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Wise Talent Information Technology Co., Ltd

有才天下信息技术有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6100)

**SUPPLEMENTAL ANNOUNCEMENT
DISCLOSEABLE TRANSACTION
ENTERING INTO OF INVESTMENT FRAMEWORK AGREEMENT**

Reference is made to the announcement of the Company dated 27 March 2019 in relation to the investment by Liepin HK in the equity interest of Changsha Ranxing.

The Board is pleased to announce that, on 26 August 2019, Liepin HK entered into the Investment Framework Agreement, pursuant to which Liepin HK agreed to strategically invest in the Target Equity for a total consideration of RMB826.96 million.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) for the Strategic Investment are more than 5% but less than 25%, the Strategic Investment constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Therefore, the Strategic Investment is subject to the reporting and announcement requirements, but is exempted from the shareholders' approval requirement, as set out in Chapter 14 of the Listing Rules.

As the completion of the Strategic Investment is subject to the satisfaction of a number of conditions precedent, the Strategic Investment may or may not be completed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

INTRODUCTION

Reference is made to the announcement of the Company dated 27 March 2019 (the “**Initial Announcement**”) in relation to the investment by Liepin HK in the equity interest in Changsha Ranxing. Unless the context otherwise requires, capitalised terms defined in the Initial Announcement have the same meanings when used in this announcement.

The Board of the Company is pleased to announce that, on 26 August 2019, Liepin HK, a wholly-owned subsidiary of the Company, entered into the strategic investment framework agreement (the “**Investment Framework Agreement**”) with (i) Changsha Ranxing, (ii) the Founder, Mr. Wu Yong (伍勇) and Mr. Yao Lei Ming (姚雷鳴) (collectively, the “**Founding Shareholders**”), (iii) Ningbo Free Trade Zone Ranxing Management Consulting Partnership (Limited Partnership) (寧波保稅區冉星管理諮詢合夥企業(有限合夥)) (“**Ningbo Ranxing**”), and (iv) the Minority Shareholder, pursuant to which Liepin HK agreed to strategically invest in an aggregate of 66.60% of the total number of shares in the offshore holding company to be established in the Cayman Islands (the “**Cayman Company**”) to control Changsha Ranxing (the “**Target Equity**”), for a total consideration of RMB826.96 million (collectively, the “**Strategic Investment**”).

Upon completion of the Strategic Investment, Changsha Ranxing will become a non-wholly owned subsidiary of the Company.

INVESTMENT FRAMEWORK AGREEMENT

The Investment Framework Agreement constitutes one of the final transaction documents contemplated under the Investment Term Sheets as disclosed in the Initial Announcement. The terms of the Investment Framework Agreement are substantially the same as the Investment Term Sheets, except that: (i) the equity interest to be invested in by the Company has changed from 75% of the total equity interest in Changsha Ranxing to 66.60% of the total number of shares in the Cayman Company, (ii) the total consideration for the Strategic Investment (including the amount of Consideration Shares) has been reduced, (iii) the parties have removed the relevant revenue and profits thresholds for the years ending 31 December 2019 and 2020 in relation to the payment of part of the consideration, (iv) the payment arrangement of the consideration under the Investment Framework Agreement has been updated as set out below, and (v) other administrative changes.

The principal terms of the Investment Framework Agreement are further set out below.

Date: 26 August 2019

Parties:

- (1) Liepin HK;
- (2) Changsha Ranxing;
- (3) the Founding Shareholders;
- (4) Ningbo Ranxing; and
- (5) the Minority Shareholder.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, each of Changsha Ranxing, the Founding Shareholders, Ningbo Ranxing, the Minority Shareholder and their respective ultimate beneficial owners (as applicable) is a third party independent of the Company and its connected persons (as defined in the Listing Rules).

Target Equity

Pursuant to the Investment Framework Agreement, Liepin HK has agreed to strategically invest in 66.60% of the total number of shares in the Cayman Company, which comprise of: (a) 8.36% of the total number of shares in the Cayman Company to be transferred by the Minority Shareholder Offshore SPV (as defined below) to Liepin HK or its designated entity and (b) 58.24% of the total number of shares in the Cayman Company to be transferred by the BVI SPVs (as defined below) to Liepin HK or its designated entity.

The Company and the counterparties agreed to reduce the percentage of equity interest in Changsha Ranxing to be invested mainly because: (i) unstable market conditions since the signing of the Investment Term Sheets, and (ii) the Company would like to invest in a smaller but sizeable equity interest such that the immediate financial burden on the Company's cash flow is reduced, while Changsha Ranxing will still become a consolidated subsidiary of the Company upon completion of the Strategic Investment.

In addition, the Minority Shareholder will transfer 13.77% of the total equity interest in Changsha Ranxing currently held by it to Liepin HK's designated entity in the People's Republic of China (the "PRC"), in order to effect a complete exit of the Minority Shareholder.

Restructuring of Changsha Ranxing

Changsha Ranxing Contractual Arrangements

Within 3 months (and in any event not later than 6 months) of the signing of the Investment Framework Agreement, the Founding Shareholders and Group Companies (as defined below) shall use best efforts to complete following steps in relation to the establishment of the contractual arrangements in respect of Changsha Ranxing (the “**Changsha Ranxing Contractual Arrangements**”):

- (1) each of the Founding Shareholders shall establish a wholly-owned company in the British Virgin Islands (the “**BVI SPVs**”);
- (2) the BVI SPVs shall jointly establish the Cayman Company;
- (3) the Cayman Company shall establish a wholly-owned company in Hong Kong (the “**Hong Kong Company**”);
- (4) the Founding Shareholders shall apply to the State Administration of Foreign Exchange (“SAFE”) of the PRC to register the foreign exchange for overseas investments (the “**SAFE Registration**”) in accordance with the SAFE Circular on Relevant Issues Relating to Domestic Resident’s Investment and Financing and Roundtrip Investment through Special Purpose Vehicles (國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知);
- (5) within 10 business days after the SAFE Registration has been completed, the Founding Shareholders shall procure the Cayman Company to issue shares to an offshore entity designated by the Minority Shareholder (the “**Minority Shareholder Offshore SPV**”). Once such issuance of the Cayman Shares has been completed, the shareholding of the Cayman Company shall be as follows:

Shareholder	Number of Shares	Shareholding
BVI SPV held by the Founder	69,778,347	62.91%
BVI SPV held by Mr. Wu Yong	24,977,187	22.52%
BVI SPV held by Mr. Yao Lei Ming	6,885,866	6.21%
Minority Shareholder Offshore SPV	9,273,640	8.36%
Total	110,915,040	100.00%

- (6) the Hong Kong Company shall establish a wholly foreign-owned enterprise (the “**WFOE**”, together with the Company, the Cayman Company, the Hong Kong Company and any other companies controlled by them, the “**Group Companies**”) in the PRC; and
- (7) once the WFOE has been established, the WFOE shall enter into a series of exclusive business cooperation agreement, exclusive option agreement, equity pledge agreements and powers of attorney with Changsha Ranxing and its shareholders which will constitute the Changsha Ranxing Contractual Arrangements.

Exit of Minority Shareholder

In addition, after the Minority Shareholder and its designated offshore entity has received the relevant parts of the consideration payable to them pursuant to paragraphs (1) and (2) of the section headed “Consideration and Payment Arrangements” below, the Guarantors (as defined below) shall procure Changsha Ranxing and the Cayman Company to, and the Minority Shareholder and Liepin HK shall cooperate to, complete the following matters to effect the exit of the Minority Shareholder (the “**Minority Shareholder Exit Matters**”):

- (a) within 1 business day after the receipt by the Minority Shareholder and the Minority Shareholder Offshore SPV of the payments as described in paragraphs (1) and (2) under the section headed “*Consideration and Payment Arrangements*” below, the Founding Shareholders and the Group Companies (collectively, the “**Guarantors**”) shall procure, and the Minority Shareholder shall cooperate with Changsha Ranxing, such that Changsha Ranxing’s shareholders shall pass shareholders’ resolutions to approve: (i) the Strategic Investment contemplated under the Investment Framework Agreement, (ii) the board of directors of Changsha Ranxing shall be reorganized with Liepin HK or its designated entity being entitled to appoint one director, and the Founding Shareholders being entitled to appoint two directors, respectively, to the board of directors of Changsha Ranxing and (iii) the amended articles of association of Changsha Ranxing to reflect the transfer of the Minority Shareholder’s equity interests in Changsha Ranxing;
- (b) within 20 days after the receipt by the Minority Shareholder and the Minority Shareholder Offshore SPV of the payments as described in paragraphs (1) and (2) under the section headed “*Consideration and Payment Arrangements*” below, the Guarantors shall procure Changsha Ranxing, and the Minority Shareholder and Liepin HK (or its designee) shall cooperate with Changsha Ranxing, to complete the necessary filings with the applicable Administration of Industry and Commerce in the PRC (the “**AIC**”) in relation to the reorganization of its board of directors and the transfer of the Minority Shareholder’s equity interests as mentioned in paragraph (a) above under the section headed “*Restructuring of Changsha Ranxing — Exit of Minority Shareholder*”; and

- (c) on the date of completion of the issuance of shares by the Cayman Company as mentioned in paragraph (5) under the section headed “*Restructuring of Changsha Ranxing — Changsha Ranxing Contractual Arrangements*”, the Minority Shareholder shall procure the Minority Shareholder Offshore SPV to transfer all the shares held by it in the Cayman Company to Liepin HK or its designated offshore entity.

Consideration and Payment Arrangements

The total consideration for the Strategic Investment under the Investment Framework Agreement amounts to RMB826.96 million, which comprise of (i) RMB633.96 million payable to the Founding Shareholders; and (ii) RMB193 million payable to the Minority Shareholder.

The consideration will be satisfied by a combination of cash and Shares, and will be paid in the following manner:

- (1) an amount in United States dollars equivalent to RMB103 million shall be paid by Liepin HK or its designated offshore entity to the Minority Shareholder within 5 business days after the entering into of the Investment Framework Agreement, as consideration for the transfer of 8.36% of the total number of shares in the Cayman Company by the Minority Shareholder Offshore SPV to Liepin HK (the “**Offshore Payment to Minority Shareholder**”);
- (2) RMB45 million shall be paid by Liepin HK’s designated entity in the PRC to the Minority Shareholder within 20 business days after the entering into of the Investment Framework Agreement, as half of the consideration for the transfer of 13.37% of the equity interest in Changsha Ranxing by the Minority Shareholder to Liepin HK’s designated entity in the PRC, of which: (a) RMB21 million will be set-off by the Deposit already paid to the Minority Shareholder pursuant to the Investment Term Sheet 2 and (b) RMB24 million will be paid to the Minority Shareholder in cash (the “**First Onshore Payment to Minority Shareholder**”);

- (3) RMB45 million will be paid by Liepin HK's designated entity in the PRC to the Minority Shareholder within 10 business days after the completion of the Minority Shareholder Exit Matters, as the remaining half of the consideration for the transfer of 13.37% of the equity interest in Changsha Ranxing by the Minority Shareholder to Liepin HK's designated entity in the PRC (together with the First Onshore Payment to Minority Shareholder, the "**Onshore Payment to Minority Shareholder**"), provided that if the transactions contemplated under the Investment Framework Agreement with respect to the exit of the Minority Shareholder cannot be completed within six months (the "**Six-month Period**") after the signing of the Investment Framework Agreement due to anything that is not caused by the Minority Shareholder and/or its affiliates, the Minority Shareholder and/or its designated offshore entity shall have the right to require Liepin HK or its designee to pay the remaining outstanding consideration that is payable to the Minority Shareholder within three months (the "**Three-month Period**") after the end of the Six-month Period. The relevant transactions with respect to the exit of the Minority Shareholder shall be deemed completed upon the payment of such remaining outstanding consideration by Liepin HK or its designee, and the Minority Shareholder and/or its designated offshore entity shall cooperate and complete the relevant legal procedures (including but not limited to the signing of any documents and the provision of any information) to complete such transactions with respect to the Minority Shareholder in accordance with the reasonable requests of Liepin HK or its designee;
- (4) an amount in United States dollars equivalent to RMB50 million shall be paid by Liepin HK or its designated entity to the BVI SPVs within 5 business days after the establishment of the BVI SPVs and the issuance of a written payment notice from the BVI SPVs to Liepin HK or its designee, as part of the consideration for the transfer of 58.24% of the total number of shares in the Cayman Company by the BVI SPVs to Liepin HK or its designated entity (the "**First Payment to BVI SPVs**");
- (5) an amount in United States dollars equivalent to RMB383.96 million shall be paid by Liepin HK or its designated entity to the BVI SPVs within 5 businesses days after the establishment of the Cayman Company, as part of the consideration for the transfer of 58.24% of the total number of shares in the Cayman Company by the BVI SPVs to Liepin HK or its designated entity (the "**Second Payment to BVI SPVs**"); and
- (6) RMB200 million shall be paid to the BVI SPVs by the issuance or transfer of Shares (the "**Consideration Shares**") by the Company to the BVI SPVs within 60 days after the entering into of the Investment Framework Agreement, completion of the SAFE Registration and evidence in relation to the share transfers in the Cayman Company having been provided by the Founding Shareholders to Liepin HK or its designee, as the remaining part of the consideration for the transfer of 58.24% of the total number of shares in the Cayman Company by the BVI SPVs to Liepin HK or its designated entity.

The consideration under the Investment Framework Agreement (except the part of the consideration to be satisfied by the issuance or transfer of the Consideration Shares as described in paragraph (6) above) will be paid in cash and satisfied by the internal resources of the Group. The Company does not plan to use the proceeds from its initial public offering to settle such consideration.

Consideration Shares

As described in paragraph (6) under the section headed “*Consideration and Payment Arrangements*” above, part of the consideration under the Investment Framework Agreement in the amount of RMB200 million will be satisfied by the issuance or transfer of the Consideration Shares. The issue or transfer price of the Consideration Shares will be determined based on the average closing price of the Shares as stated in the Stock Exchange’s daily quotation sheets for the 30 trading days immediately preceding the date of issuance or transfer of the Consideration Shares, provided that, if there are any specific rules and requirements of the Stock Exchange in relation to such issue or transfer price, the parties shall discuss in good faith to adjust the issue or transfer price in accordance with the rules and requirements of the Stock Exchange. The Company will publish a further supplemental announcement upon the determination of the issue or transfer price of the Consideration Shares.

Assuming that the issue or transfer price is HK\$19.876 per Consideration Share (being the higher of (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotation sheet on the date of the Investment Framework Agreement and (ii) the average closing price of the Shares as stated in the Stock Exchange’s daily quotation sheets for the 5 trading days immediately preceding the date of the Investment Framework Agreement), the Company would issue or transfer approximately 11,182,542 Consideration Shares, representing (i) approximately 2.16% of the total number of issued Shares of the Company as at the date of this announcement and (ii) (if the Company determines to issue the Consideration Shares) approximately 2.11% of the total number of issued Shares of the Company as enlarged by the issuance of the Consideration Shares.

Any Consideration Shares to be issued will rank *pari passu* with all the other issued Shares in the share capital of the Company at the time of allotment and issuance of such Consideration Shares.

If the Company determines to issue the Consideration Shares, such Shares will be issued pursuant to the general mandate (the “**General Mandate**”) which was granted to the Directors pursuant to an ordinary resolution passed at the Company’s annual general meeting held on 6 June 2019 to allot and issue up to 103,653,743 Shares, representing 20% of the total number of Shares in issue as at the date of passing of such resolution. As at the date of this announcement, none of the General Mandate has been utilized and 103,653,743 Shares remain to be issuable pursuant to the General Mandate.

An application will be made by the Company to the Stock Exchange for the listing of and permission to deal in any Consideration Shares to be issued.

Conditions Precedent

The conditions precedent of the Strategic Investment will be stipulated in the definitive share transfer agreements to be entered into after the execution of the Investment Framework Agreement.

Termination

The Investment Framework Agreement may be terminated by written consent of all the parties, unless:

- (1) if Liepin HK or its designee fails to pay the First Payment to BVI SPVs in full within the timeline set out in paragraph (4) under the section headed “*Consideration and Payment Arrangements*”, the Founding Shareholders shall have the right to unilaterally terminate the Investment Framework Agreement, and Liepin HK shall designate its onshore entity to pay RMB2 million to Changsha Ranxing as damages;
- (2) if Liepin HK or its designee fails to pay the Second Payment to BVI SPVs in full within the timeline set out in paragraph (5) under the section headed “*Consideration and Payment Arrangements*”, the Founding Shareholders shall have the right to unilaterally terminate the Investment Framework Agreement, and Liepin HK shall designate its onshore entity to pay RMB2 million to Changsha Ranxing as damages;
- (3) (except for anything caused by the Minority Shareholder and/or its affiliates) if Liepin HK or its designee fails to pay (i) any of the remaining outstanding Onshore Payment to Minority Shareholder, or (ii) the Offshore Payment to Minority Shareholder, within the Three-month Period after the expiry of the Six-month Period, the Minority Shareholder shall have the right to unilaterally terminate the Investment Framework Agreement, and the Deposit already paid to the Minority Shareholder or its designated offshore entity shall be forfeited as damages;

- (4) if the restructuring of Changsha Ranxing as summarized under the section headed “*Restructuring of Changsha Ranxing — Changsha Ranxing Contractual Arrangements*” cannot be completed within six months after the signing of the Investment Framework Agreement due to anything caused by the Founding Shareholders and/or their affiliates, Liepin HK shall have the right to unilaterally terminate the Investment Framework Agreement, and Changsha Ranxing shall pay RMB2 million to Liepin HK or its designee as damages; or
- (5) within 9 months after the completion of the transactions contemplated under the Investment Framework Agreement with respect to the exit of the Minority Shareholder,
 - (i) if the other transactions contemplated under the Investment Framework Agreement cannot be completed due to anything caused by the Founding Shareholders and/or their affiliates, Liepin HK shall have the right to unilaterally terminate the relevant transactions with the Founding Shareholders and/or their affiliates, and Changsha Ranxing shall pay RMB21 million to Liepin HK or its designee as damages within 5 business days after the termination notice; or
 - (ii) if the other transactions contemplated under the Investment Framework Agreement cannot be completed due to anything caused by Liepin HK and/or its affiliates, the Founding Shareholders shall have the right to unilaterally terminate the relevant transactions with the Liepin HK and/or its affiliates, and Liepin HK or its designee shall pay RMB21 million to Changsha Ranxing as damages within 5 business days after the termination notice.

In the event that the Investment Framework Agreement is terminated pursuant to any of paragraphs (1) to (4) above, Liepin HK or its designee shall cooperate with the Founding Shareholders to restore the shareholding structure and the boards of directors of the Group Companies to before the Strategic Investment, and each other party shall repay all consideration paid by Liepin HK or its designee for the Strategic Investment (including the Deposit) within 5 business days after the written notice from Liepin HK or its designee, provided that: (i) if the Founding Shareholders, the Minority Shareholder and/or their respective affiliates have paid any taxes in relation to the Strategic Investment, each party shall take all necessary measures to obtain a refund of such taxes from the applicable tax authorities, (ii) if the Strategic Investment cannot be completed due to any material default by Liepin HK and/or its affiliates (including but not limited to the exercise of termination right by the Minority Shareholder and/or its designated offshore entity pursuant to paragraph (3) above), the Deposit shall be forfeited as damages and (iii) if the Strategic Investment cannot be completed due to any material default by the Minority Shareholder and/or its designated offshore entity, the Minority Shareholder shall repay all the consideration paid to it in relation to the Strategic Investment (including the Deposit).

In the event that the Investment Framework Agreement is terminated pursuant to paragraph (5) above, each party (other than the Minority Shareholder and/or its designee) shall repay all consideration paid by Liepin HK or its designee for the Strategic Investment, and the relevant party shall pay the required damages to Liepin HK or its designee, within 5 business days after the relevant termination notice. In addition, each such party shall restore the Founding Shareholders' shareholding structure and the boards of directors of the Group Companies to before the Strategic Investment as may be agreed between the Founding Shareholders and Liepin HK or its designee. For the avoidance of doubt, in this case Liepin HK or its designee shall still retain 13.77% equity interest in the Group Companies (including but not limited to its equity interest in the Cayman Company (if the Cayman Company is kept as a financing and holding platform of the Group Companies) and in Changsha Ranxing), which shall be the same as the Minority Shareholder's equity interest in Changsha Ranxing before the restructuring of Changsha Ranxing. If the Founding Shareholders or their designees have paid any taxes in relation to the Strategic Investment, each relevant party shall take all necessary measures to obtain a refund of such taxes from the applicable tax authorities.

Investment Term Sheets

Upon the entering into of the Investment Framework Agreement, the Investment Framework Agreement shall replace the Investment Term Sheets in their entirety, and the Investment Term Sheets shall cease to have any effect automatically.

BASIS OF CONSIDERATION

The consideration (including the issue or transfer price of the Consideration Shares) under the Investment Framework Agreement was determined on the same basis as the consideration under the Investment Term Sheets after arm's length negotiations between the parties based on the principle of equality, voluntariness as well as compensation of equal value between the parties with reference to the profitability and business prospect of Changsha Ranxing, as well as market conditions. In particular, the Directors determined the consideration (including the issue or transfer price of the Consideration Shares) under the Investment Framework Agreement and the Investment Term Sheets based on the valuation of 100% equity interest in Changsha Ranxing, which is in turn determined by the following matters:

- (1) the price offered by investors in investing in equity interests in other companies conducting similar business as Changsha Ranxing in China and overseas, in particular:
 - (a) the high growth potential of the Human Resources-related software-as-a-service ("HR SaaS") industry in China and
 - (b) the scarcity of HR SaaS investment targets in China;

- (2) the average price to sales (P/S) ratio of the overseas listed comparable companies which conduct similar HR SaaS business with similar growth rate as Changsha Ranxing. The Company considered that it is appropriate to use such market approach based on the P/S ratio of comparable HR SaaS companies listed overseas because: (i) HR SaaS companies by their nature normally do not possess significant amount of assets and therefore it is not appropriate to value such companies based on their net asset value, (ii) many of the comparable HR SaaS companies are loss-making, and the earnings (or net profits) of such companies are unpredictable which makes it more risky to use the price to earnings (P/E) ratio method, whereas HR SaaS companies normally charge each user a fixed amount of fees for a certain period and have high user stickiness (i.e., once a user has started using the services of one HR SaaS company, it is unlikely for the user to switch to another service provider within a short period of time) which makes the revenue of HR SaaS companies more predictable, and (iii) most of the comparable HR SaaS companies are listed overseas, and there is a very limited number of comparable. The Company had also made reference to the valuation methodology (including enterprise value/sales ratio) and expected growth rate adopted in the industry research reports of other leading HR SaaS companies, and considered that it was appropriate to use the P/S ratio to value Changsha Ranxing;
- (3) the average P/S ratio of the comparable HR SaaS companies was multiplied by the expected revenue of Changsha Ranxing for the year ending 31 December 2020, which was determined based on: (i) the Changsha Ranxing's estimated revenue from survey services which is expected to grow substantially over the next two years benefiting from the growth synergies brought by the Investment and the strong sales and marketing capabilities of the Company and (ii) Changsha Ranxing's estimated revenue from online advertisements which is expected to remain stable over the next two years; and
- (4) a control premium to reflect the Company's controlling stake in Changsha Ranxing following completion of the Strategic Investment.

Finally, the Company has also engaged an independent valuer to conduct a valuation (the “**External Valuation**”) of Changsha Ranxing using the market approach based on the enterprise value/sales ratio of comparable HR SaaS companies to support the Company's internal valuation. Based on the External Valuation, the enterprise value of Changsha Ranxing is approximately RMB1,203 million, which is similar to the Company's internal valuation implied in the consideration for the Strategic Investment.

INFORMATION ABOUT THE PARTIES

Changsha Ranxing is a limited liability company established under the laws of the PRC. Changsha Ranxing Group is primarily engaged in the provision of internet services in China. Its main product Wenjuanxing (問卷星) is a leading online questionnaire software-as-a-service (SaaS) platform in China, which assists enterprise customers with survey, assessment and balloting services.

The Founding Shareholders are individuals who are the founders and directors or supervisors of Changsha Ranxing.

Ningbo Ranxing is a limited partnership enterprise established in the PRC and holds certain shares in Changsha Ranxing for its employees.

The Minority Shareholder is a limited partnership established under the laws of the PRC and a private equity investor. As at the date of this announcement, it holds 13.77% of the total equity interest in Changsha Ranxing.

As at 31 December 2018, the unaudited net asset value of Changsha Ranxing based on its management accounts prepared in accordance with generally accepted accounting principles in the PRC (the “**PRC GAAP**”) amounted to approximately RMB134.42 million.

The table below sets forth the unaudited adjusted net profits of Changsha Ranxing for the two financial years ended 31 December 2018 based on its management accounts prepared in accordance with PRC GAAP:

	Year ended 31 December	
	2017	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Net profits before taxation and extraordinary items	337	8,561
Net (loss) after taxation and extraordinary items	(3,394)	(3,923)

REASONS FOR AND BENEFITS OF THE STRATEGIC INVESTMENT

The Group is a pioneer in China's talent services market, operating a leading online talent services platform focused on mid-to high-end talents for both individual and business users to access a variety of talent services.

As disclosed in the Initial Announcement, the Company continues to explore investment opportunities so as to increase the return for its shareholders. As a leading online questionnaire service platform provider in China, Changsha Ranxing Group's business is highly compatible with the Group's talent services business, and will assist the Group to provide one-stop employee survey, assessment and balloting services to its users. The Directors believe that the Strategic Investment will help strengthen and expand the service coverage of the Group, and further improve the Group's ability to provide users with comprehensive talent services. In particular, the Directors expect that the Strategic Investment will bring growth synergies to the Group and Changsha Ranxing primarily from three aspects: (i) more comprehensive services for enterprise customers, (ii) increased user traffic from individual users and (iii) better utilization of user data:

- (1) ***More comprehensive services for enterprise customers***: based on the information obtained by the Company from its business due diligence on Changsha Ranxing, many surveys and questionnaires conducted through Changsha Ranxing's platform are initiated by the human resources departments of enterprises in China in relation to, among others, employee satisfaction assessment, internal tests and assessment, employee 360 assessment and event registrations. Based on the Company's understanding of the usage of Changsha Ranxing's platform by its targeted enterprise customers, the Company expects that many of the enterprise customers of the Group will also become enterprise customers of Changsha Ranxing's platform. Accordingly, through the Strategic Investment, the Company will be able to provide a more comprehensive set of services covering the whole spectrum of talent and HR service tools to its enterprise customers.
- (2) ***Increased user traffic from individual users***: the Strategic Investment will grant the Group access to the large number of individual users of Changsha Ranxing's Wenjuanxing platform. Based on public information available to the Company, Changsha Ranxing ranks No. 1 in the Chinese online survey market in terms of number of users and collected questionnaires. The Company will be able to access the large amount of user traffic on Changsha Ranxing's Wenjuanxing platform following completion of the Strategic Investment, and will be able to introduce the Group's online talent services to such large number of individual users Changsha Ranxing. As many of such individual users are also potential job seekers, the Company expects that it will be able to further grow its talent base through the Strategic Investment.

- (3) **Better utilization of user data:** after completion of the Strategic Investment, the Company expects to utilize the in-depth knowledge obtained from its users, as well as the platform of Changsha Ranxing, to host more targeted advertisements, which is expected to generate better advertising income from the enlarged Group’s customers.

Based on the reasons above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Strategic Investment are fair and reasonable and in the interests of the Company and its shareholders as a whole.

CHANGSHA RANXING CONTRACTUAL ARRANGEMENTS

As disclosed in the section headed “*Investment Framework Agreement — Restructuring of Changsha Ranxing*” above, it is expected that Changsha Ranxing will establish the Changsha Ranxing Contractual Arrangements structure within three months after the entering into of the Investment Framework Agreement.

Reasons for Adopting the Changsha Ranxing Contractual Arrangements

Shihui Partners, the Company’s PRC legal advisor (the “**PRC Legal Advisor**”), has advised that it is necessary to adopt the Changsha Ranxing Contractual Arrangements because Changsha Ranxing’s primary business is the provision of online questionnaire software-as-a-service (the “**SaaS Services**”) through the online platform “wjsx.cn”. Changsha Ranxing currently holds a Value-added Telecommunications Services Operating Permit for Internet information Services (the “**ICP License**”), which is required for the operation of the SaaS Services, which is subject to foreign investment restrictions under the PRC regulatory framework.

In particular, the SaaS Services operated by Changsha Ranxing falls within the scope of provision of value-added telecommunication services (增值電信業務) (the “**VATS**”). Pursuant to the Special Management Measures for the Market Entry of Foreign Investment (Negative List) (《外商投資准入特別管理措施(負面清單)》) (the “**Negative List**”) promulgated by the Ministry of Commerce of the PRC and the National Development and Reform Commission of the PRC on 30 June 2019, the VATS industry in the PRC is categorized as a “restricted” category under the Foreign Investment Catalogue and has been subject to restrictions on percentage of foreign ownership (not holding more than 50%, with exceptions to E-commerce, domestic multiparty communications, storage and forwarding, call center services).

According to the Measures for the Administration of Telecommunication Business Operation License (《電信業務經營許可管理辦法》) promulgated by the Ministry of Industry and Information Technology (the “MIIT”) of the PRC on 5 March 2009 and amended on 3 July 2017, and the Provisions on the Administration of Foreign-Invested Telecom Enterprises (《外商投資電信企業管理規定》) promulgated by the State Council of the PRC on 11 December 2001 and amended on 10 September 2008 and 6 February 2016, with respect to a sino-foreign joint venture which apply for a ICP License, the company shall file an application with the relevant government authority, and the competent authority shall verify the qualification and background of the foreign investor in such sino-foreign joint venture.

In the consultations with an officer of the Policy and Standards Division of Department of Communication and Development (工信部信息通信發展司政策標準處) of the MIIT conducted by the representatives of the Company and the PRC Legal Advisor on 24 January and 26 February 2018 respectively (the “MIIT Consultations”), the officer confirmed that, due to the lack of relevant precedents, and that frequent change of the foreign investors of the overseas listed company in the open market will make it difficult for the competent authority to verify the qualification and background of such foreign investor, application for change of foreign shareholder of an entity holding an ICP License to an overseas listed company or its subsidiary, or application for ICP License by an entity which is a subsidiary of an overseas listed company, will not be accepted.

As Changsha Ranxing will become a subsidiary of an overseas listed company, i.e. the Company, after completion of the Strategic Investment, the PRC Legal Advisor has advised that it is not feasible for the Company (or its other subsidiaries) to directly hold any equity interest in Changsha Ranxing for operation of its current businesses in compliance with applicable PRC laws and regulations and based on the current policy of the relevant government authorities. Accordingly, the Company plans to enter into the Changsha Ranxing Contractual Arrangements in order to control the relevant equity interest in Changsha Ranxing.

The PRC Legal Advisor has further advised that the Changsha Ranxing Contractual Arrangements, once entered into, are expected to be narrowly tailored to minimize the potential conflict with the relevant PRC laws and regulations and that:

- (i) as confirmed by the parties to each of the Changsha Ranxing Contractual Arrangements, they will obtain before the entering into of the Changsha Ranxing Contractual Arrangements, all necessary approvals and authorisations to execute and perform the Changsha Ranxing Contractual Arrangements;

- (ii) parties to each of the Changsha Ranxing Contractual Arrangements are entitled to execute such agreements and perform their respective obligations thereunder. Each of the Changsha Ranxing Contractual Arrangements, once entered into, is expected to be binding on the parties thereto and none of them is expected to be deemed as “concealment of illegal intentions with a lawful form” and void under Contract Law of the People’s Republic of China (《中華人民共和國合同法》);
- (iii) none of the Changsha Ranxing Contractual Arrangements, once entered into, is expected to violate any provisions of the articles of association of Changsha Ranxing and the WFOE;
- (iv) the parties to each of the Changsha Ranxing Contractual Arrangements are not required to obtain any approvals or authorisations from the PRC governmental authorities, except that:
 - (a) any equity pledge contemplated under the equity pledge agreements to be entered into in relation to Changsha Ranxing will be subject to the registration with competent administration bureau for industry and commerce;
 - (b) the exercise of the option by the WFOE of its rights under the exclusive option agreement to be entered into in relation to Changsha Ranxing to acquire all or part of the equity interests in Changsha Ranxing is subject to approvals of, filing with and/or registrations with the PRC governmental authorities; and
 - (c) the arbitration awards/interim remedies provided under the dispute resolution provision of the Changsha Ranxing Contractual Arrangements are expected to be recognized by the PRC courts before compulsory enforcement;

- (v) the Changsha Ranxing Contractual Arrangements, once entered into, are expected to become valid, legal and binding under the PRC laws, except for the following provision regarding dispute resolution:
 - (a) the Changsha Ranxing Contractual Arrangements are expected to provide that any dispute shall be submitted to China International Economic and Trade Arbitration Commission for arbitration, in accordance with the then effective arbitration rules. The arbitration are expected to be conducted in Beijing. They are also expected to provide that the arbitrator may award interim remedies over the shares or assets of Changsha Ranxing and/or its subsidiaries or injunctive relief (e.g. for the conduct of business or to compel the transfer of assets) or order the winding up of Changsha Ranxing and/or its subsidiaries; and the courts of Hong Kong, the Cayman Islands (being the place of incorporation of the Company), the PRC (being the place of incorporation of Changsha Ranxing) and the places where the principal assets of Changsha Ranxing and/or its subsidiaries are located also have jurisdiction for the grant and/or enforcement of the arbitral award and the interim remedies against the shares or properties of Changsha Ranxing and/or its subsidiaries. However, our PRC Legal Advisor has advised that the interim remedies or enforcement order granted by overseas courts such as those of Hong Kong and the Cayman Islands may not be recognizable or enforceable in the PRC; and
 - (b) to the extent permitted by PRC laws and where appropriate, the arbitration tribunal may grant any remedies in accordance with the relevant agreements and applicable PRC laws, including preliminary and permanent injunctive relief (such as injunction against carrying out business activities, or mandating the transfer of assets), specific performance of contractual obligations, remedies concerning the equity interest or assets of Changsha Ranxing and/or its subsidiaries and awards directly Changsha Ranxing and/or its subsidiaries to conduct liquidation.

Notwithstanding the foregoing, during the MIIT Consultations, the officer confirmed that contractual arrangements between a foreign invested entity and PRC operating entities engaging in VATS business do not require any prior approval of, or registration or filing with, the MIIT. The officer was of the view that such contractual arrangements do not violate any regulations of VATS business. The PRC Legal Advisor has advised the Company that (i) the relevant authorities have confirmed that the adoption of the Changsha Ranxing Contractual Arrangements does not constitute a breach of the relevant PRC laws or regulations concerning foreign ownership restrictions; and (ii) the relevant authorities are competent to give the relevant confirmation. The PRC Legal Advisor is of the view that the use of the Changsha Ranxing Contractual Arrangements and the Changsha Ranxing Contractual Arrangements do not constitute a breach of the relevant PRC laws or regulations concerning foreign ownership restrictions.

The Company has been advised by the PRC Legal Advisor, however, that there are substantial uncertainties regarding the interpretation and application of current and future PRC laws and regulations. Accordingly, there can be no assurance that the PRC regulatory authorities will not in the future take a view that is contrary to the above opinion of the PRC legal Advisor. The Company has been further advised by the PRC Legal Advisor that if the PRC government finds that the Changsha Ranxing Contractual Arrangements do not comply with the applicable PRC laws or regulations concerning foreign ownership restrictions, the Company could be subject to severe penalties, which could include:

- (i) revoking the business and operating licenses of the WFOE and Changsha Ranxing;
- (ii) restricting or prohibiting related party transactions among the WFOE and Changsha Ranxing;
- (iii) imposing fines or other requirements with which the Company, the WFOE and Changsha Ranxing may find difficult or impossible to comply; and
- (iv) requiring the Company, the WFOE and Changsha Ranxing to restructure the relevant ownership structure or operations.

The imposition of any of these penalties could have a material adverse effect on the Company's ability to conduct its business.

Based on the above analysis and advice from the PRC Legal Advisor, the Directors are of the view that the adoption of the Changsha Ranxing Contractual Arrangements is unlikely to be deemed ineffective or invalid under the applicable PRC laws and regulations and that each of the arrangements under the Changsha Ranxing Contractual Arrangements conferring significant control and economic benefits from Changsha Ranxing is enforceable under relevant laws and regulations.

As of the date of this announcement and to the Company's knowledge, Changsha Ranxing has not encountered any interference or encumbrance from any PRC governing bodies in the plan to operate its business through the Changsha Ranxing Contractual Arrangements.

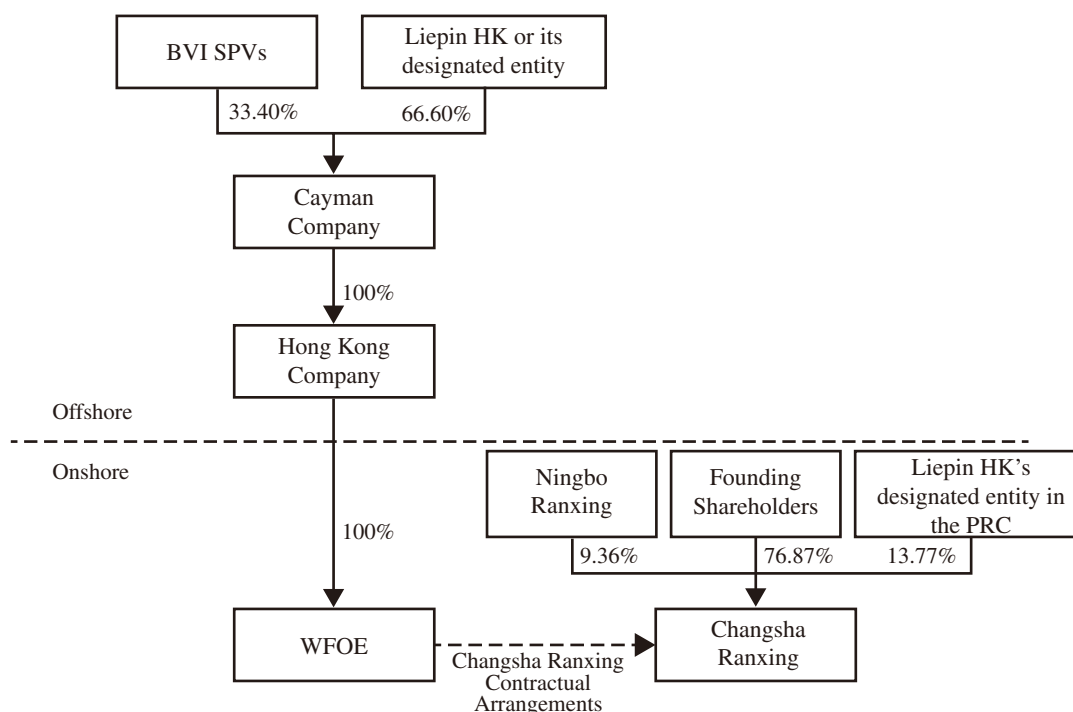
The Directors have discussed with the Company's auditor and are of the view that the financial results of Changsha Ranxing will be consolidated in the consolidated financial statements of the Group under the prevailing accounting principles upon the completion of the Strategic Investment.

Terms of the Changsha Ranxing Contractual Arrangements

As the Changsha Ranxing Contractual Arrangements are not yet entered into, the Company is still negotiating with the relevant counterparties in relation to the exact terms of the Changsha Ranxing Contractual Arrangements. The Company will publish a supplemental announcement upon the entering into of the Changsha Ranxing Contractual Arrangements to disclose the details of their terms and other matters in accordance with the applicable guidance from the Stock Exchange.

Structure of the Changsha Ranxing Contractual Arrangements

The following diagram illustrates the Changsha Ranxing Contractual Arrangements upon the entering into of the relevant agreements constituting the Changsha Ranxing Contractual Arrangements.



The Foreign Investment Law and its Possible Impact on the Changsha Ranxing Contractual Arrangements

On March 15, 2019, the National People's Congress promulgated the Foreign Investment Law (外商投資法) (the "FIL") which will take effect on January 1, 2020. The FIL will replace the existing laws regulating foreign investment in PRC, namely, the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-invested Enterprise Law. The FIL embodies an expected regulatory trend in PRC to rationalize its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic investments.

The FIL does not explicitly stipulate the contractual arrangements as a form of foreign investment. The FIL does not mention concepts including “de facto control” and “controlling through contractual arrangements” nor did it specify the regulation on controlling through contractual arrangements. Instead, the FIL stipulates that “foreign investors invest in PRC through any other methods under laws, administrative regulations, or provisions prescribed by the State Council”. Therefore, as advised by the PRC legal Advisor, the Changsha Ranxing Contractual Arrangements will not be affected under the FIL, provided that the State Council does not prescribe other laws, administrative regulations, or provisions at the time when the FIL becomes effective which treat contractual arrangement as a form of foreign investment.

Nevertheless, there are possibilities that the implementing rules of the FIL (if any), future laws, administrative regulations or provisions of the State Council may stipulate contractual arrangements as a way of foreign investment, and then whether the Changsha Ranxing Contractual Arrangements will be recognized as foreign investment, whether the Changsha Ranxing Contractual Arrangements will be deemed to be in violation of the foreign investment access requirements and how the Changsha Ranxing Contractual Arrangements will be handled are uncertain.

In addition, the FIL does not specify what actions shall be taken with respect to the existing companies with contractual arrangements, whether or not these companies are controlled by PRC entities and/or citizens.

Risks and Limitations relating to the Changsha Ranxing Contractual Arrangements

Economic risks of the Company

Under the relevant PRC laws and regulations, the WFOE is not legally required to share the losses of, or provide financial support to Changsha Ranxing. Further, Changsha Ranxing is a limited liability company and shall be solely liable for its own debts and losses with assets and properties owned by it. It is expected that the WFOE will provide to or assist Changsha Ranxing in obtaining financial support when deemed necessary. In addition, given that the relevant business operations in the PRC will be conducted through Changsha Ranxing, and that its financial position and result of operations will be consolidated into the Group’s financial statements under the applicable accounting principles, the Company’s business, financial position and results of operations would be adversely affected if Changsha Ranxing suffer losses.

However, it is expected that the exclusive option agreement to be entered into in respect of Changsha Ranxing will provide that, without the prior consent of the WFOE, Changsha Ranxing shall not, among others, (i) sell, transfer, pledge or dispose of in any manner any of its assets, businesses or revenue, or allow any security interest to be created thereon; (ii) execute any material contract, except those entered into in the ordinary course of business; (iii) incur, inherit, guarantee or allow any debt, unless if it is incurred in the ordinary course of business other than through loans, or is disclosed to and consented by the WFOE; (iv) enter into any consolidation or merger with any third party, or acquire or invest in any third party; and (v) increase or reduce its registered capital, or alter the structure of the registered capital in any other way. Therefore, due to the relevant restrictive provisions in the agreement, the potential adverse effect on the WFOE and the Company in the event of any loss suffered from Changsha Ranxing can be limited to a certain extent.

Limitations and substantial costs in exercising the option to acquire ownership in Changsha Ranxing

If the registered shareholders of Changsha Ranxing were to attempt to voluntarily liquidate Changsha Ranxing without obtaining the Company's prior consent, the Company could effectively prevent such unauthorized voluntary liquidation by procuring the WFOE to exercise its right to request the such registered shareholder to transfer all of their respective equity ownership interests in Changsha Ranxing to a PRC entity or individual designated by the WFOE in accordance with the exclusive option agreement to be entered into in relation to Changsha Ranxing.

In addition, it is expected that, under the Changsha Ranxing Contractual Arrangements, the registered shareholders of Changsha Ranxing will not have the right to receive dividends or retained earnings or other distributions from Changsha Ranxing without the WFOE's consent. In the event that such registered shareholders initiate a voluntary liquidation proceeding without the WFOE's authorization or attempts to distribute the retained earnings or assets of Changsha Ranxing without the WFOE's prior consent, the Company may need to resort to legal proceedings to enforce the terms of the Changsha Ranxing Contractual Arrangements. Any such legal proceeding may be costly and may divert the Company's management's time and attention away from the operation of the Company's business, and the outcome of such legal proceeding will be uncertain.

Potential changes in the PRC foreign investment legal regime

Notwithstanding the PRC Legal Advisor is of the view that the Changsha Ranxing Contractual Arrangements are expected to be valid and binding in accordance with its terms and applicable PRC laws and regulations currently in effect and will not violate any applicable PRC law currently in effect in any material respect, there are substantial uncertainties regarding the interpretation and application of current or future PRC laws and regulations.

The relevant PRC regulatory authorities have broad discretion in determining whether a particular contractual structure violates PRC laws and regulations. Given the uncertain legal and business environment in the PRC, it is difficult to foresee whether the PRC regulatory authorities will take the same view regarding the Changsha Ranxing Contractual Arrangements as the PRC Legal Advisor in the future.

If the PRC government finds that the Changsha Ranxing Contractual Arrangements do not comply with its restrictions on foreign investment, or if the PRC government otherwise finds that the Company, Changsha Ranxing or any of their respective subsidiaries are in violation of PRC laws or regulations or lack the necessary permits or licenses to operate the relevant business, the relevant PRC regulatory authorities, including but not limited to the Ministry of Commerce of the PRC (中華人民共和國商務部) (“**MOFCOM**”) and the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部) (“**MIIT**”), would have broad discretion in dealing with such violations or failures, including, without limitation:

- (i) revoking the Changsha Ranxing’s business and operating licenses;
- (ii) discontinuing or restricting the Changsha Ranxing’s operations;
- (iii) imposing fines or confiscating any of the Changsha Ranxing’s income that they deem to have been obtained through illegal operations;
- (iv) imposing conditions or requirements with which Changsha Ranxing, the Company or their respective subsidiaries may not be able to comply;
- (v) requiring Changsha Ranxing, the Company or their respective subsidiaries to restructure the relevant ownership structure or operations; or
- (vi) taking other regulatory or enforcement actions that could be harmful to Changsha Ranxing’s business.

Any of these actions could cause significant disruption to Changsha Ranxing’s business operations, and may materially and adversely affect the Company’s business, financial condition and results of operations. In addition, it is unclear what impact the PRC government actions would have on the Company and on the Company’s ability to consolidate the financial results of Changsha Ranxing in the Company’s consolidated financial statements, if the PRC governmental authorities find the Changsha Ranxing Contractual Arrangements to be in violation of PRC laws, rules and regulations. If any of these penalties results in the Company’s inability to direct the activities of Changsha Ranxing that most significantly impact its economic performance and/or the Company’s failure to receive the economic benefits from Changsha Ranxing, the Company may not be able to consolidate Changsha Ranxing into the Company’s consolidated financial statements in accordance with IFRS.

In the scenario that the Changsha Ranxing Contractual Arrangements might be regarded as invalid and illegal under the FIL, the Company might be required to dispose of the operation of the relevant business of Changsha Ranxing, and the Company would not be able to continue to conduct the relevant business.

The Changsha Ranxing Contractual Arrangements may not provide control as effective as direct ownership

The Changsha Ranxing Contractual Arrangements are intended to provide the Company with effective control over Changsha Ranxing and allow the Company to obtain economic benefits from it. Although the Company has been advised by the PRC Legal Advisor that the Changsha Ranxing Contractual Arrangements are expected to constitute valid and binding obligations enforceable against each party of such agreements in accordance with their terms, the Changsha Ranxing Contractual Arrangements may not be as effective in providing control over Changsha Ranxing as direct ownership. If Changsha Ranxing or its registered shareholders fail to perform their respective obligations under the Changsha Ranxing Contractual Arrangements, the Company may incur substantial costs and expend substantial resources to enforce the Company's rights.

All of the Changsha Ranxing Contractual Arrangements are expected to be governed by and interpreted in accordance with PRC laws, and disputes arising from the Changsha Ranxing Contractual Arrangements are expected to be resolved through arbitration or litigation in PRC. However, the legal system in PRC is not as developed as in other jurisdictions, such as Hong Kong or the United States. There are very few precedents and little official guidance as to how contractual arrangements in the context of a variable interest entity should be interpreted or enforced under PRC law. There remain significant uncertainties regarding the outcome of arbitration or litigation. These uncertainties could limit the Company's ability to enforce the Changsha Ranxing Contractual Arrangements. In the event the Company is unable to enforce the Changsha Ranxing Contractual Arrangements, or the Company experiences significant delays or other obstacles in the process of enforcing the Changsha Ranxing Contractual Arrangements, the Company may not be able to exert effective control over Changsha Ranxing and may lose control over the assets owned by Changsha Ranxing. As a result, the Company may be unable to consolidate Changsha Ranxing in the consolidated financial statements and the Company's ability to conduct the relevant business may be negatively affected.

The Registered Shareholders of Changsha Ranxing may have potential conflicts of interest with the Company

The Company's control over Changsha Ranxing is based upon the Changsha Ranxing Contractual Arrangements and the registered shareholders of Changsha Ranxing. The registered shareholders of Changsha Ranxing may potentially have a conflict of interest with the Company, and they may breach the Changsha Ranxing Contractual Arrangements, if they believe it would further their own interest or if they otherwise act in bad faith. The Company cannot assure that when conflicts of interest arise, the registered shareholders of Changsha Ranxing will act in the Company's interests or that the conflicts of interest will be resolved in the Company's favor.

In addition, the registered shareholders of Changsha Ranxing may breach or cause Changsha Ranxing to breach the Changsha Ranxing Contractual Arrangements. If Changsha Ranxing or its registered shareholders breach the Changsha Ranxing Contractual Arrangements with the Company or otherwise have disputes with the Company, the Company may have to initiate legal proceedings, which involve significant uncertainty. Such disputes and proceedings may significantly disrupt the Company's business operations, adversely affect the Company's ability to control Changsha Ranxing and otherwise result in negative publicity. The Company cannot assure that the outcome of any such dispute or proceeding will be in the Company's favor.

The Changsha Ranxing Contractual Arrangements may be subject to scrutiny of the PRC tax authorities and additional tax may be imposed

Under PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities. The Company could face material adverse tax consequences if the PRC tax authorities determine that the Changsha Ranxing Contractual Arrangements are not at arm's length and adjust Changsha Ranxing's income in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, result in a reduction, for PRC tax purposes, of expense deductions recorded by Changsha Ranxing, which could in turn increase its tax liabilities without reducing the Company's tax liabilities.

In addition, the PRC tax authorities may impose late payment fees and other penalties on Changsha Ranxing for under-paid taxes. The Company's consolidated income may be adversely affected if Changsha Ranxing's tax liabilities increase or if the Company are found to be subject to late payment fees or other penalties.

Other risks relating to the Changsha Ranxing Contractual Arrangements

The Company does not intend to purchase any insurance policy to cover the risks relating to the Changsha Ranxing Contractual Arrangements. If any event affect the enforceability and operation of the Changsha Ranxing Contractual Arrangements, the financial and operation results of the Group may be adversely affected. The Group will put in place internal control measures to minimise operational risk, and will continue to monitor the relevant legal and operational environment on a regular basis in order to comply with applicable laws and regulations.

GENERAL

As one or more of the applicable percentage ratios (as defined under the Listing Rules) for the Strategic Investment are more than 5% but less than 25%, the Strategic Investment constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Therefore, the Strategic Investment is subject to the reporting and announcement requirements, but is exempted from the shareholders' approval requirement, as set out in Chapter 14 of the Listing Rules.

The Company will publish further supplemental announcement(s), (i) upon the entering into of the definitive share transfer agreements to disclose, among other matters, the conditions precedent of the Strategic Investment, (ii) upon the determination of the final issue or transfer price of the Consideration Shares and the purchasing and transfer arrangements of the Consideration Shares (if applicable) and (iii) upon the entering into of the Changsha Ranxing Contractual Arrangements to disclose, among others, further details about the terms of the Changsha Ranxing Contractual Arrangements and relevant internal control measures to be implemented by the Group. Upon the entering into of the Changsha Ranxing Contractual Arrangements, their principal terms will also be published on the Company's investor relations website.

As the completion of the Strategic Investment is subject to the satisfaction of a number of conditions precedent, the Strategic Investment may or may not be completed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

By order of the Board
Wise Talent Information Technology Co., Ltd
DAI Kebin
Chairman

PRC, 26 August 2019

As at the date of this announcement, the Board of Directors of the Company comprises Mr. DAI Kebin, Mr. CHEN Xingmao and Ms. XU Lili as executive Directors, Mr. SHAO Yibo, Mr. ZUO Lingye and Mr. DING Gordon Yi as non-executive Directors, and Mr. YE Yaming, Mr. ZHANG Ximeng and Mr. CHOI Onward as independent non-executive Directors.