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KOOLEARN TECHNOLOGY HOLDING LIMITED

新東方在綫科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1797)

CONTINUING CONNECTED TRANSACTIONS SUPPLEMENTAL NEW ORIENTAL FRAMEWORK AGREEMENT

Reference is made to the continuing connected transactions under the New Oriental Framework Agreement and the 2021 New Oriental Framework Agreement, the details of which are disclosed in the “Connected transactions” section of the Prospectus, the 2020 Announcement and the 2021 Announcement.

On 21 January 2022, the Company (for itself and on behalf of the Group) entered into the Supplemental New Oriental Framework Agreement with New Oriental, pursuant to which, in addition to the provision of the products and services under the New Oriental Framework Agreement and the 2021 New Oriental Framework Agreement, the Group and the Retained New Oriental Group will provide each other with (i) resources related to the livestream commerce business of the Group, and (ii) resources related to the intelligent learning products business of the Group.

New Oriental is a connected person of the Company by virtue of being a controlling shareholder of the Company. Therefore, the transactions contemplated under the Supplemental New Oriental Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

For each of the transactions under the Supplemental New Oriental Framework Agreement, the highest applicable percentage ratio calculated with reference to the annual caps is more than 0.1% but less than 5%. Accordingly, each of the transactions under the Supplemental New Oriental Framework Agreement is subject to the reporting, announcement and annual review requirements but is exempted from the circular and independent Shareholders approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

With the implementation of the “Opinions on Further Alleviating the Burden of Homework and After-School Tutoring for Students in Compulsory Education” published in July 2021 by the General Office of the Chinese Communist Party Central Committee and the General Office of the State Council of the PRC and the related implementation rules, regulations and measures promulgated by competent authorities (collectively, the “**New Regulations**”), the Group has ceased offering tutoring services relating to the academic subject to students in Kindergarten to Year Nine (“**K-9**”) at the end of 2021 and going forward, the Group will not take in any new student enrolments for its K-12 segment and has begun gradually winding down student enrolments for tutoring in its K-12 business. For details of the New Regulations of the cessation of the K-9 business, please refer to the announcements of the Company published on 26 July 2021 and 25 October 2021.

In view of the New Regulations, the Group has been actively seeking new market opportunities, shifting its strategic focus and proactively adjusting its existing business lines and services. By leveraging its existing infrastructure and technology used in the provision of online education services and programmes, the Group has started developing new business lines, such as the livestream commerce (i.e. the sale of agricultural and other products on its own e-commerce platform or third-parties platforms) and the intelligent learning products businesses. For details of the shift in strategic focus of the Group, please refer to the interim results announcement of the Company published on 21 January 2022.

Therefore, on 21 January 2022, the Company (for itself and on behalf of the Group) entered into the Supplemental New Oriental Framework Agreement with New Oriental, pursuant to which, in addition to the provision of the products and services under the New Oriental Framework Agreement and the 2021 New Oriental Framework Agreement, the Group and the Retained New Oriental Group will provide each other with (i) resources related to the livestream commerce business of the Group, and (ii) resources related to the intelligent learning products business of the Group.

SUPPLEMENTAL NEW ORIENTAL FRAMEWORK AGREEMENT

The principal terms of the Supplemental New Oriental Framework Agreement are set out below:

Date:

21 January 2022.

Parties:

- (i) the Company (for itself and on behalf of the Group); and
- (ii) New Oriental (for itself and on behalf of the Retained New Oriental Group).

Term:

21 January 2022 to 31 May 2022.

Provision of resources related to the livestream commerce business of the Group

Transaction description

The Group and the Retained New Oriental Group shall provide resources related to the livestream commerce business of the Group to each other. The resources that the Group shall provide to the Retained New Oriental Group include agricultural and other products, such as food and beverages, that the Group offers in its livestream commerce business for certain offline schools of the Retained New Oriental Group. The resources that the Retained New Oriental Group shall provide to the Group include products used for the operation of the livestream commerce business of the Group, and educational materials or products such as published books, reading materials and teaching materials to broaden the catalogue of products that the Group offers in relation to its livestream commerce business.

Pricing policy

The transaction fees to be set by the Group (and to be charged to the Retained New Oriental Group) shall be agreed between the parties on a fair and reasonable basis, based on, among others, the costs of acquiring such products, fees charged to third-party customers and fees charged for similar or comparable materials by third-party suppliers (if possible). The fees are determined according to a fixed item catalogue price (based on the item ordered) multiplied by the quantity ordered for the respective item. Similarly, the transaction fees to be charged by the Retained New Oriental Group for the procurement of the resources by the Group shall be agreed by the parties on a fair and reasonable basis and determined by, among other things, the type of resources being offered by the Retained New Oriental Group, the rates charged by the party to third-party customers, and the price of procuring similar or comparable products from third-party suppliers.

Historical amounts and annual cap

There is no historical transaction amounts with respect to provision of resources related to livestream commerce business under the Supplemental New Oriental Framework Agreement. The annual cap for FY 2022 is set out below:

<i>Amount (RMB)</i>	Annual cap FY 2022
Paid/payable by us	10,000,000
Received/receivable by us	12,130,000
Aggregate	22,130,000

Reasons and basis for the annual cap

The annual cap on the fees chargeable by the Group are set based on the following factors: (i) the estimated growth in demand of resources of the Retained New Oriental Group; (ii) estimates in the changes in availability of, and fees charged for, similar or comparable resources from third-party suppliers; and (iii) the provision of new products to the Retained New Oriental Group as the Group's product and services line grows or improves. The annual cap on the fees payable by the Group are set based on the following factors: (i) the estimated projected market growth for the Group's livestream commerce business; (ii) the fees charged, and change in rates of fees charged, by the Retained New Oriental Group to third-party customers for the same or similar resources; and (iii) estimated increase in demand for a larger range of products offered through the Group's livestream commerce business, as the Group's product and service line grows and/or improves.

Provision of resources related to the intelligent learning products business of the Group

Transaction description

The Group and the Retained New Oriental Group shall provide resources related to the intelligent learning products business of the Group to each other. The resources that the Group shall provide to the Retained New Oriental Group include certain intelligent learning products, such as dictionary pen and stationery, for the bookstores of the Retained New Oriental Group. The resources that the Retained New Oriental Group shall provide to the Group include the Retained New Oriental Group's intelligent learning products and related accessories, such as learning machine, to broaden the catalogue of products that the Group offers in relation to intelligent learning products business.

Pricing policy

The transaction fees to be set by the Group (and to be charged to the Retained New Oriental Group) shall be agreed between the parties on a fair and reasonable basis, based on, among others, the costs of producing and licensing (if any) the materials, fees charged to third-party customers and fees charged for similar or comparable materials by competitors of the Retained New Oriental Group (i.e. third-party suppliers)(if possible). The fees are determined according to a fixed item catalogue price (based on the item ordered) multiplied by the quantity ordered for the respective item. Similarly, the transaction fees to be charged by the Retained New Oriental Group for the Group's procurement of the resources shall be agreed by the parties on a fair and reasonable basis and determined by, among other things, the type of resources being offered by the Retained New Oriental Group, the rates charged by the party to third-party customers, and the price of procuring similar or comparable products from third-party suppliers.

Historical amounts and annual cap

There is no historical transaction amounts with respect to the provision of resources related to intelligent learning products business under the Supplemental New Oriental Framework Agreement. The annual cap for FY 2022 is set out below:

<i>Amount (RMB)</i>	Annual cap FY 2022
Paid/payable by us	1,000,000
Received/receivable by us	6,000,000
Aggregate	7,000,000

Reasons and basis for the annual cap

The annual cap on the fees chargeable by the Group are set based on the following factors: (i) the estimated growth in demand of resources of the Retained New Oriental Group; (ii) estimates in the changes in availability of, and fees charged for, similar or comparable resources from third-party suppliers; and (iii) the provision of new products to the Retained New Oriental Group as the Group's product and services line grows or improves. The annual cap on the fees payable by the Group are set based on the following factors: (i) the estimated projected market growth for the Group's intelligent learning product business; (ii) the fees charged, and change in rates of fees charged, by the Retained New Oriental Group to third-party customers for the same or similar resources (where applicable); and (iii) estimated increase in demand for a larger range of products offered through our intelligent learning products business, as the Group's product and service line grows and/or improves.

REASONS AND BENEFITS OF THE SUPPLEMENTAL NEW ORIENTAL FRAMEWORK AGREEMENT

Reference is made to the "Introduction" section of this announcement in relation to the New Regulations, the cessation of the K-9 business and the shifting of strategic focus of the Group. In light of the New Regulations, the Group has been actively exploring new business lines in place of its K-9 business after its cessation by the end of 2021 and has shifted its strategic focus to the development of livestream commerce and intelligent learning products businesses. Our Directors are of the view that the intra-group transactions entered into between the Retained New Oriental Group and the Group, are mutually beneficial, as they (i) provide the Group with brand recognition given New Oriental's position and history in the education services market in China and abroad; (ii) provide the Retained New Oriental Group with access to online education services and programmes, and (iii) with the new business lines, the Group also provides the Retained New Oriental Group with a new e-commerce platform, a broadened product range and a new opportunity to develop in a different business fields.

In addition, the Company has compared the market rates and the products and services provided by comparable third-party market providers and is of the view that it is more beneficial to the Company and its Shareholders to enter into these transactions with New Oriental rather than comparable third party-providers, taking into account pricing competitiveness, the quality and breadth of products and services provided by various suppliers, and the benefits obtained from maintaining and growing the synergy between the Group and its parent New Oriental group and offering a cohesive and seamless online-offline user experience.

CONFIRMATION FROM THE DIRECTORS

One of the Directors, Mr. Yu, is a director and the chairman of the board of directors of New Oriental. Accordingly, Mr. Yu has a material interest in the Supplemental New Oriental Framework Agreement and has abstained from voting on this agreement (and the underlying transactions) at the meeting of the Board on 21 January 2022.

The Directors (including the independent non-executive Directors, but excluding Mr. Yu who has abstained from considering the Supplemental New Oriental Framework Agreement) consider the Supplemental New Oriental Framework Agreement, and the transactions thereunder, to be: (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) according to the framework agreement governing them, on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

INFORMATION ABOUT THE PARTIES

The Group is principally engaged in the provision of online extracurricular education services in China, with a comprehensive portfolio of well-recognised brands and core expertise in after-school tutoring and test preparation. Our education products include website and mobile applications for our three segments: college, K-12 and pre-school education. Given the New Regulations, the cessation of the K-9 business and the gradual winding down of our K-12 segment, while we will continue to expand our existing business in education, we are also engaged in the livestream commerce and intelligent learning products businesses.

New Oriental is a comprehensive education services provider that operates a network of schools, learning centers and bookstores across China, and is dual-listed on the Stock Exchange (Stock Code: 9901) and the New York Stock Exchange (Trading Symbol: EDU). New Oriental is our controlling shareholder (as defined in the Listing Rules).

LISTING RULES IMPLICATIONS

New Oriental is a connected person of the Company by virtue of being a controlling shareholder of the Company. Therefore, the transactions contemplated under the Supplemental New Oriental Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

For each of the transactions under the Supplemental New Oriental Framework Agreement, the highest applicable percentage ratio calculated with reference to the highest of the annual caps is more than 0.1% but less than 5%. Accordingly, each of the transactions under the Supplemental New Oriental Framework Agreement is subject to the reporting, announcement and annual review requirements but is exempted from the circular and independent Shareholders approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

“2020 Announcement”	the announcement of the Company dated 21 August 2020 regarding the revision of annual caps for certain existing continuing connected transactions under the New Oriental Framework Agreement
“2021 Announcement”	the announcement of the Company dated 14 May 2021 regarding the 2021 New Oriental Framework Agreement
“2021 New Oriental Framework Agreement”	a framework agreement dated 14 May 2021 entered into between the Company (for itself and on behalf of the Group) and New Oriental (for itself and on behalf of the Retained New Oriental Group) to update and renew the New Oriental Framework Agreement
“Board”	the board of Directors
“China” or “PRC”	The People’s Republic of China, for the purpose of this announcement only, excluding Hong Kong, Macao Special Administrative Region and Taiwan
“Company”, “us”, “we” or “our”	Koolearn Technology Holding Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands on 7 February 2018, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1797)
“connected person(s)”	has the meaning ascribed to it by the Listing Rules
“Directors”	the directors of the Company
“FY”	the financial year ended or ending 31 May
“Group”	the Company and its subsidiaries (as defined in the Listing Rules)
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Mr. Yu”	Mr. YU Minhong, our non-executive Director and chairman of our Board
“New Oriental”	New Oriental Education & Technology Group Inc., a company registered under the laws of the Cayman Islands on 16 March 2006, which is dual listed on the Main Board of the Stock Exchange (Stock Code: 9901) and the New York Stock Exchange (Trading Symbol: EDU) and our controlling shareholder (as defined in the Listing Rules)
“New Oriental Framework Agreement”	a framework agreement dated 13 March 2019 and effective until 27 March 2022, entered into between the Company (for itself and on behalf of the remaining members of the Group) and New Oriental (for itself and on behalf of the remaining members of the Retained New Oriental Group)
“percentage ratios”	has the meaning ascribed to it by the Listing Rules
“Prospectus”	the prospectus of the Company dated 15 March 2019
“Retained New Oriental Group”	New Oriental and its subsidiaries (including consolidated affiliated entities) but excluding the Group
“RMB”	Renminbi, the lawful currency of China
“Shareholder(s)”	holder(s) of shares in the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it by the Listing Rules
“Supplemental New Oriental Framework Agreement”	a supplemental framework agreement to the 2021 New Oriental Framework Agreement dated 21 January 2022 entered into between the Company and New Oriental
“%”	per cent

By order of the Board
Koolearn Technology Holding Limited
Mr. YU Minhong
Chairman

Hong Kong, 21 January 2022

As of the date of this announcement, our Board comprises the following members: Mr. SUN Dongxu and Mr. YIN Qiang as executive Directors; Mr. YU Minhong, Ms. SUN Chang, Mr. WU Qiang, and Ms. LEUNG Yu Hua Catherine as non-executive Directors; and Mr. TONG Sui Bau, Mr. KWONG Wai Sun Wilson and Mr. LIN Zheyang as independent non-executive Directors.