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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)

VOLUNTARY ANNOUNCEMENT INVESTMENT INTO XUNTENG GROUP AND THE ENTERING INTO OF THE STRATEGIC COOPERATION AGREEMENT WITH XUNTENG GROUP

This announcement is made by Renrui Human Resources Technology Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis.

THE INVESTMENT AGREEMENT

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that on 15 October 2020, Renrui Human Resources Technology Group Limited (“**Renrui HR Group**”), a wholly-owned subsidiary of the Company, entered into a conditional investment agreement (the “**Investment Agreement**”) with Tianjin Binhai Xunteng Technology Group Co., Ltd. (天津濱海迅騰科技集團有限公司) (“**Xunteng Group**”), Mr. Shao Rongqiang (邵榮強), the controlling shareholder of Xunteng Group (the “**Xunteng Controlling Shareholder**”), Mr. Shao Rongxi (邵榮喜) and Tianjin Qiankun Enterprise Management Partnership (Limited Partnership) (天津仟堃企業管理合夥企業)(有限合夥) (“**Tianjin Qiankun**”). Pursuant to the Investment Agreement, Renrui HR Group agreed to invest a total of RMB20 million into Xunteng Group (the “**Investment**”), which was determined on an arm’s length basis with reference to the estimated value of Xunteng Group immediately upon the completion of the Investment (the “**Completion**”). Such estimated value, and hence the investment amount from Renrui HR Group, will be adjusted if the financial performance of Xunteng Group falls below 80% of the agreed target over the three years ending 31 December 2022. The Completion is conditional upon the satisfaction (or waiver by Renrui HR Group, as the case may be) of the conditions precedent as set out in the Investment Agreement.

As at the date of this announcement, Xunteng Group was held as to 75% by the Xunteng Controlling Shareholder, 20% by Tianjin Qiankun and 5% by Mr. Shao Rongxi. Upon the Completion, Xunteng Group will be held as to 63.75% by the Xunteng Controlling Shareholder, 17% by Tianjin Qiankun, 15% by Renrui HR Group and 4.25% by Mr. Shao Rongxi, and Xunteng Group will not become a subsidiary of the Company.

Renrui HR Group is entitled to request Xunteng Group to repurchase its equity interest in Xunteng Group upon occurrence of any of the following events: (i) Xunteng Group and/or the Xunteng Controlling Shareholder breaches any of their obligations and undertakings under the Investment Agreement, including but not limited to transferring or recommending less than 60% of the agreed number of interns or graduates to the BPO service training centres in the Colleges (as defined below) or to the Group's clients, or Xunteng Group failing to meet 60% of the agreed target of financial performance in any of the three years ending 31 December 2022; (ii) there is any fraudulent or dishonest act committed by Xunteng Group and/or the Xunteng Controlling Shareholder; (iii) there is any event that will bring material adverse effect to the operation of Xunteng Group, including but not limited to the transfer of more than 20% equity interest in Xunteng Group by its current shareholders; and (iv) Renrui HR Group is of the view that there is any material risk with respect to the operation of Xunteng Group.

THE STRATEGIC COOPERATION AGREEMENT

Pursuant to the Investment Agreement, on 15 October 2020, Renrui HR Group and Xunteng Group entered into an exclusive strategic cooperation agreement (the "**Strategic Cooperation Agreement**") to strengthen the principal businesses of both parties. The term of such exclusive cooperation commences from the date of the Strategic Cooperation Agreement and up to 30 June 2024, subject to further extension to 30 June 2028 if so agreed by both parties. During the term, Xunteng Group shall not cooperate with other companies which are engaged in the provision of human resources or business process outsourcing ("**BPO**") services and which are in competition with the businesses of the Group.

Pursuant to the Strategic Cooperation Agreement, the parties shall cooperate in the following ways:

- (i) the Group shall transfer suitable BPO projects with the agreed scale to Xunteng Group during the period from 2020 to 2024, and Xunteng Group shall, under the guidance of the Group, construct facilities and procure equipment for the BPO service training centres to be set up in the colleges with which it cooperates (the "**Colleges**") for the operation of these BPO projects;

- (ii) Xunteng Group shall transfer not less than 20% of the total number of students of the Colleges every year to work in the BPO service training centres in the Colleges as interns, and recommend not less than 50% of the total number of graduates from the Colleges every year to participate in the recruitment events held by the Group's clients of flexible staffing services and professional recruitment services;
- (iii) Xunteng Group shall encourage the students of the Colleges to register as members on the Xiang Recruitment Platform (香聘, the Group's proprietary recruitment software) for job seeking purpose; and
- (iv) the Group and Xunteng Group shall improve the vocational courses provided by the Colleges in order to satisfy the recruitment requirements of the Group's clients.

The Strategic Cooperation Agreement is intended to provide a strategic cooperation framework between Renrui HR Group and Xunteng Group. The terms of cooperation contemplated under the Strategic Cooperation Agreement are subject to the terms of any individual agreements which the parties may subsequently enter into from time to time.

INFORMATION ON THE GROUP AND XUNTENG GROUP

Renrui HR Group is principally engaged in the provision of flexible staffing and professional recruitment services. The Group as a whole is principally engaged in the provision of one-stop human resources solutions comprising flexible staffing services, professional recruitment services, BPO services, corporate training services, labour dispatch services and other miscellaneous services in more than 150 cities in China.

Xunteng Group is principally engaged in the cooperation with the Colleges in the PRC focusing on internet or electronic commerce education. It generally develops courses, recruits students for the Colleges, dispatches teachers to the Colleges to teach and sets up BPO service training centres in the Colleges to provide training opportunities to students.

To the best of the Directors' knowledge, information and belief after making all reasonable enquiries, each of Xunteng Group, the Xunteng Controlling Shareholder, Mr. Shao Rongxi and Tianjin Qiankun and its ultimate shareholders is an third party independent of and not connected with the Company and its core connected persons (as defined in the Rules Governing the List of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**")).

The investment amount from Renrui HR Group shall be used for the operation of the principal businesses of Xunteng Group, including but not limited to the procurement of equipment and payment of salary and recruitment fees of students for the cooperation projects with the Colleges.

REASONS FOR AND BENEFITS OF THE INVESTMENT AND STRATEGIC COOPERATION

It has been the Group's plan to provide trainings and cultivation for potential job candidates to be deployed to the Group's clients through the integration of industry and education, and to provide internship opportunities through the BPO service training centers in the Colleges to students who can then learn the service skills of client service representatives, information verification and other jobs through trainings.

Leveraging on the experience of the Group in the human resources industry and that of Xunteng Group in the education industry and their respective resources, the Board believes that the Investment and the strategic cooperation with Xunteng Group will provide a stable source of well-trained job candidates to the clients of the Group's flexible staffing and professional recruitment services in order to satisfy their staffing requirements. This will help establish a long-term supply chain of talents for the Group, further expand its talent pool of potential candidates and hence enhance its ability to provide job candidates to clients in order to satisfy clients' demand and lower the Group's recruitment cost at the same time. Through the cooperation with Xunteng Group, there is also a higher chance for graduates from the Colleges to secure their jobs, which can help enhance brand awareness among students in respect of Xunteng Group and the Colleges, promote the Group's recruitment platform and enhance the Group's ability to provide job seeking opportunities to job candidates.

Further, the Group will be able to lower its operating cost and capture more market share of its BPO services by providing BPO services in the training centres in the Colleges through Xunteng Group. The Directors therefore consider the Investment and the strategic cooperation with Xunteng Group to be beneficial to the Group's operation and long-term development.

LISTING RULES IMPLICATIONS

As all of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Investment are less than 5%, the Investment does not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

The Completion is conditional upon the satisfaction (or waiver by Renrui HR Group, as the case may be) of the conditions precedent as set out in the Investment Agreement. Further, the Strategic Cooperation Agreement is intended to provide a strategic cooperation framework between Renrui HR Group and Xunteng Group. The terms of cooperation contemplated under the Strategic Cooperation Agreement are subject to the terms of any individual agreements which the parties may subsequently enter into from time to time. If any transaction contemplated under the Strategic Cooperation Agreement constitutes a notifiable transaction for the Company under the Listing Rules, further announcement(s) will be made by the Company as and when appropriate in compliance with the Listing Rules. Shareholders and potential investors should exercise caution when dealing in the shares of the Company.

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

The PRC, 15 October 2020

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.