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HUIFU PAYMENT LIMITED
汇付天下有限公司

*(Incorporated in the Cayman Islands with limited liability under the names of
Huifu Limited and 汇付天下有限公司)*

(Stock Code: 1806)

**(1) CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO THE ENTERING INTO OF THE NEW VIE AGREEMENTS
AND
(2) CONNECTED TRANSACTIONS IN RELATION TO PROVISION OF
FINANCIAL ASSISTANCE TO DIRECTORS
UNDER THE NEW CONTRACTUAL ARRANGEMENTS**

Reference is made to the sections headed “Contractual Arrangements” and “Connected Transactions” in the Prospectus in relation to, among other things, the Existing Contractual Arrangements.

The Board hereby announces that the Company has been recently notified by the relevant Existing Registered Shareholders that they propose to exit from their investments in China PnR (a limited liability company established in the PRC and one of the Operating Entities). In connection therewith, in order to enhance the internal control and management system of the Group and for administration efficiency purpose, the Company and the Existing Registered Shareholders have reached the agreement that each of Mr. LIU Gang, Ms. XU Zhuomin, Mr. ZHANG Ge and Ms. CHEN Yan will transfer all the equity interest they hold in China PnR to Ms. MU Haijie and Mr. JIN Yuan, both being executive Directors. Therefore, Mr. ZHOU Ye, Ms. MU Haijie and Mr. JIN Yuan will become the New Registered Shareholders.

On 29 May 2020, the relevant parties entered into the following agreements:

- (1) the Termination Agreement, pursuant to which China PnR, the WFOE and the Existing Registered Shareholders agreed that certain Existing VIE Agreements shall be terminated;

- (2) the Equity Transfer Agreements including:
- (i) the First Equity Transfer Agreement entered into amongst Ms. CHEN Yan, Ms. XU Zhuomin and Ms. MU Haijie, pursuant to which Ms. CHEN Yan shall transfer 5% equity interest in China PnR to Ms. MU Haijie at a consideration of RMB5 million and Ms. XU Zhuomin shall transfer 5% equity interest in China PnR to Ms. MU Haijie at a consideration of RMB5 million; and
 - (ii) the Second Equity Transfer Agreement entered into amongst Mr. LIU Gang, Mr. ZHANG Ge and Mr. JIN Yuan, pursuant to which Mr. LIU Gang shall transfer 15% equity interest in China PnR to Mr. JIN Yuan at a consideration of RMB15 million and Mr. ZHANG Ge shall transfer 5% equity interest in China PnR to Mr. JIN Yuan at a consideration of RMB5 million;
- (3) the Debt Assignment Agreement entered into amongst the WFOE, the Existing Registered Shareholders and the New Registered Shareholders (other than Mr. ZHOU Ye), pursuant to which:
- (i) each of Ms. CHEN Yan and Ms. XU Zhuomin shall assign the outstanding loans they owe to the WFOE in the total amount of RMB10 million to Ms. MU Haijie and will cease to have any repayment obligations to the WFOE under the Existing Loan Agreement; and
 - (ii) each of Mr. LIU Gang and Mr. ZHANG Ge shall assign outstanding loans they owe to the WFOE in the total amount of RMB20 million to Mr. JIN Yuan and will cease to have any repayment obligations to the WFOE under the Existing Loan Agreement;
- (4) the Supplemental Loan Agreement entered into amongst the WFOE, the Existing Registered Shareholders and the New Registered Shareholders, pursuant to which Ms. MU Haijie shall assume all the rights and obligations of Ms. CHEN Yan and Ms. XU Zhuomin under the Existing Loan Agreement whereas Mr. JIN Yuan shall assume all the rights and obligations of Mr. LIU Gang and Mr. ZHANG Ge under the Existing Loan Agreement; and
- (5) the New VIE Agreements, pursuant to which the Company will establish the New Contractual Arrangements.

IMPLICATIONS UNDER THE LISTING RULES

The New VIE Agreements and the New Contractual Arrangements

As confirmed by the auditors of the Company, the financial results of China PnR will remain to be consolidated and accounted for as a wholly-owned subsidiary of the Company under the New Contractual Arrangements. The New Registered Shareholders, being the executive Directors, are connected persons of the Company. Accordingly, the transactions contemplated under the New VIE Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules and the transactions contemplated under the Existing Loan Agreement (as supplemented by the Supplemental Loan Agreement) constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the New Contractual Arrangements are a reproduction from the Existing Contractual Arrangements as provided under one of the conditions of the IPO Waiver, the New VIE Agreements are on substantially the same terms as those currently in place under the Existing Contractual Arrangements, the Stock Exchange has confirmed that the transactions contemplated under the New Contractual Arrangements are exempt from strict compliance with (i) the independent Shareholders' approval requirements pursuant to Rule 14A.36 of the Listing Rules; and (ii) the requirement of setting an annual cap for the fees payable to the WFOE under the New Contractual Arrangements pursuant to Rule 14A.53 of the Listing Rules. The Company has also undertaken that it will fulfill and comply with the same conditions as those imposed on the Existing Contractual Arrangements under the IPO Waiver *mutatis mutandis*.

Waiver from Strict Compliance with Rule 14A.52 under the Listing Rules

The Company has applied and the Stock Exchange has granted a waiver from strict compliance with setting a fixed period for the New VIE Agreements pursuant to Rule 14A.52 under the Listing Rules subject to the same conditions as imposed on the Existing Contractual Arrangements under the IPO Waiver which shall apply *mutatis mutandis*.

The Proposed New Directors' Loans

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the proposed New Directors' Loans, when aggregated with the loans granted to Mr. ZHOU Ye, Ms. MU Haijie and Mr. JIN Yuan in an aggregate principal amount of US\$6,701,184.72 as disclosed in the Company's announcement dated 17 January 2020, exceeds 0.1% but is less than 5%, the entering into of the Existing Loan Agreement (as supplemented by the Supplemental Loan Agreement) and the transactions contemplated thereunder are subject to the reporting, annual review and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the sections headed “Contractual Arrangements” and “Connected Transactions” in the Prospectus in relation to, among other things, the Existing Contractual Arrangements.

The Board hereby announces that the Company has been recently notified by the relevant Existing Registered Shareholders that they propose to exit from their investments in China PnR (a limited liability company established in the PRC and one of the Operating Entities) due to the following reasons:

- (i) each of Mr. LIU Gang and Ms. XU Zhuomin is about to reach the age of retirement;
- (ii) Mr. ZHANG Ge will no longer hold management roles in the Group due to change of job positions; and
- (iii) Ms. CHEN Yan will resign from all her positions in the Group due to other personal commitments.

In connection therewith, in order to enhance the internal control and management system of the Group and for administration efficiency purpose, the Company and the Existing Registered Shareholders have reached the agreement that each of Mr. LIU Gang, Ms. XU Zhuomin, Mr. ZHANG Ge and Ms. CHEN Yan will transfer all the equity interest they hold in China PnR to Ms. MU Haijie and Mr. JIN Yuan, both being executive Directors. Therefore, Mr. ZHOU Ye, Ms. MU Haijie and Mr. JIN Yuan will become the New Registered Shareholders.

On 29 May 2020, the relevant parties entered into the following agreements:

- (1) the Termination Agreement, pursuant to which China PnR, the WFOE and the Existing Registered Shareholders agreed that certain Existing VIE Agreements shall be terminated;
- (2) the Equity Transfer Agreements including:
 - (i) the First Equity Transfer Agreement entered into amongst Ms. CHEN Yan, Ms. XU Zhuomin and Ms. MU Haijie, pursuant to which Ms. CHEN Yan shall transfer 5% equity interest in China PnR to Ms. MU Haijie at a consideration of RMB5 million and Ms. XU Zhuomin shall transfer 5% equity interest in China PnR to Ms. MU Haijie at a consideration of RMB5 million; and
 - (ii) the Second Equity Transfer Agreement entered into amongst Mr. LIU Gang, Mr. ZHANG Ge and Mr. JIN Yuan, pursuant to which Mr. LIU Gang shall transfer 15% equity interest in China PnR to Mr. JIN Yuan at a consideration of RMB15 million and Mr. ZHANG Ge shall transfer 5% equity interest in China PnR to Mr. JIN Yuan at a consideration of RMB5 million;

- (3) the Debt Assignment Agreement entered into amongst the WFOE, the Existing Registered Shareholders and the New Registered Shareholders (other than Mr. ZHOU Ye), pursuant to which:
- (i) each of Ms. CHEN Yan and Ms. XU Zhuomin shall assign the outstanding loans they owe to the WFOE in the total amount of RMB10 million to Ms. MU Haijie and will cease to have any repayment obligations to the WFOE under the Existing Loan Agreement; and
 - (ii) each of Mr. LIU Gang and Mr. ZHANG Ge shall assign outstanding loans they owe to the WFOE in the total amount of RMB20 million to Mr. JIN Yuan and will cease to have any repayment obligations to the WFOE under the Existing Loan Agreement;
- (4) the Supplemental Loan Agreement entered into amongst the WFOE, the Existing Registered Shareholders and the New Registered Shareholders, pursuant to which Ms. MU Haijie shall assume all the rights and obligations of Ms. CHEN Yan and Ms. XU Zhuomin under the Existing Loan Agreement whereas Mr. JIN Yuan shall assume all the rights and obligations of Mr. LIU Gang and Mr. ZHANG Ge under the Existing Loan Agreement; and
- (5) the New VIE Agreements, pursuant to which the Company will establish the New Contractual Arrangements.

PRINCIPAL TERMS OF THE TERMINATION AGREEMENT

- Date : 29 May 2020
- Parties : (a) China PnR;
- (b) the WFOE; and
- (c) the Existing Registered Shareholders.
- Subject : Pursuant to the Termination Agreement, the following agreements in respect of the Existing Contractual Arrangements shall be terminated on the effective date of the Termination Agreement:

- (a) the Existing Equity Pledge Agreements (other than the two Existing Equity Pledge Agreements in relation to 60% and 10% equity interest in China PnR held by Mr. ZHOU Ye and Ms. MU Haijie respectively);
- (b) the Existing Exclusive Option Agreement;
- (c) the Existing Powers of Attorney;
- (d) the Existing Registered Shareholders' Confirmations and Undertakings; and
- (e) the Existing Spouse Undertakings.

Effective Date : The Termination Agreement (other than the termination of the Existing Equity Pledge Agreements in relation to 15%, 5%, 5% and 5% equity interest in China PnR held by Mr. LIU Gang, Ms. CHEN Yan, Mr. ZHANG Ge and Ms. XU Zhuomin respectively, which shall be terminated immediately upon execution of the Termination Agreement to facilitate the proposed equity transfers contemplated under the Equity Transfer Agreements) will take effect upon completion of the industrial and commercial registration in the PRC in respect of change of the Existing Registered Shareholders to the New Registered Shareholders.

PRINCIPAL TERMS OF THE EQUITY TRANSFER AGREEMENTS

(1) The First Equity Transfer Agreement

Date : 29 May 2020

Parties : (a) Ms. CHEN Yan (as transferor);
 (b) Ms. Xu Zhuomin (as transferor); and
 (c) Ms. MU Haijie (as transferee).

Subject matter : Ms. CHEN Yan, Ms. XU Zhuomin and Ms. MU Haijie, pursuant to which Ms. CHEN Yan shall transfer 5% equity interest in China PnR to Ms. MU Haijie at a consideration of RMB5 million and Ms. XU Zhuomin shall transfer 5% equity interest in China PnR to Ms. MU Haijie at a consideration of RMB5 million.

Consideration : Under the First Equity Transfer Agreement, Ms. MU Haijie shall pay to each of Ms. CHEN Yan and Ms. XU Zhuomin a consideration of RMB5 million, which is equivalent to the amount of registered capital of China PnR originally subscribed for by Ms. CHEN Yan and Ms. XU Zhuomin, respectively. The total consideration of RMB10 million payable by Ms. MU Haijie shall be set-off by the assumption of repayment obligations of the loans owed to the WFOE by Ms. CHEN Yan and Ms. XU Zhuomin under the Existing Loan Agreement (as supplemented by the Supplemental Loan Agreement).

Effective date : The First Equity Transfer Agreement will take effect upon execution by the parties thereto.

(2) The Second Equity Transfer Agreement

On the same date, Mr. LIU Gang (as transferor), Mr. ZHANG Ge (as transferor) and Mr. JIN Yuan (as transferee) entered into the Second Equity Transfer Agreement, pursuant to which Mr. LIU Gang shall transfer 15% equity interest in China PnR to Mr. JIN Yuan at a consideration of RMB15 million and Mr. ZHANG Ge shall transfer 5% equity interest in China PnR to Mr. JIN Yuan at a consideration of RMB5 million.

Under the Second Equity Transfer Agreement, Mr. JIN Yuan shall pay to Mr. LIU Gang a consideration of RMB15 million and Mr. ZHANG Ge a consideration of RMB5 million, respectively, which are equivalent to the relevant amount of registered capital of China PnR originally subscribed for by Mr. LIU Gang and Mr. ZHANG Ge. The total consideration of RMB20 million payable by Mr. JIN Yuan shall be set-off by the assumption of repayment obligations of the loans owed to the WFOE by Mr. LIU Gang and Mr. ZHANG Ge under the Existing Loan Agreement (as supplemented by the Supplemental Loan Agreement).

Save for the identity of the parties thereto, the equity interest to be transferred, the consideration of such equity interest and the principal amount of loans as disclosed above, the remaining principal terms of the Second Equity Transfer Agreement are identical to the First Equity Transfer Agreement.

PRINCIPAL TERMS OF THE DEBT ASSIGNMENT AGREEMENT

- Date : 29 May 2020
- Parties : (a) the WFOE;
- (b) the Existing Registered Shareholders; and
- (c) the New Registered Shareholders (other than Mr. ZHOU Ye whose equity interest in China PnR will remain unchanged thus not involved in the Assignment of Debt Arrangements).
- Subject matter : (i) each of Ms. CHEN Yan and Ms. XU Zhuomin shall assign the outstanding loans they owe to the WFOE in the total amount of RMB10 million to Ms. MU Haijie and will cease to have any repayment obligations to the WFOE under the Existing Loan Agreement; and
- (ii) each of Mr. LIU Gang and Mr. ZHANG Ge shall assign outstanding loans they owe to the WFOE in the total amount of RMB20 million to Mr. JIN Yuan and will cease to have any repayment obligations to the WFOE under the Existing Loan Agreement.
- Effective date : The Debt Assignment Agreement will take effect upon completion of the industrial and commercial registration in the PRC in respect of change of the Existing Registered Shareholders to the New Registered Shareholders.

PRINCIPAL TERMS OF THE SUPPLEMENTAL LOAN AGREEMENT

- Date : 29 May 2020
- Parties : (a) the WFOE;
- (b) the Existing Registered Shareholders; and
- (c) the New Registered Shareholders (other than Mr. ZHOU Ye whose equity interest in China PnR will remain unchanged thus not involved in the Assignment of Debt Arrangements).

- Subject matter : Ms. MU Haijie shall assume all the rights and obligations of Ms. CHEN Yan and Ms. XU Zhuomin under the Existing Loan Agreement whereas Mr. JIN Yuan shall assume all the rights and obligations of Mr. LIU Gang and Mr. ZHANG Ge under the Existing Loan Agreement.
- Interests of loans : The New Registered Shareholders shall perform the obligations under the Existing Loan Agreement (as supplemented by the Supplemental Loan Agreement). In the event that a New Registered Shareholder transfers his/her equity interest in China PnR to the WFOE (or its designated entity) at a consideration equal to or lower than the principal amount of the relevant loan, the relevant loan will be deemed as interest-free loan. However, in the event that such consideration is higher than the principal amount of the relevant loan, the amount that exceeds the principal amount will be deemed as the interest of the relevant loan and shall be repaid by the relevant Existing Registered Shareholder to the WFOE.
- Effective date and term : The Supplemental Loan Agreement will take effect upon completion of the industrial and commercial registration in the PRC in respect of change of the Existing Registered Shareholders to the New Registered Shareholders and shall expire on the date when the parties perform their respective obligations under the Existing Loan Agreement and the Supplemental Loan Agreement.

THE NEW VIE AGREEMENTS

The New VIE Agreements will be entered into on substantially the same terms as those currently in place under the Existing VIE Agreements, save for the identity of the registered shareholders of China PnR and the amount of the proposed New Directors' Loans to be granted under the Existing Loan Agreement as supplemented by the Supplemental Loan Agreement entered into for the purpose of providing to the New Registered Shareholders the consideration under the Equity Transfer Agreements.

The summary of the principal terms of the New VIE Agreements is set forth below:

1. The Amended and Restated Exclusive Option Agreement

- Date : 29 May 2020
- Parties : (a) the WFOE;
- (b) China PnR; and
- (c) the New Registered Shareholders.
- Subject matter : The New Registered Shareholders irrevocably agreed to grant the WFOE an exclusive right to acquire, or designate one or more persons to acquire, from the New Registered Shareholders any or all their equity interests then held in China PnR, in whole or in part at any time, for a total consideration of RMB100 million, which is equivalent to the total loans owed to the New Registered Shareholders by the WFOE. If the WFOE exercises its option right to acquire part of equity interests held by certain New Registered Shareholder(s) in China PnR, the purchase price shall be calculated in proportion to the equity interests being transferred. Furthermore, where the above purchase prices are higher than the lowest price permitted by the then PRC laws at the time of exercising options, the lowest price permitted by PRC laws, regulations and relevant rules shall be applied. China PnR and the New Registered Shareholders, among other things, have covenanted that:
- without the prior written consent of the WFOE, they shall not in any manner supplement, change or amend the constitutional documents of the Operating Entities, increase or decrease the Operating Entities' registered capital, or change the structure of the Operating Entities' registered capital in other manner;
 - they shall maintain the Operating Entities' corporate existence in accordance with good financial and business standards and practices, obtain and maintain all necessary government licenses and permits by prudently and effectively operating the Operating Entities' business, and handling the Operating Entities' affairs, and the annual budgeting and final accounting of the Operating Entities shall obtain the prior written consent of the WFOE;

- without the prior written consent of the WFOE, they shall not at any time following the date when the Amended and Restated Exclusive Option Agreement came into effect sell, transfer, pledge or dispose of in any manner the equity shares of subsidiaries of China PnR, or allow the encumbrance thereon of any security interest;
- without the prior written consent of the WFOE, they shall not at any time following the date when the Amended and Restated Exclusive Option Agreement came into effect sell, transfer, pledge or dispose of in any manner any material assets of the Operating Entities or legal or beneficial interest in the material business or revenues of the Operating Entities of more than RMB3,000,000, or allow the encumbrance thereon of any security interest;
- without the prior written consent of the WFOE, the Operating Entities shall not incur, inherit, guarantee or assume any debt, except for debts incurred in the ordinary course of business other than payables incurred by a loan and/or debt between the Operating Entities and their subsidiaries;
- the Operating Entities shall always operate all of their businesses during the ordinary course of business to maintain their asset value and refrain from any action/omission that may adversely affect their operating status and asset value;
- without the prior written consent of the WFOE, they shall not cause the Operating Entities to execute any material contract, except the contracts executed in the ordinary course of business;
- without the prior written consent of the WFOE, they shall not cause the Operating Entities to provide any person with any loan or credit, except for those provided by the Operating Entities to the Operating Entities' wholly-owned subsidiaries;
- they shall provide the WFOE with information on the Operating Entities' business operations and financial condition at the request of the WFOE;

- if requested by the WFOE, they shall procure and maintain insurance in respect of the Operating Entities' assets and business from an insurance carrier acceptable to the WFOE, at an amount and type of coverage typical for companies that operate similar businesses;
- without the prior written consent of the WFOE, they shall not cause or permit the Operating Entities to merge, consolidate with, acquire or invest in any person;
- they shall immediately notify the WFOE of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to the Operating Entities' assets, business or revenue;
- to maintain the ownership by the Operating Entities of all of the Operating Entities' assets, they shall execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defenses against all claims;
- without the prior written consent of the WFOE, the Operating Entities shall not in any manner distribute dividends to the Operating Entities' shareholders, provided that upon the written request of the WFOE, the Operating Entities shall immediately distribute all distributable profits to their shareholders;
- at the request of the WFOE, they shall appoint any persons designated by the WFOE as the directors, supervisors (if applicable) and senior management of the Operating Entities;
- without the written consent of the WFOE, the Operating Entities shall not engage in any business in competition with the WFOE or its affiliates; and
- unless otherwise mandatorily required by PRC laws, the Operating Entities shall not be dissolved or liquidated without the prior written consent of the WFOE.

In addition, the New Registered Shareholders, among other things, have covenanted that:

- without the written consent of the WFOE, they shall not sell, transfer, pledge or dispose of in any other manner the legal or beneficial interest in China PnR, or allow the encumbrance thereon of any security interest, except for the New Equity Pledge Agreements and the interests prescribed in the New Powers of Attorney, and procure the shareholders' meeting and/or the board of directors of China PnR not to approve such matters;
- for each exercise of the equity purchase option, to cause the shareholders' meeting and/or the board of directors of China PnR to vote on the approval of the transfer of equity interests and any other action requested by the WFOE;
- they shall relinquish the pre-emptive right (if any) he or she is entitled to in relation to the transfer of equity interest by any other shareholders to China PnR and give consent to the execution by each other shareholder of China PnR with the WFOE and China PnR exclusive option agreement, equity interest pledge agreements and powers of attorney similar to the Amended and Restated Exclusive Option Agreement, the New Equity Pledge Agreements and the New Powers of Attorney, and accept not to take any action in conflict with such documents executed by the other shareholders; and
- each of the New Registered Shareholders will transfer to the WFOE or its appointee(s) by way of gift any profit, dividend or proceeds they receive from the liquidation of the Operating Entities in accordance with the PRC law.

The New Registered Shareholders have also undertaken that, subject to the relevant laws and regulations, they will return to the WFOE any consideration they receive in the event that the WFOE exercise the options under the Amended and Restated Exclusive Option Agreement to acquire the equity interests in the Operating Entities.

Term : The Amended and Restated Exclusive Option Agreement shall take effect upon completion of the industrial and commercial registration in the PRC in respect of change of the Existing Registered Shareholders to the New Registered Shareholders, and shall remain effective unless terminated in the event that the entire equity interest held by the New Registered Shareholders or their successors or the transferees in China PnR have been transferred to the WFOE or their appointee(s).

2. New Equity Pledge Agreements

(1) First New Equity Pledge Agreement

Date : 29 May 2020

Parties : (a) the WFOE; and
(b) Ms. MU Haijie.

Subject matter : Ms. MU Haijie agreed to pledge all her additional 10% equity interests in China PnR that she owns, including any interest or dividend paid for the shares, to the WFOE as a security interest to guarantee the performance of contractual obligations and the payment of outstanding debts.

Upon the occurrence and during the continuance of an event of default as defined thereunder, unless such default is cured within 20 days following the New Registered Shareholders or China PnR's receipt of the written notice which requests the cure of such default, the WFOE shall have the right to exercise all such rights as a secured party under any applicable PRC law and the First New Equity Pledge Agreement, including without limitation, being paid in priority with the equity interests based on the monetary valuation that such equity interests are converted into or from the proceeds from auction or sale of the equity interest upon written notice to the New Registered Shareholders.

Term : The First New Equity Pledge Agreement will take effect upon completion of the industrial and commercial registration in the PRC in respect of change of the Existing Registered Shareholders to the New Registered Shareholders, and shall remain valid after all the contractual obligations of the relevant New Registered Shareholders and China PnR under the New Contractual Arrangements have been fully performed and all the outstanding debts of the New Registered Shareholders and China PnR under the relevant New Contractual Arrangements have been fully paid.

(2) *Second New Equity Pledge Agreement*

On the same date, Mr. JIN Yuan and the WFOE entered into the Second New Equity Pledge Agreement, pursuant to which Mr. JIN Yuan agreed to pledge his 20% equity interest in China PnR, including any interest or dividend paid for the shares, to the WFOE as a security interest to guarantee the performance of contractual obligations and the payment of outstanding debts. Save for the identity of the parties and the percentage equity interest held in China PnR as disclosed above, the principal amount of loans as disclosed above, the remaining principal terms of the Second New Equity Pledge Agreement are identical to the First New Equity Pledge Agreement.

The two Existing Equity Pledge Agreements in relation to 60% and 10% equity interest in China PnR held by Mr. ZHOU Ye and Ms. MU Haijie respectively will remain unchanged and in full force and effect, and will together with the First New Equity Pledge Agreement and the Second New Equity Pledge Agreement form the New Equity Pledge Agreements.

3. New Powers of Attorney

Date : 29 May 2020

Parties : Each of the New Registered Shareholders

Subject : Each of the New Registered Shareholders irrevocably appointed the WFOE and its designated persons (including but not limited to the Directors and their successors and liquidators replacing the Directors but excluding those who are non-independent and therefore may give rise to conflict of interests between the Company and the New Registered Shareholders) as his or her attorney-in-fact to exercise on his or her behalf, and agreed and undertook not to exercise without such attorney-in-fact's prior written consent, any and all right that he or she has in respect of his or her equity interests in China PnR, including without limitation:

- to attend shareholders' meetings of China PnR and to execute any and all written resolutions and meeting minutes in the name and on behalf of such shareholder;
- to file documents with the relevant registrar of companies;
- to exercise all the shareholder's rights and the shareholder's voting rights in accordance with law and the constitutional documents of China PnR, including but not limited to the sale, transfer, pledge or disposal of any or all of the equity interests in China PnR; and
- to nominate or appoint the legal representatives, directors, supervisors, general manager and other senior management of China PnR.

Each of the New Registered Shareholders has undertaken that he or she will not directly or indirectly participate in, engage in, involve in, own or be interested in any business which potentially competes with the WFOE or its affiliates.

Term : The New Powers of Attorney shall take effect upon completion of the industrial and commercial registration in the PRC in respect of change of the Existing Registered Shareholders to the New Registered Shareholders, and shall remain effective for so long as the relevant New Registered Shareholder holds an equity interest in the Operating Entities.

4. The New Registered Shareholders' Confirmations and Undertakings

On 29 May 2020, each of the New Registered Shareholders has executed the New Registered Shareholders' Confirmations and Undertakings, pursuant to which and, subject to the completion of the industrial and commercial registration in the PRC in respect of change of the Existing Registered Shareholders to the New Registered Shareholders, each of the New Registered Shareholders has confirmed and undertaken to the effect that in the event of his or her death, incapacity, divorce or any other event which causes his or her inability to exercise his or her rights as a shareholder of China PnR, his or her successors, debtor, spouse or any other persons entitled to claim rights or interests in the Operating Entities (together with any other interests therein) will not take any actions in any circumstances in any way, if such actions are likely to affect or prevent such New Registered Shareholder and/or the WFOE from performing their obligations under the New Contractual Arrangements. Each of the New Registered Shareholders has confirmed that (i) his or her spouse does not have the right to claim any interests in the Operating Entities (together with any other interests therein); (ii) his or her direct or indirect day-to-day management and voting matters are not affected by his or her spouse such properties or interests; and (iii) in the event of his or her divorce, he or she will take actions necessary to safeguard the performance of the New Contractual Arrangements.

5. The New Spouse Undertakings

On 29 May 2020, the spouse of each of the New Registered Shareholders has signed a letter of agreement to the effect, among others, that subject to the completion of the industrial and commercial registration in the PRC in respect of change of the Existing Registered Shareholders to the New Registered Shareholders,:

- (i) each spouse confirmed and agreed that (a) the respective New Registered Shareholder's existing and future equity interest in China PnR (together with any other interests therein) are separate properties of the New Registered Shareholder and do not fall within the scope of communal properties of such New Registered Shareholder and his or her spouse; (b) the respective New Registered Shareholder is entitled to deal with his or her own equity interests and any interests therein in China PnR in accordance with the New Contractual Arrangements; and (c) the spouse of each of the New Registered Shareholder confirmed that he or she will fully assist with the performance of the New Contractual Arrangements at any time;
- (ii) each spouse unconditionally and irrevocably waives any right or benefits on such equity interest and assets in accordance with applicable laws and confirms that he or she will not have any claim on such equity interests and assets; and he or she has not and does not intend to participate in the operation and management or other voting matters of China PnR;

- (iii) each spouse confirmed that the respective New Registered Shareholder may further amend or terminate the New Contractual Arrangements or enter into other alternative documents without the need for authorisation or consent by the spouse; and
- (iv) each spouse will enter into all necessary documents and take all necessary actions to ensure the due performance of New Contractual Arrangements as amended from time to time.

The PRC Legal Advisors are of the view that (i) the above arrangements provide protection to the Group even in the event of the death or divorce of any New Registered Shareholder; and (ii) the death or divorce of such shareholder would not affect the validity of the New Contractual Arrangements, and the WFOE or the Company can still enforce their rights under the New Contractual Arrangements against the New Registered Shareholders.

6. The Existing Exclusive Business Cooperation Agreement

The terms of the Existing Exclusive Business Cooperation Agreement will remain unchanged and in full force and effect, which will form part of the New VIE Agreements in respect of the New Contractual Arrangements. Pursuant to the terms of the Existing Exclusive Business Cooperation Agreement, China PnR has irrevocably granted an exclusive option to the WFOE which entitles the WFOE to, subject to compliance with applicable PRC laws and regulations, acquire all or part of the assets of China PnR at the minimum price permitted by the applicable PRC laws and regulations.

7. Other Terms of the New Contractual Arrangements

Dispute resolution

Each of the agreements under the New Contractual Arrangements contains a dispute resolution provision. Pursuant to such provision, in the event of any dispute arising from the performance of or relating to the New Contractual Arrangements, any party has the right to submit the relevant dispute to SHIAC for arbitration, in accordance with the then effective arbitration rules. The arbitration shall be confidential and the language used during the arbitration shall be Chinese. The arbitration award shall be final and binding on all parties. The dispute resolution provisions also provide that subject to the requirements under PRC laws, the arbitral tribunal may award remedies over the shares or assets of the Operating Entities or assets of the New Registered Shareholder (as the case may be) or injunctive relief (e.g. limiting the conduct of business, limiting or restricting the transfer or sale of shares or assets) or order the winding up of the Operating Entities; the WFOE may apply to the courts of the PRC, Hong Kong, the Cayman Islands (being the place of incorporation of the Company), and the places where the principal assets of the WFOE or the Operating Entities are located for interim remedies or injunctive relief.

However, the PRC Legal Advisors have advised that the above provisions may not be enforceable under PRC laws. For instance, the arbitral tribunal has no power to grant such injunctive relief, nor will it be able to order the winding up of the Operating Entities pursuant to current PRC laws. In addition, interim remedies or enforcement orders granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognizable or enforceable in the PRC. Even if the abovementioned provisions may not be enforceable under PRC laws, the remaining provisions of the dispute resolution clauses are legal, valid and binding on the parties to the agreement under the New Contractual Arrangements.

As a result of the above, in the event that the Operating Entities or the New Registered Shareholders breach any of the New Contractual Arrangements, the Company may not be able to obtain sufficient remedies in a timely manner, and the Company's ability to exert effective control over the Operating Entities and conduct the Group's business could be materially and adversely affected.

Arrangements to address potential conflict of interest

Each of the New Registered Shareholders has given their irrevocable undertakings in the New Powers of Attorney which address potential conflicts of interests that may arise in connection with the New Contractual Arrangements:

- (i) under the New Powers of Attorney, each of the New Registered Shareholders has undertaken that he or she will not directly or indirectly participate in, engage in, involve in, own or be interested in any business which potentially competes with the WFOE or its affiliates;
- (ii) upon execution of the New Powers of Attorney, the New Registered Shareholders have concurrently executed the New Registered Shareholders' Confirmations and Undertakings, pursuant to which each of the New Registered Shareholders has confirmed that:
 - (a) unless otherwise agreed by the WFOE in writing, he/she will not directly or indirectly (by themselves or by entrusting any other natural person or legal entity to) engage in, own or acquire (as shareholder, partner, agent, employee or under any other circumstances) any business that competes or might compete with the business of the Company or its affiliates;
 - (b) none of his/her actions or omissions will give rise to conflict of interest between themselves and the WFOE (including the shareholders of the WFOE); and
 - (c) in the event of any such conflict, which shall be decided at the sole discretion of the WFOE, he/she will take any action as instructed by the WFOE to eliminate such conflict provided such action is compliant with PRC laws.

As advised by the PRC Legal Advisors, in the event of any violation of such confirmation or undertakings by the New Registered Shareholder(s), the relevant New Registered Shareholder will be held responsible for the losses and damages suffered by the Company.

The Directors are of the view that the potential conflict of interests between the WFOE and the New Registered Shareholders under the New Contractual Arrangements can be effectively controlled and managed:

- (i) pursuant to the New Powers of Attorney, the designated persons of the WFOE will exclude the New Registered Shareholders and their respective associates.
- (ii) each of the New Registered Shareholders, being a director of the WFOE, is required to fulfil his/her fiduciary duties as a director of the WFOE pursuant to the applicable laws and regulations of the PRC and the articles of association of the WFOE and shall act in the capacity as a director when executing the businesses of the WFOE (including but not limited to acting as the attorney-in-fact of the New Registered Shareholders pursuant to the New Powers of Attorney), which requires each of the New Registered Shareholders to act in the best interest of the WFOE and avoid any potential conflict of interest of themselves and that of the WFOE.
- (iii) in addition, the entering into of any transactions between the New Registered Shareholders (who are also executive Directors and therefore connected persons of the Company under the Listing Rules) and members of the Group (including but not limited to the WFOE and the Operating Entities) are subject to the relevant requirements under the Listing Rules applicable to connected transactions, pursuant to which the New Registered Shareholders are required to abstain from voting on relevant resolutions of the Board when having a material interests in relevant transactions put forward to the Board's consideration. The Company has also designated specialised personnel to manage and monitor the connected transactions between the New Registered Shareholders and the Group to ensure the compliance with the requirements under the Listing Rules and other applicable laws.

For further details, please see the sub-paragraphs headed “New VIE Agreements — 3. New Powers of Attorney” and “New VIE Agreements — 4. The New Registered Shareholders’ Confirmations and Undertakings” above.

New Registered Shareholders' right to terminate the New VIE Agreements

Under the New VIE Agreements, the New Registered Shareholders do not have contractual right to terminate the New Contractual Arrangements unilaterally at their discretion. However, pursuant to the terms of the New VIE Agreements and as advised by the PRC Legal Advisors, the New Registered Shareholders (being contracting parties to the New Contractual Arrangements) have the legal right to terminate the New Contractual Arrangements upon occurrence of the following prescribed circumstances under the PRC Contract Law:

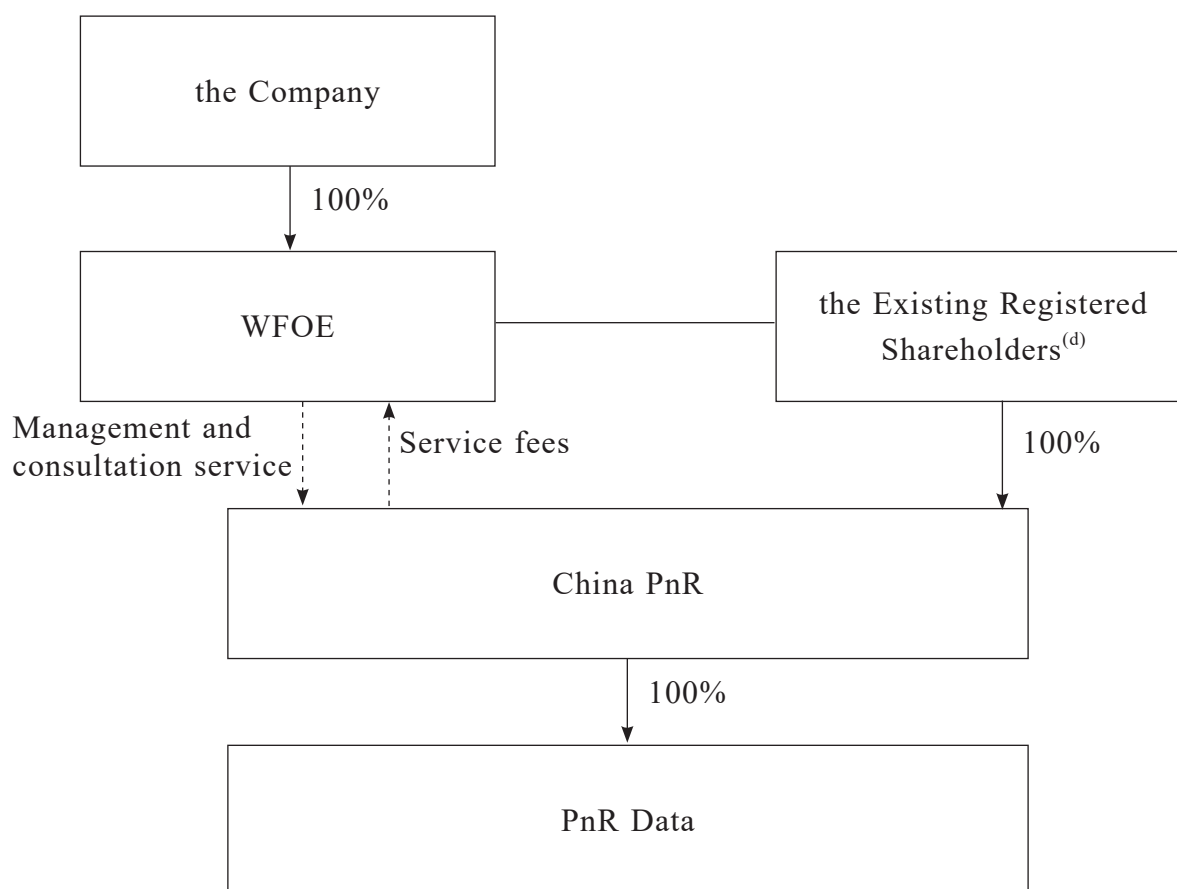
- (i) the purpose of the contract cannot be achieved due to force majeure;
- (ii) the other party expressly or impliedly through its act/non-act that it will not perform the contract;
- (iii) the other party delays in performing and fails to rectify its non-performance after being asked to rectify;
- (iv) the other party delays in performing or has such other defaults so that the purpose of the contract cannot be achieved; and
- (v) other circumstances stipulated by the laws.

Liquidation

Pursuant to the Amended and Restated Exclusive Option Agreement, in the event of a mandatory liquidation required by the PRC laws, the New Registered Shareholders shall give the proceeds they received from liquidation as a gift to the WFOE or its designee(s) to the extent permitted by the PRC laws.

DIAGRAMS ILLUSTRATING THE EXISTING CONTRACTUAL ARRANGEMENTS AND THE NEW CONTRACTUAL ARRANGEMENTS

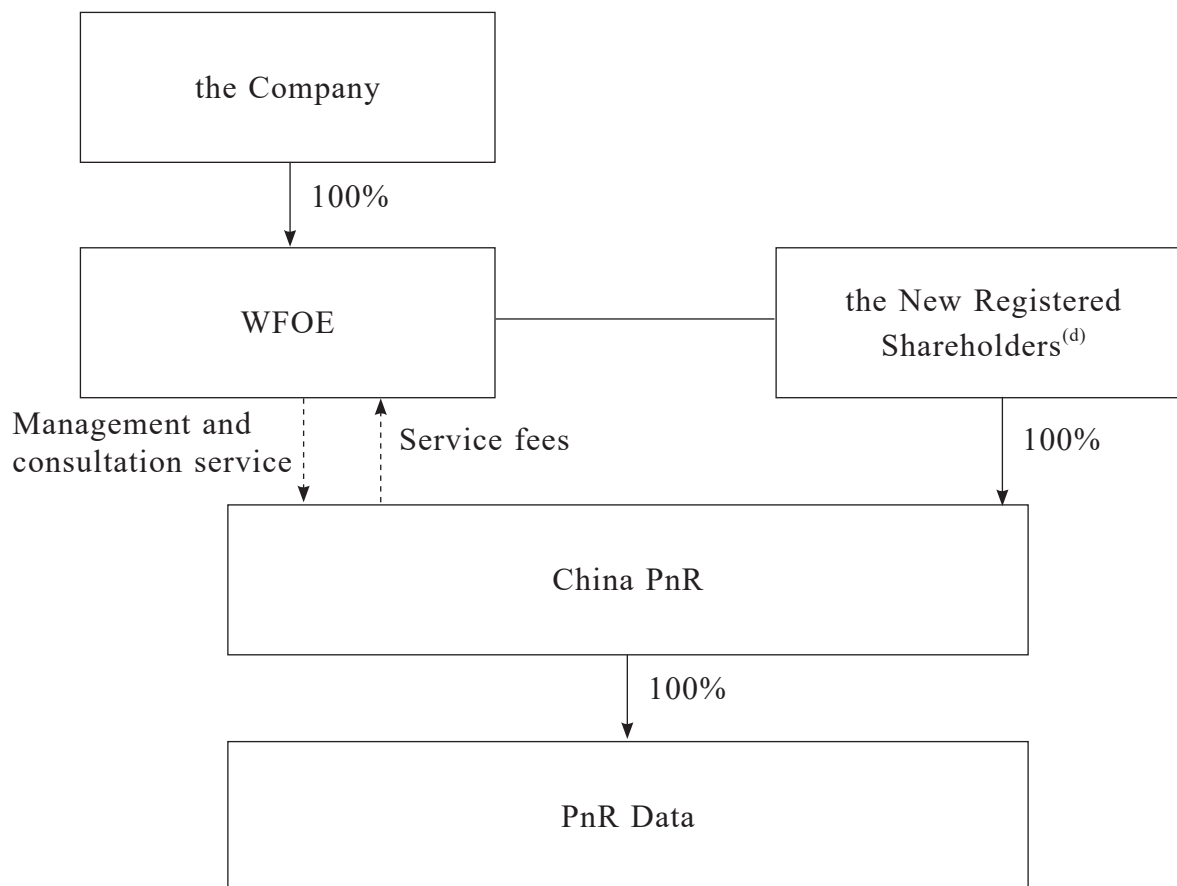
The following simplified diagram illustrates the flow of economic benefits from the Operating Entities to the Group stipulated under the Existing Contractual Arrangements:



Notes:

- (a) “→” denotes direct legal and beneficial ownership in the equity interest;
- (b) “- ->” denotes contractual relationship;
- (c) “—” denotes the control by the WFOE over the Existing Registered Shareholders and the Operating Entities through (i) the Existing Powers of Attorney to exercise all shareholders’ rights in China PnR; (ii) exclusive options to acquire all or part of the equity interest in China PnR; and (iii) equity pledges over the equity interest in China PnR; and
- (d) the Existing Registered Shareholders are Mr. ZHOU Ye (60%), Mr. LIU Gang (15%), Ms. MU Haijie (10%), Ms. XU Zhuomin (5%), Mr. ZHANG Ge (5%) and Ms. CHEN Yan (5%).

The following simplified diagram illustrates the flow of economic benefits from the Operating Entities to the Group stipulated under the New Contractual Arrangements:



Notes:

- (a) “→” denotes direct legal and beneficial ownership in the equity interest;
- (b) “-->” denotes contractual relationship;
- (c) “—” denotes the control by the WFOE over the New Registered Shareholders and the Operating Entities through (i) the New Powers of Attorney to exercise all shareholders’ rights in China PnR; (ii) exclusive options to acquire all or part of the equity interest in China PnR; and (iii) equity pledges over the equity interest in China PnR; and
- (d) the New Registered Shareholders are Mr. ZHOU Ye (60%), Ms. MU Haijie (20%) and Mr. JIN Yuan (20%).

REASONS FOR AND BENEFITS OF THE NEW CONTRACTUAL ARRANGEMENTS AND THE PROVISION OF NEW DIRECTORS' LOANS

Foreign Ownership Restrictions on the Relevant Businesses

The Group is a leading independent third-party payment service provider in China, focusing on four business directions which are integrated merchants acquiring, SaaS service, industry solution as well as cross-border & international business respectively. The aforementioned four business directions are basically a reclassification of the businesses the Group engaged in as described on page 130 of the Prospectus (which are merchant payment and fintech enabling services), as the Group upgraded its corporate organisational structure in 2019 based on the core strategy for all-round digitalization. The Relevant Businesses (namely, payment services and fintech enabling services) remain to be the main services that the Group provides.

Foreign investment activities in the PRC are mainly governed by the Catalog, which has been promulgated and amended from time to time jointly by the MOFCOM and the NDRC. The Catalog divides industries into four categories in terms of foreign investment, namely, “encouraged”, “restricted”, “prohibited” and “permitted” (the last category of which includes all industries not listed under the “encouraged”, “restricted” and “prohibited” categories). As advised by the PRC Legal Advisors, Relevant Businesses fall in the category where foreign investment is subject to restriction according to the Catalog.

As advised by the PRC Legal Advisors, in order to conduct value-added telecommunication services and payment services under the Relevant Businesses, the Operating Entities are required to hold the ICP License and Payment License.

In respect of ICP License, according to the Special Administrative Measures (Negative List) for Admission of Foreign Investment (2019) jointly promulgated by the MOFCOM and the NDRC which took effect on 30 July 2019, foreign investors are not allowed to hold more than 50% equity interests in any enterprise holding an ICP License. As disclosed on pages 184 and 197 of the Prospectus, the Company, together with the Joint Sponsors and the PRC Legal Advisors, made the ICP License Consultation with Shanghai Communications Administration (上海市通信管理局), which is the ICP Authority in charge of accepting applications for the operation of Internet information services as well as the supervision and guidance of market access to telecom Internet services in Shanghai in accordance with PRC laws and regulations. According to the ICP License Consultation, the ICP Authority confirmed that it was not aware of any case in which applications for ICP License by sino-foreign equity joint ventures had been approved in Shanghai and the application (if any) for an ICP License by sino-foreign equity joint ventures to be established by the Company would not be approved. The PRC Legal Advisors were of the view that the ICP Authority is the competent authority and the officer of the ICP Authority is competent to give the relevant confirmations and it is unlikely that the confirmations would be challenged by higher government authorities. From the perspective of operating the Group's then existing business in a manner that is in compliance

with applicable PRC laws and regulations, based on the then policy of the relevant PRC government authorities and as advised by the PRC Legal Advisors, the Company was unable to establish a sino-foreign equity joint venture to obtain an ICP License, and accordingly, the Company could not hold a shareholding interest in the Operating Entities, which hold the license and permit required for the Group’s fintech enabling services.

The PRC Legal Advisors have further advised that subsequent to the ICP License Consultation, there has been no material updates or changes to the PRC laws and regulations in respect of the foreign ownership restrictions on value-added telecommunication services and the holding of ICP License by foreign investors. Accordingly, the advice and confirmations given by the PRC Legal Advisors in respect of the holding of ICP License by the Operating Entities as disclosed in the Prospectus remain valid and applicable to the current principal business activities of the Group. Accordingly, the Company cannot hold any shareholding interest in the Operating Entities, which hold the ICP License necessary for the operation of the Relevant Businesses.

In respect of the Payment License, pursuant to “Announcement No. 7 of the People’s Bank of China (2018)” (《中國人民銀行公告(2018)第7號》) issued by the PBOC, foreign investors may be granted the Payment License, subject to certain conditions. However, as advised by the PRC Legal Advisors, currently there remains a lack of detailed rules from the PBOC regarding the change of holders of Payment License from domestic institutions to foreign-invested payment institutions, and each application is subject to the PBOC’s discretionary review and approval on a case-by-case basis, and therefore, is subject to substantial uncertainty. As disclosed on pages 185 and 197 of the Prospectus, the Company, together with the Joint Sponsors and the PRC Legal Advisors, also made the Payment License Consultation with PBOC, which is the Payment Authority in charge of third-party payment business administration in accordance with PRC laws and regulations. According to the Payment License Consultation, the Payment Authority did not object to seeking listings in offshore securities markets by adoption of the Existing Contractual Arrangements. The PRC Legal Advisors were of the view that the Payment Authority is the competent authority and the officer of the Payment Authority is competent to provide opinion in respect of third-party payment business, which is unlikely to be challenged by higher government authorities.

Furthermore, certain fintech enabling services (for instance, the payment information publishing and processing and software online deployment via Internet, which are fintech enabling services required in the payment services of the Group) are indispensable to the payment services of the Group, and such fintech enabling services fall within “value-added telecommunication services”, which require an ICP License under the relevant PRC laws and regulations. Accordingly, as advised by the PRC Legal Advisors, the payment services of the Group which require the support of certain fintech enabling services also require the ICP License, which the Company cannot obtain as described above.

Therefore, the Company has obtained the necessary regulatory assurance in respect of the New Contractual Arrangements and is required to conduct the Relevant Businesses through the New Contractual Arrangements.

The adoption of the New Contractual Arrangements

As both Ms. MU Haijie and Mr. JIN Yuan are executive Directors, changing the Existing Registered Shareholders to the New Registered Shareholders will further align the interest of the registered shareholders of China PnR with that of the Company and facilitate the internal control and management of China PnR.

In addition, for administration efficiency purpose, various administrative matters or filings which require the signatures of the registered shareholders of China PnR could be more efficiently and effectively handled upon the change of the registered shareholders of China PnR from the Existing Registered Shareholders to the New Registered Shareholders, each being an executive Director and core management member of the Company who is closely involved in the daily management of the Group.

The New Contractual Arrangements can continue to ensure that the Company can exercise full control over the equity interest and assets of China PnR and continue to consolidate the financial results of China PnR into the accounts of the Company as if it was a subsidiary of the Company, and at the same time addressing the foreign ownership restriction under applicable PRC laws and regulations.

The PRC Legal Advisors are also of the opinion that subject to the due and proper execution of the Termination Agreement, the Supplemental Loan Agreement, the Equity Transfer Agreements, the Debt Assignment Agreement and the New VIE Agreements, the New Contractual Arrangements will remain to be “narrowly tailored” to minimise the potential conflict with relevant PRC laws and regulations for the following reasons:

- (i) each of the WFOE and the Operating Entities is a duly incorporated and validly existing company, and their respective establishment is valid, effective and complies with the relevant PRC laws and regulations;
- (ii) each of the New Registered Shareholders is a natural person with full civil and legal capacity, and all parties to each of the New Contractual Arrangements will obtain all necessary approvals and authorisations to execute and perform the New Contractual Arrangements;
- (iii) the parties to the New Contractual Arrangements are entitled to execute the agreements and perform their respective obligations thereunder;
- (iv) each of the New VIE Agreements, once took effect, will be binding on the parties thereto and none of them would be deemed as “concealment of illegal intentions with a lawful form” under the PRC Contract Law;

- (v) none of the New Contractual Arrangements will violate any provisions of the articles of association of the Operating Entities or the WFOE;
- (vi) each of the New Contractual Arrangements will be binding on the assignees or successors of the parties thereto;
- (vii) the parties to each of the New Contractual Arrangements will not be required to obtain any approvals or authorisations from the PRC governmental authorities, except that:
 - (a) the exercise of the option by the WFOE or its designee of its rights under the Amended and Restated Exclusive Option Agreement to acquire all or part of the equity interest in China PnR is subject to the approvals of and/or registrations with the PRC regulatory authorities;
 - (b) any share pledge contemplated under the New Equity Pledge Agreements is subject to the registration with local administration bureau for industry and commerce; and
 - (c) the arbitration awards/interim remedies provided under the dispute resolution provision of the New Contractual Arrangements shall be recognised by PRC courts before compulsory enforcement;
- (viii) each of the New Contractual Arrangements will be valid, legal and binding under PRC laws, except for the following provisions regarding dispute resolution and the liquidating committee;
- (ix) the New Contractual Arrangements will provide that any dispute shall be submitted to the SHIAC for arbitration, in accordance with the then effective arbitration rules. The arbitration shall be conducted in Shanghai. The New Contractual Arrangements will also provide that the arbitrator may award interim remedies over the shares or assets of the Operating Entities or injunctive relief (e.g. for the conduct of business or to compel the transfer of assets) or order the winding up of the Operating Entities, and the courts of Hong Kong, the Cayman Islands (being the place of incorporation of the Company) and the PRC (being the place of incorporation of the Operating Entities) shall also have jurisdiction for the grant and/or enforcement of the arbitral award and the interim remedies against the shares or properties of the Operating Entities. However, the PRC Legal Advisors have advised that interim remedies or enforcement orders granted by overseas courts such as those of Hong Kong and the Cayman Islands may not be recognisable or enforceable in the PRC; and
- (x) the New Contractual Arrangements will provide that the New Registered Shareholders undertake to appoint a committee designated by the WFOE as the liquidation committee upon the winding up of the Operating Entities to manage their assets. However, in the event of a mandatory liquidation required by PRC laws or bankruptcy liquidation, these provisions may not be enforceable under PRC Laws.

Based on the above analysis and advice from the PRC Legal Advisors, the Directors are of the view that the adoption of the New 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 New Contractual Arrangements conferring significant control and economic benefits from China PnR is enforceable under relevant laws and regulations.

The Directors also believe that the New Contractual Arrangements are fair and reasonable as the New Contractual Arrangements were reproduced from the Existing Contractual Arrangements.

As at the date of this announcement, the Company has not encountered any interference or encumbrance from any PRC governing bodies in operating its business through the Operating Entities under the Existing Contractual Arrangements or the New Contractual Arrangements.

The Grant of the Proposed New Directors' Loans

The purpose of provision of New Directors' Loans under the Existing Loan Agreement (as supplemented by the Supplemental Loan Agreement) is to fund the settlement of the subscription of the registered capital of China PnR subscribed by each of Ms. MU Haijie and Mr. JIN Yuan, both being New Registered Shareholders.

The Board (including the independent non-executive Directors) considers that while the entering into of the Supplemental Loan Agreement are not conducted in the ordinary and usual course business of the Company, the terms of the Supplemental Loan Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

RISKS AND LIMITATIONS RELATING TO THE NEW CONTRACTUAL ARRANGEMENTS

- 1. If the PRC government finds that the New VIE Agreements establishing the structure for operating the Group's businesses in the PRC do not comply with applicable PRC laws, regulations or policies, or should these regulations or policies or the interpretations change, the Group could be subject to severe consequences, including the nullification of the New Contractual Arrangements and the relinquishment of the Company's interests in the Operating Entities.**

Current PRC laws and regulations impose certain restrictions on foreign ownership of companies that engage in fintech enabling services.

The Company is a company incorporated under the laws of the Cayman Islands, and the WFOE, is currently not eligible to apply for the required licenses for providing fintech enabling services and payment services in the PRC. To comply with PRC laws and regulations, the Group will continue to conduct substantially all of its businesses in the PRC through the New Contractual Arrangements, which enable the Group to (i) have the power to direct the activities that most significantly affect the economic performance of the Operating Entities; (ii)

receive substantially all of the economic benefits from the Operating Entities in consideration for the services provided by the WFOE; (iii) have an exclusive option to purchase all or part of the equity interests in the Operating Entities when and to the extent permitted by PRC law, or request any New Registered Shareholders to transfer all or part of the equity interest in the Operating Entities to another PRC person or entity designated by the WFOE at any time at discretion; and (iv) have the pledged equity interests in the China PnR to ensure the performance of the above items. Because of the New Contractual Arrangements, the Company is the primary beneficiary of the Operating Entities and hence treats each of the Operating Entities as the Company's consolidated variable interest entities, and consolidate their results of operations into that of the Company.

The PRC Legal Advisors, based on their understanding of the relevant laws and regulations, are of the opinion that the New Contractual Arrangements do not violate, breach, contravene or otherwise conflict with any applicable PRC law, rule or regulation and constitute valid and binding obligations enforceable against each party to such agreements in accordance with the terms thereof. However, the PRC Legal Advisors also advised that as there are substantial uncertainties regarding the interpretation and application of the PRC laws, rules and regulations, including but not limited to, those governing the Group's business, beneficiary holders, operating licenses or the enforcement and performance of the New Contractual Arrangements, there can be no assurance that the PRC government would ultimately take a view that is consistent with the opinion of the PRC Legal Advisors. If the PRC government finds that the establishment and implementation of the New Contractual Arrangements do not comply with its restrictions on foreign investment in businesses, or if the PRC government otherwise finds that the Group is in violation of PRC laws, regulations, existing policies or requirements or policies that may be adopted in the future, or lack the necessary permits or licenses to operate the Group's businesses, the relevant PRC regulatory authorities, including the PBOC, China Banking and Insurance Regulatory Commission, MIIT and MOFCOM would have broad discretion in dealing with such violations or failures, including, without limitation:

- revoking the Group's business and operating licenses;
- discontinuing or restricting the Group's operations;
- imposing fines or confiscating any of the Group's income that they deem to have been obtained through illegal operations;
- imposing conditions or requirements with which the Company or the Company's PRC subsidiaries and consolidated variable interest entity may not be able to comply or such additional conditions or requirements are time-consuming to comply with;
- requiring the Company or the Company's PRC subsidiaries and consolidated variable interest entity to restructure the relevant ownership structure or operations;

- restricting or prohibiting the Company's use of the proceeds from the initial public offering or other of the Group's financing activities to finance the business and operations of the Company's consolidated variable interest entity and their respective subsidiaries; or
- taking other regulatory or enforcement actions that could be harmful to the Group's business.

Any of these actions could cause significant disruption to the Group's business operations, and may materially and adversely affect the Group's business, financial condition and results of operations. In addition, it is unclear what impact the PRC government's actions would have on the Group and on the Company's ability to consolidate the financial results of any of the Operating Entities in the Company's consolidated financial statements, if the PRC governmental authorities find the Group's legal structure and the New 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 the Operating Entities that most significantly affect their economic performance and/or the Company's failure to receive economic benefits from the Operating Entities, the Company may not be able to consolidate the Operating Entities into the Company's consolidated financial statements in accordance with the International Financial Reporting Standards.

- 2. The Company relies on the New Contractual Arrangements for the Group's business operations in the PRC, which may not be as effective in providing operational control or enabling the Company to derive economic benefits as through direct ownership of controlling equity interest. The Operating Entities or the New Registered Shareholders may fail to perform their obligations under the New Contractual Arrangements, which could adversely affect the Group's results of operations and financial condition.**

As at the date of this announcement, due to the fact that (i) there exist PRC restrictions on foreign ownership of fintech enabling businesses in the PRC, and (ii) the regulatory authority has not promulgated any detailed requirements and measures for the implementation of the change of domestic institutions which have obtained the Payment License into foreign-invested payment institutions, the Group conducts substantially all of its businesses in the PRC through the New Contractual Arrangements. These New Contractual Arrangements are intended to provide the Company with effective control over the Operating Entities and allow the Company to obtain economic benefits from them.

Although the Company has been advised by the PRC Legal Advisors that the New Contractual Arrangements constitute valid and binding obligations enforceable against each party to such agreements in accordance with the terms thereof, the New Contractual Arrangements may not be as effective as direct ownership would be in providing control over the Operating Entities. If the Operating Entities or the New Registered Shareholders fail to perform their respective obligations under the New Contractual Arrangements, the Company may incur substantial costs and expend substantial resources to enforce its rights. All of the New Contractual Arrangements are governed by and interpreted in accordance with the PRC laws, and provide for the resolution of disputes through arbitration in the PRC. However, the legal system in the PRC

is not as developed as in other jurisdictions. 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. These uncertainties could limit the Company's ability to enforce the New Contractual Arrangements. In the event the Company is unable to enforce the New Contractual Arrangements or the Company experiences significant delays or other obstacles in the process of enforcing the New Contractual Arrangements, the Company may not be able to exert effective control over the Operating Entities and may lose control over the assets owned by the Operating Entities. As a result, the Company may be unable to consolidate the Operating Entities in the Company's consolidated financial statements, and the Group's ability to conduct its business may be adversely affected.

3. The Company may cease to benefit from assets and license held by the Operating Entities that are critical to the operation of the Group's business if the Operating Entities were to declare bankruptcy or become subject to a dissolution or liquidation proceeding.

The Company does not have priority pledges and liens against the assets of the Operating Entities. If any of the Operating Entities undergoes an involuntary liquidation proceeding, third-party creditors may claim rights to some or all of its assets and the Company may not have priority against such third-party creditors on the assets of the Operating Entities. If the Operating Entities liquidate, the Company may take part in the liquidation procedures as a general creditor under the PRC Enterprise Bankruptcy Law and recover any outstanding liabilities owed by the Operating Entities to WFOE under the applicable service agreement.

If the New Registered Shareholders of the Operating Entities were to attempt to voluntarily liquidate the Operating Entities without obtaining the Company's prior consent, the Company may prevent such unauthorised voluntary liquidation by exercising the Company's right to request the New Registered Shareholders to transfer all of their respective equity interests to a PRC entity or individual designated by the WFOE in accordance with the Amended and Restated Exclusive Option Agreement with the New Registered Shareholders. In addition, under the New Contractual Arrangements, the New Registered Shareholders do not have the right to issue dividends to themselves or otherwise distribute the retained earnings or other assets of China PnR without the Company's consent. In the event that the New Registered Shareholders initiate a voluntary liquidation proceeding without the Company's authorisation or attempt to distribute the retained earnings or assets of the Operating Entities without the Company's prior consent, the Company may need to resort to legal proceedings to enforce the terms of the New Contractual Arrangements. Any such legal proceeding may be costly and may divert the management's time and attention away from the operation of the Group's business, and the outcome of such legal proceeding will be uncertain.

4. The New Registered Shareholders may potentially have a conflict of interest with the Company, and they may breach or attempt to amend their contracts with the Company in a manner contrary to the Company's interests.

The Company has designated individuals who are PRC nationals to be the ultimate shareholders of China PnR under the New Contractual Arrangements. These individuals may have conflicts of interest with the Company. Under the New Contractual Arrangements, China PnR will be approximately 60% owned by Mr. ZHOU Ye (an executive Director, Chairman of the Board and the Chief Executive Officer of the Company), 20% owned by Ms. MU Haijie (an executive Director and the president of the Company) and 20% owned by Mr. JIN Yuan (an executive Director, the Chief Financial Officer and Joint Company Secretary of the Company). Conflicts of interest may arise between the roles of Mr. ZHOU Ye, Ms. MU Haijie and Mr. JIN Yuan as ultimate shareholders, directors and/or officers of the Company and as shareholders, directors and/or officers of China PnR. The Company relies on these individuals to abide by the laws of the Cayman Islands which impose fiduciary duties upon directors and officers of the Company. Such duties include the duty to act bona fide in what they consider to be in the best interest of the Company and the Shareholders as a whole and not to place themselves in a position in which there is a conflict between their duties to the Company and their personal interests. On the other hand, PRC laws also provide that a director or a management officer owes a duty of loyalty and fiduciary duty to the company he or she directs or manages. The Company cannot assure the Shareholders or potential investors of the Company that when conflicts arise, the New Registered Shareholders will act in the best interests of the Company or that conflicts will be resolved in the Company's favor. These individuals may breach or cause the Operating Entities to breach the New Contractual Arrangements. If the Company cannot resolve any conflicts of interest or disputes between the Company and the New Registered Shareholders, the Company would have to rely on legal proceedings, which may be expensive, time-consuming and disruptive to the Group's operations. There is also substantial uncertainty as to the outcome of any such legal proceedings.

5. The New Contractual Arrangements with the Operating Entities may result in adverse tax consequences to the Company.

The Company could face material and adverse tax consequences if the PRC tax authorities determine that the New Contractual Arrangements were not made on an arm's length basis and adjust the Company's income and expenses for PRC tax purposes by requiring a transfer pricing adjustment. A transfer pricing adjustment could adversely affect the Company by (i) increasing the tax liabilities of the Operating Entities without reducing the tax liability of the Company's subsidiaries, which could further result in late payment fees and other penalties to the Operating Entities for underpaid taxes; or (ii) limiting the ability of the Operating Entities to obtain or maintain preferential tax treatments and other financial incentives.

6. Substantial uncertainties exist with respect to the interpretation of the Foreign Investment Law and how it may impact the viability of the Company’s current corporate structure, corporate governance and business operations.

On 15 March 2019, the National People’s Congress of the PRC published the Foreign Investment Law, which became effective on 1 January 2020 and replaced the Sino-Foreign Equity Joint Venture Enterprise Law, the Sino-Foreign Cooperative Joint Venture Enterprise Law and the Foreign Owned Enterprise Law, and became the legal foundation for foreign investment in the PRC. The Implementing Rules of Foreign Investment Law (外商投資法實施條例) was enacted by the State Council on 26 December 2019 which took effect on 1 January 2020. Although the Foreign Investment Law stipulates three forms of foreign investment, it does not explicitly stipulate the contractual arrangements as a form of foreign investment. In that regard, the PRC Legal Advisors confirmed that the Foreign Investment Law and the Implementing Rules of Foreign Investment Law will not have a material impact on the New Contractual Arrangements and each of the New VIE Agreements under the New Contractual Arrangements, and the legality and validity of the New Contractual Arrangements would not be affected.

However, since the Foreign Investment Law stipulates that a foreign investment includes foreign investors investing in the PRC through “any other methods” under laws, administrative regulations, or provisions prescribed by the State Council, future laws, administrative regulations or provisions prescribed by the State Council may regard contractual arrangements as a form of foreign investment, at which time the contractual arrangements may be deemed to violate foreign investment access requirements and the interpretation of the abovementioned contractual arrangements. The Company will maintain regular communications with the PRC Legal Advisors and make further announcement(s) in relation to, among other things, updates or changes to the Foreign Investment Law that will have a material impact on the Group’s businesses and the New Contractual Arrangements as and when appropriate in accordance with the relevant requirements of the Listing Rules and the Guidance Letter.

Changes in PRC laws and regulations could materially adversely affect the New Contractual Arrangements and the business of the Group. If future laws, administrative regulations or provisions prescribed by the State Council mandate further actions by companies with existing contractual arrangements, the Company may face substantial uncertainties as to the timely completion of such actions. The Company could potentially be required to unwind the New Contractual Arrangements and/or dispose of our business, which could materially adversely affect the business, financial condition and results of operations of the Group.

7. If the Company exercises the option to acquire the equity ownership and assets of the Operating Entities, the ownership or asset transfer may subject the Company to certain limitations and substantial costs.

Pursuant to the New Contractual Arrangements, the WFOE or its designated person(s) has the exclusive right to purchase all or any part of the equity interests in China PnR from the New Registered Shareholders.

The equity transfer may be subject to approvals from and filings with the MIIT, the PBOC, the MOFCOM and/or their local competent branches. In addition, the equity transfer price may be subject to review and tax adjustment by the relevant tax authority. The New Registered Shareholders will pay the equity transfer price they receive to WFOE under the New Contractual Arrangements. The amount to be received by WFOE may also be subject to enterprise income tax. Such tax amounts could be substantial.

8. The Company does not maintain an insurance policy to cover the risks relating to the New Contractual Arrangements.

The Group has not purchased any insurance to cover the risk relating to the New Contractual Arrangements. If any event affect the enforceability and operation of the New Contractual Arrangements, the financial and operation results of the Group may be adversely affected. The Group will continue to monitor the relevant legal and operational environment on a regular basis in order to comply with the applicable laws and regulations.

INFORMATION ON THE RELEVANT PARTIES

The Group

The Company was incorporated in the Cayman Islands with limited liability. The Group is a leading independent third-party payment service provider in China, focusing on four business directions which are integrated merchants acquiring, SaaS service, industry solution as well as cross-border & international business respectively.

Parties to the New VIE Agreements

The New Registered Shareholders

The New Registered Shareholders are Mr. ZHOU Ye, Ms. MU Haijie and Mr. JIN Yuan. As at the date of this announcement, (i) Mr. ZHOU Ye is an executive Director, the Chairman of the Board and the Chief Executive Officer of the Company; (ii) Ms. MU Haijie is an executive Director and the president of the Company; and (iii) Mr. JIN Yuan is an executive Director, the Chief Financial Officer and Joint Company Secretary of the Company.

The following sets forth the biographical details of each of the New Registered Shareholders:

Mr. ZHOU Ye

Mr. ZHOU Ye, aged 53, has been an executive Director since December 2017 and the Chairman of the Board and the Chief Executive Officer since March 2018. He is also the chairman of the board of directors of WFOE, the chairman of the board of directors and the chief executive officer of China PnR and the chairman of the board of directors of PnR Data. Mr. ZHOU currently serves as a director of the Management Company; a non-executive director of PnR Holdings, PnR (Cayman), Paytech Holdings and 14 members of the Excluded Group and a limited partner of Shanghai Huifu Internet Financial Information Venture Capital Investment Center (Limited Partnership) (上海匯付互聯網金融信息服務創業投資中心(有限合夥)). Mr. ZHOU has over 30 years of experience in computer technology, electronic payments and finance and corporate management. Prior to joining the Group, Mr. ZHOU's previous work experience primarily includes: serving as a software engineer in the No. 32 Institute of Electronics Industrial Ministry (電子工業部第32研究所, currently known as the Technology No. 32 Institute of China Electronics Technology Group Corporation (中國電子科技集團公司第三十二研究所)) from June 1989 to February 1993; the manager of the sales department, a vice president and a senior vice president of Shanghai Huateng Software System Co., Ltd. (上海華騰軟件系統有限公司) from February 1993 to June 2000; and an executive director and the general manager of ChinaPay Electronic Payment Service Co., Ltd. (上海銀聯電子支付服務有限公司) from June 2000 to May 2006.

Mr. ZHOU obtained a bachelor's degree of science in wireless electronics from the department of electronic engineering of Fudan University in Shanghai, the PRC in July 1986; a master's degree of engineering in communication and electronic systems from the department of wireless electronics of Shanghai University of Science and Technology (上海科學技術大學, currently known as Shanghai University) in Shanghai, the PRC in June 1989; and a master's degree in business administration from China Europe International Business School in Shanghai, the PRC in April 2002. Mr. ZHOU graduated from the DBA Global Finance Program of Shanghai Advanced Institute of Finance of Shanghai Jiao Tong University in Shanghai, the PRC and obtained a doctor's degree of business administration in Global Financial Management from Arizona State University in May 2015. In July 2019, Mr. Zhou was qualified as a senior engineer in artificial intelligence by the committee of Shanghai Engineering artificial intelligence (上海市工程系列人工智能專業高級職稱評定委員會). Mr. ZHOU was awarded the "Leading Talent of Shanghai City for the Year of 2011 (2011上海市領軍人才)" by the Organization Department of CPC Shanghai Committee (中共上海市委組織部) and Shanghai Municipal Human Resources and Social Security Bureau (上海市人力資源和社會保障局) in December 2011 and the "Top Ten Financial Innovation Figures for the Year of 2012 (2012滬上十大金融創新人物)" jointly by Xinhua News Agency Shanghai Bureau (新華社上海分社), Shanghai Financial Association (上海金融業聯合會) and institutions in December 2012. In 2018, Mr. ZHOU was awarded the "Siyuan contribution award of outstanding alumni" by Shanghai Jiaotong University (上海交通大學傑出校友思源貢獻獎). In 2020, Mr. ZHOU was appointed as a member of the First International Advisory Committee of Oceanwide International Finance College of Fudan University (復旦大學泛海國際金融學院第一屆國際諮詢委員會委員). Mr. ZHOU currently serves as a member of the Internet Finance Committee of Asset Management Association of China; a vice chairman of the Association of Shanghai Internet Financial Industry; an executive director of Shanghai Finance Institute; and a part-time professor of the Shanghai National Accounting Institute.

Ms. MU Haijie

Ms. MU Haijie, aged 48, has been as an executive Director and the president of the Company since March 2018. She is also a director of WFOE, PnR JH Tech Co., Ltd. (上海匯付錦翰信息技術有限公司), Shanghai Yifu Cloud Information Technology Co., Ltd. (上海易付雲信息科技有限公同) and Nanjing Dechen Information Technology Co., Ltd. (南京德辰信息技術有限公司); a director and the president of China PnR; and a director and the general manager of PnR Data. Ms. MU currently serves as a director of the Management Company; a director of PnR Holdings, PnR (Cayman), Paytech Holdings and four members of the Excluded Group. Ms. MU has over 25 years of experience in financial and accounting, electronics payment and corporate management. Prior to joining the Group, Ms. MU's previous work experience primarily includes: at Shanghai Xingda Real Estate Development Co., Ltd. (上海興大房產發展有限公司) from August 1993 to November 1996; finance manager of Nike Sports (China) Co., Ltd. (耐克體育(中國)有限公司) from October 1996 to September 2000; and finance manager and assistant general manager of ChinaPay Electronic Payment Service Co., Ltd. (上海銀聯電子支付服務有限公司) from October 2000 to May 2006. Ms. MU served as a senior vice president of China PnR from July 2006 to March 2018.

Ms. MU graduated in international finance from Shanghai Finance College (上海金融高等專科學校) (currently known as the Shanghai Lixin University of Accounting and Finance) in Shanghai, the PRC, in July 1993; and obtained an Executive Master's degree of Business Administration from China Europe International Business School in Shanghai, the PRC in October 2013. Ms. MU was awarded the "EMBA 2011 Outstanding Graduate Award" by China Europe International Business School in October 2013 and the "Shanghai Pioneer Award for Conversion of High-Tech Achievements (上海高新技術成果轉化先鋒人物獎)" jointly by the Technology Venture Centre of Shanghai (上海市科技創業中心) and the Talent Service Centre of Shanghai (上海市人才服務中心) in October 2017. Ms. MU currently serves as a standing member of the council of the Payment & Clearing Association of China.

Mr. JIN Yuan

Mr. JIN Yuan, aged 45, has been an executive Director and a Joint Company Secretary since March 2018 and the Chief Financial Officer of the Company since December 2017. He is also the chief financial officer of China PnR and a director of WFOE and from December 2019, an independent non-executive director of Shanghai Ganglian E-Commerce Holdings Co., Ltd. (上海鋼聯電子商務股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 300226). Mr. JIN has over 21 years of experience in financial and accounting, capital operation and corporate management. Prior to joining the Group, Mr. JIN's previous work experience primarily includes: consecutively serving as the financial manager, financial controller and board secretary, and a vice president and the chief financial officer of Shanghai Huateng Software System Co., Ltd. (上海華騰軟件系統有限公司) from July 1997 to December 2011; and general manager of the financial management center of Chinasoft International Co., Ltd. (中軟國際有限公司) and the chief financial officer of its professional service group from January 2012 to April 2014. Mr. JIN served as an independent

director of Shanghai Tong Shi Network Technology Corporation, a company listed on the National Equities Exchange and Quotations (stock code: 833377), from May 2016 to June 2019. Mr. JIN joined the Group in April 2014 and has consecutively served in several positions, including as vice president of Shanghai Huifu Technology Ltd. (上海匯付科技有限公司) from April 2014 to January 2015 and as financial controller of China PnR since February 2015.

Mr. JIN obtained a bachelor's degree in economics from Shanghai University of Finance and Economics in Shanghai, the PRC in July 1997; and a master's degree in professional accountancy from The Chinese University of Hong Kong in Hong Kong in December 2006. Mr. JIN obtained the qualification of Senior Accountant from the Shanghai Municipal Human Resources and Social Security Bureau in December 2013. Mr. JIN is currently an expert consultant of the National Technical Committee on Accounting Information of Standardization Administration of Ministry of Finance (財政部全國會計信息化標準化技術委員會); a member of the Accounting Information Committee of the Accounting Society of China; a council member of the Accounting Society of Shanghai (上海市會計學會); a part-time postgraduate tutor at Shanghai National Accounting Institute; and a part-time postgraduate tutor at the Management School of Shanghai University.

China PnR

China PnR is a limited liability company established in the PRC and one of the Operating Entities. As at the date of this announcement, China PnR is a direct wholly-owned subsidiary and an indirect wholly-owned subsidiary of the Company.

The WFOE

The WFOE is a limited liability company established in the PRC and a wholly-owned subsidiary of the Company. The WFOE mainly holds intellectual properties and provide relevant corporate management consultation and services to the Operating Entities.

IMPLICATIONS UNDER THE LISTING RULES

The New VIE Agreements and the New Contractual Arrangements

As confirmed by the auditors of the Company, the financial results of China PnR will remain to be consolidated and accounted for as a wholly-owned subsidiary of the Company under the New Contractual Arrangements. The New Registered Shareholders, being the executive Directors, are connected persons of the Company. Accordingly, the transactions contemplated under the New VIE Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules and the transactions contemplated under the Existing Loan Agreement (as supplemented by the Supplemental Loan Agreement) constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the New Contractual Arrangements are a reproduction from the Existing Contractual Arrangements as provided under one of the conditions of the IPO Waiver, the New VIE Agreements are on substantially the same terms as those currently in place under the Existing Contractual Arrangements, the Stock Exchange has confirmed that the transactions contemplated under the New Contractual Arrangements are exempt from strict compliance with (i) the independent Shareholders' approval requirements pursuant to Rule 14A.36 of the Listing Rules; and (ii) the requirement of setting an annual cap for the fees payable to the WFOE under the New Contractual Arrangements pursuant to Rule 14A.53 of the Listing Rules. The Company has also undertaken that it will fulfill and comply with the same conditions as those imposed on the Existing Contractual Arrangements under the IPO Waiver *mutatis mutandis*.

Waiver from Strict Compliance with Rule 14A.52 under the Listing Rules

The Directors consider that it would be unduly burdensome and impracticable, and would add unnecessary administration costs to the Company, for transactions contemplated under each of the New VIE Agreements to be subject to the requirement of setting a fixed term under Rule 14A.52 under the Listing Rules.

The Company has applied and the Stock Exchange has granted a waiver from strict compliance with setting a fixed period for the New VIE Agreements pursuant to Rule 14A.52 under the Listing Rules subject to the same conditions as imposed on the Existing Contractual Arrangements under the IPO Waiver which shall apply *mutatis mutandis*. For details of such conditions, please refer to the section headed "Connected Transactions" in the Prospectus.

The Proposed New Directors' Loans

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the proposed New Directors' Loans, when aggregated with the loans granted to Mr. ZHOU Ye, Ms. MU Haijie and Mr. JIN Yuan in an aggregate principal amount of US\$6,701,184.72 as disclosed in the Company's announcement dated 17 January 2020, exceeds 0.1% but is less than 5%, the entering into of the Existing Loan Agreement (as supplemented by the Supplemental Loan Agreement) and the transactions contemplated thereunder are subject to the reporting, annual review and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DIRECTORS' CONFIRMATION

Mr. ZHOU Ye, Ms. MU Haijie and Mr. JIN Yuan, each being a party to the New Contractual Arrangements, are considered to have material interests in the transactions contemplated under the New VIE Agreements and the Existing Loan Agreement (as supplemented by the Supplemental Loan Agreement). Accordingly, each of Mr. ZHOU Ye, Ms. MU Haijie and Mr. JIN Yuan has abstained from voting on the relevant Board resolutions in respect of the Termination Agreement, the Equity Transfer Agreements and the Debt Assignment Agreement, the Existing Loan Agreement and the New VIE Agreements and the transactions contemplated thereunder. Save as aforementioned, none of the other Directors has a material interest in the aforementioned agreements and the transactions contemplated thereunder and hence no other Director has abstained from voting on the relevant Board resolutions.

DEFINITIONS

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

“Amended and Restated Exclusive Option Agreement”	an amended and restated exclusive option agreement dated 29 May 2020 entered into amongst the WFOE, China PnR and the New Registered Shareholders as further described under the section headed “New VIE Agreements — 1. Amended and Restated Exclusive Option Agreement” in this announcement
“Assignment of Debt Arrangements”	the assignment of debts arrangement amongst the Existing Registered Shareholders and the New Registered Shareholders (other than Mr. ZHOU Ye) pursuant to the Debt Assignment Agreement and the Loan Agreement (as supplemented by the Supplemental Loan Agreement)
“Board”	the board of Directors
“Catalog”	Guidance Catalog of Industries for Foreign Investment, promulgated and amended from time to time jointly by the MOFCOM and the NDRC
“China PnR”	China PnR Co., Ltd. (匯付天下有限公司), a company established under the laws of the PRC with limited liability, and one of the Operating Entities
“Company”	Huifu Payment Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1806)

“Director(s)”	director(s) of the Company
“Debt Assignment Agreement”	an assignment of debt agreement dated 29 May 2020 entered into amongst the WFOE, the Existing Registered Shareholders (other than Mr. ZHOU Ye) and the New Registered Shareholders (other than Mr. ZHOU Ye) as further described in the section headed “Principal Terms of the Debt Assignment Agreement” in this announcement
“Existing Contractual Arrangements”	the series of contractual arrangements entered into by, among others, WFOE, China PnR and the Existing Registered Shareholders as further described in the section headed “Contractual Arrangements” in the Prospectus
“Existing Equity Pledge Agreements”	collectively, equity pledge agreements dated 2 March 2018 entered into between the WFOE, China PnR and each of the Existing Registered Shareholders as further described in the section headed “Contractual Arrangements” in the Prospectus
“Existing Exclusive Business Cooperation Agreement”	an exclusive business cooperation agreement dated 2 March 2018 entered into between China PnR and the WFOE
“Existing Exclusive Option Agreement”	an exclusive option agreement dated 2 March 2018 entered into amongst China PnR, the WFOE and the Existing Registered Shareholders as further described in the section headed “Contractual Arrangements” in the Prospectus
“Existing Loan Agreement”	a loan agreement dated 2 March 2018 entered into between the Existing Registered Shareholders and the WFOE in relation to grant of loans in the total principal amount of RMB100 million by the WFOE to the Existing Registered Shareholders as further described in the section headed “Contractual Arrangements” in the Prospectus
“Existing Powers of Attorney”	collectively, the powers of attorney dated 2 March 2018 executed by each of the Registered Shareholders in respect of the Existing Contractual Arrangements as further described in the section headed “Contractual Arrangements” in the Prospectus
“Existing Registered Shareholders”	the existing registered shareholders of China PnR under the Existing Contractual Arrangements, namely, Mr. ZHOU Ye, Mr. LIU Gang, Ms. MU Haijie, Ms. XU Zhuomin, Mr. ZHANG Ge and Ms. CHEN Yan

“Existing Registered Shareholders’ Confirmations and Undertakings”	collectively, the confirmations and undertakings from each of the Existing Registered Shareholders as further described in the section headed “Contractual Arrangements” in the Prospectus
“Existing Spouse Undertakings”	collectively, letters of agreement signed by the spouse of each of the Existing Registered Shareholders as further described in the section headed “Contractual Arrangements” in the Prospectus
“Equity Transfer Agreements”	collectively, the First Equity Transfer Agreement and the Second Equity Transfer Agreement
“Existing VIE Agreements”	collectively, the Existing Exclusive Business Cooperation Agreement, the Existing Exclusive Option Agreement, the Existing Equity Pledge Agreements, the Existing Powers of Attorney, the Existing Registered Shareholders’ Confirmation and Undertakings and the Existing Spouse Undertakings
“First Equity Transfer Agreement”	an equity transfer agreement dated 29 May 2020 entered into amongst Ms. CHEN Yan (as transferor), Ms. XU Zhuomin (as transferor) and Ms. MU Haijie (as transferee) in relation to transfer of the equity interest in China PnR held by Ms. CHEN Yan and Ms. XU Zhuomin to Ms. MU Haijie as further described under the section headed “Principal Terms of the Equity Transfer Agreements – (1) The First Equity Transfer Agreement” in this announcement
“First New Equity Pledge Agreement”	a new equity pledge agreement dated 29 May 2020 in relation to pledge of additional 10% equity interest in China PnR held by Ms. MU Haijie
“Foreign Investment Law”	the Foreign Investment Law of the PRC
“Group”	the Company and its subsidiaries and operating entities
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“ICP Authority”	Shanghai Communications Administration (上海市通信管理局)
“ICP License”	Value-added Telecommunication Service Operation Permit for Internet Information Service (增值電信業務經營許可證(互聯網信息服務))

“ICP License Consultation”	the consultation made by the Company, together with the Joint Sponsors and the PRC Legal Advisors in respect of the ICP License
“IPO Waiver”	the waiver granted by the Stock Exchange to the Company in respect of the Existing Contractual Arrangements, which waives the Company’s obligations from strict compliance with (i) the announcement and independent Shareholders’ approval requirements under Rules 14A.04 and 14A.105 of the Listing Rules; and (ii) the requirement of setting an annual cap for the transactions contemplated under the Existing Contractual Arrangements pursuant to Rule 14A.53 of the Listing Rules, subject to certain conditions
“Joint Sponsors”	CLSA Capital Markets Limited and J.P. Morgan Securities (Far East) Limited, the joint sponsors of the Company’s listing on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“MIIT”	the Ministry of Industry and Information Technology of the PRC
“MOFCOM”	the Ministry of Commerce of the PRC
“NDRC”	National Development and Reform Committee of the PRC
“New Contractual Arrangements”	the series of new contractual arrangements entered into by, among others, WFOE, China PnR and the New Registered Shareholders
“New Equity Pledge Agreements”	collectively, the First New Equity Pledge Agreement and the Second New Equity Pledge Agreement dated 29 May 2020 and the two Existing Equity Pledge Agreements in relation to 60% and 10% equity interest in China PnR held by Mr. ZHOU Ye and Ms. MU Haijie, as further described in the section headed “New VIE Agreements – 2. New Equity Pledge Agreements” in this announcement
“New Directors’ Loans”	collectively, the debts assigned to Ms. MU Haijie and Mr. JIN Yuan under the Debt Assignment Agreement and the Existing Loan Agreement (as supplemented by the Supplemental Loan Agreement)

“New VIE Agreements”	collectively, the Amended and Restated Exclusive Option Agreement, the New Equity Pledge Agreements, the New Powers of Attorney, the New Registered Shareholders’ Confirmations and Undertakings, the New Spouse Undertakings and the Existing Exclusive Business Cooperation Agreement
“New Powers of Attorney”	collectively, the powers of attorney executed by each of the New Registered Shareholders on 29 May 2020 as further detailed in the section headed “New VIE Agreements – 3. New Powers of Attorney” in this announcement
“New Registered Shareholders”	the new registered shareholders of China PnR under New Contractual Arrangements, namely, Mr. ZHOU Ye, Ms. MU Haijie, and Mr. JIN Yuan
“New Registered Shareholders’ Confirmations and Undertakings”	collectively, the confirmations and undertakings executed by the New Registered Shareholders on 29 May 2020 as further detailed in the section headed “New VIE Agreements – 4. New Registered Shareholders’ Confirmations and Undertakings”
“New Spouse Undertakings”	collectively, the undertakings and the letters of agreement executed by the spouse of each of the New Registered Shareholders on 29 May 2020 as further detailed in the section headed “New VIE Agreements – 5. New Spouse Undertakings”
“Operating Entities”	China PnR and PnR Data, the financial results of which have been consolidated and accounted for as subsidiaries of the Company by virtue of the Existing Contractual Arrangements and will continue to be consolidated and accounted for as subsidiaries of the Company by virtue of the New Contractual Arrangements
“Payment License”	payment business license issued by the PBOC (支付業務許可證)
“Payment License Consultation”	the consultation made by the Company, together with the Joint Sponsors and the PRC Legal Advisors with the Payment Authority in respect of the Payment License
“PBOC” or “Payment Authority”	People’s Bank of China
“PnR Data”	Shanghai Payment and Remittance Data Service Co., Ltd. (上海匯付數據服務有限公司), a company incorporated under the laws of the PRC with limited liability and one of the Operating Entities

“PRC”	the People’s Republic of China
“PRC Contract Law”	the Contract Law of the PRC
“PRC Legal Advisors”	the PRC legal advisors to the Company in respect of the New Contractual Arrangements
“Relevant Businesses”	the payment services and the fintech enabling services of the Group
“RMB”	Renminbi, the lawful currency of the PRC
“Second Equity Transfer Agreement”	an equity transfer agreement dated 29 May 2020 entered into amongst Mr. LIU Gang (as transferor), Mr. ZHANG Ge (as transferor) and Mr. JIN Yuan (as transferee) in relation to transfer of the equity interest in China PnR held by Mr. LIU Gang, Mr. ZHANG Ge to Mr. JIN Yuan as further described under the section headed “Principal Terms of the Equity Transfer Agreements — (2) The Second Equity Transfer Agreement” in this announcement
“Second New Equity Pledge Agreement”	the second equity pledge agreement dated 29 May 2020 in relation to pledge of 20% equity interest in China PnR held by Mr. JIN Yuan
“Share(s)”	ordinary share(s) of HK\$0.0001 each in the share capital of the Company, or if there has been a sub-division, reduction, consolidation, reclassification or reconstruction of the share capital of the Company, the shares forming part of the ordinary equity share capital of the Company of such nominal amount as shall result from any such sub-division, reduction, consolidation, reclassification or reconstruction
“Shareholder(s)”	shareholder(s) of the Company
“SHIAC”	the Shanghai International Economic and Trade Arbitration Commission
“Supplemental Loan Agreement”	a supplemental agreement to the Existing Loan Agreement dated 29 May 2020 entered into amongst the WFOE, the Existing Registered Shareholders and the New Registered Shareholders, as further detailed in the section headed “Principal Terms of Existing Loan Agreement”
“State Council”	The State Council of the PRC

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Termination Agreement”	the termination agreement dated 29 May 2020 entered into amongst the China PnR, the WFOE and the Existing Registered Shareholders in relation to termination of certain Existing VIE Agreements, as further detailed in the section headed “Principal Terms of the Termination Agreement”
“VIE”	variable interest entity(ies)
“WFOE”	PnR Network Technology (Shanghai) Co., Ltd. (匯付網絡技術(上海)有限公司), a company incorporated under the laws of the PRC with limited liability and a wholly owned subsidiary of the Company
“%”	per cent

By order of the Board
Huifu Payment Limited*
ZHOU Ye
Chairman

Shanghai, the People’s Republic of China
29 May 2020

As at the date of this announcement, the Board comprises Mr. ZHOU Ye, Ms. MU Haijie and Mr. JIN Yuan as executive Directors, Mr. CHYE Chia Chow, Mr. ZHOU Joe and Ms. WANG Lihong as non-executive Directors, and Mr. LIU Jun, Mr. WANG Hengzhong and Ms. ZHANG Qi as independent non-executive Directors.

* *Incorporated in the Cayman Islands with limited liability under the names of Huifu Limited and 匯付天下有限公司*