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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 TRANSACTION 2022 EDU FRAMEWORK AGREEMENT**

On 27 May 2022, our Company (for itself and on behalf of our Group) entered into the 2022 EDU Framework Agreement to renew certain transactions under the 2021 EDU Framework Agreements and set additional annual caps.

For each of the transactions under the 2022 EDU Framework Agreement, the highest applicable percentage ratio calculated with reference to the respective FY2023 annual cap is more than 0.1% but less than 5%. Accordingly, each of the transactions under the 2022 EDU 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**

Reference is made to the 2021 EDU Framework Agreements in relation to the continuing connected transactions between our Group and New Oriental Group. Details of these transactions are contained in the “Connected transactions” section of the Prospectus and the Former Announcements.

Our Company and New Oriental have entered into the 2022 Framework Agreement, the principal terms of which are set out below:

### **2022 EDU FRAMEWORK AGREEMENT**

**Date:**

27 May 2022

**Parties:**

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

**Term:**

1 June 2022 to 31 May 2023.

**Transactions:**

***1. Promotional Services***

Transaction description

Under this transaction, New Oriental Group and our 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.

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 annual caps

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

<i>RMB</i>	<b>Historical Amounts</b>		<b>Annual caps</b>	
	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
Paid/payable by us	nil	6,400,000	32,500,000	<b>39,386,000</b>
Received/receivable by us	nil	800,000	3,700,000	<b>1,060,000</b>

## Reasons and basis for the FY 2023 annual caps

The FY 2023 annual caps for this transaction are 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 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.

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

#### Transaction description

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

#### Pricing policy

Our Group shall charge New Oriental Group license fees to be agreed between the parties on a fair and reasonable basis with reference to, among others, the significance of the licences to 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 organisation that is the administrator of TOEFL.

#### Historical amounts and annual caps

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

<i>RMB</i>	<u>Historical Amounts</u>		<u>Annual caps</u>	
	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>
Received/receivable by us	16,900,000	15,100,000	25,000,000	<b>20,000,000</b>

#### Reasons and basis for the FY 2023 annual cap

The FY 2023 annual cap for this transaction is 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.

### 3. *Procurement of Goods*

#### Transaction description

Under this transaction, New Oriental Group shall provide goods to our Group, including education materials (such as published books and reading materials, teaching materials, tutorial questions and examination materials and student learning materials) and other resources (such as intelligent learning products and learning machines). For clarity, these transactions were previously described as falling into “provision of educational materials” and the portions of “provision of resources related to the livestream commerce business” and “provision of resources related to the intelligent learning products business” that are expenses in nature under the 2021 EDU Framework Agreements. Please refer to the Former Announcements for details of these former transactions.

#### Pricing policy

Our 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 annual caps

<i>RMB</i>	<u>Historical Amounts</u>		<u>Annual caps</u>	
	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>
Paid/payable by us	1,800,000	9,600,000	59,000,000	<b>39,127,000</b>

#### Reasons and basis for the FY 2023 annual cap

In FY 2022, we began operating our new livestream commerce business. Certain of the education materials sold on, and resources used to help operate, our livestream commerce platform are sourced from New Oriental Group.

The FY 2023 annual cap for this transaction is based on historical amounts and the availability of various materials from New Oriental Group, considering the anticipated business needs of our Group for the year and the product of: (i) the goods procured; (ii) the fixed item catalogue price; (iii) a bulk procurement discount, if any; (iv) the expected order volume for each type of goods procured; (v) the estimated projected market growth for our livestream commerce platform and intelligent learning products business; (vi) the fees charged, and change in rates of fees charged, by New Oriental Group to third-party customers for the same or similar resources (where applicable); and (vii) estimated increase in demand for a larger range of products offered through our livestream commerce platform and intelligent learning products business, as our product and service lines grow and improve.

#### 4. *Provision of Goods*

##### Transaction description

We will provide certain goods and resources generated by our Group to New Oriental Group, including licensing of educational intellectual property (such as copyrighted teaching materials and academic materials produced by our teaching staff), selling goods to New Oriental Group through our livestream commerce platform (such as agricultural products, food and beverages, and other products), and selling smart stationary and learning products to New Oriental Group. For clarity, these transactions were previously described as falling into “licensing of educational intellectual property” and the portions of “provision of resources related to the livestream commerce business” and “provision of resources related to the intelligent learning products business” that are revenue in nature under the 2021 EDU Framework Agreements. Please refer to the Former Announcements for details of these former transactions.

##### Pricing policy

The transaction fees to be set by our Group (and to be charged to New Oriental Group) and as agreed between the parties on a fair and reasonable basis, based on the following:

- (a) for the licensing of intellectual property: scope of use, per unit licensing cost, and duration.
- (b) for other goods: the costs of acquisition/production, fees charged to third-party customers and fees charged for similar or comparable materials by third-party suppliers (if possible).

##### Historical amounts and annual caps

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

<i>RMB</i>	<u>Historical Amounts</u>		<u>Annual caps</u>	
	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>
Receivable by us	Nil	Nil	22,130,000	<b>23,572,000</b>

##### Reasons and basis for the FY 2023 annual cap

The FY 2023 annual cap for this transaction is based on the pricing policy and expected order amount from New Oriental Group, based on the expected customer demand amount of New Oriental Group, considering (i) the estimated growth in demand of resources of 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 New Oriental Group as our Group’s product and services line grows or improves.

## 5. *Online and Offline Educational Resources*

### Transaction description

Our Group and New Oriental Group shall provide online and offline (respectively) resources to each other, namely:

- (a) the online educational resources provide by our Group will include pre-recorded or live online courses and tutorials, online packages, and audio-visual resources.
- (b) the offline educational resources provided by New Oriental Group will 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.

### Pricing policy

The transaction fees to be set by our Group (and to be charged to 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 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 New Oriental Group.

### Historical amounts and annual caps

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

<i>RMB</i>	<b>Historical Amounts</b>		<b>Annual caps</b>	
	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
Paid/payable by us	6,900,000	500,000	29,100,000	<b>26,200,000</b>
Received/receivable by us	200,000	Nil	2,100,000	<b>16,650,000</b>

## Reasons and basis for the FY 2023 annual caps

The FY 2023 annual caps for this transaction is set based on the following factors:

- (a) for online educational resources provided by us: (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 New Oriental Group as our product and services line grows or improves.
- (b) for offline educational resources procured by us: (i) the estimated number of students expected to enroll 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 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.

## **REASONS AND BENEFITS OF THE 2022 EDU FRAMEWORK AGREEMENT**

We have compared the market rates and the products and services provided by comparable third party market providers and are of the view that it would be more beneficial to our 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 our 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**

Our Director, Mr. Yu Minhong, is a director and the chairman of the board of directors of New Oriental. Accordingly, Mr. Yu has a material interest in the 2022 EDU Framework Agreement and has abstained from voting on these agreements (and the underlying transactions) at the Board meeting on 27 May 2022.

Our Directors (including the independent non-executive Directors, but excluding Mr. Yu who has abstained) consider the 2022 EDU Framework Agreement, and the transactions thereunder, to be: (i) in the ordinary and usual course of business of our Group; (ii) on normal commercial terms or better (for our Company); 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

Our 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 (stock symbol: EDU). New Oriental is our substantial shareholder (as defined in the Listing Rules).

## LISTING RULES IMPLICATIONS

New Oriental is a substantial shareholder of our Company (as defined in the Listing Rules). Accordingly, New Oriental is a connected person of our Company and each of the transactions under the 2022 EDU Framework Agreement is a connected transaction.

For each of the transactions under the 2022 EDU Framework Agreement, the highest applicable percentage ratio calculated with reference to the respective FY 2023 annual cap is more than 0.1% but less than 5%. Accordingly, each of the transactions under the 2022 EDU 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

<b>“2021 EDU Framework Agreements”</b>	the 2021 New Oriental Framework Agreement and the Supplemental New Oriental Framework Agreement entered into between our Company and New Oriental as detailed in the Former Announcements
<b>“2022 EDU Framework Agreement”</b>	the framework agreement recently entered into by our Company and New Oriental for the continuing connected transactions detailed in this announcement
<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, Macau 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>“Directors”</b>	the directors of our Company
<b>“ETS”</b>	Educational Testing Service, a private non-profit educational testing and assessment organisation, which administer tests such as TOEFL (Test of English as a Foreign Language) and GRE (Graduate Record Examination)
<b>“Former Announcements”</b>	the announcements by our Company dated 14 May 2021 and 21 January 2022 about certain existing continuing connected transactions with New Oriental Group
<b>“FY”</b>	the financial year ended or ending 31 May
<b>“Group”</b>	our Company and 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>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<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 (stock symbol: EDU) and our controlling shareholder (as defined in the Listing Rules)
<b>“New Oriental Group”</b>	New Oriental and its subsidiaries (including consolidated affiliated entities) but excluding our Group
<b>“Prospectus”</b>	our Company’s prospectus dated 15 March 2019
<b>“RMB”</b>	Renminbi, the lawful currency of China
<b>“Shareholder(s)”</b>	holder(s) of shares in our Company
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“subsidiary(ies)”</b>	has the meaning ascribed to it under the Listing Rules

“TOEFL”

Test of English as a Foreign Language, a standardised test of English language proficiency administered by ETS

“TPO”

TOEFL Practice Online, the official practice tests using authentic past test questions, from ETS, the maker of TOEFL tests

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

Hong Kong, 27 May 2022

*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.*