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Renrui Human Resources Technology Holdings Limited

人瑞人才科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6919)

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO THE 2024 COMPREHENSIVE FLEXIBLE
STAFFING SERVICES FRAMEWORK AGREEMENT**

BACKGROUND

Reference is made to the announcement of the Company dated 31 May 2022 in relation to the continuing connected transactions in connection with the provision of the comprehensive flexible staffing services by the Group to the Qihang Group under the 2022 Comprehensive Flexible Staffing Services Framework Agreement entered into by the Company and Qihang. As the 2022 Comprehensive Flexible Staffing Services Framework Agreement will expire on 31 December 2023, on 27 December 2023, the Company, Qihang and Bake entered into the 2024 Comprehensive Flexible Staffing Services Framework Agreement to govern the terms and conditions of the transactions among the Group, the Qihang Group and the Bake Group in connection with the provision of the Comprehensive Flexible Staffing Services by the Group to the Qihang Group and the Bake Group, for a term of two years with effect from 1 January 2024 to 31 December 2025 (both days inclusive). Pursuant to the 2024 Comprehensive Flexible Staffing Services Framework Agreement, members of the Group agreed to provide the Comprehensive Flexible Staffing Services to members of the Qihang Group and the Bake Group according to separate comprehensive flexible staffing services agreements to be entered into by the relevant members of the Group with the relevant members of the Qihang Group and the Bake Group from time to time pursuant to the 2024 Comprehensive Flexible Staffing Services Framework Agreement, of which the terms are substantially similar as the 2022 Comprehensive Flexible Staffing Services Framework Agreement.

LISTING RULES IMPLICATIONS

As at the date of this announcement, each of Qihang and Bake is a 30%-controlled company held by Mr. Cai Yulong. Since Mr. Cai Yulong is a director of Shanghai Lingshi and Lingshi Yuntian, each being a non-wholly owned subsidiary of the Company, each of Qihang and its subsidiaries and Bake and its subsidiaries is an associate of Mr. Cai Yulong and therefore a connected person of the Company at the subsidiary level under the Listing Rules. Accordingly, the transactions contemplated under the 2024 Comprehensive Flexible Staffing Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio (other than the profits ratio as defined under the Listing Rules) exceeds 1% but is less than 5%, the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

BACKGROUND

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THE 2024 COMPREHENSIVE FLEXIBLE STAFFING SERVICES FRAMEWORK AGREEMENT

Date: 27 December 2023

Parties: (1) the Company (for itself and on behalf of its subsidiaries, as service provider)

(2) Qihang (for itself and on behalf of its subsidiaries, as service recipient)

(3) Bake (for itself and on behalf of its subsidiaries, as service recipient)

Nature of transactions: Provision of the Comprehensive Flexible Staffing Services, namely general service outsourcing and personnel management and other related services (for positions such as account managers), by the Group to the Qihang Group and the Bake Group.

Term: The 2024 Comprehensive Flexible Staffing Services Framework Agreement shall be for a fixed term with effect from 1 January 2024 and ending on 31 December 2025 (both days inclusive), subject to prior termination with unanimous consent. Within 90 days before its expiry, the parties may extend the term by unanimous agreement, subject to compliance with all relevant requirements under the Listing Rules and applicable laws and regulations.

Payment terms: The payment terms will be stipulated in the separate agreements governing each particular transaction entered into pursuant to the 2024 Comprehensive Flexible Staffing Services Framework Agreement. In general, the relevant members of the Qihang Group and the Bake Group shall settle the fees payable for the provision of the Comprehensive Flexible Staffing Services by the relevant members of the Group in the form of bank transfer or such other manner and subject to a credit term as parties may agree.

Pricing policy:

The fees payable for the provision of the Comprehensive Flexible Staffing Services by the Group are to be determined by the Group and the Qihang Group and the Bake Group on normal commercial terms, negotiated on an arm's length basis, and must:

- (i) not be lower than the amount charged by the Group for the provision of similar services to Independent Third Parties under a pricing policy similar to the applicable pricing policy adopted by the Group in the provision of similar services to Independent Third Parties, and at least two other similar transactions with Independent Third Parties should be considered for such purpose; and
- (ii) refer to the following standards:
 - (a) the service fee is to be determined after arm's length negotiation taking into account various factors including related costs incurred by the comprehensive flexible staffing employees plus management premium (ranging from RMB600 per person per month to RMB800 per person per month), recruitment and appointment fees (RMB2,000 per position, if applicable) and taxes; and
 - (b) in determining the amount of the management premium, the Group shall take into account a number of factors, including but not limited to historical rates, number of staff involved, estimated duration of participation, seniority and experience of each staff member, nature and expectations of the client's requirements, and nature and complexity of the relevant projects.

Based on the above, the Group will implement a series of internal control measures to ensure that the above fees and terms are no more favourable than those offered by the Group to Independent Third Parties for the provision of same or similar services on the same or similar conditions. Please refer to the paragraph headed "Internal Control Measures" below for details.

Annual cap: The table below sets out the annual caps in respect of the aggregate service fees payable for the Comprehensive Staffing Services as contemplated under the 2024 Comprehensive Flexible Staffing Services Framework Agreement for the two years ending 31 December 2025:

	For the year ending 31 December 2024 RMB'000	For the year ending 31 December 2025 RMB'000
Annual cap	35,600	35,600

The above annual caps have been determined by the Directors mainly by reference to:

- (i) the historical transaction amount between the Group and the Qihang Group under the 2022 Comprehensive Flexible Staffing Services Framework Agreement, being RMB13,400,000 and RMB19,900,000 for the year ended 31 December 2022 and the eleven months ended 30 November 2023, respectively; and
- (ii) the estimated number of comprehensive flexible staffing employees and the type of services to be provided to the Qihang Group and the Bake Group for the two years ending 31 December 2025 based on the estimated business development needs of the Qihang Group and the Bake Group.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

Following the acquisition of 51% equity interests in Shanghai Lingshi and Lingshi Yuntian respectively by the Group as detailed in the announcement of the Company dated 15 September 2021, the Group has established strategic business relationship with Mr. Cai Yulong. In light of the business development needs of the Qihang Group and the Bake Group, the Comprehensive Flexible Staffing Services will be provided to both the Qihang Group and the Bake Group going forward. The Directors believe that the provision of the Comprehensive Flexible Staffing Services by the Group to the Qihang Group and the Bake Group as contemplated under the 2024 Comprehensive Flexible Staffing Services Framework Agreement will continue to generate revenue stream for the Group and further strengthen the Group's strategic business relationship with Mr. Cai Yulong and entitled controlled by him, which will not only allow the realisation of synergies and economies of scale but will also continue to bring sustainable contribution to the Group's growth in the long run.

Given the transactions contemplated under the 2024 Comprehensive Flexible Staffing Services Framework Agreement are of a recurrent nature and will occur on a regular and continuing basis in the ordinary and usual course of business of the Group, Qihang Group and the Bake Group, the Company considered it necessary for Listing Rules compliance purposes and administrative convenience to enter into a framework agreement with Qihang and Bake in order to better document and manage these continuing connected transactions.

Taking into account the commercial benefits to the Group, the Directors (including the independent non-executive Directors) consider that the fees and terms of services offered by the Group are in line with market, and they believe that the transactions (including the annual caps) contemplated under the 2024 Comprehensive Flexible Staffing Services Framework Agreement have been arrived at after arm's length negotiations and entered into in the ordinary and usual course of business and on normal commercial terms that are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

None of the Directors had a material interest in the transactions contemplated under the 2024 Comprehensive Flexible Staffing Services Framework Agreement and therefore none of the Directors had abstained from voting in respect of the relevant Board resolutions for considering and approving the 2024 Comprehensive Flexible Staffing Services Framework Agreement and the transactions contemplated thereunder.

INTERNAL CONTROL MEASURES

The following internal control measures have been implemented in order to ensure that the Continuing Connected Transactions are conducted on normal commercial terms and will not be prejudicial to the interests of the Company and the Shareholders as a whole:

- (i) The Group has established a series of measures to ensure that the Continuing Connected Transactions will be conducted in accordance with the principal terms of the 2024 Comprehensive Flexible Staffing Services Framework Agreement, such as a designated staff of the internal control team would check and ensure the fees and terms are no more favourable than those offered by the Group to Independent Third Parties for the same or similar services on the same or similar conditions with at least two other similar transactions with Independent Third Parties being considered for such purpose and carry out regular assessments on the pricing and fairness of the terms every year to ensure the fees charged to the Qihang Group and the Bake Group are in accordance with the prevailing market prices of providing similar services; and the implementation of separate agreements governing each particular transaction must be approved by the internal control team to ensure that it is in accordance with the pricing policy.
- (ii) In addition, the internal control team will keep proper documentation of the agreements governing each particular transaction entered into between the relevant members of the Group and the relevant members of the Qihang Group and the Bake Group pursuant to the 2024 Comprehensive Flexible Staffing Services Framework Agreement, and the internal control team will report to the audit committee on a quarterly basis whether the internal control measures in respect of the Continuing Connected Transactions remain complete and effective.

- (iii) The internal control team shall be responsible for monitoring the Continuing Connected Transactions on a monthly basis to ensure such transactions are conducted in accordance with the terms of the 2024 Comprehensive Flexible Staffing Services Framework Agreement and the transaction amounts do not exceed the annual caps as set out above.
- (iv) The independent non-executive Directors will review the Continuing Connected Transactions, at least annually, to ensure, among other matters, that such transactions are entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better, and according to the 2024 Comprehensive Flexible Staffing Services Framework Agreement and relevant agreements governing the transactions on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.
- (v) The external auditors of the Company will conduct an annual review on the Continuing Connected Transactions, including the annual caps and their actual utilisation, and confirm, among other matters, whether anything has come to their attention that causes them to believe such transactions were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions.

LISTING RULES IMPLICATIONS

As at the date of this announcement, each of Qihang and Bake is a 30%-controlled company held by Mr. Cai Yulong. Since Mr. Cai Yulong is a director of Shanghai Lingshi and Lingshi Yuntian, each being a non-wholly owned subsidiary of the Company, each of Qihang and its subsidiaries and Bake and its subsidiaries is an associate of Mr. Cai Yulong and therefore a connected person of the Company at the subsidiary level under the Listing Rules. Accordingly, the transactions contemplated under the 2024 Comprehensive Flexible Staffing Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio (other than the profits ratio as defined under the Listing Rules) exceeds 1% but is less than 5%, the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INFORMATION OF THE PARTIES

The Company is an exempted company incorporated in the Cayman Islands on 14 October 2011 with limited liability, the shares of which are listed on the Main Board of the Stock Exchange on 13 December 2019 (Stock Code: 6919). The Group is a fast-growing pioneer in the human resources solutions sector in the PRC and a strategic partner for a number of industry leaders, primarily engaged in the provision of comprehensive flexible staffing services, professional recruitment, and other human resources solutions. The Group has reinvented traditional human resources business process with digitalization and new technology innovation. Its one-stop ecological system allows the Group to serve its customers across the PRC in a result-oriented manner and effectively solves large-scale talent recruitment and management problems in the PRC. The Group operates over 60 branches and subsidiaries across the PRC with business coverage in over 300 cities.

Qihang is a company limited by shares and established under the laws of the PRC on 5 January 2007, and the Qihang Group is engaged in creating value for customers mainly through financial technology, talent development, business outsourcing and other services.

As at the date of this announcement, Qihang is held as to approximately 61.1% by Mr. Cai Yulong, approximately 16.0% by Shanghai Taiyi, and approximately 5.1% by Shanghai Zuike. Mr. Cai Yulong is the single largest shareholder of Shanghai Taiyi, holding approximately 30.8% of Shanghai Taiyi. Mr. Cai Yulong holds approximately 37.9% of Shanghai Zuike, and his niece holds approximately 0.5% of Shanghai Zuike. To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, save as disclosed above, all other ultimate beneficial owners of Qihang are Independent Third Parties.

Bake is a company limited by shares and established under the laws of the PRC on 16 October 2015, and the Bake Group is engaged in creating value for customers mainly through financial technology, talent development, business outsourcing and other services.

As at the date of this announcement, Bake is held as to approximately 9.0% by Mr. Cai Yulong, approximately 48.7% by Shanghai Zhihangying and approximately 18.0% by Shanghai Churun. Mr. Cai Yulong holds approximately 63.1% of Shanghai Zhihangying and approximately 90.0% of Shanghai Churun. To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, save as disclosed above, all other ultimate beneficial owners of Bake are Independent Third Parties.

DEFINITIONS

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

“2022 Comprehensive Flexible Staffing Services Framework Agreement”	an agreement entered into between the Company and Qihang on 31 May 2022 in relation to the provision of the comprehensive flexible staffing services by the Group to the Qihang Group for a fixed term from 1 January 2022 to 31 December 2023 (both days inclusive) as detailed in the Company’s announcement dated 31 May 2022
“2024 Comprehensive Flexible Staffing Services Framework Agreement”	an agreement entered into among the Company, Qihang and Bake on 27 December 2023 in relation to the provision of the Comprehensive Flexible Staffing Services by the Group to the Qihang Group and the Bake Group for a fixed term with effect from 1 January 2024 and ending on 31 December 2025 (both days inclusive)
“30%-controlled company”	shall have the meaning ascribed to it under the Listing Rules
“associate”	shall have the meaning ascribed to it under the Listing Rules
“Bake”	Shanghai Bake Information Technology Limited* (上海八客信息科技有限公司), a company limited by shares and established under the laws of the PRC on 16 October 2015
“Bake Group”	Bake together with its subsidiaries
“Board”	the board of directors of the Company
“Company”	Renrui Human Resources Technology Holdings Limited (人瑞人才科技控股有限公司), an exempted company incorporated in the Cayman Islands on 14 October 2011 with limited liability, the shares of which are listed on the Main Board of the Stock Exchange on 13 December 2019 (Stock Code: 6919)

“Comprehensive Flexible Staffing Services”	general service outsourcing and personnel management and other related services (for positions such as account managers)
“connected person(s)”	shall have the meaning ascribed to it under the Listing Rules
“Continuing Connected Transactions”	the provision of the Comprehensive Flexible Staffing Services by the Group to the Qihang Group and the Bake Group as contemplated under the 2024 Comprehensive Flexible Staffing Services Framework Agreement
“Director(s)”	the director(s) of the Company
“Group”	the Company together with its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	third party(ies) independent of, and not connected with, the Company and its connected persons
“Lingshi Yuntian”	Lingshi Yuntian Information Technology (Changzhou) Co., Ltd.* (領時雲天信息科技(常州)有限公司), which was previously known as Jiangnan Finance Technology (Changzhou) Co., Ltd.* (江南金融科技(常州)有限公司), a company limited by shares and established under the laws of the PRC and a non-wholly owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China and for the purpose of this announcement only, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Qihang”	Shanghai Qihang Yuntian Technology Limited* (上海起航雲天科技股份有限公司), a company limited by shares and established under the laws of the PRC on 5 January 2007

”Qihang Group”	Qihang together with its subsidiaries
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Churun”	Shanghai Churun Enterprise Consulting Service Center (Limited Partnership)* (上海初潤企業諮詢服務中心(有限合夥)), a limited partnership established under the laws of the PRC
“Shanghai Lingshi”	Shanghai Lingshi Human Resources Services Limited* (上海領時人力資源服務有限公司), a company limited by shares and established under the laws of the PRC and a non-wholly owned subsidiary of the Company
“Shanghai Taiyi”	Shanghai Taiyi Investment Management Limited* (上海泰一投資管理有限公司), a company limited by shares and established under the laws of the PRC
“Shanghai Zhihangying”	Shanghai Zhihangying Information Technology Limited* (上海智航螢信息科技有限公司), a company limited by shares and established under the laws of the PRC
“Shanghai Zuike”	Shanghai Zuike Investment Management Limited* (上海最客投資管理有限公司), a company limited by shares and established under the laws of the PRC
“Shareholders”	holders of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“%”

per cent

* *for identification purpose only*

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

The PRC, 27 December 2023

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