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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **Koolearn Technology Holding Limited**, you should at once hand this circular together with the enclosed form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, 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 circular.

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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)**

### PROPOSAL FOR ADOPTION OF 2023 SHARE SCHEME AND NOTICE OF EXTRAORDINARY GENERAL MEETING

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A notice convening the EGM of the Company to be held at the Company's headquarters in Beijing, Level 18, South Wing, 2 Haidian East Third Road, Haidian District, Beijing, China, on Thursday, 9 March 2023 at 10:00 a.m. is set out in this circular. The circular, together with the form of proxy, are published on the websites of the Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.koolearn.hk](http://www.koolearn.hk)).

Whether or not you are able to attend the EGM, please complete the form of proxy in accordance with the instructions printed thereon and return it to our Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e., not later than 10:00 a.m. on Tuesday, 7 March 2023) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting if you so wish.

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:*

“2019 Scheme”	the post-IPO share option scheme of the Company adopted in January 2019, the terms of which are summarised in Appendix IV to the prospectus of the Company dated 15 March 2019
“2023 Scheme”, “2023 Share Scheme”, or “Scheme”	the share incentive scheme of the Company proposed to be approved at the EGM, a summary of the principal terms of which is set out in the Appendix to this circular
“Adoption Date”	the date on which the 2023 Scheme is approved by the Shareholders at the EGM
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Award”	an award granted under the 2023 Scheme by the Board to a Grantee, which may take the form of a Share Option or a Share Award and which shall be funded by Award Shares
“Award Letter”	a letter issued by the Company on the Grant Date in respect of each grant of Awards in such form as the Scheme Administrator may from time to time determine setting out the terms and conditions of the Award
“Award Shares”	new Shares underlying an Award
“Board”	the board of Directors
“Business Day(s)”	any day on which the Stock Exchange is open for the business of dealing in securities
“Company”	Koolearn Technology Holding Limited (新東方在綫科技控股有限公司), a company incorporated in Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange with stock code “1797”
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company

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## DEFINITIONS

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“EGM”	an extraordinary general meeting of the Company to be held for the Shareholders to consider and, if thought fit, approve, the adoption of the 2023 Scheme
“Eligible Participant”	an Employee Participant, Related Entity Participant or Service Provider Participant
“Employee Participant”	any person who is an employee (whether full-time or part-time or other employment relationship), director or officer of any member of the Group on the Grant Date
“Exercise Period”	in respect of any Award, the period during which the Grantee may exercise the Award
“Exercise Price”	in respect of the Share Option, the price per Share at which the Grantee may subscribe for Shares upon the exercise of a Share Option awarded under the Scheme
“Grant Date”	the date on which the grant of an Award is made to a Grantee, being the date of the Award Letter in respect of such Award
“Grantee”	any Eligible Participant approved for participation in the Scheme and who has been granted any Award
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	Hong Kong Special Administrative Region
“Issue Price”	in respect of a Share Award, is the price per share a Grantee is required to pay to subscribe for the Shares comprising the Share Award
“Latest Practicable Date”	15 February 2023, being the latest practicable date prior to the publication of this circular for ascertaining certain information of this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Chapter 17”	amended Chapter 17 of the Listing Rules introduced by the Stock Exchange, which came into effect on 1 January 2023

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## DEFINITIONS

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“Related Entity Participants”	any person who is an employee (whether full-time or part-time or other employment relationship), director or officer of a holding company of the Company, a subsidiary of that holding company, or an associate company of the Company, as further detailed in the Appendix to this circular
“Scheme Administrator”	the Board and/or any committee of the Board or other person to whom the Board has delegated its authority to administer the 2023 Scheme in accordance with the Scheme Rules
“Scheme Rules” or “2023 Scheme Rules”	the rules relating to the Scheme as amended from time to time
“Service Provider Participant”	persons (including entities) providing services to the Group on a continuing basis in its ordinary and usual course of business which are in the interests of the long term growth of the Group as determined by the Scheme Administrator pursuant to criteria set out in the Scheme Rules, as further detailed in the Appendix to this circular
“Service Provider Sublimit”	shall have the meaning as set out on page 15 of this circular
“SFO”	the Securities and Futures Ordinance
“Share(s)”	ordinary share(s) in the share capital of our Company, currently with a par value of US\$0.00002 each
“Share Award”	an award which vests in the form of the right to subscribe for and/or to be issued such number of Award Shares as the Scheme Administrator may determine at the Issue Price in accordance with the terms of the Scheme Rules
“Share Option”	an award which vests in the form of the right to subscribe for such number of Award Shares as the Scheme Administrator may determine during the Exercise Period at the Exercise Price in accordance with the terms of the Scheme Rules
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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## DEFINITIONS

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“Vesting Date(s)”

the date or dates, as determined from time to time by the Scheme Administrator, on which an Award (or part thereof) is to vest in the relevant Grantee and upon which the Grantee may exercise the Award as determined by the Scheme Administrator pursuant to the Scheme Rules, unless a different Vesting Date is deemed to occur in accordance with the Scheme Rules



**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)**

***Executive Directors:***

Mr. Sun Dongxu (*Chief Executive Officer*)

Mr. Yin Qiang (*Chief Financial Officer*)

***Non-executive Directors:***

Mr. Yu Minhong (*Chairman of our Board*)

Ms. Sun Chang

***Independent non-executive Directors:***

Mr. Lin Zheyang

Mr. Tong Sui Bau

Mr. Kwong Wai Sun Wilson

***Registered Office:***

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

***Head Office:***

Level 18, South Wing

2 Haidian East Third Road

Haidian District

Beijing, China

***Principal Place of Business***

***in Hong Kong:***

Level 40, Dah Sing Financial Centre

248 Queen's Road East

Wan Chai, Hong Kong

21 February 2023

*To Shareholders*

Dear Sirs/Madames,

**PROPOSAL FOR ADOPTION OF 2023 SHARE SCHEME AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**1. INTRODUCTION**

The purpose of this circular is to provide you with information about the ordinary resolutions to be proposed at the EGM for adopting the 2023 Scheme, details of the EGM, and to ask you to consider and, if thought fit, approve the ordinary resolutions to adopt the 2023 Scheme at the EGM.

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## LETTER FROM THE BOARD

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### 2. ADOPTION OF THE 2023 SCHEME

On 20 February 2023, the Board has resolved to propose the adoption of the 2023 Scheme to be approved and adopted by the Shareholders. In approving the adoption of the 2023 Scheme, the Board has considered various factors, including: (i) the 2019 Scheme only allowing the Company to issue share options to its participants and did not allow for the issuance of share awards; and (ii) the New Chapter 17 rules, the Board proposes to adopt the 2023 Scheme to provide for the potential issuance of both share options and share awards in order to broaden the types of equity incentives that the Company can utilise as part of its incentive strategy and also to ensure that the new scheme adopted shall be in compliance with New Chapter 17 requirements.

The purpose of the 2023 Scheme is to provide the Company with a flexible means of, attracting, remunerating, incentivising, retaining, rewarding, compensating and/or providing benefits to Eligible Participants through aligning the interests of Eligible Participants with those of the Company and Shareholders by providing them with an opportunity to acquire proprietary interests in the Company and become Shareholders, and thereby, encouraging Eligible Participants to contribute to the long-term growth, performance and profits of the Company and to enhance the value of the Company and its Shares for the benefit of the Company and Shareholders as a whole.

As at the Latest Practicable Date, there were 1,013,347,210 Shares in issue. Assuming there is no change in the number of issued Shares during the period from the Latest Practicable Date to the Adoption Date, the maximum number of Shares issuable pursuant to the 2023 Scheme and any other schemes of the Company (if any) in aggregate will be 101,334,721 Shares, being 10% of the total number of Shares in issue on the date of approval of the 2023 Scheme.

As at the Latest Practicable Date, (a) no trustee has been appointed to administer and implement the 2023 Scheme; and (b) the Company has no specific intention to grant any Award under the 2023 Scheme.

Operation of the 2023 Scheme is conditional upon:

- (a) the passing of the ordinary resolutions by the Shareholders at the EGM to approve and adopt the 2023 Scheme; and
- (b) the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in the Shares to be allotted and issued pursuant to the Awards.

The Board has resolved that immediately upon the 2023 Scheme taking effect, the 2019 Scheme shall terminate and the Company shall not grant any further options under the 2019 Scheme thereafter, provided that any granted and unexercised options made under the 2019 Scheme immediately before the termination shall continue to be valid and exercisable in accordance with the terms of the grant and original 2019 Scheme rules. As at the Latest



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## LETTER FROM THE BOARD

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Practicable Date, an aggregate of 41,081,820 options (pursuant to which a maximum of 41,081,820 Shares may be issued by the Company if fully exercised) remain outstanding under the 2019 Scheme. The Company has no specific intention to grant any further options under the 2019 Scheme between the Latest Practicable Date and the effective date of the 2023 Scheme (if adopted).

### **Explanation of the terms of the 2023 Scheme**

Please see the Appendix to this circular for:

- (a) a summary of the principal terms of the 2023 Scheme. This summary serves as an overview of these terms and does not constitute the full reproduction of the terms or a comprehensive list of all the rules under the 2023 Scheme; and
- (b) *in italics and as notes to the summary*, the views of the Directors and Remuneration Committee to the Board as to the appropriateness and reasonableness of particular terms and how they align with the purpose of the 2023 Scheme.

### **Value of Share Options**

It is not practicable to state the value of all the Share Options that can be granted pursuant to the 2023 Scheme as if they had been granted on the Latest Practicable Date as a number of factors crucial for the calculation of the value of Share Options cannot be determined. Such factors include the exercise price, exercise period, any vesting period, any performance targets set and any other terms and conditions that the Board may impose with respect to the Share Options. Therefore, at this stage, any calculation of the value of the Share Options as at the Latest Practicable Date based on the large number of speculative assumptions would not be meaningful and would be misleading to the Shareholders.

### **Document on display**

A copy of the rules of the 2023 Scheme will be published on the websites of the Stock Exchange and the Company for display for a period of not less than 14 days before the date of the EGM and the rules of the 2023 Scheme will be made available for inspection at the EGM.

### **3. EGM**

A notice convening the EGM to be held at the Company's headquarters in Beijing, Level 18, South Wing, 2 Haidian East Third Road, Haidian District, Beijing, China on Thursday, 9 March 2023 at 10:00 a.m., is set out on pages 28 to 29 of this circular. The EGM will be convened for the purpose of considering and, if thought fit, approving, among other things, the 2023 Scheme.

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## LETTER FROM THE BOARD

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Based on the information, belief and knowledge of the Company, no Shareholder has a material interest in the 2023 Scheme and no Shareholder is required to abstain from voting for the relevant resolutions to approve the 2023 Scheme at the EGM.

Pursuant to the Listing Rules and the Articles of Association of the Company, any vote of Shareholders at a general meeting must be taken by poll except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands. An announcement on the poll results will be published by the Company after the EGM in the manner prescribed under the Listing Rules.

A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.koolearn.hk](http://www.koolearn.hk)). Whether or not you are able to attend the EGM, please complete and sign the form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM (*i.e.*, no later than 10:00 a.m. on Tuesday, 7 March 2023) or any adjournment thereof. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM or any adjourned meeting if they so wish.

For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Monday, 6 March 2023 to Thursday, 9 March 2023, both dates inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the EGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Friday, 3 March 2023.

#### **4. RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to our Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this circular or this circular as a whole misleading.

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## LETTER FROM THE BOARD

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### 5. RECOMMENDATIONS

The Directors (including the independent non-executive Directors) are of the opinion that the proposed adoption of the 2023 Scheme is in the best interests of the Company and our Shareholders as a whole, and would therefore recommend Shareholders to vote in favour of the resolution to be proposed at the EGM.

Yours faithfully,  
For and on behalf of the Board  
**Koolearn Technology Holding Limited**  
**Mr. YU Minhong**  
*Chairman of our Board*

*The following is a summary of the principal terms of the 2023 Scheme Rules to be considered and approved by Shareholders at the EGM. It does not form part of, nor is it intended to be part of, the 2023 Scheme Rules. The Directors reserve the right at any time prior to the EGM to make amendments to the 2023 Scheme as they may consider necessary or appropriate provided that such amendments do not conflict in any material aspect with the summary set out in this Appendix.*

- Purpose:** The purpose of this scheme is to provide the Company with a flexible means of, attracting, remunerating, incentivising, retaining, rewarding, compensating and/or providing benefits Eligible Participants through aligning the interests of Eligible Participants with those of the Company and Shareholders by providing them with an opportunity to acquire proprietary interests in the Company and become Shareholders, and thereby, encouraging Eligible Participants to contribute to the long-term growth, performance and profits of the Company and to enhance the value of the Company and its Shares for the benefit of the Company and Shareholders as a whole.
- Awards:** Awards may take the form of a Share Option or a Share Award, which can be funded by Shares or an equivalent value determined by prevailing market prices.
- Scheme administration:** The Scheme shall be administered by the Scheme Administrator, being either the Board and/or any committee of the Board or other person to whom the Board has delegated its authority to administer this scheme.
- Eligible participants:** Eligible Participants are determined by the Scheme Administrator from time to time to be eligible to participate as grantees under this scheme, and shall fall under one or more of the below categories:
- (a) ***Employee Participant***, being an employee, director or officer of the Group on the Grant Date.
  - (b) ***Related Entity Participant***, being an employee, director or officer of the following: a “holding company” of the Company (as defined in the SFO); a “subsidiary” of a holding company of the Company (as defined in the SFO) other than the Group; or an “associate” of the Company (as defined in the Listing Rules).

- (c) *Service Provider Participant*, being a person (including an entity) that falls under one of the below sub-categories and that provides services to the Group on a continuing basis in its ordinary and usual course of business which are in the interests of the long term growth of the Group as determined by the Scheme Administrator pursuant to the below criteria:

	Category	Eligibility criteria for Service Provider Participant
(i)	Content creators	Provides significant contribution to the Group and its business (including to the platforms that the Group operates), with reference to, among other metrics, user engagement (e.g., views, attendances, subscribers, likes, comments), playback volume, financial or business or operational contribution.
(ii)	Consultants, suppliers and service providers	<p>The consultants, suppliers and service providers would operate in the industries of education, technology, e-commerce, internet content and media, and other business industries in which the Group operates from time to time.</p> <p>Consultants would be those that the Group engages on a regular or recurring basis, who are not engaged as employees of the Group, that have specialties or expertise in areas that supplement the Group's operations (for example, consultants in the areas of technology, media and promotion, e-commerce and logistics).</p>

	Category	Eligibility criteria for Service Provider Participant
		<p>Suppliers would be businesses that supply the Group with goods on a regular or recurring basis (for example, retailers that the Group collaborates with for its e-commerce business), with which the Group would consider important to maintain a close business relationship on an ongoing basis, and in turn, it would be beneficial to the Group's business relationship to grant such supplier with proprietary ownership in the Company and to encourage the supplier to have a vested shareholding interest in the Group and in the Group's future development.</p> <p>Similar to suppliers, service providers would be businesses that provide important services to the Group on a regular or recurring basis (for example, providing services in backend technology, payment or logistics, data security, or long-term platform promoters and collaborators), with which the Group would consider important to maintain a close collaborative relationship on an ongoing basis, that in turn, it would be beneficial to the collaboration between the Group and the service provider to grant such service provider proprietary ownership in the Company and to encourage the service provider to have a vested shareholding interest in the Group and the Group's future development.</p>

	Category	Eligibility criteria for Service Provider Participant
		A consultant, supplier or service provider that would be considered eligible to be a Service Provider Participant would be or is anticipated to be going forward, a significant business partner, or otherwise significant to the Group's business, with reference to, among other metrics, revenue generation, sales volume, online traffic and audience exposure, acquisition of new target customers/users or directing of recurring customers/users, research and development, engineering or technical contribution, the design or development or delivery of products/services provided by the Group, or is otherwise significant to the Group, including from a financial, business or operational perspective.

**Additional criteria for determining the eligibility of a Service Provider Participant**

Where a service provider qualifies for one of the above service provider types and meets the initial eligibility criteria to fall within the above categories, the below will be considered:

Whether one qualifies as a Service Provider Participant:  
Whether a potential service provider will be eligible to qualify as a Service Provider Participant will be determined by the Scheme Administrator based on qualitative and quantitative performance indicators to be on a case-by-case basis in accordance with the above eligibility criteria.

Whether a service provider provides services to the Group on a continuing basis: In assessing whether a service provider provides services to the Group on a continuing basis, the Scheme Administrator will take into account factors such as: (i) length and type of services provided or will be provided to the Group, recurrence and regularity of such services; (ii) how the selection metrics benchmark against comparable metrics used to determine other eligible participants who have been granted awards under the Company's share incentive plans; (iii) the Group's objectives in engaging the service provider and how granting awards to the service provider would align with the purpose of the 2023 Scheme or benefit the Group; and (iv) remuneration packages of comparable listed peers with respect to similar service providers, if any, based on available industry information.

*Note:*

*The Directors (including the independent non-executive Directors) consider the proposed categories of Related Entity Participant and Service Provider Participant to be in line with industry norms and that the proposed scope for "Eligible Participants" (including the selection of Eligible Participants) to be appropriate and aligns with the purpose of this scheme. In particular:*

- (a) *Related Entity Participants will have a sufficiently close relationship with the Group and would likely be in a position to influence the Group's business, reputation, operations and performance, particularly given that the Group is consolidated into and forms part of the larger group of its holding company, New Oriental Education & Technology Group Inc. (SEHK: 9901);*
- (b) *Service Provider Participants are those service provider sub-categories that the Company considers to be particularly important to the success of the Group's business and future development, including (i) by contributing to the Group's platforms and services/products as content creators, and thereby enhancing the stickiness of these platforms/services/products among users and within the markets in which the Group operates; (ii) by contributing to the Group's operations and business structure/model (e.g., through the expertise and contribution of consultants, the user engagement and business opportunities and growth brought about through business collaborators); and (iii) would enable the Group to preserve its cash resources, and instead, use share incentives to attract persons of talent outside of the Group, whilst also aligning their interests with that of the Group and Shareholders through them owning a proprietary interest in the Company and becoming future Shareholders;*
- (c) *this scope is consistent with scope of grantees approved by the Company under past share schemes, as well as, to the best knowledge of the Directors, the practices of peer companies that operate in similar or comparable industries to that of the Group (for example, technology or internet industries) or other companies listed in Hong Kong and their remuneration or compensation packages,*

*and accordingly, the Directors (including the independent non-executive Directors) consider it appropriate to enhance the long-term relationship with these Eligible Participants by aligning their interests with that of the Company and Shareholders. Based on the above, the Directors (including the independent non-executive Directors) believe that the proposed scope for "Eligible Participants" is in line with the purpose of the 2023 Scheme.*



<b>Scheme Mandate Limit and Service Provider Sublimit:</b>	<p><b><i>Scheme Mandate Limit:</i></b></p> <p>The total number of Shares that may be issued pursuant to all Awards to be granted under this Scheme and awards to be granted under any other share schemes of the Company is (the “<b>Scheme Mandate Limit</b>”):</p> <ul style="list-style-type: none"><li>(a) initially set at 10% of the Shares in issue as at the Adoption Date, being 101,334,721 Shares (assuming that there are no changes to the Company’s issued share capital between the date of this circular and the EGM); and</li><li>(b) may be subsequently refreshed in accordance with the Scheme Rules and the Listing Rules, as further approved by Shareholders at general meeting.</li></ul>
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Award Shares underlying Awards that have lapsed in accordance with the terms of the Scheme Rules (or the terms of any other share schemes of the Company) shall not be counted for the purpose of calculating the Scheme Mandate Limit.

***Service Provider Sublimit:***

The total number of Shares that may be issued pursuant to all Awards to be granted to Service Provider Participants under this scheme is (the “**Service Provider Sublimit**”):

- (a) initially set at up to 2% of the Scheme Mandate Limit, being 2,026,694 Shares (assuming that there are no changes to the Company’s issued share capital between the date of this circular and the EGM); and
- (b) may be subsequently refreshed in accordance with the Scheme Rules and the Listing Rules, as further approved by Shareholders at general meeting.

*Note:*

*The Service Provider Sublimit is determined based on the maximum possible number of Award Shares that the Company intends to grant to Service Provider Participants and the Company’s future business and development plan. The Directors (including the independent non-executive Directors) consider the Service Provider Sublimit to be appropriate and reasonable given the nature of the industries in which the Group operates and the Group’s current and future business needs, and takes into account:*

- (i) *the rationale behind the scope and eligibility criteria of Service Provider Participants, as detailed above;*
- (ii) *that this sublimit provides the Group with flexibility to provide equity incentives (instead of expending cash resources in the form of monetary consideration) to reward and collaborate with persons who are not employees or directors of the Group, but who may have exceptional expertise in their field or who may be able to provide valuable expertise and services to the Group, which is in line with the purpose of the 2023 Scheme;*
- (iii) *the fact that this sublimit represents a maximum limit and that the Company retains the flexibility to allocate Award Shares from this sublimit to satisfy Awards to other Eligible Participants depending on business growth and needs in the future as and when appropriate. For example, where the Company considers that the business needs of the Group at a future point in time suggests that the full Service Provider Sublimit is no longer needed for Service Provider Participants and that it would be more appropriate and beneficial to serve the purpose of the 2023 Scheme to allocate a portion of the Award Shares under this sublimit to other Eligible Participants; and*
- (iv) *the service provider sublimits (as a percentage of the scheme mandate limit) proposed or adopted by other companies listed on the Stock Exchange.*

**Refreshing the  
scheme limit  
and sublimit:**

The Company may refresh the Scheme Mandate Limit and/or the Service Provider Sublimit, as currently in place from time to time, with the approval of Shareholders at general meeting and in accordance with New Chapter 17 (namely, Listing Rule 17.03C).

Any “refreshment” within any three year period, to the extent required by the Listing Rules, shall be approved by Shareholders and subject to the following:

- (a) any controlling shareholder and their associates (or if there is no controlling shareholder, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates) must abstain from voting in favour of the relevant resolution at the general meeting; and
- (b) the Company will comply with applicable Listing Rules in relation to such refreshment, including Listing Rules 13.39(6) and (7), 13.40, 13.41 and 13.42 (relating to, among others, special requirements for general meetings in respect of transactions that are subject to independent Shareholders’ approval and abstentions from voting).

**Maximum entitlement of each Eligible Participant:** There is no specific maximum entitlement for each Eligible Participant under the 2023 Scheme. Grants to individuals that exceed the thresholds set out in the New Chapter 17 will be subject to additional approval requirements as required under the New Chapter 17.

**Further approval requirements:** Any Award granted to a Director, chief executive of the Company or substantial shareholder of the Company, or any of their respective associates requires approval from the independent non-executive Directors (other than the independent non-executive Director who is the grantee).

Additionally, Awards granted to any individual Eligible Participant may be subject to further approval requirements (namely, further approval by Shareholders and/or approval by the remuneration committee to the Board and independent Directors), as required and in accordance with New Chapter 17, and namely, Listing Rules 17.03D and 17.04, and includes:

	<b>Grantee</b>	<b>Threshold triggering additional approval</b>	<b>Additional approval</b>
(a)	Independent non-executive Director, substantial shareholder of the Company, or their associates	Where the Shares issued and to be issued under all Awards granted to the individual grantee (excluding Awards lapsed under the 2023 Scheme) within any 12-month period (including the date of the latest grant) represent in aggregate over 0.1% of the Shares in issue.	Requires approval from Shareholders at general meeting (with the grantee, their associates, and all core connected persons of the Company abstaining from the vote, and Listing Rules 13.40 to 13.42 must be complied with).

	<b>Grantee</b>	<b>Threshold triggering additional approval</b>	<b>Additional approval</b>
(b)	Other Directors, chief executive of the Company, or their respective associates	Where the Shares issued and to be issued under all Share Awards (not Share Options) granted to the individual grantee (excluding Share Awards lapsed under the 2023 Scheme) within any 12-month period (including the date of the latest grant) represent in aggregate over 0.1% of the Shares in issue.	Requires approval from Shareholders at general meeting (with the grantee, their associates, and all core connected persons of the Company abstaining from the vote, and Listing Rules 13.40 to 13.42 must be complied with).
		Where the Shares issued and to be issued under all Awards granted to the individual grantee (excluding Awards lapsed under the 2023 Scheme) within any 12-month period (including the date of the latest grant) represent in aggregate over 1% of the Shares in issue.	Requires approval from Shareholders at general meeting (with the grantee, and their close associates, or where the grantee is a connected person, their associates abstaining from the vote).

	Grantee	Threshold triggering additional approval	Additional approval
(c)	Other Eligible Participants	Where the Shares issued and to be issued under all Awards granted to the individual grantee (excluding Awards lapsed under the 2023 Scheme) within any 12-month period (including the date of the latest grant) represent in aggregate over 1% of the Shares in issue.	Requires approval from Shareholders at general meeting (with the grantee, and their close associates, or where the grantee is a connected person, their associates abstaining from the vote).

**Acceptance:**

The Scheme Administrator may determine in their absolute discretion the amount (if any) payable on application or acceptance of an Award and the period within which any such payments must be made, and such amounts (if any) and periods shall be set out in the Award Letter. Unless otherwise specified in the Award Letter, the Grantee shall have 10 Business Days from the Grant Date to accept the Award, following which, the portion not accepted by the grantee shall automatically lapse.

**Issue price and exercise price:**

The Scheme Administrator may determine in their absolute discretion the Issue Price for the exercise of Share Awards and/or the Exercise Price for Share Options for Awards in the form of Share Awards and/or Share Option (as the case may be) and such prices shall be set out in the Award Letter.

- (a) However, the Exercise Price for Share Options shall be no less than the higher of: (a) the closing price of the Shares on the Grant Date; and (b) the average closing price of the Shares for the five Business Days immediately preceding the Grant Date.
- (b) The Issue Price shall be determined on an individual basis for each of the Grantee by the Scheme Administrator, taking into account the purpose of the Scheme, the interests of the Company and the individual circumstances of the each Grantee.

*Note:*

*The above flexibility allows the Company to control the costs incurred by the Company from the grant of Awards under the 2023 Scheme by correlating the Exercise Price for Share Options with prevailing market prices at the time of grant (particularly considering that timing of when the Share Options will be exercised are within the discretion of the grantee and is typically made with reference to the difference between Exercise Price and prevailing market prices at the time of exercise) and the Company reserving the discretion to determine the Issue Price, if any, on an individual basis taking into account the nature and degree of value benefiting the Group from granting Awards to such grantee, which is aligned with the purpose of the 2023 Scheme (particularly considering that Share Awards typically do not involve the same degree of exercise procedure and discretion on the part of the grantee as with Share Options).*

**Exercise period** The Scheme Administrator may determine in its absolute discretion the Exercise Period for any award of Share Options and/or Share Awards and such period shall be set out in the Award Letter. However, the Exercise Period for any award of Share Options shall not be longer than 10 years from the Grant Date.

**Vesting period** The Scheme Administrator may determine the vesting period and specify such period in the Award Letter. The vesting period may not be for a period less than 12 months from the grant date, except in limited circumstances set out in the Scheme Rules. These circumstances may only apply to Employee Participants and are consistent with the scenarios contemplated in FAQ 092-2022 issued by the Stock Exchange, including where:

- (a) grants of “make whole” Awards to a new Employee Participant to replace the awards that the Employee Participant forfeited when leaving their previous employer;
- (b) grants to an Employee Participant whose employment is terminated due to death or disability or event of force majeure;
- (c) grants of Awards that are subject to the fulfilment of performance targets as determined in the conditions of the grantee’s grant;
- (d) grants of Awards the timing of which is determined by administrative or compliance requirements not connected with the performance of the Employee Participant, in which case the vesting date may be adjusted to take account of the time from which the Award would have been granted if not for such administrative or compliance requirements;

- (e) grants of Awards with a mixed vesting schedule such that the Award vests evenly over a period of 12 months; or
- (f) grants of Awards with a total vesting and holding period of more than 12 months.

*Note:*

*The Directors and the Remuneration Committee to the Board are of the view that the vesting period (including the circumstances in which a shorter vesting period may apply), as detailed above, enables the Company to offer competitive remuneration and reward packages to Employee Participants, on an ad hoc basis, in such circumstances that would be justified and reasonable, which is also consistent with the Listing Rules and the former practice of the Company and peer companies in the Group's industry. Accordingly, the above vesting period is considered appropriate and aligns with the purpose of the 2023 Scheme.*

**Performance  
targets**

The Scheme Administrator may set performance criteria/targets in the Award Letter in respect of Awards granted based on, among others, transaction milestones, business or financial performance results, individual performance appraisal and/or contribution to the Group, and as evaluated by the Group over a specified evaluation period.

*Note:*

*The Directors consider that it is not practicable to expressly set out a generic set of performance targets in the 2023 Scheme, since each Grantee has a different position/role with respect to the Group and will contribute differently to the Group in both nature, duration and significance. The Scheme Administrator will have regard to the purpose of the 2023 Scheme in making such determinations, with performance targets generally being in line with common key performance indicators in the industry of the Group, such as quantitative performance targets to be achieved, the Grantee's background/experience, qualitative contributions made or potentially to be made to the Group, and broader audit result trends, subject to amendments or adjustments as the Scheme Administrator deem appropriate.*

**Voting and  
Dividend  
Rights**

Awards do not carry any right to vote at general meetings of the Company, nor any right to dividends, transfer or other rights. No Grantee shall enjoy any of the rights of a Shareholder by virtue of the grant of an Award unless and until the Shares underlying an Award are delivered to the Grantee pursuant to the vesting and exercise of such Award.

**Clawback**

Where certain events specified in the Scheme Rules arises, the Board may determine that, with respect to a Grantee, Awards granted but not yet exercised shall immediately lapse, and with respect to any Shares delivered or amount paid to the Grantee, the Grantee be required to transfer the same value, whether in Shares and/or cash, back to our Company (or nominee). These circumstances are:

- (a) the Grantee ceasing to be an Eligible Participant by reason of termination for cause or without notice, or as a result of being charged/penalised/convicted of an offence involving the Grantee's integrity or honesty;
- (b) the Grantee commits a serious misconduct or breach, including with respect to a policy or code of or other agreement with the Group, which is considered to be material; or
- (c) the Award to the Grantee will no longer be appropriate and aligned with the purpose of the Scheme.

*Note:*

*The Directors are of the view that the above clawback mechanism enables the Company to clawback awards (or the award shares underlying such awards) received by those Grantees that have, for example, seriously violated the policies of the Group, put the Group into disrepute, adversely harmed the Group, or otherwise exposed the Group to significant risk. In these circumstances, the Company would not consider it in the Company or Shareholders' best interests to incentivise them with proprietary interests of the Company under the 2023 Scheme, nor would the Company consider such Grantees benefiting under the 2023 Scheme to align with the purpose of this scheme. As such, the Company considers this clawback mechanism appropriate and reasonable.*

**Lapse of awards:** The Award shall lapse automatically upon the following events:

- (a) the expiry of any Exercise Period;
- (b) the clawback mechanism being triggered;
- (c) the expiry of any of the periods for accepting or exercising the Award;
- (d) the Grantee breaching the rule against transferring the Awards;  
and
- (e) the Grantee forfeiting the Award.



- Cancellation of Awards:** The Scheme Administrator may cancel an award with the prior consent of the Grantee.
- Where the Company cancels an Award granted to an Eligible Participant and makes a new grant to the same Eligible Participant, such new grant may only be made under the 2023 Scheme with available Scheme Mandate Limit approved by Shareholders as referred to in Listing Rules 17.03B or 17.03C. The Awards cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit (and the Service Provider Sublimit).
- Term of plan:** 10 years commencing on the Adoption Date unless terminated earlier.
- Amendment:** The Scheme Administrator may amend this scheme or an Award granted under this scheme granted, provided that:
- (a) the amendment must comply with New Chapter 17; and
  - (b) Shareholders' approval at general meeting is required for the following:
    - (i) any amendment or alteration to the terms and conditions of the 2023 Scheme that is of a material nature or any amendment or alteration to those provisions that relate to the matters set out in Listing Rule 17.03 to the advantage of Eligible Participants;
    - (ii) any change to the authority of the Board or the scheme administrator to alter the terms of this plan; and
  - (c) any amendment or alteration to the terms of an Award the grant of which was subject to the approval of a particular body shall be subject to approval by that same body, provided that this requirement does not apply where the relevant alteration takes effect automatically under existing terms of the 2023 Scheme.
- Termination:** The 2023 Scheme shall terminate on the earlier of: (a) the 10<sup>th</sup> anniversary of the Adoption Date; and (b) such date of early termination as determined by the Board, provided that such termination shall not affect any subsisting rights in respect of the Awards already granted to Eligible Participants.

**Restrictions on  
Awards and  
transferability:**

Awards do not carry any right to vote at general meetings of the Company, nor any right to dividends, transfer or other rights. Awards are personal to the Grantee and shall not be assignable or transferrable, except where a waiver has been granted by the Stock Exchange with respect to the proposed transfer, and such transfer has been made in compliance with the Listing Rules and with the consent of the Company. Following such transfer, the transferee shall be bound by the Scheme Rules and Award Letter as if the transferee was the Grantee.

No Award shall be granted to any Eligible Participant during the following time periods:

- (a) in circumstances prohibited by the Listing Rules or at a time when the relevant Eligible Participant would be prohibited from dealing in the Shares by the Listing Rules (including the Model Code for Securities Transactions by Directors of Listed Issuers, set out in Appendix 10 to the Listing Rules) or by any other applicable rule, regulation or law;
- (b) where the Company is in possession of any unpublished inside information in relation to the Company, until (and including) the trading day after such inside information has been announced; and
- (c) during the periods commencing one month immediately before the earlier of: (x) the date of the board meeting for approving the Company's results for any year or interim (including quarterly) period, and (y) the deadline for the Company to announce such results, and ending on (and including) the date of the results announcement publication, provided that such period will also cover any period of delay in the publication of any results announcement.

**Alternations in  
share capital  
or corporate  
transactions**

If there is an event of change in control of the Company as the result of a merger, scheme of arrangement or general offer, or in the event of a dissolution or liquidation of the Company, the Scheme Administrator shall at its sole discretion determine whether the Vesting Dates of any Awards will be accelerated and/or the vesting conditions or criteria of any Awards will be amended or waived, and notify the Grantees accordingly.

In the event of any alteration in the capital structure of the Company by way of capitalisation of profits or reserves, rights issue, subdivision or consolidation of Shares or reduction of the share capital of the Company (other than as a result of an issue of Shares as consideration in a transaction) after the Adoption Date, the Scheme Administrator shall make such corresponding adjustments as the Scheme Administrator in its discretion may deem appropriate to reflect such change with respect to:

- (a) the number of Shares comprising the Scheme Mandate Limit or Service Provider Sublimit, provided that in the event of any Share subdivision or consolidation the Scheme Mandate Limit and Service Provider Sublimit as a percentage of the total issued Shares at the date immediately before any consolidation or subdivision shall be the same on the date immediately after such consolidation or subdivision;
- (b) the number of Shares comprised in each Award to the extent any Award has not been exercised; and
- (c) the Exercise Price of any Share Option or Issue Price of any Share Award,

or any combination thereof, as the auditors or a financial advisor engaged by the Company for such purpose have certified to the Directors in writing that the adjustments satisfy the relevant requirements of the Listing Rules and are, in their opinion, fair and reasonable either generally or as regards any particular Grantee, *provided always* that: (i) such adjustment should give each Grantee the same proportion of the equity capital of the Company, rounded to the nearest whole Share, as that to which that Grantee was previously entitled prior to such adjustments; and (ii) no such adjustments shall be made which would result in a Share being issued at less than its nominal value. The capacity of the auditors or financial advisor (as the case may be) is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on the Company and the Grantees.

To the extent not otherwise determined by the Scheme Administrator in accordance with the above, the default method of adjustment for various alternations in share capital events are set out below:

**Capitalisation  
issue****Adjustment of number of Award Shares underlying outstanding  
Awards**

$$Q = Q_0 \times (1 + n)$$

Where:  $Q_0$  represents the number of outstanding Award Shares prior to adjustment;  $n$  represents the rate of increase per Share resulting from the capitalisation issue;  $Q$  represents the number of outstanding Award Shares after adjustment.

**Adjustment of Exercise Price or Issue Price of outstanding Awards**

$$P = P_0 \div (1 + n)$$

Where:  $P_0$  represents the Exercise Price or Issue Price before the adjustment;  $n$  represents the rate of increase per Share resulting from the capitalisation issue;  $P$  represents the Exercise Price or Issue Price after the adjustment.

**Rights issue****Adjustment of number of Award Shares underlying outstanding  
Awards**

$$Q = Q_0 \times P_1 \times (1 + n) \div (P_1 + P_2 \times n)$$

Where:  $Q_0$  represents the number of outstanding Award Shares prior to adjustment;  $P_1$  represents the closing price of Shares on the record date;  $P_2$  represents the subscription price of the rights issue of Shares;  $n$  represents the ratio of the rights issue allotment;  $Q$  represents the number of outstanding Award Shares after adjustment.

**Adjustment of Exercise Price or Issue Price of outstanding Awards**

$$P = P_0 \times (P_1 + P_2 \times n) \div (P_1 \times (1 + n))$$

Where:  $P_0$  represents the Exercise Price or Issue Price before the adjustment;  $P_1$  represents the closing price as at the record date;  $P_2$  represents the subscription price of the rights issue of Shares;  $n$  represents the ratio of allotment;  $P$  represents the Exercise Price or Issue Price after the adjustment.

*Share  
consolidation,  
share  
subdivision or  
reduction of  
share capital*

*Adjustment of number of Award Shares underlying outstanding Awards*

$$Q = Q_0 \times n$$

Where:  $Q_0$  represents the number of outstanding Award Shares prior to adjustment;  $n$  represents the ratio of share consolidation, share subdivision or reduction of share capital;  $Q$  represents the number of outstanding Award Shares after adjustment.

*Adjustment of Exercise Price or Issue Price of outstanding Awards*

$$P = P_0 \div n$$

Where:  $P_0$  represents the Exercise Price or Issue Price before the adjustment;  $n$  represents the ratio of share consolidation, share subdivision or reduction of share capital;  $P$  represents the Exercise Price or Issue Price after the adjustment.



**KOOLEARN TECHNOLOGY HOLDING LIMITED**

**新东方在线科技控股有限公司**

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

**(Stock code: 1797)**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “**EGM**”) of Koolearn Technology Holding Limited (“**Company**”) will be held at the Company’s headquarters in Beijing, Level 18, South Wing, 2 Haidian East Third Road, Haidian District, Beijing, China on Thursday, 9 March 2023 at 10:00 a.m. for the purpose of considering, and if thought fit, passing with or without modifications, the resolutions set out below, to be passed as ordinary resolutions.

**ORDINARY RESOLUTIONS**

1. **“THAT** the adoption of the post-IPO share award scheme, named as the 2023 Share Scheme (the “**2023 Scheme**”) proposed by the board (“**Board**”) of directors of the Company (“**Directors**”), a copy of which is produced to this meeting marked “A” and signed by the Chairman of the meeting for the purpose of identification, with the Scheme Mandate Limit (as defined in the 2023 Scheme) of 10% of the total issued and outstanding Shares as at the date of the Shareholders’ approval of the 2023 Scheme, be and is hereby approved and adopted, and the Scheme Administrator (as defined in the 2023 Scheme) be and are hereby authorised to grant the awards (“**Awards**”), and do all such acts and execute all such documents as the Scheme Administrator may consider necessary or expedient in order to give full effect to the 2023 Scheme.”; and
2. **“THAT, conditional upon the passing of ordinary resolution 1**, the Service Provider Sublimit (as defined in the 2023 Scheme, and which includes grants to Service Providers under any other share schemes of the Company) of 2% of the total issued and outstanding Shares as at the date of the Shareholders’ approval of the 2023 Scheme be and is hereby approved and adopted.”

Ordinary resolution 1 is not conditional upon the passing of ordinary resolution 2, but ordinary resolution 2 is conditional upon the passing of ordinary resolution 1. In the event that ordinary resolution 1 is passed but ordinary resolution 2 is not passed, the Company will adopt the 2023 Scheme but the Board shall alter the Scheme to remove references to the grant of Awards to Service Providers. In the event that ordinary resolution 2 is passed but ordinary resolution 1 is not passed, the 2023 Scheme will not be adopted.”

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## NOTICE OF EGM

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Unless indicated otherwise, capitalized terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 21 February 2023 in relation of adopting the 2023 Scheme.

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

Hong Kong, 21 February 2023

*Notes:*

- 1. All resolutions at the meeting will be taken by poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.*
- 2. Any shareholder of the Company entitled to attend and vote at the meeting is entitled to appoint more than one proxy to attend and vote instead of that shareholder. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy. Every shareholder present in person or by proxy shall be entitled to one vote for each share held that shareholder.*
- 3. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company’s share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong not less than 48 hours before the time appointed for the meeting (i.e., not later than 10:00 a.m. on Tuesday, 7 March 2023 (Hong Kong time)) or the adjourned meeting (as the case may be). To be effective, all proxy appointments must be lodged with Computershare Hong Kong Investor Services Limited before the deadline. Completion and return of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.*
- 4. For determining the entitlement to attend and vote at the meeting, the register of members of the Company will be closed from Monday, 6 March 2023 to Thursday, 9 March 2023, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the meeting, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Friday, 3 March 2023.*
- 5. In the case of joint holders of Shares, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of vote(s) of the other joint holder(s) and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company.*
- 6. A circular containing further details concerning proposed ordinary resolutions set out in this notice will be sent to all Shareholders together with this notice.*
- 7. References to time and dates in this notice are to Hong Kong time and dates.*

*As at the date of this notice, the Board comprises the following members: Mr. SUN Dongxu, and Mr. YIN Qiang, as executive Directors; Mr. YU Minhong and Ms. SUN Chang as non-executive Directors; and Mr. LIN Zheyang, Mr. TONG Sui Bau, and Mr. KWONG Wai Sun Wilson, as independent non-executive Directors.*