Benchmark Date are consistent with the current ones;

(vii) all the licenses, use permits, consent letters or other legal or administrative authorization documents issued by local or national government authorities or organizations, which are required for the asset utilization manner referenced in the value appraisal in the Valuation Report, are all within the validity period and in normal and compliant use as at the Valuation Benchmark Date, and it is assumed that such licenses can be renewed or replaced upon expiry of their validity; and

(viii) it is assumed that the relevant data of the listed companies sourced from Wind/iFinD Information are true and reliable.

Valuation Model and Input Parameters

(a) Current assets

Current assets within the scope of the valuation mainly include monetary funds, advance payment and other receivables.

(i) Monetary funds

Mainly for bank deposits, the appraised value shall be determined by verifying bank statements, bank correspondence, etc.

(ii) Accounts receivable

Mainly for other receivables, on the basis of verification of the receivables, the appraised value is determined according to the estimated probable recoverable amount of each item, net of appraised risk of loss. If it is probable that a portion of the receivables is unrecoverable and the unrecoverable amount is hard to determine, we have analyzed the amount, period of and reason for overdue, recovery status, the funding, creditworthiness and operation and management of the debtor based on historic information and current investigation to determine the appraised value of the receivables using accounting methods for provision for bad debts after deducting the appraised risk of loss. If there are pieces of conclusive evidence showing that these receivables cannot be recovered, the appraised value is calculated as zero. The item "provision for bad debts" in the statement is calculated as zero.

(iii) Prepayments

The appraisers checked relevant materials purchase contracts or supply agreements to understand the services and goods received between the Valuation Benchmark Date to the on-site verification date for the valuation. If the supplier is not found to be bankrupt, cancelled the contract or to be unable to provide goods or services on schedule as specified in contracts, the verified carrying amount is the appraised value. For those prepayments in respect of which there is conclusive evidence showing the impossibility of receiving corresponding goods, and which cannot form corresponding assets or interests, the appraised value shall be nil.

(b) Non-current assets

Non-current assets within the scope of the valuation mainly include long-term equity investment, fix assets, intangible assets and other non-current assets.

(i) Long-term equity investment

For wholly-owned and controlled subsidiaries, the asset-based approach is adopted for a comprehensive valuation to obtain the total equity value of the target company's shareholders, which is then multiplied by the shareholdings held to arrive at the appraised value of the long-term equity investment.

(ii) Machinery and equipment

The valuation methods for machinery and equipment assets are the cost approach, the income approach and the market approach. Based on the purpose of valuation, type of value and data collection, the applicability of the three methods is analyzed and the valuation method is selected.

Based on the purpose of this valuation, the type of value and the premise of business continuity of the enterprise assumption, in combination with the specific conditions of the equipment, and in accordance with the principle of continuity of use in situ, the cost approach is used for valuation of machinery and equipment for normal production and operation that were in use, based on market prices, and combined with the characteristics of the equipment and the collection of data and other circumstances.

1) Cost approach

① Determination of replacement cost

A. Machinery and equipment

Replacement cost = equipment purchase price + transportation and miscellaneous expenses + installation cost + preliminary and other expenses + capital cost – creditable input VAT

a. Equipment purchase cost

The purchase costs of domestic machinery equipment were mainly determined by enquiring, or by making reference to the Mechanical and Electrical Product Price Information Query System, as well as recent contract prices of similar equipment. With regard to a few pieces of equipment for which the purchase costs are not available, the purchase prices are determined on the basis of the price change rates of equipment of the same category produced in the same year.

For imported equipment, the equipment purchase cost = CIF + customs duties + foreign trade agency fee + bank charges

b. Transportation and miscellaneous fees

If the equipment purchase cost does not include transportation and miscellaneous fees, the transportation and miscellaneous fees shall be determined with reference to the estimated indicators in the Manual of Commonly Used Data and Parameters for Asset Valuation, and Measures for the Preparation of Budget for Machinery Construction Projects and Various Budget Indicators, while taking into account factors such as the transportation distance, weight and volume of the equipment.

c. Installation costs

Installation costs were determined with reference to the final account information provided by the client, and based on the equipment type, characteristics, weight, and consumption level of human resources, materials and machinery, as well as the information obtained through market inquiry, while taking into account relevant necessary fees and in accordance with relevant regulations.

For small equipment that does not need to be installed, installation costs were not taken into consideration.

d. Preliminary and other expenses

The preliminary and other expenses of construction projects are calculated based on the construction investment amount of the assessed entity, according to the fee standards stipulated by the industry, national or local government.

e. Capital costs

The capital cost was determined based on the sum of equipment purchase cost, installation cost, preliminary and other expenses according to the reasonable construction period of the project and the loan interest rate for the corresponding period as at the Valuation Benchmark Date.

f. Creditable input VAT in relation to equipment purchase price

For those that satisfies conditions for VAT credit, the VAT credit was made on the basis of the calculated creditable input VAT.

B. Transport vehicles

The current tax-inclusive purchase price of transportation vehicles was determined based on the recent vehicle market price information such as the sales information of the local vehicle market, plus vehicle purchase tax, new vehicle license fees, etc. Meanwhile, according to the provisions as specified in the Circular (Cai Shui [2016] No. 36) and the Circular (Cai Shui [2019] No. 39), for general VAT taxpayers, the replacement cost should be deducted by the corresponding VAT, so the replacement cost of vehicles is calculated as follows:

Replacement cost = vehicle purchase price + vehicle purchase tax + license fees – creditable input VAT

Of which: vehicle purchase tax = vehicle purchase price/1.13 × tax rate

C. Electronic equipment

The replacement cost was determined based on the local market information and recent online transaction price.

For electronic equipment which was bought long ago and has no relevant model in the market but can be used, its replacement cost was determined with reference to the tax-free price of similar equipment in the market.

② Determination of comprehensive newness rate

A. For special equipment and general machinery and equipment

Their remaining useful life was determined mainly in accordance with the economic lifespan of the equipment, lapsed useful life, the on-site investigation and understanding of the usage, technology conditions, work environment and maintenance of equipment. Their comprehensive newness rate was then determined according to the following formula.

Comprehensive newness rate = remaining useful life/(remaining useful life + used life) × 100%

B. For small-sized equipment such as electronic equipment, air conditioners, their comprehensive newness rates were determined mainly based on their economic service life; and the comprehensive newness rate of large-sized electronic equipment were determined with reference to the work environment and operation of the equipment.

Newness rate under useful life approach = (economic service life – used life)/economic service life × 100%

Comprehensive newness rate = newness rate under useful life approach x adjustment factor

C. According to the mandatory vehicle scrapping standard issued by the State, the newness rate of a vehicle is determined based on the vehicle mileage or service life, whichever is lower, and then adjusted based on the on-site survey. The formulas are as follows:

Newness rate based on the service life = (Specified service life (or Economic life) – Used life)/Specified service life (or Economic life) × 100%

Newness rate based on mileage = (Specified mileage – Mileage driven)/Specified mileage × 100%

Integrated newness rate = Theoretical newness rate × Adjustment coefficient

③ Determination of appraised value

Appraised value = replacement cost × newness rate

2) Market approach

For certain transport vehicles, electronic equipment, office furniture, and decommissioned equipment, the market approach is applied for valuation based on second-hand market prices or scrap values as of the Valuation Benchmark Date.

Vehicle market approach:

According to the principle of substitution, the market approach selects vehicle transaction case within the same scope of demand and supply as the valuation target and have stronger correlation and substitution in the recent second-hand vehicle trading market. According to the situation of the valuation target and comparable case, the factors affecting the second-hand vehicle market price are analyzed, compared and modified to determine the market price of the valuation target.

The basic formula of the market approach is as follows:

Vehicle appraised value = comparable example transaction price × transaction situation correction coefficient × transaction date correction coefficient × physical condition correction coefficient

(iii) Other intangible assets

The other intangible assets within the scope of this evaluation mainly consist of the enterprise's purchased software. For purchased software without upgraded versions that is available on the market as of the Valuation Benchmark Date, its value is determined based on the market price of similar software on that Valuation Benchmark Date; For purchased software with upgraded versions currently on the market, its value is determined by deducting the software upgrade costs from the current market price.

(iv) Other non-current assets

Other non-current assets comprise value-added tax carryforwards. The valuation personnel verified the accounting policies of the entity being appraised and the relevant verification procedures, and determined the appraised value based on the verified carrying value.

(c) Liabilities

The evaluation of an enterprise's liabilities primarily involves review and verification. The valuation personnel verify relevant documents, contracts, account books, and supporting vouchers. After confirming their authenticity, the appraised value is determined based on the verified carrying value or the actual liabilities the enterprise is obligated to assume.

Valuation Conclusion

The carrying value of the Target Company's total assets is approximately RMB899.45 million, with an appraised value of approximately RMB824.95 million, resulting in an impairment of approximately RMB74.50 million and an impairment rate of 8.28%. The carrying value of total liabilities is approximately RMB114.97 million, and the appraised value is approximately RMB114.97 million with no change in value. The carrying value of total shareholder equity is approximately RMB784.48 million, with an appraised value of approximately RMB709.97 million, resulting in an impairment of approximately RMB74.50 million and an impairment rate of 9.50%.

The specific valuation results are as follows:

Unit: RMB ten thousand

Items		Carrying value A	Appraised value B	Increase or decrease in value C=B-A	Value-added ratio (%) D=C/A×100%
1	Current assets	30,470.85	30,470.85	–	–
2	Non-current assets	59,474.13	52,024.03	–7,450.10	–12.53
3	Including: Debt investments	–	–	–	–
4	Available-for-sale financial assets	–	–	–	–
5	Other debt investments	–	–	–	–
6	Held-to-maturity investments	–	–	–	–
7	Long-term receivables	–	–	–	–
8	Long-term equity investments	59,431.54	51,966.54	–7,465.00	–12.56
9	Other equity instrument investments	–	–	–	–
10	Other non-current financial assets	–	–	–	–
11	Investment properties	–	–	–	–
12	Fixed assets	4.85	7.91	3.06	63.15
13	Construction in progress	–	–	–	–
14	Engineering materials	–	–	–	–
15	Liquidation of fixed assets	–	–	–	–
16	Productive biological assets	–	–	–	–
17	Oil and gas assets	–	–	–	–
18	Intangible assets	34.72	46.56	11.83	34.08
19	Development expenditures	–	–	–	–
20	Goodwill	–	–	–	–
21	Long-term deferred expenses	–	–	–	–
22	Right-of-use asset	–	–	–	–
23	Deferred income tax assets	–	–	–	–
24	Other non-current assets	3.02	3.02	–	–
25	Total assets	89,944.98	82,494.88	–7,450.10	–8.28
26	Current liabilities	11,497.40	11,497.40	–	–
27	Non-current liabilities	–	–	–	–
28	Total liabilities	11,497.40	11,497.40	–	–
29	Net assets (owner's equity)	78,447.57	70,997.47	–7,450.10	–9.50

Changes in valuation conclusion compared with carrying value and the reasons

The Valuation Report used the asset-based approach to evaluate the equity value of the Target Company, and the appraisal results showed changes compared with the carrying value. The reasons for such changes are set out as follows:

(a) Reasons for the increase in fixed asset appraised value: The fixed assets included in the scope of this appraisal primarily consist of office furniture and electronic equipment. The main reason for the increase in their original appraised value is the rise in replacement costs for some furniture. The main reason for the increase in appraised net value is that the accounting depreciation period is shorter than the economic life of the equipment;

(b) Reasons for the increase in intangible asset appraised value: The intangible asset included in the scope of this appraisal is the UFIDA NC Financial System. After the appraisers inquired with the vendor, it was determined that the system is currently in normal operation and does not require any paid upgrades for its existing application scenarios. Therefore, there is no physical depreciation. The increase in appraised value stems from the fact that the appraised value is based on replacement cost without considering physical depreciation, whereas the carrying value already incorporates amortization factors; and

(c) Reasons for impairment of long-term equity investments: The long-term equity investments in this appraisal were valued based on their market value as of the Valuation Benchmark Date. The carrying value was accounted for using the cost method and did not reflect operating losses. Therefore, the application of market value assessment resulted in impairment.