

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



**KOOLEARN TECHNOLOGY HOLDING LIMITED**

**新東方在線科技控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 1797)**

## **RENEWAL OF CONTINUING CONNECTED TRANSACTIONS**

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

On 14 May 2021, the Company (for itself and on behalf of the Group) entered into: the 2021 Framework Agreements, being (a) the 2021 New Oriental Framework Agreement with New Oriental; and (b) the 2021 Tigerstep Framework Agreement with Tigerstep, to update and renew the two framework agreements and set additional annual caps.

For each of the transactions under the 2021 Framework Agreements, the highest applicable percentage ratio calculated with reference to the highest of the annual caps (if applicable) is more than 0.1% but less than 5%. Accordingly, each of the transactions under the 2021 Framework Agreements 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**

Reference is made to the Prospectus in relation to, among other things:

- (a) the New Oriental Framework Agreement 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); and
- (b) the Tigerstep Framework Agreement entered into between the Company (for itself and on behalf of the Group) and Tigerstep (for itself and on behalf of the Tigerstep Group).

With respect to the above framework agreements, the Company and the respective counterparties have entered into the 2021 Framework Agreements to update and renew the two framework agreements and set additional annual caps. The principal terms of the 2021 Framework Agreements are set out below.

# 2021 NEW ORIENTAL FRAMEWORK AGREEMENT

The principal terms of the 2021 New Oriental Framework Agreement are set out below:

**Date:**

14 May 2021.

**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:**

1 June 2021 to 31 May 2022.

**Transactions:**

***Promotional Services***

*Transaction description*

Under this transaction, the Retained New Oriental Group and the Group shall provide to each other advertising, marketing and promotional services, including traffic re-direction, cross-marketing and promotional services, and advertisement services and consulting. Please see the 2020 Announcement for additional supplemental details on the transaction.

*Pricing policy*

The transaction fees shall be agreed between the parties on a fair and reasonable basis with reference to market comparable rates and determined according to a fixed percentage of gross billings generated from such promotional activities or a commission per number of student enrolments over a set period of time.

*Historical amounts and renewed annual caps*

The historical transaction amounts and annual cap are set out below:

<i>Amount (RMB)</i>	<b>Historical Amounts</b>			<b><i>Annual caps</i></b>	
	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b><i>FY 2021</i></b>	<b><i>FY 2022</i></b>
Paid/payable by us	44,000	42,000	nil	45,500,000	32,500,000
Received/receivable by us	13,000	nil	nil	1,800,000	3,700,000
Aggregate	57,000	42,000	nil	47,300,000	36,200,000

### *Reasons and basis for the renewed annual caps*

The fees under this transaction are calculated based on, among other factors, a commission per number of student enrolments or a percentage of gross billings, and we anticipate student enrolments to increase for both us and the Retained New Oriental Group as a result of our cross channel promotional efforts, we have set the annual caps to account for our anticipated expenditure and earnings under this transaction.

Additionally, we refer to our annual results announcement for FY 2020 dated 21 August 2020, in which we stated in our “Strategic Update and Future Development” section that we intended to increase our investment in diversified marketing channels. Marketing and promotion of brand awareness in order to raise our brand presence and increase student acquisition remains a key focus for the Group. The Retained New Oriental Group has an extensive network of online promotional portals, offline branches and physical learning centers across China, as well as relationships with a broader student base, many of which may not yet be users of our platforms. In FY 2021 and beyond, as we focus more on our promotional efforts, we anticipate our marketing avenues and platforms to increase in both scope, quantity and quality. We also intend for the number of students enrolling in our courses to significantly increase. Given that the fees under this transaction are calculated based on, among other factors, a commission per number of student enrolments or a percentage of gross billings, and we anticipate students’ coverage to increase for both us and the Retained New Oriental Group as a result of our cross channel promotional efforts, we have set the annual caps for FY 2021 and beyond to account for our anticipated expenditure and earnings under this transaction.

### ***Sub-licensing of TPO Examination Materials***

#### *Transaction description*

Under this transaction, the Group shall sub-license to the Retained New Oriental Group examination materials, including TOEFL materials, services and resources.

#### *Pricing policy*

The Group shall charge the Retained New Oriental Group licence fees to be agreed between the parties on a fair and reasonable basis with reference to, among others, the significance of the licences to the Retained New Oriental Group, original licensing costs and other comparable companies offering similar sub-licences for English language examination materials and services. The licensing fees are fixed annually at a predetermined price per package ordered that is set with reference to, among others, the retail price offered by ETS, the private educational testing and measurement organization that is the administrator of TOEFL.

### *Historical amounts and renewed annual caps*

The historical transaction amounts and annual cap are set out below:

<i>Amount (RMB)</i>	<b>Historical Amounts</b>			<b>Annual caps</b>	
	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
Received/receivable by us	15,400,000	14,500,000	16,900,000	17,800,000	<b>25,000,000</b>

### *Reasons and basis for the renewed annual caps*

The annual caps are based on the following factors: (i) historical transaction amounts; (ii) the agreement with, and costs of originally licensing, from ETS; (iii) our anticipated increase in demand by New Oriental's schools, taking into account the popularity of courses that involve TPO examination materials, the growth of the English language learning and testing market in China; and (iv) market comparable rates for sub-licensing TPO educational materials from our competitors or independent third party providers. The annual caps are calculated according to the product of (i) price per package ordered; and (ii) the estimated anticipated growth in maximum annual order volume.

The increase in the annual caps set between FY 2021 and FY 2022 is primarily due to the expected increase in student enrolments (particularly considering the growth of the English language learning and test preparation market), which would lead to an expected increase in demand for TPO examination materials.

### ***Provision of Educational Materials***

#### *Transaction description*

Under this transaction, the Retained New Oriental Group shall provide educational materials to the Group, including published books and reading materials, teaching materials, tutorial questions and examination materials and student learning materials. Please see the 2020 Announcement for additional supplemental details on the transaction.

#### *Pricing policy*

The Group shall pay the New Oriental Group fees agreed between the parties on a fair and reasonable basis, based on factors including the costs of producing and licensing the materials, fees charged to third-party customers and fees charged by competitors for similar or comparable materials.

### *Historical amounts and renewed annual caps*

<i>Amount (RMB)</i>	<b>Historical Amounts</b>			<b>Annual caps</b>	
	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
Paid/payable by us	5,300,000	5,400,000	1,800,000	33,000,000	<b>48,000,000</b>

## *Reasons and basis for the renewed annual caps*

The annual cap for this transaction is based on historical amounts and the availability of various materials from the Retained New Oriental Group, considering the anticipated business needs of the Group for the year and the product of: (i) the educational materials ordered; (ii) the fixed item catalogue price for each item; (iii) a bulk procurement discount; and (iv) the expected order volume for each type of educational material.

Additionally, the annual cap for FY 2021 and forward has been increased due to two developments that affect our sourcing of educational materials: (a) in addition to providing academic education, considering the actual needs of our business, we wish to also focus on fostering a more holistic learning environment for our students, which would include publications authored or recommended by New Oriental's popular educational or successful figures on a range of broader education-related subjects including personal and mental wellbeing, learning optimisation and approaches, and autobiographies, which could also expand our brand effect, that we plan to purchase for the benefit of our students to help cultivate a more balanced educational curriculum and broader sense of wellbeing; and (b) certain educational materials are acquired from the Retained New Oriental Group for sale to our Dongfang Youbo students, in particular, students in third and fourth-tier cities in China; and given the business expansion of Dongfang Youbo's business, we anticipate an increase the volume of materials required in this area.

## *Online and Offline Educational Resources*

### *Transaction description*

The Group and the Retained New Oriental Group shall provide online and offline (respectively) resources to each other. The online educational resources provided by the Group to the Retained New Oriental Group include pre-recorded or live online courses and tutorials, online packages, and audio-visual resources. The offline educational resources provided by the Retained New Oriental Group to the Group include learning facilities, access to learning centers, dormitories, and administrative, consulting and management services, to complement and support our online products and services provided to our students. For more information on this transaction, see pages 298 to 299 in the "Connected transactions" section of the Prospectus.

### *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, with the online educational resources charged at a per student price, and made with reference to, among other things, the number of students accessing the particular product or course. Similarly, the transaction fees to be charged by the Retained New Oriental Group for our procurement of offline educational 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.

### *Historical amounts and renewed annual caps*

The historical transaction amounts and annual cap are set out below:

<i>Amount (RMB)</i>	<b>Historical Amounts</b>			<b>Annual caps</b>	
	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
Paid/payable by us	—	3,000,000	6,900,000	27,000,000	<b>29,100,000</b>
Received/receivable by us	132,000	300,000	200,000	4,800,000	<b>2,100,000</b>
Aggregate	132,000	3,300,000	7,100,000	31,800,000	<b>31,200,000</b>

### *Reasons and basis for the renewed annual caps*

The annual caps on the fees chargeable by us are set based on the following factors: (i) historical amounts; (ii) the estimated growth in student numbers enrolling for New Oriental's courses; (iii) estimates in the changes in availability of, and fees charged for, similar or comparable educational resources from third-party suppliers; and (iv) the provision of new products to the Retained New Oriental Group as our product and services line grows or improves. The annual caps on the fees payable by us are set based on the following factors: (i) the estimated number of students expected to enrol in, and projected market growth for, our online courses with the on-site intensive learning component; (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 offline educational resources (where applicable); and (iii) estimated changes in student enrolment numbers in, and/or our fee rates for, the online courses with the on-site intensive learning component (charged to students) attributable to changes in our online courses and products as our product and service line grows and/or improves and, depending on the success of the test-trial offering, extending our on-site intensive learning services to our other online courses. For more information on this transaction, see page 300 of the "Connected transactions" section of the Prospectus.

### *Cloud Platform Technology*

#### *Transaction description*

The Group shall use the cloud education platform technology provided from the Retained New Oriental Group. The transaction shall include Agora.io, a voice, video and live interactive streaming platform that provides remote, interactive classroom experience to aid and in cloud education, access to its underlying technology and technological support services system, to be used by *DFUB* small classes and one-on-one. The Company previously sourced similar technology from an independent third party technology provider, but since the development and launch of this technology by the Retained New Oriental Group, partly in response to the COVID-19 pandemic outbreak and suspension of offline in-person classes, the Company anticipates switching part of its business across to this platform during FY 2022 for the reasons that, among others, the Company believes that it is a better streaming service, the platform is more aligned with the services and products that the Company provides to its students, and, in the view of the Company, the service is more commercially and financially beneficial to the Group as compared with those provided by third parties.

### *Pricing policy*

The transaction fees to be set by the Retained New Oriental Group and the Group shall be agreed between the parties on a fair and reasonable basis, primarily based on duration of usage (charged on an annual basis), number of hosts and traffic volume, with potential discounts available for bulk use and business growth.

### *Historical amounts and renewed annual caps*

This is a new transaction that will commence in FY 2022. Accordingly, the historical transaction amounts and annual cap are set out below:

<i>Amount (RMB)</i>	<i>Annual caps</i>	
	<i>FY 2021</i>	<i>FY 2022</i>
Payable by us	—	<b>49,900,000</b>

### *Reasons and basis for the renewed annual caps*

The annual cap was calculated based on (i) historical amounts charged by third parties for comparable platforms; and (ii) expected business growth based on historical revenue and student user growth.

### ***Licensing of Educational IP***

#### *Transaction description*

The Group will license intellectual property (including copyrighted teaching materials and academic materials produced by the teaching staff of the Group) to the Retained New Oriental Group to incorporate into its educational materials or for direct publication and for sale to third parties and students. The Company believes that this transaction will expand the Company's (and its teaching staff's) brand recognition and market influence, and allow its educational materials and IP to be delivered to more students.

### *Pricing policy*

The transaction fees to be set by the Group (and to be charged to the Retained New Oriental Group) for this transaction are based on scope of use, per unit licensing cost, and duration.

### *Historical amounts and renewed annual caps*

This is a new transaction that will commence in FY 2022. Accordingly, the historical transaction amounts and annual cap are set out below:

<i>Amount (RMB)</i>	<i>Annual caps</i>	
	<i>FY 2021</i>	<i>FY 2022</i>
Receivable by us	—	<b>4,000,000</b>

### *Reasons and basis for the renewed annual caps*

The annual cap is based on the pricing policy and expected order amount from the Retained New Oriental Group, based on the expected customer demand amount of the Retained New oriental Group.

## **2021 TIGERSTEP FRAMEWORK AGREEMENT**

The principal terms of the 2021 Tigerstep Framework Agreement are set out below:

### **Date:**

14 May 2021.

### **Parties:**

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

### **Term:**

1 June 2021 to 31 May 2023.

### **Transaction description:**

#### ***Property Leases with lease terms of more than one year***

#### *Transaction description*

Under this framework agreement, Tigerstep Group has agreed to lease certain properties to our Group to be used as, among other purposes, office space, recording studios and administrative premises. The transaction is for leases of more than one year in duration.

### *Rental amount*

The Group shall pay the Tigerstep Group rent at an amount agreed upon periodically between the parties, calculated at a rental rate for a specified period multiplied by the total duration of the lease. The per area price will determined based on comparable rental amounts charged in nearby locations and for comparable premises.

### *Historical amounts and renewed annual caps*

Since the adoption of IFRS16 (International Financial Reporting Standards), rental leases of more than one year are represented as a right to use an asset. Accordingly, this is considered a new transaction.

### *Amount (RMB)*

### *Annual caps* *FY 2022      FY 2023*

Aggregate Right-of-use Assets	<b>40,000,000</b>	<b>10,000,000</b>
-------------------------------	-------------------	-------------------

### *Reasons and basis for the renewed annual caps*

The annual cap for this transaction represents the estimated respective maximum value of the right-of-use assets relating to leases to be or expected to be entered into by the Group in FY 2022 and FY 2023.

### *Property Management Services and Short-term Property Leases*

#### *Transaction description*

Under this framework agreement, Tigerstep Group has agreed to lease certain properties to our Group to be used as, among other purposes, office space, recording studios and administrative premises. The transaction is for leases of less than one year in duration.

In connection with the property leases, Tigerstep Group will also provide its tenants with management services, such as property maintenance, concierge services, utilities, cleaning of common areas and other tenant services typically provided by a property management agency, as well as short-term sharing of premises on an at-cost basis.

#### *Pricing policy*

The Group shall pay the Tigerstep Group a monthly maintenance fee based on the services provided and location, with reference to on comparable property management service fees charged in nearby locations and for comparable premises and services.

### *Historical amounts and renewed annual caps*

Since the adoption of IFRS16 (International Financial Reporting Standards), rental leases of more than one year are represented as a right to use an asset and property management fees and short-term property rentals are represented as a separate continuing connected transaction. Accordingly, this is considered a new transaction.

<i>Amount (RMB)</i>	<i>Annual caps</i>	
	<i>FY 2022</i>	<i>FY 2023</i>
Payable by us	<b>5,000,000</b>	<b>5,000,000</b>

### *Reasons and basis for the renewed annual caps*

The annual cap for this transaction is based on the aggregate property service fees payable under each lease entered into or to be entered into in FY 2022 and 2023.

## **REASONS AND BENEFITS OF THE 2021 FRAMEWORK AGREEMENTS**

We refer to page 295 of the Prospectus on the reasons and background of the New Oriental Framework Agreement and pages 304 and 305 of the Prospectus on the reasons and background of the Tigerstep Framework Agreement. 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 and Tigerstep 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 for our students and users.

## **CONFIRMATION FROM THE DIRECTORS**

One of the Directors, Mr. Yu, is a director and the chairman of the board of directors of New Oriental and wholly-owns and controls Tigerstep. Accordingly, Mr. Yu has a material interest in the 2021 Framework Agreements and has abstained from voting on these agreements (and the underlying transactions) at the Board meeting on 14 May 2021.

The Directors (including the independent non-executive Directors, but excluding Mr. Yu who has abstained from considering the 2021 Framework Agreements) consider the 2021 Framework Agreements, 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 agreements 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.

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).

Tigerstep is an investment holding company wholly-owned and controlled by Mr. Yu, our Director.

## LISTING RULES IMPLICATIONS

New Oriental is a controlling shareholder (as defined in the Listing Rules) and Tigerstep is wholly-owned and controlled by Mr. Yu, a Director. Accordingly, New Oriental, Tigerstep and their respective associates, are connected persons of the Company and each of the transactions is a connected transaction.

For each of the transactions under the 2021 Framework Agreements, the highest applicable percentage ratio calculated with reference to the highest of the annual caps (if applicable) is more than 0.1% but less than 5%. Accordingly, each of the transactions under the 2021 Framework Agreements 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

<b>“2020 Announcement”</b>	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 and the Tigerstep Framework Agreement
<b>“2021 New Oriental Framework Agreement”</b>	the agreement entered into between the Company and New Oriental to renew the New Oriental Framework Agreement
<b>“2021 Framework Agreements”</b>	the 2021 New Oriental Framework Agreement and the 2021 Tigerstep Framework Agreement
<b>“2021 Tigerstep Framework Agreement”</b>	the agreement entered into between the Company and Tigerstep to renew the Tigerstep Framework Agreement
<b>“Board”</b>	the board of Directors

<b>“China” or “PRC”</b>	The People’s Republic of China, for the purpose of this announcement only, excluding Hong Kong, Macao Special Administrative Region and Taiwan
<b>“Company”, “us”, “we” or “our”</b>	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)
<b>“connected person(s)”</b>	has the meaning ascribed to it by the Listing Rules
<b>“DFUB”</b>	an online education platform operated by Dongfang Youbo, which can be accessed through various forums including <a href="http://dfub.xdf.cn/">http://dfub.xdf.cn/</a> and related apps
<b>“Directors”</b>	the directors of the Company
<b>“Dongfang Youbo”</b>	Beijing Dongfang Youbo Network Technology Co., Ltd., a company incorporated under the laws of the PRC on 23 June 2016 and our wholly-owned subsidiary (as defined in the Listing Rules)
<b>“ETS”</b>	Educational Testing Service, a private non-profit educational testing and assessment organization, which administer tests such as TOEFL (Test of English as a Foreign Language) and GRE (Graduate Record Examination)
<b>“FY”</b>	the financial year ended or ending 31 May
<b>“Group”</b>	the Company and its subsidiaries (as defined in the Listing Rules)
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the People’s Republic of China
<b>“IP”</b>	intellectual property
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>“Mr. Yu”</b>	Mr. YU Minhong, our Director and chairman of our Board
<b>“New Oriental”</b>	New Oriental Education & Technology Group Inc., a company incorporated 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)

<b>“New Oriental Framework Agreement”</b>	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)
<b>“percentage ratios”</b>	has the meaning ascribed to it by the Listing Rules
<b>“Prospectus”</b>	the Company’s prospectus dated 15 March 2019
<b>“Retained New Oriental Group”</b>	New Oriental and its subsidiaries (including consolidated affiliated entities) but excluding the Group
<b>“RMB”</b>	Renminbi, the lawful currency of China
<b>“Shareholder(s)”</b>	holder(s) of shares in the Company
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“subsidiary(ies)”</b>	has the meaning ascribed to it by the Listing Rules
<b>“Tigerstep”</b>	Tigerstep Developments Limited, a company incorporated under the laws of the British Virgin Islands and wholly-owned by Mr. Yu
<b>“Tigerstep Framework Agreement”</b>	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 Tigerstep (for itself and on behalf of its subsidiaries)
<b>“TOEFL”</b>	Test of English as a Foreign Language, a standardized test of English language proficiency administered by ETS
<b>“Tigerstep Group”</b>	Tigerstep and its subsidiaries
<b>“TPO”</b>	TOEFL Practice Online, the official practice tests using authentic past test questions, from ETS, the maker of TOEFL tests
<b>“%”</b>	per cent

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

Hong Kong, 14 May 2021

*As of the date of this announcement, the Board comprises 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. LIN Zheyang, Mr. TONG Sui Bau and Mr. KWONG Wai Sun Wilson as independent non-executive Directors.*