

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

EASTBUY

东 方 甄 选

EAST BUY HOLDING LIMITED

東方甄選控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1797)

**CONNECTED TRANSACTION
IN RELATION TO
SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE**

Independent Financial Adviser to the Independent Board Committee and Independent Shareholders



The Company is pleased to announce that on 24 November 2023, before market, the Company entered into the Subscription Agreement with Subscriber, pursuant to which, Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue to Subscriber, 51,352,277 subscription shares at the subscription price of HK\$31.75 per Share (equivalent to approximately US\$4.08 per Share), for an aggregate subscription amount of RMB1.5 billion (equivalent to an agreed amount of HK1,630,434,783 or US\$209,497,207).

The Subscription will be subject to approval by Independent Shareholders at the EGM, and if approved, the share issuance for the Subscription will be made under specific mandate. As at the date of this announcement, the subscription shares represent approximately 5.06% of the Company's current issued share capital, and 4.82% of the Company's issued share capital as enlarged by the share issuance under the Subscription (assuming no other changes in the Company's issued share capital between the Latest Share Capital Date and the date of share issuance under the Subscription).

SUBSCRIPTION

Subscription Agreement

Below is a summary of the material terms of the Subscription Agreement:

Date: 24 November 2023

Parties: (a) Company
(b) Subscriber

Subscription: 51,352,277 subscription shares (being ordinary shares of the Company with a par value US\$0.00002 each) at the subscription price of HK\$31.75 per Share (equivalent to approximately US\$4.08 per Share), for an aggregate subscription amount of RMB1.5 billion (equivalent to an agreed amount of HK1,630,434,783 or US\$209,497,207), payable in cash on or before the closing date.

Conditions: Closing is conditional upon:

- (a) approval by Independent Shareholders;
- (b) the Listing Committee of the Stock Exchange approving the listing of, and permission to deal in, the subscription shares; and
- (c) there being no breach of the Subscription Agreement, and no restriction under applicable laws or legislation preventing the consummation of the Subscription Agreement.

In the event the above conditions are not fulfilled on or before 30 June 2024 (or a later date agreed between the parties), the Subscription Agreement will terminate with immediate effect.

Closing: Closing is anticipated to take place on or before 30 June 2024 (or a later date agreed between the parties). In the event the above conditions are not fulfilled on or before 30 June 2024 (or a later date agreed between the parties), the Subscription Agreement will terminate with immediate effect.

Subscription Shares

The subscription shares, being 51,352,277 new Shares, represent approximately:

	% issued share capital of the Company as at the date of this announcement (based on the Latest Share Capital Date)	% issued share capital of the Company as enlarged by the subscription shares only
Subscription shares	5.06%	4.82%

Based on the closing price of the Shares of HK\$31.75 per Share on the Last Trading Day, the subscription shares have a market value of HK\$1,630,434,783, and the aggregate nominal value of the subscription shares is approximately US\$1,027.

Subscription Price

The subscription price of HK\$31.75 per Share (equivalent to approximately US\$4.08 per Share) per Share represents:

- (a) the closing price of HK\$31.75 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 5.87% over the average closing price of approximately HK\$29.99 per Share for the last five consecutive trading days up to and including the Last Trading Day;
- (c) a premium of approximately 7.08% over the average closing price of approximately HK\$29.65 per Share for the last ten consecutive trading days up to and including the Last Trading Day; and
- (d) a premium of approximately 954.82% over the Company's audited consolidated net asset value per Share as at 31 May 2023 of approximately RMB2.77 (corresponding to approximately HK\$3.01).

The subscription price was determined after arm's length negotiations between the Company and Subscriber and corresponds to the closing price per Share as quoted on the Stock Exchange on the Last Trading Day.

DETAILS OF THE PARTIES

The Group: The Group operates in the internet technology sector and its primary business is operating private label products and livestreaming e-commerce businesses, notably, through the livestreaming channel "East Buy (東方甄選)" across various platforms.

Subscriber: New Oriental is a comprehensive educational services provider that operates a network of schools, learning centres and bookstores across China, and its American depository shares are listed on the New York Stock Exchange (NYSE: EDU) and its shares are listed on the Stock Exchange (SEHK: 9901). New Oriental is the parent and controlling shareholder of the Group. To the best knowledge of the Company, New Oriental has one substantial shareholder, Tigerstep Developments Limited, a company wholly-owned by the Chairman of the Company, Mr. Yu Minhong, which held approximately 11.8% of New Oriental's issued share capital as of the date of New Oriental's Form 20-F (published on the website of the U.S. Securities Exchange Commission on 25 September 2023).

The Company's shareholding composition before and after the Subscription is set out below:

	Shareholding as at the date of this announcement ⁽²⁾		Shareholding after completion of the Subscription (as enlarged by the Share Subscription only) ⁽²⁾	
	Shares	%	Shares	%
New Oriental	557,160,500	54.91%	608,512,777	57.08
Other Shareholders ⁽¹⁾	457,509,854	45.09%	457,509,854	42.92
Total⁽²⁾	<u>1,014,670,354</u>	<u>100.00%</u>	<u>1,066,022,631</u>	<u>100.00%</u>

Notes:

- (1) Includes 27,182,832 Shares held by Tigerstep Developments Limited, a company wholly-owned by Mr. Yu Minhong. Mr. Yu is separately interested in 24,195,285 Shares underlying share options and share awards granted to Mr. Yu, none of which have been exercised as at the date of this announcement.
- (2) Based on the total issued share capital of the Company of 1,014,670,354 as at the Latest Share Capital Date.

REASONS AND BENEFITS FOR THE SUBSCRIPTION

New Oriental is the parent company of the Group. The Directors are of the view that the Subscription is beneficial to the Company, for the primary reasons that:

- (a) the Subscription provides a valuable opportunity for the Company to raise funds to further strengthen its capital base and financial position, which in turn, would provide the Company with greater financial flexibility to further develop and grow its business.
- (b) the Subscription enables New Oriental the opportunity to further consolidate its majority shareholding in the Company, particularly in light of present and anticipated future dilution of New Oriental's shareholding percentage in the Company from share issuances under the Company's share incentive plans. It is beneficial to both New Oriental and the Company that New Oriental remains the parent company of the Group, given New Oriental's strong and long-established brand reputation in China, the existing synergy and business collaboration between the two groups, and the inherent benefits to the value of both brands for the two groups to continue their strong alliance with, and affinity towards, one another.
- (c) the Subscription also represents New Oriental's belief and support in the future growth and long-term sustainability of the Group, and in particular, in the further growth of the Group's private label products and livestreaming business.

PROCEEDS FROM THE SUBSCRIPTION

The gross proceeds of the Subscription will be approximately HK\$1,630 million. The net proceeds, after deduction of all relevant expenses incidental to the Subscription, are estimated to be approximately HK\$1,628 million, corresponding to a net issue price of approximately HK\$31.71 per Subscription Share. The net proceeds amount is subject to change and the actual net proceeds recorded will be based on actual expenses incurred. The proceeds will be used towards operating, developing and expanding the Group's business, general treasury management and administrative purposes, and general working capital purposes, in the manner to be further set out in the Company's circular.

The Company has not carried out any other capital raising activities during the 12 months immediately preceding the date of this announcement.

ADDITIONAL INFORMATION FOR SHAREHOLDERS

Director confirmation and material interests in the Subscription

The Directors (other than (i) the independent non-executive Directors, whose opinions will be given in the circular after taking into account advice from Gram Capital, the Independent Financial Adviser; and (ii) Mr. Yu Minhong, who has abstained from voting on the Subscription) consider the terms of the Subscription (and the Subscription Agreement) to be fair and reasonable, and the Subscription (and the Subscription Agreement) to be on normal commercial terms or better for the Group and in the ordinary and usual course of business and in the interests of the Company and its Shareholders as a whole.

Aside from Mr. Yu, who is a director of both the Company and New Oriental, and who has accordingly elected to abstain from participating and voting at the Board meeting held to consider the Subscription, none of the other Directors have a material interest in the Subscription.

Listing Rules implications

Subscriber is a connected person of the Company, and the Subscription constitutes a connected transaction of the Company and is subject to, among others, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The subscription shares will be allotted and issued pursuant to a specific mandate to be obtained from the Independent Shareholders at the EGM. Following this, the Company will make an application to the Stock Exchange for the listing of, and permission to deal in, the subscription shares on the Main Board of the Stock Exchange.

EGM and circular

The Company has appointed Gram Capital as the Independent Financial Adviser to advise the Independent Board Committee and Independent Shareholders on the terms of the Subscription.

The Company will convene an EGM for the Independent Shareholders to consider and, if thought fit, approve the Subscription Agreement (and Subscription). As at the date of this announcement, New Oriental holds 54.91% of the issued shares of the Company, and Tigerstep Developments Limited, a controlled corporation of Mr. Yu Minhong, holds 2.68% of the issued shares of the Company. New Oriental and Tigerstep Developments Limited will abstain from voting on the resolutions on this matter. To the best knowledge, information and belief of the Directors, after making all reasonable enquiries, no other Shareholder will be required to abstain from voting on these resolutions at the EGM.

A circular containing, among other details, information about the Subscription, a letter from Gram Capital (as the Independent Financial Adviser) to the Independent Board Committee and the Independent Shareholders in respect of the Subscription, a letter from the Independent Board Committee to the Independent Shareholders in respect of the Subscription, and a notice of extraordinary general meeting to be convened for, among other matters, approving the Subscription, is expected to be despatched to Shareholders on or before the end of January 2024 to enable the Company sufficient time to prepare for the circular and EGM.

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities.

Shareholders and potential investors should note that the Subscription is subject to the satisfaction of certain conditions and approval by the Independent Shareholders at the EGM. As such, the Subscription may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company. If in doubt, Shareholders and potential investors of the Company are recommended to consult with their professional adviser(s).

DEFINITIONS

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

“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”	East Buy Holding Limited 東方甄選控股有限公司 (formerly known as Koolearn Technology Holding Limited 新東方在線科技控股有限公司), a company incorporated in the Cayman Islands as an exempted company with limited liability on 7 February 2018, the shares of which are listed on the Main Board of the Stock Exchange (SEHK: 1797)
“connected person(s)”	has the meaning ascribed to it by the Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting to be convened by the Company for the purpose of considering and approving, among other matters, the Subscription Agreement (and Subscription), the details of which will be set out in a circular to be issued by the Company at a later date
“Group”	the Company and its subsidiaries (including consolidated affiliated entities)
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent committee of the Board comprising all independent non-executive Directors (namely, Mr. Lin Zheyang, Mr. Tong Sui Bau and Mr. Kwong Wai Sun Wilson), established by the Company to advise the Independent Shareholders in respect of, among other matters, the Subscription
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of, among other matters, the Subscription
“Last Trading Day”	23 November 2023, being the trading day immediately before the date of the Subscription Agreement

“ Latest Share Capital Date ”	31 October 2023, being the date of the latest published total issued share number of the Company as shown in its last monthly return (showing a total issued share number of 1,014,670,354)
“ Listing Rules ”	the Rules Governing the Listing of Securities on the Stock Exchange
“ New Oriental ” or “ Subscriber ”	the subscriber of the Subscription, being New Oriental Education & Technology Group Inc. (新東方教育科技(集團)有限公司*), a company incorporated in the Cayman Islands as an exempted company with limited liability on 16 March 2006, the shares of which are secondary listed on the Main Board of the Stock Exchange under Chapter 19C of the Listing Rules (SEHK: 9901) and the American depository receipts are listed on the New York Stock Exchange (NYSE: EDU)
“ Share ”	ordinary share of the Company with par value of US\$0.00002 each
“ Shareholder(s) ”	holder(s) of shares in our Company; and “ Independent Shareholders ” are all Shareholders other than any Shareholder who has a material interest in the Subscription and would be required under the Listing Rules to abstain from voting on the resolutions approving the Subscription; for the avoidance of doubt, Independent Shareholders does not include New Oriental or Tigerstep Developments Limited
“ Subscription ”	subscription of new Shares in accordance with the terms of the Subscription Agreement
“ Subscription Agreement ”	subscription agreement between the Company and Subscriber, the material terms of which are summarised in this announcement
“ Stock Exchange ”	The Stock Exchange of Hong Kong Limited

* for identification purposes only

The figures are based on the exchange rates of RMB1 to US\$0.1397, RMB1 to HK\$1.087, US\$1 to HK\$7.7826, based on the selling rate published on the Bank of China website on 23 November 2023 and as agreed in the Subscription Agreement.

By order of the Board
East Buy Holding Limited
Mr. YU Minhong
Chairman

Hong Kong, 24 November 2023

As at the date of this announcement, 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.