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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)

DISCLOSEABLE AND CONNECTED TRANSACTION FOR THE ACQUISITION OF 49% OF DONGFANG YOUBO

Our Group (through Beijing Xuncheng) has entered into a purchase agreement with Tianjin Qiancheng for the acquisition of the remaining 49% equity interest in Dongfang Youbo (in which we, through our Contractual Arrangements, currently hold 51% equity interest) for approximately RMB94.0 million, payable before 31 December 2019. Upon completion of the Acquisition, Dongfang Youbo will become our wholly-owned subsidiary.

As at the date of this announcement, Tianjin Qiancheng is a substantial shareholder and connected person of our Company at the subsidiary level. Given that the highest applicable percentage ratio for the Acquisition in accordance with the Listing Rules is more than 5% but less than 25%, and the transaction is between our Group and a connected person at the subsidiary level, the Acquisition constitutes a discloseable transaction and a connected transaction for our Company under the Listing Rules. Accordingly, the Acquisition is subject to: (a) the notification and publication requirements under Chapter 14 of the Listing Rules; and (b) the reporting and announcement requirements under Chapter 14A of the Listing Rules, but is exempt from the circular, independent financial advice and independent Shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

We are pleased to announce that on 16 August 2019, our Directors unanimously approved the Acquisition for the remaining 49% equity interest in Dongfang Youbo from Tianjin Qiancheng by Beijing Xuncheng, our wholly-owned subsidiary, for approximately RMB94 million. None of our Directors had a material interest in the Acquisition.

As at the date of this announcement, we (through our Contractual Arrangements) hold 51% equity interest in Dongfang Youbo. Upon completion of the Acquisition, Dongfang Youbo will become our wholly-owned subsidiary.

The principal terms of the Acquisition are:

- Date:** 16 August 2019
- Parties:** (i) Beijing Xuncheng, a Consolidated Affiliated Entity and wholly-owned subsidiary, as the buyer; and
- (ii) Tianjin Qiancheng, a substantial shareholder at the subsidiary level, as the seller.
- Target:** Interest attributable to RMB4.9 million registered capital in Dongfang Youbo (representing 49% equity interest in Dongfang Youbo)
- Consideration:** Approximately RMB94.0 million (equivalent to approximately HK\$104.8 million), comprising of cash, to be paid on or before 31 December 2019.
- The consideration was determined after arm's length negotiations between the parties, with reference to, among others, a valuation report based on the market approach prepared by a professional valuer and an Independent Third Party, the financial performance of Dongfang Youbo for FY 2019 (a summary of which is set out below) and the market conditions and growth potential of Dongfang Youbo's business.

FINANCIAL MATTERS AND REASONS FOR THE ACQUISITION

As at FY 2019, the financial matters attributable to Dongfang Youbo are as follows:

- Net liability value:** Approximately RMB64.4 million
- Total assets:** Approximately RMB38.7 million
- Revenue:** Approximately RMB56.9 million
- Net loss:** Approximately RMB49.7 million
- Gross profit:** Approximately RMB203.3 thousand

As at the date of this announcement, we (through our Contractual Arrangements) hold 51% equity interest in Dongfang Youbo and receive, through Beijing Xuncheng, 51% of the economic benefits attributable to Dongfang Youbo. The Acquisition allows our Group to wholly-own Dongfang Youbo and to receive 100% of the economic benefits from Dongfang Youbo, an online education services provider whose business is aligned with the core business of our Group. For further discussion on Dongfang Youbo (and DFUB, Dongfang Youbo's flagship online education platform), please see our Company's results announcement of 16 August 2019.

INFORMATION ABOUT THE PARTIES

- Our Group:** An online provider of extracurricular education services in China with a comprehensive portfolio of well-recognised brands and core expertise in after-school tutoring and test preparation.
- Tianjin Qiancheng:** A limited partnership that was established in October 2016 for the purpose of holding Dongfang Youbo's equity interests on behalf of participants of Dongfang Youbo's former share award scheme. Tianjin Qiancheng's general partner is Ms. GUAN Rui. As detailed in this announcement, Tianjin Qiancheng and Ms. GUAN Rui are connected persons at the subsidiary level.
- Dongfang Youbo:** A provider of online education services, primarily offering online K-12 tutorial services, including DFUB, an online education platform that provides location-based live interactive after-school tutorial courses through the website at <http://dfub.xdf.cn/> and related apps, which target primary and secondary school students in China.

CONFIRMATION FROM THE DIRECTORS

Our Directors (including our independent non-executive Directors) consider: (a) the terms of the Agreement to be fair and reasonable; and (b) the Acquisition to be on normal commercial terms or better, in the ordinary and usual course of business and in the interests of our Company and our Shareholders as a whole. None of our Directors has a material interest in the Acquisition.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Tianjin Qiancheng holds more than 10% of Dongfang Youbo, a non-wholly owned subsidiary of our Company. As such, Tianjin Qiancheng is a substantial shareholder of Dongfang Youbo and a connected person of our Company at the subsidiary level. Accordingly, the Acquisition is a connected transaction for the Company under the Listing Rules.

Given that the highest applicable percentage ratio for the Acquisition in accordance with the Listing Rules is more than 5% but less than 25%, and the transaction is between our Group and a connected person at the subsidiary level, the Acquisition constitutes a discloseable transaction and a connected transaction for our Company under the Listing Rules. Accordingly, the Acquisition is subject to: (a) the notification and publication requirements under Chapter 14 of the Listing Rules; and (b) the reporting and announcement requirements under Chapter 14A of the Listing Rules, but is exempt from the circular, independent financial advice and independent Shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of the remaining 49% equity interest in Dongfang Youbo from Tianjin Qiancheng by Beijing Xuncheng
“Agreement”	the agreement dated 16 August 2019 entered into between Beijing Xuncheng (as the buyer) and Tianjin Qiancheng (as the seller) in relation to the Acquisition
“Beijing Xuncheng”	Beijing New Oriental Xuncheng Network Technology Inc.* (北京新東方迅程網絡科技股份有限公司), a company established under PRC laws on 11 March 2005 and a Consolidated Affiliated Entity and our wholly-owned subsidiary (as defined in the Listing Rules)
“Board”	the board of Directors
“China” or “PRC”	The People’s Republic of China, for the purpose of this announcement only, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Company”, “us” 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
“connected person(s)”	has the meaning ascribed to it by the Listing Rules
“Consolidated Affiliated Entity(ies)”	an entity (or entities) controlled by our Company through a series of Contractual Arrangements and considered the Company’s subsidiary (or subsidiaries)
“Contractual Arrangements”	the contractual arrangements as set out and described in the section headed “Contractual Arrangements” in our Company’s prospectus dated 15 March 2019
“Directors”	the directors of the Company
“Dongfang Youbo”	Beijing Dongfang Youbo Network Technology Co., Ltd.* (北京東方優播網絡科技有限公司), a company established under PRC laws on 23 June 2016 and a Consolidated Affiliated Entity and as at the date of this announcement, our non-wholly owned subsidiary (as defined in the Listing Rules) as to 51% and the target of the Acquisition

“FY”	the financial year ended 31 May
“Group”	the Company and its subsidiaries and consolidated affiliated entities from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	an entity or person who is not a connected person of the Company within the meaning ascribed thereto under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“percentage ratios”	has the meaning ascribed to it by the Listing Rules
“RMB”	Renminbi, the lawful currency of China, and for the purpose of this announcement, is converted to HK\$ based on an exchange rate of RMB1 to HK\$0.89657, calculated with reference to the middle rate published on the Bank of China’s website on the date prior to the date of this announcement
“Shareholder(s)”	holder(s) of shares in our Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it by the Listing Rules and includes our Consolidated Affiliated Entities
“Tianjin Qiancheng”	Tianjin Qiancheng Xiangyu Technology Limited Partnership* (天津前程翔宇科技合夥企業 (有限合夥)), a limited partnership established under PRC laws in October 2016
“%”	per cent

* *for identification purposes only*

By order of the Board of Directors
Mr. YU Minhong
Chairman

Hong Kong, 16 August 2019

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