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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)

PROFIT WARNING

This announcement is made by Huifu Payment Limited (the “**Company**”, together with its subsidiaries and operating entities, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on a preliminary review of the unaudited management accounts of the Group for the six months ended 30 June 2020 (the “**Period**”) and assessment of the latest information currently available to the Board, the Group is expected to report a net loss of about RMB95 million to RMB115 million for the Period as compared to a net profit of approximately 142 million for the corresponding period in 2019. The adjusted net profit for the Period, which does not take the share-based payment expenses into account, is expected to be approximately RMB80 million to RMB90 million, as compared to approximately RMB153 million for the corresponding period in 2019, which is approximately a 41% to 48% decrease year-over-year. The decrease is mainly attributed to (i) the impact of the COVID-19 pandemic on the business of the Group, which caused the decrease in revenue generated from the traditional payment services; and (ii) the increase of the share-based payment expenses as a result of the grant of the restricted share units under the share award scheme adopted on August 2019 by the Company (the “**Scheme**”) has been fully recognized in this Period. The Scheme will not generate further share-based payment expenses in future reporting periods.

The COVID-19 pandemic accelerated the digitalized transformation process in various industries. The merchants' demand of digitalized services considerably increased, spurring forward the Group's innovative business lines. Huifu continued to increase R&D investments to maintain its leading position in innovative technology.

- The Group has launched omni-channel payment products and digitalized marketing and management solutions for online and offline small and medium-sized merchants. The compound monthly growth rate of average daily number of transactions of the new omni-channel payment brand "Huilaimi" reached over 150% to more than one million transactions in one quarter.
- The Group continued to focus on the digitalized transformation needs of various vertical industries, actively promoting via online marketing, live-streaming and other marketing channels. The Group also launched self-developed SaaS products in new retail, education, and medical beauty industries and cooperated with over 450 SaaS partners as of the date of this announcement. The SaaS Service segment transaction volume recorded a rapid growth of about 45% year-over-year, and the Cross-border and International Business segment transaction volume recorded a growth of more than 45% year-over-year.
- The Group continued to increase the investment in R&D and infrastructure, as well as cloud native technology, and further improved the R&D efficiency through various advanced digitalized tools. The Group achieved breakthroughs in front-end technologies, which are now ready for commercialization and are being applied in the business operation of the Group.

In future, the Group will continue to deepen digitalized transformation strategy, meet the integrated online and offline development needs of various clients, and assist the clients in the digitalized transformation in marketing, management and operations.

The information contained in this announcement is solely based on the preliminary assessment by the Board according to the Group's unaudited management accounts for the Period and the information currently available to the Board, which has not been reviewed or audited by the Company's auditors and the audit committee of the Company, and may therefore be subject to changes. Details of the financial information for the Period of the Group will be disclosed in the interim results announcement for the Period of the Company, which is expected to be published by the end of August 2020.

Shareholders and potential investors are advised to exercise caution when investing in or dealing in the securities of the Company.

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

Shanghai, the People's Republic of China
16 July 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.

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