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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)

(1) MAJOR TRANSACTION — ACQUISITION OF THE EQUITY INTERESTS IN THE TARGET COMPANY

(2) CHANGE OF USE OF PROCEEDS FROM THE GLOBAL OFFERING

(3) POSSIBLE CONTINUING CONNECTED TRANSACTION

ACQUISITION OF THE EQUITY INTERESTS IN THE TARGET COMPANY

The Board is pleased to announce that the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Seller on 7 March 2022, pursuant to which the Purchaser has conditionally agreed to purchase, and the Seller has conditionally agreed to sell, 46.0% of the equity interests in the Target Company at a total consideration of RMB408,020,000 (equivalent to approximately HK\$502,933,636). The Target Group is an information technology and software outsourcing service provider committed to providing digital transformation and information technology services to customers. Upon completion of the Acquisition, the Purchaser will be entitled to appoint majority of the board of directors of the Target Company. As the Purchaser will possess the power over the Target Company to direct its relevant activities, the Target Company will become a non-wholly owned subsidiary of the Company and financial results of the Target Company will be consolidated into the Group's financial statements.

CHANGE OF USE OF PROCEEDS FROM THE GLOBAL OFFERING

Reference is made to the Prospectus in relation to the listing of the Shares on the Stock Exchange by way of the Global Offering. The Net Proceeds from the Global Offering amounted to approximately HK\$992.2 million. Having considered the reasons for and benefits of the Acquisition as set out in the section headed “Reasons for and Benefits of the Acquisition” in this announcement, in order to better utilize the financial resources of the Group and to capture favourable investment opportunities, the Board has reviewed the utilization plan of the Net Proceeds and resolved to re-allocate part of the Net Proceeds amounting to approximately HK\$396.5 million from the Global Offering for the Acquisition.

POSSIBLE CONTINUING CONNECTED TRANSACTION

Subsidiaries and associates of the Seller had, in their ordinary course of business, regularly provided information technology professionals to members of the Target Group.

It is expected that the provision of services by subsidiaries and associates of the Seller to the members of the Target Group will continue after completion of the Acquisition. In order to streamline these possible continuing connected transactions and to facilitate compliance with relevant requirements under the Listing Rules, the Company will further enter into master agreement(s) with the relevant subsidiaries and associates of the Seller as appropriate. Further details in this regard will be announced in accordance with the applicable Listing Rules as and when appropriate.

LISTING RULES IMPLICATIONS

Acquisition

As the highest applicable percentage ratio in respect of the Acquisition exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.44 of the Listing Rules, shareholders' approval may be obtained by written shareholders' approval in lieu of convening a general meeting if (a) no shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisition; and (b) written approval has been obtained from a shareholder or a closely allied group of shareholders who together hold more than 50% of the voting rights at that general meeting to approve the Acquisition.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Shareholders is materially interested in the Sale and Purchase Agreement and the transactions contemplated thereunder. As such, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for approving the Sale and Purchase Agreement and the transactions contemplated thereunder. As at the date of this announcement, written approvals have been obtained from the Relevant Shareholders, who constitute a closely allied group of shareholders of the Company, holding 79,750,995 Shares, representing approximately 50.89% of the issued share capital of the Company. As a result, pursuant to Rule 14.44 of the Listing Rules, no general meeting will be convened to approve the Acquisition.

A circular containing, amongst others, (i) further details of the Acquisition, the Sale and Purchase Agreement and transactions contemplated thereunder; (ii) financial information of the Target Group; (iii) management discussion and analysis of the Target Group; and (iv) the unaudited pro forma financial information of the Enlarged Group, shall be despatched to the Shareholders as soon as practicable on or before 28 March 2022 pursuant to Rule 14.41(a) of the Listing Rules.

Since the Company requires additional time to conduct the audit for the Target Group and prepare the disclosure of such financial information to be included in the circular, the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules by extending the date of despatch of the circular to a date falling on or before 30 April 2021.

Possible Continuing Connected Transaction

Upon completion of the Acquisition, the Target Company will become a non-wholly owned subsidiary of the Company and the Seller, which is a substantial shareholder of the Target Company, will become a connected person of the Company at the subsidiary level. The possible continuing transactions to be entered into between any member of the Enlarged Group, on one hand, and any subsidiary and/or associate of the Seller, on the other hand, will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Further details in this regard will be announced in accordance with the applicable Listing Rules as and when appropriate.

The Acquisition is subject to the fulfillment (or, as the case may be, waiver) of conditions. As the Acquisition may or may not proceed, the Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

ACQUISITION OF THE EQUITY INTERESTS IN THE TARGET COMPANY

Introduction

The Board is pleased to announce that the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Seller on 7 March 2022, pursuant to which the Purchaser has conditionally agreed to purchase, and the Seller has conditionally agreed to sell, the Equity Interests, at a total consideration of RMB408,020,000 (equivalent to approximately HK\$502,933,636). The Target Group is an information technology and software outsourcing service provider committed to providing digital transformation and information technology services to customers. Upon completion of the Acquisition, the Purchaser will be entitled to appoint majority of the board of directors of the Target Company. As the Purchaser will possess the power over the Target Company to direct its relevant activities, the Target Company will become a non-wholly owned subsidiary of the Company and financial results of the Target Company will be consolidated into the Group's financial statements.

Principal Terms of the Sale and Purchase Agreement

Date

7 March 2022

Parties

- (a) the Purchaser, an indirect wholly-owned subsidiary of the Company; and
- (b) the Seller.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Seller and its ultimate beneficial owner are Independent Third Parties.

Purchase of the Equity Interests

Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to purchase, and the Seller has conditionally agreed to sell, the Equity Interests.

Please refer to the sub-section headed "Information of the Target Group" below for further information of the Target Group.

Consideration

Pursuant to the Sale and Purchase Agreement, the Consideration of RMB408,020,000 (equivalent to approximately HK\$502,933,636) will be settled by the Purchaser in two instalments in the following manner:

- (a) first instalment (the "**First Instalment**"): RMB183,609,000 (equivalent to approximately HK\$226,320,136), being 45% of the Consideration, payable within five business days after the date (the "**First Completion Date**") on which all conditions precedent for the First Instalment are satisfied or waived; and

- (b) second instalment (the “**Second Instalment**”): RMB224,411,000 (equivalent to approximately HK\$276,613,500), being 55% of the Consideration, payable within five business days after the date (the “**Second Completion Date**”) on which all conditions precedent for the Second Instalment are satisfied or waived.

In the event that the Purchaser fails to pay the Seller in full within five business days after the payment is due by reason of the Purchaser’s wilful delay, the Purchaser shall pay the Seller a penalty for overdue payment at a daily rate of 0.05% of the overdue amount. For the avoidance of doubt, any delay in payment not resulting from the Purchaser’s wilful delay or reasons within control of the Purchaser shall not constitute a material breach by the Purchaser under the Sale and Purchase Agreement.

The Consideration will be settled by the Company using the unutilized Net Proceeds and its internal resources. Please refer to the section headed “CHANGE OF USE OF PROCEEDS FROM THE GLOBAL OFFERING” below for more details.

The Consideration was agreed upon on normal commercial terms and after arm’s length negotiations between the Purchaser and the Seller after taking into account, among others:

- (a) the estimated fair value of the Equity Interests as at 31 December 2021 of approximately RMB414 million (equivalent to approximately HK\$510 million) arrived at using market approach as set out in the valuation report prepared by the Valuer;
- (b) the unaudited consolidated financial information of the Target Group for the year ended 31 December 2021; and
- (c) the strategic implication of the Acquisition to the Company as mentioned in the section headed “Reasons for and Benefits of the Acquisition” below.

Conditions Precedent

Pursuant to the Sale and Purchase Agreement, payment of the First Instalment is subject to the fulfillment or waiver of conditions precedent, including, without limitation, the following:

- (a) the Purchaser has completed due diligence against the Target Group in legal, financial and other aspects, results of which are satisfactory;
- (b) the Sale and Purchase Agreement and the Restated Articles have been duly executed by the Purchaser, the Seller and Tianjin Ruiyi;
- (c) all necessary internal approvals required for the Target Company and the Seller to conduct the Acquisition (including but not limited to authorizations, consents or approvals from the board of directors, shareholders or any third parties (if applicable)) have been obtained and remain valid;
- (d) Tianjin Ruiyi has waived its right of first refusal and any other priority rights in respect of the Equity Interests;
- (e) subject to the requirements under Rule 14.86 of the Listing Rules that a general meeting of the Company may be required to be convened to approve the Acquisition (instead of by way of written approval), all necessary authorizations, consents or approvals required for the Purchaser to conduct the Acquisition, including but not limited to the approval by the Board and the written approval by a closely allied group of shareholders with more than 50% voting rights of the Company approving the Acquisition and dispensing the requirement to convene a general meeting, have been obtained and remain valid;
- (f) as at the First Completion Date, there has been no material adverse changes or any injunction orders or orders with similar effect which may prohibit or restrict any Party from entering into the Acquisition and there has been no claims or assertion made, being made or to be made by any third parties that may result in any restriction on the conduct of the Acquisition;
- (g) as at the First Completion Date, the Seller has not breached any of the obligations and undertakings relating to it under the Transaction Documents;

- (h) the representations and warranties given by the Seller remain true, accurate, complete and not misleading and there are no facts, events or circumstances which would render the representations and warranties given by the Seller untrue or inaccurate in any respect as at the First Completion Date;
 - (i) the deregistration of the Existing Equity Pledge with the competent local branch of the SAMR has been completed;
 - (j) the Seller has delivered to the Purchaser closing deliverables evidencing completion of the conditions precedent relating to it for the First Instalment (including but not limited to the executed Restated Articles and the Sale and Purchase Agreement as executed by the Seller);
 - (k) the Purchaser has delivered to the Seller closing deliverables evidencing completion of the conditions precedent relating to it for the First Instalment (including but not limited to the Sale and Purchase Agreement as executed by the Purchaser);
 - (l) the Target Company has disposed of the 237,078 shares in Kangmei Pharmaceutical Co., Ltd. held by it and the relevant sale proceeds has been settled in full;
 - (m) the labor contracts and confidentiality agreements containing non-competition undertakings and intellectual property protection obligations, each with a term of not less than three years from 1 May 2022, have been executed by the Core Management Members and Tianjin Sirui Information Technology Co., Ltd.* (天津思芮信息科技有限公司) (“**Tianjin Sirui**”), a wholly-owned subsidiary of the Target Company, in the form and substance satisfactory to the Purchaser;
 - (n) the Target Company has formulated relevant proposal to properly handle certain business dealings with one of its customers; and
 - (o) the business plan of the Target Company has been agreed by the Purchaser,
- (together, the “**First Instalment Conditions Precedent**”).

Pursuant to the Sale and Purchase Agreement, payment of the Second Instalment is subject to the fulfillment or waiver of conditions precedent, including, without limitation, the following:

- (a) branches of Dalian Sirui Information Technology Co., Ltd.* (大連斯銳信息技術有限公司), a wholly-owned subsidiary of the Target Company, have been established in Chengdu, Hangzhou, Nanjing, Shenzhen, Wuhan and Xi'an;
- (b) all necessary written consents or waivers required under the material contracts of the Target Group containing change of control clauses and yet to be fully performed have been obtained from the relevant counterparty (if applicable);
- (c) the Target Company and the relevant members of the Target Group (if applicable) have passed the relevant shareholders resolutions or board resolutions, among other things, approving the appointment of the legal representative, directors, supervisors, general manager, chief financial officer, chief human resources officer and other members of senior management of the Target Company and the legal representatives, directors, supervisors, general managers and chief financial officers of the other members of the Target Group, with reference to the operation arrangement of the Target Company prior to the completion of the Acquisition as confirmed by the Purchaser and the registration or filing of such appointment at the competent local branch of the SAMR has been completed (as applicable);
- (d) the authorized signatories for the Target Group's bank accounts have been removed and replaced (if any);
- (e) the antitrust approval for the Acquisition has been granted by the SAMR;
- (f) the Target Group has obtained compliance letters/ exemption certificates/ interview confirmations issued by the competent government authorities on social insurance and housing provident fund and the Target Group has paid up for any additional contributions required by such government authorities (if any);
- (g) the Target Company has obtained a renewed and valid High and New Technology Enterprise Certificate* (高新技術企業證書) issued by the relevant government authorities;

- (h) as at the Second Completion Date, there has been no material adverse changes or any injunction orders or orders with similar effect which may prohibit or restrict any Party from entering into the Acquisition and there has been no claims or assertion made, being made or to be made by any third parties that may result in any restriction on the conduct of the Acquisition;
- (i) as at the Second Completion Date, the Seller has not breached the obligations and undertakings relating to it under the Transaction Documents;
- (j) the representations and warranties given by the Seller remain true, accurate, complete and not misleading and there are no facts, events or circumstances which would render the representations and warranties given by the Seller untrue or inaccurate in any respect as at the Second Completion Date;
- (k) the Seller has delivered to the Purchaser closing deliverables evidencing completion of the conditions precedent relating to it for the Second Instalment;
- (l) the Purchaser has delivered to the Seller closing deliverables evidencing completion of the conditions precedent relating to it for the Second Instalment;
- (m) the Seller and Tianjin Ruiyi have executed the relevant equity transfer agreement and the Minority Equity Transfer has been completed;
- (n) completion of registration and/or filing relating to the Acquisition, the Minority Equity Transfer, the Restated Articles (or simplified articles of association of the Target Company in accordance with the Sale and Purchase Agreement) and the legal representative, directors, supervisors, general manager and chief financial officer (if applicable) of the Target Company as appointed or nominated by the Purchaser at the competent local branch of the SAMR;
- (o) despatch of the circular (containing an accountants' report of the Target Company without any modified opinion) relating to the Acquisition pursuant to the Listing Rules. In the event that the accountants' report without any modified opinion is not available, a general meeting of the Company has been convened and the Shareholders have approved the Acquisition pursuant to the Listing Rules;
- (p) the execution of the information technology professionals supply services framework agreement by the Company and the relevant associates of the Seller in the form and substance satisfactory to the Purchaser;

- (q) the recruitment process outsourcing business contracts, signed in the name of the Target Company as detailed in the Sale and Purchase Agreement, have been transferred and undertaken by the appropriate members of the Target Group holding the requisite human resources services licence and supplemental agreements effecting such change have been executed;
 - (r) “production and operation of radio and television programs” has been removed from the business scope of Tianjin Sirui;
 - (s) personnel authorised to approve the use of company seal, financial chop and USB Key for members of the Target Group have been re-appointed or replaced in accordance with the internal rules and regulations of the relevant member of the Target Group;
 - (t) supplemental agreement supplementing the capital increase agreement of the Target Company entered into by the Target Company, the Seller and Tianjin Ruiyi on 15 September 2020 has been executed by the Target Company, the Seller and Tianjin Ruiyi, in the form and substance satisfactory to the Purchaser;
 - (u) each of the Purchaser and the Seller has satisfied the conditions to maintain a bank account for the Purchaser to make and the Seller to receive the payment; and
 - (v) the First Instalment Conditions Precedent continue to be fulfilled,
- (together, the “**Second Instalment Conditions Precedent**”).

Each Party shall use its best endeavors to procure the fulfillment of the First Instalment Conditions Precedent and Second Instalment Conditions Precedent.

Equity Pledge

As soon as possible but not later than 10 business days after the First Instalment is paid by the Purchaser to the Seller, the Seller shall execute an equity pledge agreement to pledge the Equity Interests in favor of the Purchaser as security for due performance of the Seller’s obligations, representations, warranties and undertakings under the Sale and Purchase Agreement. The Seller undertakes not to create any pledge over the Equity Interests after the First Instalment is paid by the Purchaser to it in accordance with the Sale and Purchase Agreement save as the aforementioned equity pledge.

Completion

First completion shall take place on the First Completion Date and second completion shall take place on the Second Completion Date in accordance with the Sale and Purchase Agreement.

As a separate transaction, the Seller will sell approximately 1.91% of the equity interests in the Target Company to Tianjin Ruiyi pursuant to the equity transfer agreement expected to be entered into by the Seller and Tianjin Ruiyi in April 2022. Completion of the Minority Equity Transfer is one of the Second Instalment Conditions Precedent as set out in condition (m) above.

Upon completion of the Acquisition, the equity interests in the Target Company will be held by the Purchaser, the Seller, and Tianjin Ruiyi as to approximately 46.0%, 43.0%, and 11.0%, respectively. Upon completion of the Acquisition, the Purchaser will be entitled to appoint majority of the board of directors of the Target Company. As the Purchaser will possess the power over the Target Company to direct its relevant activities, the Target Company will become a non-wholly owned subsidiary of the Company and financial results of the Target Company will be consolidated into the Group's financial statements.

Transitional Period

During the period from the date of the Sale and Purchase Agreement to the Second Completion Date, the Seller shall procure the Target Group to maintain its ordinary course of business, and shall maintain and protect the Target Company's assets, rights, goodwill, and relationships with third parties (including but not limited to major customers). Certain corporate actions in relation to the Target Group (including but not limited to changes in shareholding structure other than the Minority Equity Transfer, mergers and acquisitions, re-organization, distribution of dividends, creation of encumbrance on assets or equity interests, provision of financial assistance, liquidation and winding-up, changes in the constitutional documents and actions that may potentially diminish the value of the Target Group) shall not be carried out unless the Parties agree otherwise. Save as above, the Seller shall consult the Purchaser on any matter that may have a material adverse effect on the Target Group's business activities prior to the Second Completion Date.

Board Composition

According to the Restated Articles, the board of directors of the Target Company shall comprise five directors. The Purchaser is entitled to appoint three directors (including the chairman of the board) and the Seller is entitled to appoint two directors. The Target Company shall have three supervisors, with one to be appointed by the Purchaser, one by the Seller and the other as employee representative.

Post-completion Undertakings

According to the Sale and Purchase Agreement, the Seller undertakes that, among others:

- (a) In the event that the net profit of the Target Company decreases as a result of the Minority Equity Transfer, the Parties shall negotiate and come up with a solution and ensure the annual performance target of the Target Company is met.
- (b) The Seller shall ensure there is no adverse impact on the business cooperation between the Target Group as a whole and its largest customer as a result of the Acquisition within three years after completion of the Acquisition.
- (c) Upon completion of the Acquisition, the Purchaser shall have the option to further acquire all or part of the equity interests held by the Seller in the Target Company and the option to transfer all or part of the equity interests held by it to the Seller, if both Parties have such intention and subject to terms and conditions to be separately agreed upon.
- (d) Upon completion of the Acquisition and subject to the Restated Articles, in the event that the Seller proposes to transfer the equity interests held by it in the Target Company, to a party other than Tianjin Ruiyi or the Seller's affiliates, the Purchaser shall have the right of first refusal and such transfer shall be subject to the Purchaser's prior written consent.
- (e) Upon completion of the Acquisition, in the event that either Party proposes to directly or indirectly dispose of the equity interests it holds in the Target Company, the other Party shall enjoy tag along rights on the same conditions, subject to further agreement between the Parties.
- (f) Upon completion of the Acquisition, in the event that the equity interests held by the Purchaser or its affiliates in the Target Company are sufficient to allow the financial results of the Target Company being consolidated into the Group's financial statements, the articles in relation to the shareholders and board of directors contained in the articles of association of the Target Company shall be adjusted as appropriate.

Termination

The Purchaser and the Seller may terminate the Sale and Purchase Agreement by mutual agreement.

The Purchaser may elect to terminate the Sale and Purchase Agreement before completion of the Acquisition by notice in writing under the following circumstances, among others:

- (a) the First Instalment Conditions Precedent have not been fulfilled or waived within 90 days after the date of the Sale and Purchase Agreement;
- (b) the Second Instalment Conditions Precedent have not been fulfilled or waived within 90 days after the First Completion Date;
- (c) there is a material breach by the Seller of any representations, warranties, undertakings and/or obligations relating to it under the Sale and Purchase Agreement, and such breach has not been rectified within a reasonable period of time (not longer than 30 days) after being notified by the Purchaser;
- (d) any of the Transaction Documents has been terminated and as a result the objective of the Sale and Purchase Agreement could not be materialized;
- (e) any governmental, regulatory, judiciary authority or stock exchange:
 - (i) has initiated or threatened to initiate an action or investigation that restricts, prohibits or otherwise challenges the entry into or performance of the Acquisition;
 - (ii) has threatened any legal actions against entering into the Acquisition;
 - (iii) has failed to grant requisite approvals for the Acquisition or matters relating to the Acquisition (if applicable) within the statutory timeframe;
 - (iv) has proposed or implemented any laws, regulations or decrees after the date of the Sale and Purchase Agreement that would prohibit, materially restrict or materially delay entering into or performing the Acquisition or the operation of the Target Company; and

- (f) prior to the Second Completion Date, the Seller has caused a material adverse change to the Target Company which is not rectified within 30 days.

The Seller may elect to terminate the Sale and Purchase Agreement before completion of the Acquisition by notice in writing under the following circumstances, among others:

- (a) the Second Instalment Conditions Precedent have not been fulfilled within 90 days after the First Completion Date by reason of the Purchaser;
- (b) there was a material breach by the Purchaser of any representations, warranties, undertakings and/or obligations relating to it under the Sale and Purchase Agreement, and such breach has not been rectified within a reasonable period of time (not longer than 30 days) after being notified by the Seller; and
- (c) if any payment could not be made in accordance with the Sale and Purchase Agreement for more than 30 days by reasons beyond control of the Seller and the Purchaser (for the avoidance of doubt, the Purchaser and the Seller shall negotiate to see if the issue could be solved before the expiration of the aforementioned period).

Upon termination of the Sale and Purchase Agreement, the Restated Articles, equity pledge agreement and any other agreements executed pursuant to the Sale and Purchase Agreement shall terminate at the same time, and the Seller shall return to the Purchaser any Consideration already paid by the Purchaser (if applicable) with interest accrued at a deposit rate generally available at a commercial bank for the same period of time within three business days of such termination. Save as above, the Parties shall have no further rights and obligations under the Sale and Purchase Agreement, unless provided otherwise under the Sale and Purchase Agreement.

Indemnity

The Party who has breached any obligation, representation, warranty and undertaking relating to it under the Sale and Purchase Agreement undertakes to indemnify and compensate the non-defaulting Party for any and all losses, damages or liabilities suffered and costs or expenses incurred as a result of such breach.

In addition, the Seller undertakes to indemnify and compensate the Purchaser and the Target Group (as applicable) for any and all losses exceeding RMB1 million as a result of any breach or non-compliance with applicable laws and

regulations by any member of the Target Group prior to the Second Completion Date in relation to contributions to social insurance and housing provident fund for employees, taxes and state-owned assets appraisal and filing procedure (if applicable) in accordance with the Sale and Purchase Agreement.

Information of the Parties

Information of the Purchaser

The Purchaser is an indirect wholly-owned subsidiary of the Company and is established to acquire the Equity Interests and conduct the business of provision of information technology and software outsourcing services.

Information of the Group

The Group is a fast-growing pioneer in the human resources solutions sector in China and a strategic partner for a number of industry leaders, primarily engaged in the provision of human resources outsourcing 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.

Information of the Seller

The Seller is an investment holding company established under laws of the PRC on 15 November 2011. The single largest shareholder of the Seller is Dalian Kangruidao Management Consulting Center (Limited Partnership)* (大連康睿道管理諮詢中心(有限合夥)) (“**Dalian Kangruidao**”), which holds approximately 29.65% of the equity interests in the Seller. Dalian Neusoft Siwei Technology Development Co., Ltd.* (大連東軟思維科技發展有限公司) (“**Neusoft Siwei**”) is the fourth largest shareholder of the Seller, holding approximately 10.82% of the equity interests in the Seller. Dalian Kangruidao holds approximately 99.0% of Neusoft Siwei. Therefore, Dalian Kangruidao effectively controls approximately 40.47% of the equity interests in the Seller. Dr. Liu Jiren effectively controls Dalian Kangruidao. To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, Dr. Liu Jiren is an Independent Third Party. The Seller holds 90.91% of the equity interests in the Target Company as at the date of this announcement.

Information of the Target Group

The Target Company is a company established under laws of the PRC on 7 November 2013. The Target Group is an information technology and software outsourcing service provider committed to providing digital transformation and information technology services to customers. The customer-oriented service model, together with its innovation and technical capabilities, enables the Target Group to provide solutions and end-to-end integrated process services to customers in various industries, respond swiftly to customer needs, deliver efficient and high-quality services, help its customers solve the pain points of business and achieve business goals and digital transformation quickly. Leveraging on years of experience in and deep knowledge of the information technology industry, as at 28 February 2022, the Target Group has provided professional information technology and software outsourcing services to over 160 customers across the PRC with business coverage in over 80 cities and about 3,800 software development and technical service personnel.

The Target Group boasts a broad and stable customer base, comprising a number of industry-leading companies and companies with great growth potential in industries such as finance, high-tech, internet, healthcare and advanced manufacturing. The Target Group carries out diverse strategic cooperation with major customers, offers full-cycle industry tailored solutions and actively explores innovative cooperation initiatives. The Target Group is equipped with industry tailored solution capabilities in the fields of neo-healthcare software product development and social service network systems, mobile internet, artificial intelligence, Internet of Things, and big data, and has mastered core implementation ability in e-commerce, property management, third-party payment and other fields, which can further expand its industry customer coverage. With its quality industry tailored solutions and cost control capabilities, the Target Group is able to achieve a relatively high gross profit margin and build resilience to market fluctuations and uncertainties.

The Target Group has 12 supporting platforms across the PRC in Shenyang, Dalian, Beijing, Qingdao, Shanghai, Nanjing, Guangzhou, Shenzhen, Foshan, Wuhan, Chengdu and Xi'an, and established research and development centers located in seven cities including Shenyang, Guangzhou, Beijing, Shanghai, Nanjing, Chengdu and Qingdao, with a view to giving full play to the advantages of nation-wide layout and strengthening regional industry penetration. Such layout is conducive to the launch of self-developed products and feasibility study of new technology, in addition to the development of the Target Group's digital operation services, so as to better serve the customers.

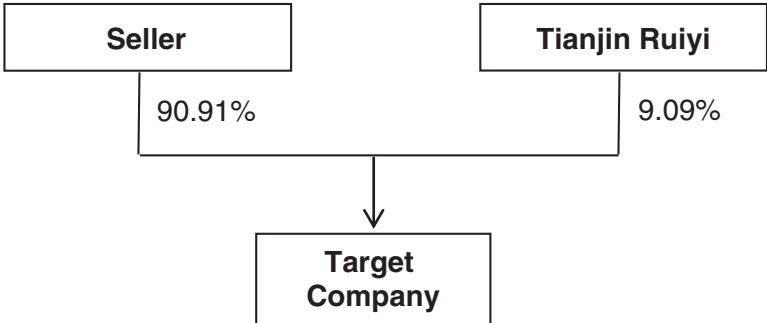
The Target Group had stable performance amid the outbreak of COVID-19 in 2020 and was entitled to social insurance premium reduction and exemption in the amount of RMB21.9 million for the year of 2020, in accordance with the relevant PRC government policies issued to stimulate economic growth during COVID-19 pandemic.

Set out below is a summary of the key financial information of the Target Group for the two years ended 31 December 2020 and 2021, respectively, which has been prepared in accordance with the PRC GAAP:

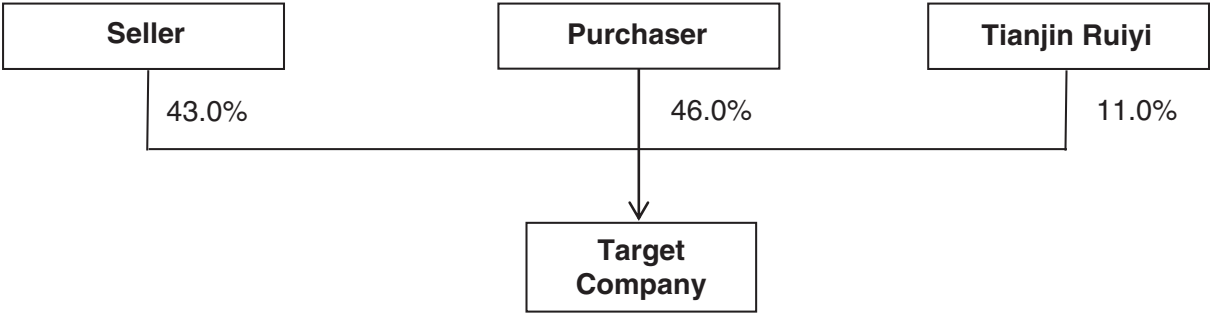
	For the year ended	
	31 December	
	2020	2021
	<i>(unaudited)</i>	<i>(unaudited)</i>
	<i>RMB (million)</i>	<i>RMB (million)</i>
Revenue	576.4	719.7
Profit (before tax)	78.0	64.0
Profit (after tax)	71.8	61.8

The unaudited consolidated net asset value of the Target Company as at 31 December 2021 prepared in accordance with the PRC GAAP was approximately RMB241.6 million (equivalent to approximately HK\$297.8 million).

The shareholding structure of the Target Company as at the date of this announcement is as follows:



The shareholding structure of the Target Company upon completion of the Acquisition shall be as follows:



Upon completion of the Acquisition, the Company will indirectly hold 46.0% of the equity interests in the Target Company. Upon completion of the Acquisition, the Purchaser will be entitled to appoint majority of the board of directors of the Target Company. As the Purchaser will possess the power over the Target Company to direct its relevant activities, the Target Company will become a non-wholly owned subsidiary of the Company and financial results of the Target Company will be consolidated into the Group’s financial statements.

Reasons for and Benefits of the Acquisition

The Group consistently seeks opportunities to increase its scale and profitability with a view to optimizing return for the Shareholders. The Directors believe that the Acquisition would increase the Group’s overall competitiveness and add to its growth momentum by expanding its business layout to meet the ever-changing demands which is crucial amid market uncertainty.

As a long-term strategic planning, the Group has been adhering to the development of tech-driven human resources services and intends to consolidate its leading position in human resources solutions sector and expand its operation and accelerate technology productization leveraging on its existing resources, technical capabilities and strategic direction. The Acquisition represents a good opportunity for the Group to accelerate its expansion in the information technology and software outsourcing services industry and facilitates the Group’s strategic upgrade. The Acquisition would help the Group further promote the productization of technology and gain rapid access to business opportunities in light of the digital transformation of enterprises in the PRC, and provide information technology support services and value-added SaaS (Software as a Services) on the side of the customers so as to establish a closer business cooperation with customers, leading to a higher service value and an increase in the gross profit margin of the Group, as well as expand in specialized industry and increase in scale through mergers and acquisitions. Through the combination of the Target Group’s

technical capabilities and the Group's expertise in the provision of comprehensive human resources services, the Group can quickly establish a competitive advantage in the industry, expand its high-quality customer base, and achieve greater economic benefits.

Benefits of the Acquisition

The Acquisition is expected to bring the following benefits to the Group:

Strengthen the business layout and implement strategic upgrade of the Group in light of the prospects of the information technology and software outsourcing services industry, with a large market size and a relatively high gross profit margin

The Acquisition is an important step in implementing the Group's long-term strategy and will bring to the Group a sophisticated team of industry experts, rich industry-specific knowledge and a track record in serving the information technology and software outsourcing services industry, so as to rapidly and systematically expand the Group's service capability and human capital in the provision of information technology and software outsourcing services, which will further strengthen the Group's business layout and achieve strategic upgrade.

The information technology and software outsourcing services industry has relatively high entry barrier as it requires personnel with professional knowledge and qualifications, and often faces various pressures in relation to talents, technology, customers, management, and capital. According to the CIC Report, the gross profit margin of the information technology and software outsourcing services industry, being approximately 15% to 25%, is usually relatively higher than that of outsourcing services in other industries, and thus the Acquisition is expected to contribute to the improvement of the Group's gross profit margin.

As detailed in the sub-section of "Overview of the information technology and software outsourcing services market in the PRC" below, due to the high growth potential of such industry, the Acquisition will help the Group further enhance its competitive advantages to achieve growth in business scale and expansion in market share.

Against the background of acceleration of digital transformation of the PRC economy, the Group intends to seize the development opportunity created by digital transformation needs of enterprises, and continue to strengthen the outsourcing services for information technology positions while expanding a new line of business of software technology professional services, in order to expand the Group's second growth curve across the board.

Increase the Group's business scale, industry coverage and professional service capabilities leveraging on the Target Group's strong competitive advantages

The Target Group has demonstrated robust customer coverage and expansion capabilities. It recorded a stable renewal rate for existing clientele in the past three years and has seen a fast and efficient growth in new customers, acquiring more than 100 new customers in 2020 and 2021, which will help further increase the scale of the Group's customer base.

The Target Group has been deeply involved in the information technology and software outsourcing services industry for a number of years and has accumulated high-quality and abundant information technology talent resources. As a leading domestic industry-research integration enterprise recognized by the Ministry of Education of the PRC, and through leveraging on the Seller's talent resources in its higher education and training operation, the Target Group further enhanced its talent recruitment and retention capabilities. The number of talents in the Target Group's talent database stands at over 250,000 as at 31 December 2021, which will facilitate the expansion of the Group's business scale for information technology and software outsourcing services.

The Target Group is specialized in providing information technology and software outsourcing services for industries including finance, advanced manufacturing, high-tech, internet, big data and healthcare, which will help expand the Group's customer segments and optimize industry tailored solutions for different types of customers. The strong information technology service and technology development capabilities of the Target Group will further strengthen the core competitiveness of the Group in technology and human capital and enhance the Group's industry influence, which is a key step in implementing the Group's vision and long-term strategy.

Enhance technology capability and technology products portfolio

The strong software development capabilities of the Target Group is expected to facilitate the Group in providing customers with full-chain customized service products including professional services and technical services, enriching service matrix and strengthening service productization, with a view to achieving steady and healthy growth.

For instance, the research and development products launched by the Target Group can be integrated with the Group's self-developed OC SaaS to enrich the product matrix of OC SaaS, improve customer experience and establish connection with long-tail customers. In addition, the Group's experience in the research and development, operation and upgrade of recruitment platform

could empower the recruitment systems of the Target Group, while at the same time, the Target Group's research and development expertise could help accelerate technology productization and carry out precise analysis of target audience, so as to enhance the market influence of the Group's products.

Achieve business synergy rapidly by leveraging on the extensive experience and joint effort of the Group and the Seller as shareholders

Leveraging on the extensive experience and competitive advantages of the Group in the human resources industry and that of the Seller in the information technology and software development industry, upon completion of the Acquisition, the Group is able to increase its retention for information technology talents and further improve its information technology talent ecological chain covering all stages from education and development of information technology candidates up to the recruitment and hiring of information technology talents, which integrates front-end with back-end and online with offline, so as to respond to customers' needs in a more flexible and efficient manner and provide one-stop professional human resources services solutions for various industry-leading customers, which will in turn consolidate the Group's market presence.

The Seller is a pioneer engaged in the information technology and software development industry in the PRC, with rich industry experience, solid software development capabilities and high industry reputation. The Seller has established presence in various industries such as information technology, education and medical industries, which could help to enhance the Target Group's ability to retain talents and provide professional solutions. Combined with the Group's profound human resources comprehensive solution capabilities, the two most essential elements of service industry, namely integrated technology solutions and human resources supply chain, are expected to be addressed through strong support from both shareholders. Upon completion of the Acquisition, the Group will further open up talent service business and talent industry chain in the information technology industry, continue to strengthen its competitive advantages, and gradually build up industry competition barriers.

Improve profitability and achieve financial growth so as to mitigate cyclical risks

The Group is expected to increase its business scale and profitability through the Acquisition. For the year ended 31 December 2021, the unaudited revenue of the Target Group reached RMB719.7 million, and its unaudited net profit reached RMB61.8 million, which is expected to help the Group achieve long-term profitable financial growth.

Furthermore, the Group is able to mitigate the cyclical risks by diversifying its source of income through the Acquisition. The Target Group can help further strengthen the Group's customer base and business upgrade, with a view to enhancing and expanding the Group's operational stability and building resilience to cyclical risks.

In light of the above, the Directors are of the view that the Sale and Purchase Agreement was entered into in the ordinary and usual course of business of the Company and on normal commercial terms, and the terms and conditions of the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

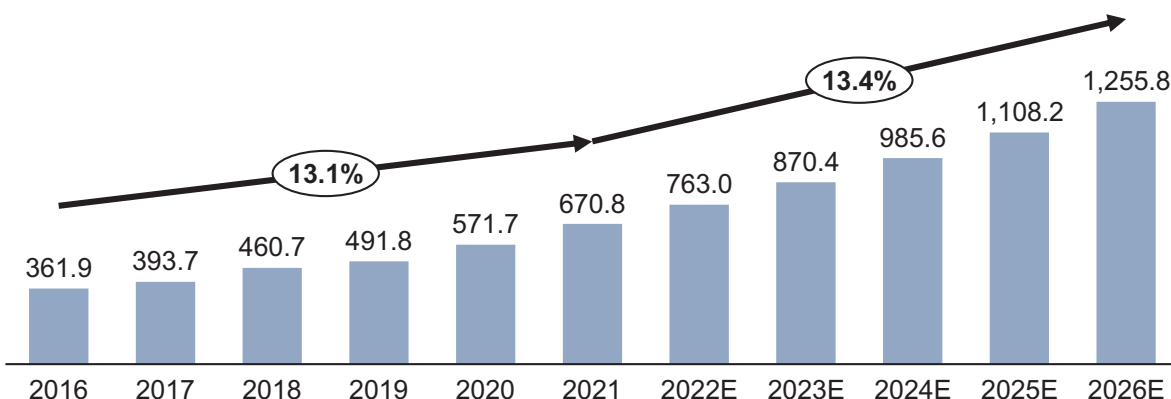
Overview of the information technology and software outsourcing services market in the PRC

According to the CIC Report, the information technology expenditure in the PRC was approximately RMB3,617 billion in 2021 and is expected to reach approximately RMB6,158 billion in 2026, representing a CAGR of 11.2%. Despite the increase in the information technology expenditure, it only accounted for approximately 3.2% of the overall GDP of the PRC in 2021, which was much lower as compared to Japan, European countries or North America, indicating a significant market potential for growth in the information technology industry.

With the rapid development of digitalization and informatization, the information technology and software outsourcing services market is quickly expanding into a broader range and is actively promoting the digital transformation of the PRC economy.

According to the CIC Report, the size of the information technology and software outsourcing services market in the PRC increased from approximately RMB361.9 billion in 2016 to approximately RMB670.8 billion in 2021, and is expected to reach approximately RMB1,255.8 billion in 2026, representing a CAGR of approximately 13.4% from 2021 to 2026. As a professional information technology business segment, information technology and software outsourcing services involves the provision of information technology solutions to a variety of industries for industrial development promotion, such as logistics and transportation.

*Information Technology and Software Outsourcing Services Market Size
in the PRC, 2016-2026E (RMB 1 billion)*



Source: CIC Report

The growth in the information technology and software outsourcing services industry in the PRC is mainly driven by the following factors:

- (a) the increase in the information technology expenditures of the PRC government and enterprises has led to demand for more effective resources allocation and higher operation and research efficiency;
- (b) digitalization and globalization has intensified the competition among the PRC enterprises, who are required to hire more information technology talents at a controlled cost;
- (c) the PRC enterprises' demand for external information technology experts has increased in order to reinforce their information technology infrastructure and systems to cope with dynamic market conditions; and
- (d) amid the intensive market competition and fluctuating market trends, the PRC enterprises need to respond to the ever-changing market in a more flexible way to maintain their competitive edges.

The Acquisition is subject to the fulfillment (or, as the case may be, waiver) of conditions. As the Acquisition may or may not proceed, the Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

CHANGE OF USE OF PROCEEDS FROM THE GLOBAL OFFERING

Reference is made to the Prospectus in relation to the listing of the Shares on the Stock Exchange by way of the Global Offering. The Net Proceeds from the Global Offering amounted to approximately HK\$992.2 million. Having considered the reasons for and benefits of the Acquisition as set out in the

section headed “Reasons for and Benefits of the Acquisition” in this announcement, in order to better utilize the financial resources of the Group and to capture favourable investment opportunities, the Board has reviewed the utilization plan of the Net Proceeds and resolved to re-allocate part of the Net Proceeds amounting to approximately HK\$396.5 million from the Global Offering for the Acquisition.

Unless the context otherwise requires, the terms defined in the Prospectus shall have the same meanings prescribed to them when used herein. The following table sets out the details of the use of the Net Proceeds before and after re-allocation:

Intended use of the Net Proceeds	Original allocation of the Net Proceeds (HK\$ million)	Utilized amount of the Net Proceeds as at 31 January 2022 (HK\$ million)	Unutilized amount of the Net Proceeds as at 31 January 2022 (HK\$ million)	Balance of the unutilized Net Proceeds after re-allocation (HK\$ million)	Intended timetable for the use of the unutilized Net Proceeds
(i) Expand the Company’s geographic coverage to better support clients and new opportunities ⁽¹⁾	198.4	129.8	68.6	30.8	By 31 December 2022
(ii) Expand the Company’s industry coverage, mainly through acquisition and also through organic growth in the next three years, to capture demand for flexible staffing services the Company has observed in certain underserved and expanding industries, and specifically, to target the Company’s services to more financial institution, information technology industry and new retail clientele ⁽²⁾	168.7	81.6	87.1	466.0	By 31 December 2022
(iii) Expand the Company’s existing BPO and headhunting service offerings in the next three years in order to capture the expected growth potential in both service sectors ⁽³⁾	129.0	31.1	97.9	48.3	By 31 December 2022
(iv) Further enhance the Company’s integrated HR ecosystem and build up the Company’s capabilities in artificial intelligence and data mining technology ⁽⁴⁾	218.3	31.1	187.2	95.8	By 31 December 2024
(v) Further promote the Company’s brand and launch marketing and promotion activities ⁽⁵⁾	99.2	32.9	66.3	11.3	By 31 December 2022
(vi) Support the Company’s global expansion strategy in the next four years ⁽⁶⁾	79.4	0.0	79.4	23.0	By 31 December 2023
(vii) Working capital and general corporate purposes ⁽⁷⁾	99.2	10.5	88.7	0.0	By 31 December 2022
Total	<u>992.2</u>	<u>317.0</u>	<u>675.2</u>	<u>675.2</u>	

Notes:

- (1) *The Target Group has 12 supporting platforms across the PRC and research and development centers in seven cities, including Shenyang and Dalian, both of which are cities where the Group initially planned to set up its subsidiaries and develop local human resources market with the Net Proceeds. In addition, a number of the Target Group's existing customer resources in first- and second-tier cities overlap with the markets the Group initially planned to expand into. With the Target Group's existing city layout and customer resources, it is now possible to actively develop information technology and software outsourcing services without the need for re-investment. Therefore, approximately HK\$37.8 million of the unutilized Net Proceeds originally allocated for this purpose will be re-allocated for the use of purpose (ii) to fund the Acquisition.*
- (2) *The domestic retail industry in the PRC has seen considerable fluctuation in labor demand due to the impact of COVID-19 pandemic, and the gross profit margin of flexible staffing services for new retail customers is much lower than that of information technology and software outsourcing services. With a view to implementing the Group's strategy to increase revenue and gross profit margin, approximately HK\$17.6 million of the unutilized Net Proceeds originally allocated to strengthen our services to new retail customers will be re-allocated to extend our industry coverage to the information technology industry to fund the Acquisition.*
- (3) *The Group plans to expand its headhunting service targeting mid-to-high-end information technology talents after the Listing. The Target Group's existing recruitment capabilities for mid-to-high-end information technology talents can complement and be integrated with the recruitment capabilities developed by the Group. As a result, the Group can benefit from a reduced amount of future investment required for the establishment of recruitment capabilities for mid-to-high-end information technology talents. Approximately HK\$49.6 million of the unutilized Net Proceeds originally allocated for this purpose will be re-allocated for the use of purpose (ii) to fund the Acquisition.*
- (4) *The Target Group has research and development centers in seven cities across the PRC to provide customers with software research and development services. With the Target Group's mature software research and development capability, the Group can benefit from the reduced amount of future investment required for the construction of integrated human resources ecosystem. Therefore, approximately HK\$91.4 million of the unutilized Net Proceeds originally allocated for this purpose will be re-allocated for the use of purpose (ii) to fund the Acquisition.*
- (5) *The Listing has greatly enhanced the Group's reputation in the human resources industry and helped the Group attract a number of potential customers. Accordingly, the Group has reduced expenditure in participating in human resources industry conferences to develop customer resources. In addition, the Group has suspended large-scale human resources workshops or seminars for clients and large-scale offline recruitment events for job seekers amid the outbreak of COVID-19. At the same time, the Group could gain access to the brand awareness that the Target Group has accumulated in the information technology and software outsourcing services industry. Accordingly, approximately HK\$55.0 million of the unutilized Net Proceeds originally allocated for this purpose will be re-allocated for the use of purpose (ii) to fund the Acquisition.*

- (6) *In light of the impact of COVID-19 pandemic on the global economy since 2020, the Group has adjusted its global expansion strategy to reduce corresponding expenditures. Accordingly, approximately HK\$56.4 million of the unutilized Net Proceeds originally allocated for this purpose will be re-allocated for the use of purpose (ii) to fund the Acquisition.*
- (7) *Due to the sound cash flow of the Group's principal business and the low efficiency of use of the Net Proceeds for working capital and general corporate purposes, approximately HK\$88.7 million of the unutilized Net Proceeds originally allocated for this purpose will be re-allocated for the use of purpose (ii) to fund the Acquisition.*
- (8) *The percentage figures included in the above table have been subject to rounding adjustments.*

The Board has considered the reasons and benefits as set out above and is of the view that the proposed re-allocation of the Net Proceeds is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

POSSIBLE CONTINUING CONNECTED TRANSACTIONS

Subsidiaries and associates of the Seller had, in their ordinary course of business, regularly provided information technology professionals to members of the Target Group.

It is expected that the provision of services by subsidiaries and associates of the Seller to the members of the Target Group will continue after completion of the Acquisition. In order to streamline these possible continuing connected transactions and to facilitate compliance with relevant requirements under the Listing Rules, the Company will further enter into master agreement(s) with the relevant subsidiaries and associates of the Seller as appropriate. Further details in this regard will be announced in accordance with the applicable Listing Rules as and when appropriate.

LISTING RULES IMPLICATIONS

Acquisition

As the highest applicable percentage ratio in respect of the Acquisition exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.44 of the Listing Rules, shareholders' approval may be obtained by written shareholders' approval in lieu of convening a general meeting if (a) no shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisition; and (b) written approval has been obtained from a shareholder or a closely allied group of shareholders who together hold more than 50% of the voting rights at that general meeting to approve the Acquisition.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Shareholders is materially interested in the Sale and Purchase Agreement and the transactions contemplated thereunder. As such, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for approving the Sale and Purchase Agreement and the transactions contemplated thereunder. As at the date of this announcement, written approvals have been obtained from the Relevant Shareholders, who constitute a closely allied group of shareholders of the Company, holding 79,750,995 Shares, representing approximately 50.89% of the issued share capital of the Company. As a result, pursuant to Rule 14.44 of the Listing Rules, no general meeting will be convened to approve the Acquisition.

The Relevant Shareholders comprise the following:

- (i) The Founders, in aggregate holding 58,000,500 shares of the Company, representing approximately 37.01% of the total issued share capital of the Company;
- (ii) LC Fund V, L.P. ("**LC Fund V**"), holding 20,266,244 shares of the Company, representing approximately 12.93% of the total issued share capital of the Company; and
- (iii) LC Parallel Fund V, L.P. ("**LC Parallel Fund V**"), holding 1,484,251 shares of the Company, representing approximately 0.95% of the total issued share capital of the Company.

The Relevant Shareholders should constitute a closely allied group of shareholders of the Company under Rule 14.45 of the Listing Rules for the reasons below:

- (i) The Founders are founders of the Group and entered into an acting in concert deed on 18 January 2019.
- (ii) The Company had undergone four rounds of pre-IPO investments, i.e. series A investment, series B1 investment, series B2 investment, series C investment, series D1 investment and series D2 investment between 2012 and 2018.

- (iii) LC Fund V and LC Parallel Fund V became shareholders of the Company since 2012 as a strategic investor in series A investment, which was the earliest batch of pre-IPO investments in the Company, and they had nominated Mr. Chen Rui as a Director since they became a shareholder of the Company.
- (iv) On 16 July 2018, a shareholders' agreement was entered into between, among others, LC Fund V, LC Parallel Fund V, the Founders and the Company pursuant to which the shareholders have agreed on various matters including certain shareholders' rights in respect of the governance of the Company.
- (v) Since LC Fund V and LC Parallel Fund V became shareholders of the Company, they have fostered an amicable and professional relationship with the Founders. Mr. Chen Rui has participated in all of the board meetings of the Company since LC Fund V and LC Parallel Fund V became shareholders of the Company. By virtue of his extensive experience in the venture capital field, he has been able to provide valuable inputs to the operation and management of the Group.
- (vi) Up to the date of this announcement, to the best knowledge of the Directors after making reasonable enquiries, LC Fund V together with LC Parallel Fund V has maintained over 10% shareholding interests in the Company since they became shareholders of the Company. As a result, the Directors consider that their investment in the Company and the Group has been of a long-term and strategic nature.
- (vii) Although (1) the Founders, (2) LC Fund V and (3) LC Parallel Fund V are not parties acting in concert among themselves within the meaning of the Code on Takeovers and Mergers, they have voted unanimously on all shareholders' resolutions which they had participated in voting since they had become shareholders of the Company.

A circular containing, amongst others, (i) further details of the Acquisition, the Sale and Purchase Agreement and transactions contemplated thereunder; (ii) financial information of the Target Group; (iii) management discussion and analysis of the Target Group; and (iv) the unaudited pro forma financial information of the Enlarged Group, shall be despatched to the Shareholders as soon as practicable on or before 28 March 2022 pursuant to Rule 14.41(a) of the Listing Rules.

Since the Company requires additional time to conduct the audit for the Target Group and prepare the disclosure of such financial information to be included in the circular, the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules by extending the date of despatch of the circular to a date falling on or before 30 April 2021.

Possible Continuing Connected Transaction

Upon completion of the Acquisition, the Target Company will become a non-wholly owned subsidiary of the Company and the Seller, which is a substantial shareholder of the Target Company, will become a connected person of the Company at the subsidiary level. The possible continuing transactions to be entered into between any member of the Enlarged Group, on one hand, and any subsidiary and/or associate of the Seller, on the other hand, will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Further details in this regard will be announced in accordance with the applicable Listing Rules as and when appropriate.

DEFINITIONS

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

“Acquisition”	purchase of the Equity Interests by the Purchaser at the Consideration pursuant to the Sale and Purchase Agreement;
“Board”	the board of directors of the Company;
“CAGR”	compound annual growth rate;
“CIC”	China Insights Industry Consultancy Limited, a market research expert and an Independent Third Party;
“CIC Report”	the industry report issued on 24 February 2022 prepared by CIC as commissioned by 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 (Stock Code: 6919);

“connected person”	shall have the meaning ascribed to it under the Listing Rules;
“Consideration”	total consideration of the Acquisition, being RMB408,020,000 (equivalent to approximately HK\$502,933,636);
“Core Management Members”	core members of the management of the Target Company as named in the Sale and Purchase Agreement;
“Director(s)”	the director(s) of the Company;
“Enlarged Group”	the Group and the Target Group upon completion of the Acquisition;
“Equity Interests”	46.0% of the equity interests in the Target Company to be purchased by the Purchaser pursuant to the Sale and Purchase Agreement;
“Existing Equity Pledge”	the pledge created over the entire equity interests in the Target Company held by the Seller in favour of China Minsheng Bank Co., Ltd., Dalian branch, securing a facility in the amount of RMB280 million made available to the Seller;
“Founders”	Mr. ZHANG Jianguo (張建國), Ms. ZHANG Jianmei (張健梅) and Mr. ZHANG Feng (張峰);
“GDP”	gross domestic product;
“Global Offering”	the global offering of the Company in connection with the listing of the Shares on the Stock Exchange on 13 December 2019;
“Group”	the Company together with its subsidiaries;
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong;
“Hong Kong”	the 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;

“Listing”	the listing of the Shares on the Stock Exchange on 13 December 2019;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Minority Equity Transfer”	sale of 1.91% of the equity interests in the Target Company by the Seller to Tinajian Ruiyi pursuant to the equity transfer agreement expected to be entered into by the Seller and Tianjin Ruiyi in April 2022;
“Net Proceeds”	net proceeds from the Global Offering, amounting to approximately HK\$992.2 million;
“OC SaaS”	Organizational Capacity SaaS (Software as a Service) launched by the Group in July 2021 under the name of “Rui Xiang Cloud (瑞享雲)”, which is a human resources management platform based on the digitalization of organizational capabilities;
“Parties”	parties to the Sale and Purchase Agreement, namely the Purchaser and the Seller, and each a “Party”;
“percentage ratio”	shall have the meaning in Rule 14.04(9) of the Listing Rules;
“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;
“PRC GAAP”	the PRC Accounting Standards for Business Enterprises, as promulgated and, from time to time, amended or supplemented by the Ministry of Finance of the PRC;
“Prospectus”	the prospectus of the Company dated 3 December 2019;

“Purchaser”	Shanghai Ruiying Human Resources Technology Group Co., Ltd.* (上海瑞應人才科技集團有限公司), a company established under laws of the PRC on 18 February 2022, and an indirect wholly-owned subsidiary of the Company;
“Relevant Shareholders”	Mr. ZHANG Jianguo (張建國), Ms. ZHANG Jianmei (張健梅), Mr. ZHANG Feng (張峰), LC Fund V and LC Parallel Fund V, each a Shareholder;
“Restated Articles”	restated articles of association of the Target Company to be executed by the Purchaser, the Seller and Tianjin Ruiyi in the agreed form as appended to the Sale and Purchase Agreement;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale and Purchase Agreement”	the equity sale and purchase agreement entered into by the Purchaser and the Seller on 7 March 2022;
“SAMR”	the State Administration for Market Regulation of the PRC (中國國家市場監督管理總局);
“Seller”	Dalian Neusoft Holdings Co., Ltd.* (大連東軟控股有限公司), a company established under laws of the PRC on 15 November 2011;
“Shareholder(s)”	holder(s) of the Shares;
“Share(s)”	ordinary share(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder”	shall have the meaning ascribed to it under the Listing Rules;
“Target Company”	Shanghai Sirui Information Technology Co., Ltd.* (上海思芮信息科技有限公司), a company established under laws of the PRC on 7 November 2013;
“Target Group”	the Target Company together with its subsidiaries;

“Tianjin Ruiyi”	Tianjin Ruiyi Enterprise Management Consulting Center (Limited Partnership)* (天津芮屹企業管理諮詢中心(有限合夥)), a limited partnership established under laws of the PRC on 27 August 2020, an employee stock ownership vehicle, which, to the best knowledge of the Directors after making all reasonable enquiries, is an Independent Third Party as at the date of this announcement;
“Transaction Documents”	the Sale and Purchase Agreement, the Restated Articles and certain ancillary documents;
“Valuer”	Vigers Business Appraisal and Valuation Limited, a professional asset valuer and an Independent Third Party; and
“%”	per cent.

* *For identification purpose only*

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

The PRC, 8 March 2022

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 and Mr. Chow Siu Lui as non-executive Directors; and Ms. Chan Mei Bo Mabel, Mr. Shen Hao and Mr. Leung Ming Shu as independent non-executive Directors.