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## **Renrui Human Resources Technology Holdings Limited**

**人瑞人才科技控股有限公司**

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

**(Stock Code: 6919)**

### **DISCLOSEABLE TRANSACTIONS ACQUISITIONS OF EQUITY INTERESTS IN TWO TARGET COMPANIES**

#### **ACQUISITIONS OF EQUITY INTERESTS IN TARGET A AND TARGET B**

The Board is pleased to announce that on 15 September 2021 (after trading hours), the Group entered into two sale and purchase agreements, details of which are set out below:

- (1) the Purchaser, the Vendor A and the Vendor B entered into the Target A SPA, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor A has conditionally agreed to sell, the Target A Sale Interest (representing 51% of equity interests in Target A) at a total consideration of approximately RMB47.0 million, subject to the adjustments set out in the Target A SPA; and
- (2) the Purchaser and the Vendor B entered into the Target B SPA, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor B has conditionally agreed to sell, the Target B Sale Interest (representing 51% of equity interests in Target B) at a total consideration of approximately RMB33.4 million, subject to the adjustments set out in the Target B SPA.

Upon completion of the Acquisitions, both Target A and Target B will become indirect subsidiaries of the Company, and their financial results will be consolidated into the consolidated financial statements of the Group.

## LISTING RULES IMPLICATIONS

As Vendor B was held as to approximately 56.9% by Vendor A as the Latest Practicable Date, the Acquisitions are therefore aggregated pursuant to Rule 14.22 of the Listing Rules as if they were one transaction for the purpose of calculating the percentage ratios. As the Acquisitions will result in the consolidation of the financial results of Target A and Target B into the consolidated financial statements of the Group, pursuant to Rule 14.28 of the Listing Rules, 100% of the total assets, profits and revenue of Target A and Target B shall be used as the relevant numerators in calculating the applicable percentage ratios in respect of the Acquisitions. As one or more of the applicable percentage ratios in respect of the Acquisitions exceed(s) 5% but all of them are less than 25%, the Acquisitions constitute a discloseable transaction of the Company and are therefore subject to the reporting and announcement requirements, but are exempt from the circular and shareholders' approval requirements, under Chapter 14 of the Listing Rules.

## INTRODUCTION

The Board is pleased to announce that on 15 September 2021 (after trading hours), the Purchaser, the Vendor A and the Vendor B entered into the Target A SPA, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor A has conditionally agreed to sell, the Target A Sale Interest (representing 51% of equity interests in Target A) at a total consideration of approximately RMB47,013,249, subject to the adjustments set out in the Target A SPA.

As at the date of this announcement, Target A was held as to 95% by Mr. Cai Zhenyu (a relative of the Vendor A) and 5% by Jiangnan Finance. Mr. Cai Zhenyu is currently under the process of transferring his equity interests in Target A to the Vendor A and the Vendor B (the “**Shareholding Transfer**”), the completion of which is one of the conditions precedent set out in the Target A SPA. Immediately upon completion of the Shareholding Transfer, Target A will be held as to 51% by the Vendor A, 44% by the Vendor B and 5% by Jiangnan Finance.

On the same day (after trading hours), the Purchaser and the Vendor B entered into the Target B SPA, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor B has conditionally agreed to sell, the Target B Sale Interest (representing 51% of equity interests in Target B) at a total consideration of approximately RMB33,412,672, subject to the adjustments set out in the Target B SPA.

**MAJOR TERMS OF THE SALE AND PURCHASE AGREEMENTS**

**(I) The Target A SPA**

The principal terms of the Target A SPA are set out below:

- Date** : 15 September 2021
- Parties** : (i) the Purchaser (as the purchaser);  
(ii) the Vendor A (as the vendor); and  
(iii) the Vendor B (held as to approximately 56.9% by Vendor A as at the date of this announcement)
- Subject** : The Purchaser has agreed to acquire, and the Vendor A has agreed to sell, the Target A Sale Interest.
- Consideration** : Approximately RMB47,013,249, which shall be paid in cash using part of the net proceeds (the “**Net Proceeds**”) received from the listing of the shares of the Company on the Main Board of the Stock Exchange on 13 December 2019.  
  
The consideration was determined after arm’s length negotiations between the parties with reference to, among others, (i) the adjusted profit before taxation of Target A for the year ended 31 December 2020, (ii) the number of comprehensive flexible staffing employees deployed by Target A, and (iii) the prospects of the comprehensive flexible staffing business for the local commercial banking industry in the PRC.
- Payment terms** : The consideration shall be settled in three installments:  
  
(a) 50% of the total consideration shall be settled within 10 business days after the fulfilment of certain conditions precedent;

- (b) subject to the fulfilment of certain conditions precedent, 44% of the total consideration shall be settled within one month after (i) the completion of the relevant registration process of the acquisition of the Target A Sale Interest, or (ii) the fulfilment of the relevant conditions precedent, whichever is later; and
- (c) the remaining 6% of the total consideration shall be settled within 60 business days from 1 July 2022, subject to the receipt by the Purchaser of a bank performance guarantee from the Vendor A (or its designated party) and satisfying the performance targets set out in the Target A SPA.

**Key conditions precedent**

- : The payment of first installment is conditional upon the fulfilment of, among others, the following key conditions precedent:
- (a) the Purchaser being satisfied with the results of the due diligence conducted towards Target A;
  - (b) the completion of (i) the Shareholding Transfer and (ii) the internal restructuring of Target A and its subsidiaries and controlling shareholders to transfer all businesses in relation to comprehensive flexible staffing services to Target A (the “**Business Restructuring**”);
  - (c) the key personnel of Target A having signed the relevant non-compete agreements, and the Vendor A having procured these key personnel to transfer, among others, the relevant intellectual property rights and other resources to Target A;
  - (d) the representations and warranties given by the Vendor A and Target A having remained true, complete and accurate; and

- (e) the Vendor A and the Vendor B having undertaken that all the new contracts in relation to the provision of comprehensive flexible staffing services will be entered into and executed by Target A.

The payment of the second installment is conditional upon the fulfilment of, among others, the following key conditions precedents:

- (a) the Target A having adopted new articles of association which requires the setting up a board comprising three directors, two of which to be appointed by the Purchaser and the remaining one shall be the Vendor A;
- (b) all the related party and intragroup agreements between Target A and the Vendor B group having been dealt with in the manner as agreed; and
- (c) the registered capital of Target A having been fully paid, and a capital verification report having been issued by an accounting firm as agreed.

**Undertakings  
by the  
Vendor A**

- : The Vendor A has undertaken to the Purchaser that, among others:
- (a) the Business Restructuring shall not result in a significant reduction in the adjusted revenue and net adjusted profit before taxation of Target A as shown in the due diligence report of Target A, which may affect the valuation of Target A significantly; and
  - (b) after the signing of the Target A SPA and up until the completion of the acquisition, there shall be no material adverse change in Target A.

Vendor A and the Vendor B have also undertaken that after 1 July 2022, in the event of any increase in share capital or issue of new shares by the Vendor B in the future, the Purchaser shall have the pre-emptive right to subscribe for such additional share capital or shares under the investment terms not less favourable than those given by other potential investors.

Immediately upon the completion of the acquisition of the Target A Sales Interest (assuming the Shareholding Transfer has already been completed), Target A will be held as to 51% by the Purchaser, 44% by the Vendor B and 5% by Jiangnan Finance. Target A will become an indirect subsidiary of the Company and its financial results will be consolidated into the Group's consolidated financial statements.

## **(II) The Target B SPA**

The principal terms of the Target B SPA are set out below:

- Date** : 15 September 2021
- Parties** : (i) the Purchaser (as the purchaser); and  
(ii) the Vendor B (as the vendor)
- Subject** : The Purchaser has agreed to acquire, and the Vendor B has agreed to sell, the Target B Sale Interest.
- Consideration** : Approximately RMB33,412,672, which shall be paid in cash using both the general working capital of the Group (approximately RMB10.6 million) and part of the Net Proceeds (approximately RMB22.8 million).

The consideration was determined after arm's length negotiations between the parties with reference to, among others, (i) the profit before taxation of Target B for the year ended 31 December 2020, (ii) the number of comprehensive flexible staffing employees deployed by Target B, and (iii) the prospects of the comprehensive flexible staffing business for the local commercial banking industry in the PRC.

**Payment terms** : The consideration shall be settled in three installments:

- (a) 50% of the total consideration shall be settled within 10 business days after the fulfilment of certain conditions precedent;
- (b) subject to the fulfilment of certain conditions precedent, 44% of the total consideration shall be settled within one month after (i) the completion of the relevant registration process of the acquisition of the Target B Sale Interest, or (ii) the fulfilment of the relevant conditions precedent, whichever is later; and
- (c) the remaining 6% of the total consideration shall be settled within 60 business days from 1 July 2022, subject to the receipt by the Purchaser of a bank performance guarantee from the Vendor B (or its designated party) and satisfying the performance targets set out in the Target B SPA.

**Key conditions precedent** : The payment of the first installment is conditional upon the fulfilment of, among others, the following key conditions precedent:

- (a) the Purchaser being satisfied with the results of the due diligence conducted towards Target B;
- (b) the key personnel of Target B having signed the relevant non-compete agreement, and Vendor B and its controlling shareholder having procured these key personnel to transfer, among others, the relevant intellectual property rights and other resources to Target B;
- (c) the representation and warranties given by Vendor B and Target B having remained true, complete and accurate; and
- (d) the Vendor B and its controlling shareholder having undertaken that all the new contracts in relation to the provision of comprehensive flexible staffing services will be entered into and executed by Target B.

The payment of the second installment is conditional upon the fulfilment of, among others, the following key conditions precedent:

- (a) the Target B having adopted new articles of association which requires the setting up of a board comprising three directors, two of which to be appointed by the Purchaser and the remaining one shall be the Vendor A; and
- (b) all the related party and intragroup agreements between Target B and the Vendor B group having been dealt with in the manner as agreed.

**Undertakings by the Vendor B** : Vendor B has undertaken to the Purchaser that, among others:

- (a) after the signing of the Target B SPA and up until the completion of the acquisition, there shall be no material adverse change in Target B; and
- (b) after 1 July 2022, in the event of any increase in share capital or issue of new shares by the Vendor B in the future, the Purchaser shall have the pre-emptive right to subscribe for such additional share capital or shares under the investment terms not less favourable than those given by other potential investors.

Immediately upon the completion of the acquisition of the Target B Sales Interest, Target B will be held as to 51% by the Purchaser and 49% by the Vendor B. Target B will become an indirect subsidiary of the Company and its financial results will be consolidated into the Group's consolidated financial statements.

## **INFORMATION OF THE PARTIES**

### **(I) Target A, the Vendor A, Target B and the Vendor B**

Target A is principally engaged in the provision of comprehensive flexible staffing services to local commercial banks in the PRC.

As at the date of this announcement, Target A was held as to 95% by Mr. Cai Zhenyu (a relative of the Vendor A) and 5% by Jiangnan Finance. Immediately upon completion of the Shareholding Transfer, Target A will be held as to 51% by the Vendor A, 44% by the Vendor B and 5% by Jiangnan Finance.

Vendor A, Mr. Cai Yulong, is a chairman, director and general manager of Vendor B.

Jiangnan Finance is principally engaged in the provision of trainings to employees of local commercial banks and it was wholly-owned by the Vendor B as at the date of this announcement.

Target B is principally engaged in the provision of comprehensive flexible staffing services to local commercial banks in the PRC.

As at the date of this announcement, Target B was wholly-owned by the Vendor B, which is principally engaged in the provision of comprehensive solutions in relation to digitalisation of retail credits primarily in the following six aspects: products, risk management, operation, customer acquisition, data and system. As at the date of this announcement, Vendor B was held as to approximately 56.9% by Vendor A and 43.1% by various companies and individuals.

To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, the Vendor A, Jiangnan Finance, the Vendor B and its ultimate beneficial owners are all Independent Third Parties.

## **(II) The Group and the Purchaser**

The Group is a fast-growing pioneer in the human resources solutions sector of the PRC, primarily engaged in the provision of comprehensive flexible staffing services, professional recruitment, and other human resources solutions. The Group has reinvented traditional human resources services with comprehensive digital and cutting-edge technology. Its one-stop ecological system not only allows the Group to serve its customers across the PRC, but also effectively solves the challenges of fast recruitment in mass quantities in the PRC. Relying on the professional staff management, project management and extensive recruitment capabilities of the Group, the professional services of the Group can be quickly expanded to more industries. Currently, the Group

operates more than 48 subsidiaries and branch offices across the PRC with business coverage in over 300 cities. It has over 1,100 internal employees and over 46,000 comprehensive flexible staffing employees deployed.

The Purchaser is an indirectly wholly-owned subsidiary of the Company.

## FINANCIAL INFORMATION OF THE TARGET COMPANIES

Set out below is the unaudited financial information for the two years ended 31 December 2019 and 2020 and the six months ended 30 June 2021 of the Target Companies based on the unaudited management accounts of the Target Companies in accordance with the accounting principles generally accepted in the PRC:

### (I) Target A

	<b>Six months ended 30 June 2021 RMB'000 (unaudited)</b>	<b>For the year ended 31 December 2020      2019 RMB'000      RMB'000 (unaudited) (unaudited)</b>	
Adjusted revenue <sup>(Note)</sup>	22,284	39,509	25,921
Adjusted profit before taxation <sup>(Note)</sup>	6,893	13,961	10,262
Adjusted profit after taxation <sup>(Note)</sup>	6,893	13,961	10,262

*Note:*

Adjusted based on the assumption that the Business Restructuring has been completed.

Based on the unaudited management accounts of Target A, the unaudited net liability of Target A as at 30 June 2021 was approximately RMB2.8 million, which was due to the fact that the registered capital of Target A has not been fully paid as at the date of this announcement. Pursuant to the the Target A SPA, as one of the conditions precedent of the payment of the second installment, the registered capital of Target A shall be fully paid. The unaudited net asset value of Target A after the paid up of the registered capital is expected to be approximately RMB7.2 million. The valuation price of Target A amounted to approximately RMB92,182,842, based on the Group's internal valuation of Target A as at 30 June 2021.

## (II) Target B

	<b>Six months ended 30 June 2021 RMB'000 (unaudited)</b>	<b>For the year ended 31 December 2020 RMB'000 (unaudited)</b>	
		<b>2019 RMB'000 (unaudited)</b>	
Revenue	92,863	140,435	109,551
Profit before taxation	3,895	5,016	3,608
Profit after taxation	3,895	5,016	3,608

Based on the unaudited management accounts of Target B, the unaudited net asset value of Target B as at 30 June 2021 was approximately RMB14.0 million. The valuation price of Target B amounted to approximately RMB65,515,043, based on the Group's internal valuation of Target B as at 30 June 2021.

## REASONS FOR AND BENEFITS OF THE ACQUISITIONS

According to the industry report issued by China Insights Consultancy, the finance industry of the PRC, in terms of gross domestic product, is expected to increase from approximately RMB6,910.0 billion in 2018 to RMB11,461.5 billion in 2023, representing a compound annual growth rate of 10.7%. The expected expansions in the finance industry in the PRC will likely increase the staffing needs of enterprises and avail new business opportunities to the Group. As disclosed in the prospectus of the Company dated 3 December 2019, it has always been one of the Group's business strategies to expand its comprehensive flexible staffing business in local commercial banks through further expanding its customer coverage in the financial services industry. The Board is of the view that the Acquisitions are in line with the aforementioned business strategy of the Group.

The Group has endeavoured to strengthen the capability of delivering fast and professional comprehensive flexible staffing solutions. The Board believes that the Acquisitions is beneficial to the Group based on the following reasons.

### (a) Enhance the capability of industry expansion

According to the "List of Legal Persons of Banking Financial Institutions (as of June 30, 2021)" (銀行業金融機構法人名單(截至2021年6月30日)) published by the China Banking and Insurance Regulatory Commission on 19 August 2021, as at 30 June 2021, there were more than 1,500 rural

commercial banks and approximately 130 city commercial banks in the PRC. The Target Companies has built up business cooperation with approximately 120 rural and city banks and possess extensive experience in providing comprehensive flexible staffing services to banks and financial institutions. As such, they have huge potential for development in the market. As at 31 July 2021, the Target Companies had more than 3,400 comprehensive flexible staffing employees in over 130 cities in the PRC. Coupled with the strong and fast recruitment capability of the Group, the Acquisitions will enable the Group (including the Target Companies) to expand into the comprehensive flexible staffing service market targeting local financial institutions, which has a comparatively more stable and continuous demand for staffing and a relatively higher gross profit margin.

**(b) Diversify the customer base**

The Target Companies have established a stable long-term business cooperation with rural commercial banks and city commercial banks and have built good relationships with the leading players among them. Through such long-term services, the Target Companies have accumulated extensive experience and successful precedents, together with the relevant entry qualifications to provide comprehensive flexible staffing services to financial institutions, the Directors believe that after the completion of the Acquisitions, the Group (including the Target Companies) will be able to explore more business opportunities in the financial services industry and diversify the customer base to more banks and financial institutions.

**(c) Enhance the Group's profitability**

The Target Companies provide comprehensive flexible staffing services in relation to positions primarily including lobby managers, information technology personnel and customer service personnel. With reference to the unaudited revenue and net profit of the Target Companies as set out in the paragraph "Financial Information of the Target Companies" above, the Directors believe that after the completion of the Acquisitions, the Target Companies will bring revenue stream to the Group and enhance the Group's profitability in the future.

Further, the Acquisitions will bring the Group an established team specialising in the financial services industry. Such team possesses the industry-specific knowledge, a proven track record in providing comprehensive flexible staffing services to financial institutions and customer resources in the financial



“Group”	the Company and its subsidiaries
“Independent Third Parties”	the parties not connected with the Company, any of the Directors, chief executive, substantial shareholders of the Company or any of its subsidiaries or any of their respective associates
“Jiangnan Finance”	Jiangnan Finance Management Consultancy (Changzhou) Holdings Company Limited* (江南金融管理諮詢(常州)股份有限公司), a company limited by shares and established under the laws of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the sole purpose of this announcement, shall exclude the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“Purchaser”	Renrui Human Resources Technology Group Limited* (人瑞人才科技集團有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target A”	Jiangnan Finance Technology (Changzhou) Company Limited* (江南金融科技(常州)有限公司), a company established under the laws of the PRC with limited liability
“Target A Sale Interest”	51% of the equity interests in Target A
“Target A SPA”	the sale and purchase agreement dated 15 September 2021 and entered into between the Purchaser and the Vendor A in relation to the acquisition of the Target A Sale Interest

“Target B”	Shanghai Lingshi Human Resources Services Limited* (上海領時人力資源服務有限公司), a company established under the laws of the PRC with limited liability
“Target B Sale Interest”	51% of the equity interests in Target B
“Target B SPA”	the sale and purchase agreement dated 15 September 2021 and entered into between the Purchaser and the Vendor B in relation to the acquisition of the Target B Interest
“Target Companies”	collectively, Target A and Target B
“Vendor A”	Mr. Cai Yulong* (蔡裕龍), an Independent Third Party
“Vendor B”	Shanghai Qihang Yuntian Technology Limited* (上海起航雲天科技股份有限公司), a company limited by shares and established under the laws of the PRC, and was held as to approximately 56.9% by the Vendor A as at the date of this announcement
“%”	per cent

\* for identification purpose only

By order of the Board  
**Renrui Human Resources Technology Holdings Limited**  
**Zhang Jianguo**  
*Chairman and Chief Executive Officer*

PRC, 15 September 2021

*As at the date of this announcement, the Board of the Company comprises Mr. Zhang Jianguo, Mr. Zhang Feng and Ms. Zhang Jianmei as executive Directors; Mr. Chen Rui and Mr. Chow Siu Lui as non-executive Directors; and Ms. Chan Mei Bo Mabel, Mr. Shen Hao and Mr. Leung Ming Shu as independent non-executive Directors.*