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## THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in doubt as to any aspect of the Proposal, this Scheme Document or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant, or other professional adviser.

If you have sold or transferred all your shares in Huifu Payment Limited, you should at once hand this Scheme Document and the accompanying forms of proxy to the purchaser or transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Scheme Document, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Scheme Document.

This Scheme Document appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of Purity Investment Limited or Huifu Payment Limited.

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**Purity Investment Limited**  
(incorporated in the Cayman Islands with limited liability)



**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) PROPOSAL FOR THE DELISTING OF HUIFU PAYMENT LIMITED BY THE OFFEROR BY WAY OF A SCHEME OF ARRANGEMENT (UNDER SECTION 86 OF THE COMPANIES ACT) AND (2) PROPOSED WITHDRAWAL OF LISTING

**Financial Adviser to the Offeror**



**CICC**  
**中金公司**

**Independent Financial Adviser to the Independent Board Committee**



**SOMERLEY CAPITAL LIMITED**

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Unless the context otherwise requires, capitalised terms used in this Scheme Document (including this cover page) are defined in the section headed "Definitions" in Part I of this Scheme Document.

A letter from the Board is set out in Part IV of this Scheme Document. A letter from the Independent Board Committee containing its advice to the Disinterested Shareholders and the Optionholders in respect of the Proposal, the Scheme and the Option Offer is set out in Part V of this Scheme Document. A letter from Somerley, being the Independent Financial Adviser, containing its advice to the Independent Board Committee in relation to the Proposal, the Scheme and the Option Offer is set out in Part VI of this Scheme Document. An Explanatory Memorandum regarding the Scheme is set out in Part VII of this Scheme Document.

The actions to be taken by the Shareholders are set out in Part II of this Scheme Document.

Notices convening the Court Meeting to be held at 10:00 a.m. on Friday, 19 February 2021 and the General Meeting to be held at 10:30 a.m. (or immediately after the conclusion or adjournment of the Court Meeting) on Friday, 19 February 2021 are set out in Appendix VI and Appendix VII to this Scheme Document respectively. Whether or not you are able to attend the Court Meeting and/or the General Meeting or any adjournment thereof in person, you are strongly urged to complete and sign the enclosed pink form of proxy in respect of the Court Meeting and the enclosed white form of proxy in respect of the General Meeting, in accordance with the instructions printed thereon and to lodge them at the office of the Share Registrar at Suite 1601, 16/F Central Tower, 28 Queen's Road Central, Hong Kong as soon as possible but in any event no later than the respective times and dates as stated under Part II – Actions to be taken of this Scheme Document. Completion and return of the forms of proxy for Court Meeting and/or the General Meeting will not preclude you from attending and voting in person at the relevant meeting or any adjournment thereof, should you so wish. In the event that you attend and vote at the relevant meeting or any adjournment thereof after having lodged your forms of proxy, the returned forms of proxy will be revoked by operation of law.

This Scheme Document is not an offer of securities for sale in the United States. The New Shares to be issued in connection with the Proposal will not be, and are not required to be, registered under the Securities Act or the securities laws of any state of the United States and will be issued in reliance upon the exemption from the registration requirements of the Securities Act provided by section 3(a)(10) of the Securities Act and available exemptions from such state law registration requirements.

This Scheme Document is issued jointly by the Offeror and the Company.

The English language text of this Scheme Document and the accompanying forms of proxy, Election Form, Form of Acceptance and Account Holder Form shall prevail over the Chinese version for the purpose of interpretation.

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**SPECIAL ARRANGEMENTS FOR THE COURT MEETING AND THE GENERAL MEETING**

Taking into account the recent development of the epidemic caused by coronavirus disease (COVID-19), the Company will implement the following prevention and control measures at the Court Meeting and the General Meeting to protect Shareholders from the risk of infection:

- (a) compulsory body temperature checks will be conducted for every attending Shareholder or proxy at the entrance of the venue. Any person with a body temperature of over 37.3 degrees Celsius will not be admitted to the venue, but will be able to vote by submitting a voting slip to the scrutineer at the entrance of the venue;
- (b) every attending Shareholder or proxy is required to wear a surgical mask throughout the Court Meeting and the General Meeting; and
- (c) no refreshments will be served at the Court Meeting and/or the General Meeting. Furthermore, the Company wishes to advise all of the Shareholders, particularly any Shareholders who are subject to quarantine in relation to COVID-19, that they may appoint any person or the chairman of the Court Meeting and/or the General Meeting as a proxy to attend and vote on any of the resolutions, instead of attending the Court Meeting and/or the General Meeting in person. The Company will closely monitor and ascertain the regulations and measures introduced or to be introduced by the HKSAR government and the PRC government, and if necessary will make further announcement(s) in case of any update regarding the precautionary measures to be implemented at the Court Meeting and/or the General Meeting.

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*In this Scheme Document, the following expressions have the meanings set out below, unless the context requires otherwise:*

“Account Holder”	a person who (a) is interested in Scheme Share(s) with all or some of the Scheme Share(s) being deposited in CCASS and registered under the name of HKSCC Nominees and (b) has maintained an account (or accounts) with CCASS Participant(s) to hold such Scheme Share(s) or is interested in such Scheme Shares as a CCASS Investor Participant
“Account Holder Form”	the account holder form to be completed by the Account Holder for election of the Share Alternative, which is despatched to Shareholders together with this Scheme Document and can be downloaded from the website of the Company at <a href="http://www.huifu.com">www.huifu.com</a>
“acting in concert”	has the meaning ascribed to it in the Takeovers Code and “concert party” shall be construed accordingly
“Acting in Concert Agreement”	the agreement dated 22 January 2021 entered into between the Executive Directors in relation to the managing of the Company
“Announcement”	the announcement dated 22 December 2020 issued jointly by the Offeror and the Company in relation to, among other things, the Proposal, the Scheme and the Option Offer
“Announcement Date”	22 December 2020, being the date of the Announcement
“associate”	has the meaning ascribed to it in the Takeovers Code
“Beneficial Owner(s)”	beneficial owner(s) of the Shares registered in the name of a Registered Owner(s)
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“Cancellation Consideration”	the Cash Alternative or the Share Alternative
“Cash Alternative”	HK\$3.50 per Share in cash
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC

“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a person admitted to participate in CCASS as a participant, including a CCASS Investor Participant
“Certain Funds Period”	from the Announcement Date to the earlier of: (i) the full settlement of the Cancellation Consideration payable by the Offeror in respect of the Proposal; and (ii) the date on which the Proposal is withdrawn or lapses in accordance with its terms and the Takeovers Code
“CICC”	China International Capital Corporation Hong Kong Securities Limited, a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO, the financial adviser to the Offeror in relation to the Proposal
“CMB Facility”	the loan facility up to the extent of HK\$1,300,000,000 (or equivalent in RMB) made available to the Offeror by China Merchants Bank Co., Ltd., Shanghai Branch
“Companies Act”	the Companies Act (2020 Revision) of the Cayman Islands
“Company”	Huifu Payment Limited, an exempted company incorporated in the Cayman Islands with limited liability under the names of Huifu Limited and 汇付天下有限公司, whose Shares are listed on the Main Board of the Stock Exchange (stock code: 1806)
“Conditions”	the conditions to the implementation of the Proposal and the Scheme as described in the section headed “4. Conditions to the Proposal and the Scheme” in “Part VII – Explanatory Memorandum” of this Scheme Document
“Court Meeting”	a meeting of the Scheme Shareholders convened at the direction of the Grand Court at 10:00 a.m. on Friday, 19 February 2021 at Pheasant-Stork Room, 1st Floor, Mandarin Oriental Hong Kong, 5 Connaught Road Central, Hong Kong, at which the Scheme (with or without modification) will be voted upon, notice of which is set out in Appendix VI to this Scheme Document, or any adjournment thereof
“Director(s)”	the director(s) of the Company

“Disinterested Share(s)”	the Share(s) in issue at the Scheme Record Date, other than those beneficially owned by the Offeror, the Executive Directors and the Offeror Concert Parties. For the avoidance of doubt, Disinterested Shares include Shares in issue at the Scheme Record Date which are held by any member of the CICC group on a non-discretionary and non-proprietary basis for and on behalf of its clients
“Disinterested Shareholder(s)”	the registered holder(s) of the Disinterested Shares. For the avoidance of doubt, the Disinterested Shareholders include any member of the CICC group acting in the capacity of an exempt principal trader or exempt fund manager for the purpose of the Takeovers Code
“Effective Date”	the date on which the Scheme becomes effective in accordance with the Companies Act and the Conditions
“Election Form”	the blue form of election to be completed by Scheme Shareholder for election of the Cash Alternative or the Share Alternative (but not, for the avoidance of doubt, a combination of the two save for HKSCC Nominees, who may make different elections in respect of Scheme Shares held on behalf of Beneficial Owners), which is despatched to Shareholders together with this Scheme Document
“Election Time”	4:30 p.m. on Friday, 12 March 2021, being the latest time by which the Scheme Shareholder may lodge the Election Form with the Share Registrar at Suite 1601, 16/F, Central Tower, 28 Queen’s Road Central, Hong Kong
“Estimate of Value”	the estimate of value of the Offeror Shares set out in Appendix IV to this Scheme Document
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate thereof
“Executive Directors”	Mr. Zhou, Ms. Mu and Mr. Jin
“exempt fund managers”	has the meaning ascribed to it in the Takeovers Code
“exempt principal traders”	has the meaning ascribed to it in the Takeovers Code
“Explanatory Memorandum”	the explanatory memorandum set out in Part VII of this Scheme Document
“Form(s) of Acceptance”	the form(s) of acceptance and cancellation in respect of the Option Offer accompanying this Scheme Document despatched to Optionholders in connection with the Option Offer

“General Meeting”	the extraordinary general meeting of the Company to be held at 10:30 a.m. (or immediately after the conclusion or adjournment of the Court Meeting) on Friday, 19 February 2021 at Pheasant-Stork Room, 1st Floor, Mandarin Oriental Hong Kong, 5 Connaught Road Central, Hong Kong, notice of which is set out in Appendix VII to this Scheme Document, or any adjournment thereof
“Grand Court”	the Grand Court of the Cayman Islands
“Group”	the Company, its subsidiaries and its Operating Entities
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company established by the Board to make a recommendation to the Disinterested Shareholders and the Optionholders in respect of the Proposal, the Scheme and the Option Offer
“Independent Financial Adviser” or “Somerley”	Somerley Capital Limited, the independent financial adviser to the Independent Board Committee in connection with the Proposal, the Scheme and the Option Offer. Somerley is a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
“Internal Reorganisation”	the internal reorganisation involving Management Company as detailed in the section headed “9. Shareholding Structure of the Company and Scheme Shares” of the Explanatory Memorandum in Part VII of this Scheme Document
“IPO”	the initial public offering and listing of the Shares on the Main Board of the Stock Exchange on 15 June 2018

“Irrevocable Undertakings”	the irrevocable undertakings given by the IU Shareholders, each received by the Offeror on 22 December 2020 in respect of an aggregate of 828,738,505 Shares (representing approximately 63.38% of the total issued share capital of the Company and approximately 76.87% of the total number of Disinterested Shares as at the Latest Practicable Date) in favour of the Offeror, pursuant to which each of the IU Shareholders undertook to, amongst other things, exercise (or procure the exercise of) all voting rights attached to the Shares held or owned by it at the Court Meeting and the General Meeting in favour of all the resolutions to approve the Proposal and any matters in connection with the Proposal (where applicable)
“IU Shareholders”	Trixen Enterprises Ltd., Keytone, Bain Capital PnR Cayman Limited, Bright Journey Investment Limited, Eight Roads Investments and Pacven Walden Ventures
“Keytone”	Keytone Ventures, L.P. and Keytone Ventures II, L.P., being limited partnerships formed under the laws of the Cayman Islands
“Latest Options Exercise Time”	4:30 p.m. on Monday, 22 February 2021, being the expected latest time upon which holders must lodge notices of exercise (accompanied by full payment of the exercise price) of their vested Share Options in order for Optionholders to qualify for entitlements under the Scheme
“Last Accounts”	the unaudited consolidated accounts of the Company for the half year ended 30 June 2020
“Last Trading Day”	17 December 2020, being the last trading day of Shares immediately before the suspension of trading in the Shares pending issuance of the Announcement
“Latest Practicable Date”	22 January 2021, being the latest practicable date for ascertaining certain information contained in this Scheme Document
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	30 June 2021 or such later date the Offeror may determine, subject to the consent of CICC (whose consent shall not be unreasonably withheld) and the permissions of the Grand Court and/or the Executive (as applicable)
“Management Company”	China PnR Management Ltd., a business company incorporated in the British Virgin Islands with limited liability



“Meeting Record Date”	Friday, 19 February 2021, or such other date as shall have been announced to the Shareholders, being the record date for the purpose of determining the entitlement of the Scheme Shareholders to attend and vote at the Court Meeting and the entitlement of Shareholders to attend and vote at the General Meeting
“Mr. Jin”	Mr. Jin Yuan, an executive Director, the chief financial officer and a joint company secretary of the Company
“Mr. Liu”	Mr. Liu Gang, the holder of 20% of the issued shares of Management Company before the Internal Reorganisation
“Mr. Zhou”	Mr. Zhou Ye, an executive Director, the chairman of the Board and the chief executive officer of the Company
“Ms. Mu”	Ms. Mu Haijie, an executive Director and the president of the Company
“NDRC”	the National Development and Reform Commission of the PRC
“New Share(s)”	new share(s) in the capital of the Offeror, to be issued pursuant to the Proposal as fully paid and will rank pari passu with all the shares of the Offeror currently in issue
“Offeror”	Purity Investment Limited, an exempted company incorporated in the Cayman Islands with limited liability on 17 November 2020
“Offeror Concert Parties”	parties acting in concert or presumed to be acting in concert with any of the Offeror or the Executive Directors under the definition of “acting in concert” under the Takeovers Code (except in the capacity of an exempt principal trader or exempt fund manager for the purpose of the Takeovers Code), including but not limited to SPV-Z, SPV-M, SPV-J, Management Company, P Holdings and Mr. Liu
“Offeror Shares”	shares in the capital of the Offeror
“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 contractual arrangements
“Option Offer”	the offer to be made by or on behalf of the Offeror to the holders of the Outstanding Share Options

“Option Offer Letter”	the letter to Optionholders setting out the terms and conditions of the Option Offer which is substantially in the form set out in Appendix VIII – Form of Option Offer Letter to this Scheme Document.
“Option Offer Price”	the amount by which the Cancellation Consideration exceeds the relevant exercise price of that Share Option (or, where the relevant exercise price exceeds the Cancellation Consideration, a nominal amount of HK\$0.01 for every 100 Share Options), payable in cash by the Offeror to the holder of that Share Option on the terms and subject to the conditions of the Option Offer
“Option Record Date”	Friday, 26 February 2021, or such other date as shall have been announced to the Shareholders and the Optionholders, being the record date for the purposes of determining entitlements of the Optionholders in respect of which the underlying Shares have not been registered in the name of the relevant holder, to the Option Offer
“Optionholder(s)”	holder(s) of the Share Options
“Outstanding Share Option(s)”	the outstanding vested share option(s) granted under the Share Option Scheme from time to time
“P Holdings”	PnR Holdings Limited, an exempted company incorporated under the laws of the Cayman Islands and a wholly-owned subsidiary of Management Company
“Pacven Walden Ventures”	Pacven Walden Ventures VI, L.P., Pacven Walden Venture Parallel VI, L.P. and Pacven Walden Venture Parallel VI-KT, L.P., being limited partnerships formed under the laws of the Cayman Islands
“Period”	eleven months ended 30 November 2020
“PRC”	the People’s Republic of China (for the purpose of this Scheme Document, excluding Hong Kong, the Macao Special Administrative Region and the Republic of Taiwan)
“Profit Warning Announcement”	the profit warning announcement of the Company dated 14 January 2021 in relation to, among other things, the estimate of the consolidated net loss and adjusted net profit of the Company (as defined in the same manner as in the Company’s 2020 interim report) for the Period

“Profit Estimate”	the estimate of the consolidated net loss and adjusted net profit of the Company (as defined in the same manner as in the Company’s 2020 interim report) for the Period as disclosed in the Profit Warning Announcement
“Proposal”	the proposal for the delisting of the Company by the Offeror by way of the Scheme and the Option Offer and the increase of the issued share capital of the Company to the amount prior to the cancellation of the Scheme Shares, and the withdrawal of the listing of the Shares from the Stock Exchange, on the terms and subject to the conditions set out in this Scheme Document
“Prospectus”	the prospectus of the Company dated 1 June 2018 in respect of, among other things, the listing of the Shares on the Main Board of the Stock Exchange
“Registered Owner(s)”	holder(s) of Shares (including without limitation a nominee, trustee, depositary or any other authorised custodian or third party) whose name is entered in the register of members of the Company as a holder of Shares
“Relevant Period”	the period commencing on the date which is six months prior to the Announcement Date and ending on the Latest Practicable Date, both dates inclusive
“RMB”	Renminbi, the lawful currency of the PRC
“Scheme”	a scheme of arrangement to be proposed under Section 86 of the Companies Act involving the cancellation of all the Scheme Shares and the increase of the issued share capital of the Company to the amount prior to the cancellation of the Scheme Shares
“Scheme Document”	the composite scheme document, including each of the letters, statements, memorandum, appendices and notices in it
“Scheme Record Date”	Friday, 26 February 2021, or such other date as shall have been announced to the Shareholders, being the record date for the purposes of determining entitlements of the Scheme Shareholders under the Scheme
“Scheme Share(s)”	the Share(s) in issue on the Scheme Record Date
“Scheme Shareholder(s)”	the registered holder(s) of Scheme Shares as at the Scheme Record Date

“Securities Act”	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“Securities and Futures Commission”	Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Alternative”	2.709677 New Shares in the Offeror which will be credited as fully paid and ranking pari passu with other shares of the Offeror then in issue for every Scheme Share held
“Share Award Scheme”	the share award scheme of the Company approved by the Board on 16 August 2019
“Share Option(s)”	the share option(s) granted under the Share Option Scheme from time to time
“Share Option Scheme”	the pre-IPO share option scheme of the Company approved by the Board on 20 January 2018, which was established for the purpose of replacing, acknowledging and retrospectively the arrangements under the pre-IPO share option schemes of P Holdings, the holding company of the Group prior to its pre-IPO reorganisation, as approved by the board of directors of P Holdings on 16 September 2011, 12 December 2017 and 20 January 2018, respectively
“Share Registrar”	Link Market Services (Hong Kong) Pty Limited, the Company’s branch share registrar and transfer office in Hong Kong
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	registered holder(s) of the Shares
“Single Consideration Election Measure”	the measure as set out in the section titled “Single Consideration Election Measure” in “2. Terms of the Proposal” of the Explanatory Memorandum
“SPV-J”	Simplify Investment (BVI) Limited, a company incorporated in the British Virgin Islands with limited liability which is wholly owned by Mr. Jin
“SPV-M”	Ideal Investment (BVI) Limited, a company incorporated in the British Virgin Islands with limited liability which is wholly owned by Ms. Mu

“SPV-Z”	Infinite Investment (BVI) Limited, a company incorporated in the British Virgin Islands with limited liability which is wholly owned by Mr. Zhou
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers in Hong Kong
“trading day”	a day on which the Stock Exchange is open for the business of dealings in securities
“Undisturbed Date”	16 December 2020, being the Business Day before the Last Trading Day and the last trading day during which there was no irregular trading volume or irregular price movement in the Shares
“US” or “United States”	United States of America
“US\$”	US dollar(s), the lawful currency of the US
“UK”	United Kingdom of Great Britain and Northern Ireland

All references in this Scheme Document to times and dates are references to Hong Kong times and dates, except as otherwise specified.

**ACTION TO BE TAKEN BY SHAREHOLDERS****Court Meeting and General Meeting**

For the purpose of determining the entitlements of the Scheme Shareholders to attend and vote at the Court Meeting and the entitlements of the Shareholders to attend and vote at the General Meeting, the register of members of the Company will be closed from Tuesday, 16 February 2021 to Friday, 19 February 2021 (both days inclusive) and during such period, no transfer of Shares will be effected. In order to qualify to vote at the Court Meeting and the General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Share Registrar at Suite 1601, 16/F, Central Tower, 28 Queen's Road Central, Hong Kong before 4:30 p.m. on Thursday, 11 February 2021.

A **pink** form of proxy for use at the Court Meeting and a **white** form of proxy for use at the General Meeting are enclosed with this Scheme Document. Subsequent purchasers of Shares may obtain the relevant proxy form from the transferor or the website of the Stock Exchange if they wish to attend or vote at the Court Meeting and/or the General Meeting.

Whether or not you are able to attend the Court Meeting and/or the General Meeting or any adjournment thereof in person, if you are a Scheme Shareholder, we strongly urge you to complete and sign the enclosed **pink** form of proxy in respect of the Court Meeting, and if you are a Shareholder, we strongly urge you to complete and sign the enclosed **white** form of proxy in respect of the General Meeting, in accordance with the instructions printed thereon, and to lodge them at the office of the Share Registrar at Suite 1601, 16/F, Central Tower, 28 Queen's Road Central, Hong Kong. **The pink form of proxy for use at the Court Meeting should be lodged no later than 48 hours before the time appointed for holding the Court Meeting or any adjournment thereof although it may alternatively be handed to the chairman of the Court Meeting at the Court Meeting. The white form of proxy for use at the General Meeting must be lodged no later than 48 hours before the time appointed for holding the General Meeting or any adjournment thereof in order to be accepted.** The completion and return of a form of proxy for the Court Meeting and/or the General Meeting will not preclude you from attending and voting in person at the relevant meeting or any adjournment thereof. In such event, the returned form of proxy will be revoked by operation of law.

If you do not appoint a proxy and you do not attend and vote at the Court Meeting and/or the General Meeting, you will still be bound by the outcome of the Court Meeting and the General Meeting if, among other things, the resolutions are passed by the requisite majorities at the Court Meeting and the General Meeting. We therefore strongly urge you to attend and vote at the Court Meeting and the General Meeting in person or by proxy.

Voting at the Court Meeting and the General Meeting will be taken by poll as required under the Listing Rules and the Takeovers Code.

The Company and the Offeror will make an announcement in relation to the results of the Court Meeting and the General Meeting by no later than 7:00 p.m. on Friday, 19 February 2021. If all the resolutions are passed at those meetings, further announcements will be made in relation to, among other things, the results of the hearing of the petition to sanction the Scheme by the Grand Court and, if the

Scheme is sanctioned, the Scheme Record Date, the Effective Date and the date of withdrawal of the listing of the Shares on the Stock Exchange in accordance with the requirements of the Takeovers Code and the Listing Rules.

**Election form**

An election of the Cash Alternative or the Share Alternative may be made by Scheme Shareholders in connection with their respective shareholdings in the Company, and Scheme Shareholders shall make such election by properly completing and signing the Election Form in accordance with the instructions appearing thereon (and, in the case of joint holders, signed by all the joint holders to which it relates, and in the case of a holder or a joint holder which is a body corporate, signed on its behalf by one of its directors or a duly authorised signatory) in respect of their entire holdings of Scheme Shares (save for HKSCC Nominees, who may make different elections in respect of Scheme Shares held on behalf of Beneficial Owners) registered under their names at the Scheme Record Date, and deliver the duly completed and executed Election Form to the Share Registrar, at Suite 1601, 16/F, Central Tower, 28 Queen's Road Central, Hong Kong not later than 4:30 p.m. on Friday, 12 March 2021 or such later date and time as may be notified through announcement. Together with the lodging of a duly completed and executed Election Form, if a Scheme Shareholder wishes to elect for the Share Alternative, the Scheme Shareholder must also lodge the following documents to comply with the relevant anti-money laundering requirements of the Cayman Islands (which shall be in English or accompanied by an English translation which is certified as a true translation): (a) if the Scheme Shareholder is an individual, such Scheme Shareholder must provide a certified true copy each of (i) the Scheme Shareholder's valid identity card or passport and (ii) proof of Scheme Shareholder's residential address (which shall be issued within the last three months of the Effective Date); and if the Scheme Shareholder is a corporation, it must provide a copy each of (i) its certificate of incorporation, (ii) its constitutional document, (iii) its register of member and (iv) its register of directors (the "**KYC Documents**"). The Offeror and the Company reserve the discretion to request for additional evidence or documents as may be required for the purpose of complying with the relevant anti-money laundering requirements of the Cayman Islands.

No such election shall be valid (and in that case the relevant Scheme Shareholder will receive the Cash Alternative) unless the Election Form is properly completed in all respects. Any election of Share Alternative by a Scheme Shareholder should also be accompanied by such KYC Documents as set out in this Scheme Document or such additional evidence or documents as may be required by the Offeror, failing which such election shall not be valid unless otherwise agreed with the Offeror and will instead receive the Cash Alternative if the Scheme becomes effective.

**For the avoidance of doubt, the Election Form is not for use (as a form of proxy or otherwise) at the Court Meeting and the General Meeting, which are for the purpose of considering and, if thought fit, approving, among other things, the Scheme and Proposal respectively. The Election Form is for Scheme Shareholders to elect the Cash Alternative or the Share Alternative should they wish to do so. This election may be made at any time up to the Election Time (or such later date and time as may be notified through announcement). The election is subject to the Scheme being sanctioned and becoming effective.**

No acknowledgement of receipt of any Election Form will be given. An Election Form so completed and delivered shall not be capable of amendment. **An Election Form shall be irrevocable and incapable of being withdrawn unless the Company expressly consents in writing to such withdrawal or revocation.** The Company shall have the right to reject any or all of the Election Forms that it determines are invalid or in improper form (and in that case the relevant Scheme Shareholder will receive the Cash Alternative). In addition, the Company shall also have the right to treat any Election Form that has not been completed in accordance with the instructions thereon, or has otherwise been completed incorrectly, as being valid, provided that the Company in its absolute discretion considers the omissions or errors to be immaterial. The Company shall not be obliged to give notice of any such defects or irregularities and will not incur any liability for failure to give any such notice.

**Any Scheme Shareholder (a) who has not returned an Election Form as described above before the prescribed time or such later date and time as may be notified through announcement, (b) who has returned an Election Form which is not duly completed or executed nor valid in accordance with the terms of the Scheme, or (c) who has returned an Election Form but has failed to submit such KYC Documents as required herein or by the Offeror will receive the Cash Alternative subject to the Scheme being sanctioned and becoming effective.**

If you have sold or transferred all or part of your Shares, you should at once hand this Scheme Document and the accompanying forms of proxy and the Election Form to the purchaser or the transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee. Copies of the Election Form can also be obtained from the Share Registrar, at Suite 1601, 16/F, Central Tower, 28 Queen's Road Central, Hong Kong.

Save as provided in relation to HKSCC Nominees, any Shareholder who holds Scheme Shares as a nominee, trustee or registered owner in any other capacity will not be treated differently from any other Registered Owner. Any Beneficial Owner should make arrangements with his, her or its nominee, trustee or Registered Owner in relation to the Scheme and the election of the Cash Alternative or the Share Alternative, and may consider whether he/she/it wishes to arrange for the registration of the relevant Scheme Shares in the name of the Beneficial Owner prior to the Scheme Record Date.

In respect of any Scheme Shares which are held by HKSCC Nominees, persons who are interested in such Scheme Shares should note that if they wish to elect for the Share Alternative in respect of such Shares, they would need to comply with the Single Consideration Election Measure as further set out below.

## **ACTIONS TO BE TAKEN BY BENEFICIAL OWNERS WHOSE SHARES ARE HELD THROUGH TRUST OR DEPOSITED IN CCASS**

### **Court Meeting and General Meeting**

The Company will not recognise any person as holding any Shares through any trust. If you are a Beneficial Owner whose Shares are held upon trust by, and registered in the name of, a Registered Owner (other than HKSCC Nominees), you should contact the Registered Owner and provide the Registered Owner with instructions and/or make arrangements with the Registered Owner in relation to the manner in which the Shares beneficially owned by you should be voted at the Court Meeting and/or the General Meeting.



Such instructions and/or arrangements should be given or made in advance of the deadline in respect of the Court Meeting and the General Meeting set by the Registered Owner in order to provide the Registered Owner with sufficient time to accurately complete his, her or its proxy and to submit it by the deadline stated in “Part III – Expected Timetable” of this Scheme Document. To the extent that any Registered Owner requires instructions from or arrangements to be made with any Beneficial Owner at a particular date or time in advance of the aforementioned latest time for the lodgment of forms of proxy in respect of the Court Meeting and the General Meeting, any such Beneficial Owner should comply with the requirements of the Registered Owner.

If you are a Beneficial Owner who wishes to attend the Court Meeting and/or the General Meeting personally, you should:

- (a) contact the Registered Owner directly to make the appropriate arrangements with the Registered Owner to enable you to attend and vote at the Court Meeting and/or the General Meeting and, for such purpose, the Registered Owner may appoint you as its proxy; or
- (b) arrange for some or all of the Shares registered in the name of the Registered Owner to be transferred into your own name.

The appointment of a proxy by the Registered Owner at the Court Meeting and/or the General Meeting shall be in accordance with all relevant provisions in the articles of association of the Company.

In the case of the appointment of a proxy by the Registered Owner, the relevant forms of proxy shall be completed and signed by the Registered Owner and shall be lodged in the manner and no later than the latest time for lodging the relevant forms of proxy as more particularly set out in this Scheme Document.

The completion and return of a form of proxy for the Court Meeting and/or the General Meeting will not preclude the Registered Owner from attending and voting in person at the relevant meeting or any adjournment thereof. In the event that the Registered Owner attends and votes at the relevant meeting or any adjournment thereof after having lodged his forms of proxy, the returned form of proxy will be revoked by operation of law.

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered under the name of HKSCC Nominees, you must, unless you are a CCASS Investor Participant, contact your broker, custodian, nominee, or other relevant person who is, or has, in turn, deposited such Shares with other CCASS Participants, regarding voting instructions to be given to such persons if you wish to vote at the Court Meeting and/or at the General Meeting in respect of the Scheme. You should contact your broker, custodian, nominee or other relevant person in advance of the deadline in respect of the Court Meeting and the General Meeting set by them, in order to provide such person with sufficient time to provide HKSCC Nominees with instructions or make arrangements with HKSCC Nominees in relation to the manner in which the Shares of the Beneficial Owner should be voted at the Court Meeting and/or the General Meeting. The procedure for voting in respect of the Scheme by HKSCC Nominees with respect to the Shares registered under the name of HKSCC Nominees shall be in accordance with the “General Rules of CCASS” and the “CCASS Operational Procedures” in effect from time to time.

If you are a Beneficial Owner whose Shares are deposited in CCASS, you may also elect to become a Registered Owner, and thereby have the right to attend and vote at the Court Meeting (if you are a Scheme Shareholder) and the General Meeting (as a Shareholder). You can become a Registered Owner by withdrawing all or any of your Shares from CCASS and transferring and registering such Shares in your own name. For withdrawal of Shares from CCASS and registration thereof, you will be required to pay to CCASS a withdrawal fee per board lot withdrawn, a registration fee for each share certificate issued, stamp duty on each transfer instrument and, if your Shares are held through a financial intermediary, any other relevant fees charged by your financial intermediary. You should contact your broker, custodian, nominee or other relevant person in advance of the latest time for lodging transfers of the Shares into your name so as to qualify to attend and vote at the Court Meeting and the General Meeting, in order to provide such broker, custodian, nominee or other relevant person with sufficient time to withdraw the Shares from CCASS and register them in your name.

Only Scheme Shareholders whose Shares are registered in their own names in the register of members of the Company on the Meeting Record Date will be counted as Scheme Shareholders for the purpose of calculating whether or not a majority in number of Scheme Shareholders have approved the Scheme at the Court Meeting under Section 86 of the Companies Act. HKSCC Nominees is the Registered Owner in respect of all Shares held in CCASS and will be counted as one Scheme Shareholder for the purpose of calculating whether or not a majority in number of Scheme Shareholders have approved the Scheme at the Court Meeting under Section 86 of the Companies Act. Beneficial Owners who wish to individually vote or be counted for the purpose of ascertaining whether a majority in number of Scheme Shareholders have approved the Scheme should make arrangements to withdraw their Scheme Shares (or a board lot) from CCASS and become registered as a member of the Company in their own name prior to the Meeting Record Date.

**SHAREHOLDERS (INCLUDING ANY BENEFICIAL OWNERS OF SUCH SHARES THAT GAVE VOTING INSTRUCTIONS TO A CUSTODIAN OR CLEARING HOUSE THAT SUBSEQUENTLY VOTED AT THE COURT MEETING) SHOULD NOTE THAT THEY ARE ENTITLED TO APPEAR BEFORE OR BE REPRESENTED AT THE HEARING OF THE PETITION IN THE GRAND COURT WHICH IS EXPECTED TO BE ON WEDNESDAY, 24 MARCH 2021, AT WHICH THE COMPANY WILL SEEK, AMONG OTHER THINGS, THE SANCTION OF THE SCHEME.**

#### **Election of Cash Alternative or Share Alternative**

Any Beneficial Owner should submit or make arrangements with his, her or its nominee or trustee to submit his/her/its election instruction to the CCASS Participant(s) through which he/she/it hold his/her/its Scheme Shares on or before such time as notified by his/her/its CCASS Participant(s) for the purpose of electing the Cash Alternative or Share Alternative in respect of all the Scheme Shares which he/she/it is interested in.

Furthermore, save as otherwise provided in this Scheme Document or in the Account Holder Form, an Account Holder who holds all or part of the Scheme Shares which such Account Holder is interested in through CCASS and wishes to elect for the Share Alternative in respect of all the Scheme Shares which such Account Holder is (or, if the Account Holder is a nominee or custodian, a Beneficial Owner is) interested in must also comply with the Single Consideration Election Measures, including but not limited to the

completion, signing and returning of, no later than 4:30 p.m. on 12 March 2021 (the “**Form Cut-off Time**”), both (i) a copy of the Account Holder Form to the Company’s Share Registrar to election\_lmshk@linkmarketservices.com, with the Relevant CCASS Participants being copied in the same email; and (ii) the original of the Account Holder Form to the Company’s Share Registrar at Suite 1601, 16/F, Central Tower, 28 Queen’s Road Central, Hong Kong.

**FAILURE TO COMPLY WITH THE SINGLE CONSIDERATION ELECTION MEASURE WOULD RENDER THE ELECTION OF SHARE ALTERNATIVE BY SUCH ACCOUNT HOLDER (OR THE BENEFICIAL OWNER, AS APPROPRIATE) BEING REJECTED AND THE ACCOUNT HOLDER (OR THE BENEFICIAL OWNER, AS APPROPRIATE) WILL RECEIVE THE CASH ALTERNATIVE FOR ALL OF ITS INTERESTS IN THE SCHEME SHARES SUBJECT TO THE SCHEME BEING SANCTIONED AND BECOMING EFFECTIVE.**

#### **ACTIONS TO BE TAKEN BY OPTIONHOLDERS**

The Option Offer Letter is being sent to each Optionholder separately. Optionholders should refer to those letters, the form of which is set out in Appendix VIII to this Scheme Document. Any Optionholder who wishes to accept the Option Offer must complete and return the duly completed and executed Form of Acceptance by 4:30 p.m. on Thursday, 25 February 2021 (or such later date and time as may be notified to the Optionholders by the Offeror, CICC and the Company or by way of joint announcement by the Offeror and the Company on the website of the Stock Exchange), delivered to the Offeror, care of Huifu Payment Limited at Block C5, Putian Industrial Park Phase II, No.700 Yishan Road, Xuhui District, Shanghai, PRC for the attention of the Company Secretarial Department of the Company and marked “Huifu Payment Limited – Option Offer”. No acknowledgement of receipt of any Form of Acceptance or any other document will be given.

The Optionholders should also note the instructions and other terms and conditions of the Option Offer printed on the Option Offer Letter and the Form of Acceptance.

#### **EXERCISE YOUR RIGHT TO VOTE**

**IF YOU ARE A SHAREHOLDER OR A BENEFICIAL OWNER, THE OFFEROR AND THE COMPANY STRONGLY ENCOURAGE YOU TO EXERCISE YOUR RIGHT TO VOTE OR GIVE INSTRUCTIONS TO THE RELEVANT REGISTERED OWNER TO VOTE IN PERSON OR BY PROXY AT THE COURT MEETING AND AT THE GENERAL MEETING.**

**IF YOU WISH TO BE COUNTED INDIVIDUALLY IN THE CALCULATION OF THE “MAJORITY IN NUMBER” REQUIREMENT AT THE COURT MEETING, YOU SHOULD MAKE ARRANGEMENTS TO BECOME A REGISTERED OWNER OF SOME OR ALL OF YOUR SHARES PRIOR TO THE MEETING RECORD DATE. IF YOU KEEP ANY SHARES IN A SHARE LENDING PROGRAM, THE OFFEROR AND THE COMPANY URGE YOU TO RECALL ANY OUTSTANDING SHARES ON LOAN TO AVOID MARKET PARTICIPANTS USING BORROWED STOCK TO VOTE.**

**IF YOU ARE A BENEFICIAL OWNER WHOSE SHARES ARE DEPOSITED IN CCASS, THE OFFEROR AND THE COMPANY ENCOURAGE YOU TO PROVIDE HKSCC NOMINEES WITH INSTRUCTIONS OR MAKE ARRANGEMENTS WITH HKSCC NOMINEES IN RELATION TO THE MANNER IN WHICH THOSE SHARES SHOULD BE VOTED AT THE COURT MEETING AND/OR AT THE GENERAL MEETING WITHOUT DELAY AND/OR WITHDRAWN FROM CCASS AND TRANSFERRED INTO YOUR NAME (AS DETAILED IN THE SECTION “ACTIONS TO BE TAKEN – ACTIONS TO BE TAKEN BY BENEFICIAL OWNERS WHOSE SHARES ARE HELD THROUGH TRUST OR DEPOSITED IN CCASS” ABOVE).**

**IF YOU ARE A REGISTERED OWNER HOLDING SHARES ON BEHALF OF BENEFICIAL OWNERS, WE SHOULD BE GRATEFUL IF YOU WOULD INFORM THE RELEVANT BENEFICIAL OWNERS ABOUT THE IMPORTANCE OF EXERCISING THEIR RIGHT TO VOTE. YOU SHOULD ALSO REMIND THE RELEVANT BENEFICIAL OWNERS THAT IF THEY WISH TO BE COUNTED INDIVIDUALLY IN THE CALCULATION OF THE “MAJORITY IN NUMBER” REQUIREMENT AT THE COURT MEETING, THEY SHOULD MAKE ARRANGEMENTS TO BECOME A REGISTERED OWNER OF SOME OR ALL OF THEIR SHARES.**

**IF YOU ARE AN OPTIONHOLDER, THE OFFEROR AND THE COMPANY ENCOURAGE YOU TO REFER TO THE TERMS AND CONDITIONS SET OUT IN THE OPTION OFFER LETTER AND RETURN A DULY COMPLETED FORM OF ACCEPTANCE IN ACCORDANCE WITH THE INSTRUCTIONS SET OUT IN THE OPTION OFFER LETTER SHOULD YOU DECIDE TO ACCEPT THE OPTION OFFER.**

**ANY UNEXERCISED SHARE OPTION WHICH HAS NOT BEEN CANCELLED PURSUANT TO THE PROPOSAL AS ITS HOLDER HAS NOT ACCEPTED THE OPTION OFFER WILL SURVIVE THE COMPLETION OF THE PROPOSAL AND REMAIN EXERCISABLE FOR SHARES PROVIDED THAT IT HAS NOT TERMINATED OR LAPSED UNDER ITS TERMS OR THE TERMS OF THE SHARE OPTION SCHEME.**

**IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU ARE ENCOURAGED TO CONSULT YOUR LICENSED SECURITIES DEALER OR REGISTERED INSTITUTION IN SECURITIES, BANK MANAGER, SOLICITOR, PROFESSIONAL ACCOUNTANT OR OTHER PROFESSIONAL ADVISOR.**

**Hong Kong Time unless indicated otherwise**

Date of despatch of this Scheme Document . . . . . Wednesday, 27 January 2021

Date of despatch of the Option Offer Letter for the Option Offer . . . . . Wednesday, 27 January 2021

Latest time for Optionholders to lodge notices of exercise  
(accompanied by full payment of the exercise price)  
of their vested Share Options in order to become a Shareholder  
entitled to attend and vote at the Court Meeting  
and the General Meeting <sup>(Note 1)</sup> . . . . . 4:30 p.m. on Wednesday,  
10 February 2021

Latest time for lodging transfers of Shares in order to become  
a Shareholder entitled to attend and vote at the Court Meeting  
and/or the General Meeting . . . . . 4:30 p.m. on Thursday,  
11 February 2021

Register of members of the Company closed for determination of  
entitlements of Scheme Shareholders to attend and  
vote at the Court Meeting and of Shareholders to attend and  
vote at the General Meeting <sup>(Note 2)</sup> . . . . . from Tuesday, 16 February 2021 to  
Friday, 19 February 2021 (both days inclusive)

Latest time for lodging forms of proxy in respect of <sup>(Note 3)</sup>

- Court Meeting . . . . . 10:00 a.m. on Wednesday, 17 February 2021
- General Meeting . . . . . 10:30 a.m. on Wednesday, 17 February 2021

Meeting Record Date . . . . . Friday, 19 February 2021

Court Meeting <sup>(Note 4)</sup> . . . . . 10:00 a.m. on Friday, 19 February 2021

General Meeting <sup>(Note 4)</sup> . . . . . 10:30 a.m. on Friday, 19 February 2021  
(or immediately after the conclusion or  
adjournment of the Court Meeting)

Announcement of the results of the Court Meeting and  
the General Meeting posted on the website of  
the Stock Exchange and the website of the Company . . . . . no later than 7:00 p.m. on Friday,  
19 February 2021

Latest Options Exercise Time <sup>(Note 1)</sup> . . . . . 4:30 p.m. on Monday, 22 February 2021

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**PART III****EXPECTED TIMETABLE**

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Expected latest time for trading in the Shares on the Stock Exchange . . . . .	4:10 p.m. on Tuesday, 23 February 2021
Latest time for lodging transfer of Shares in order to qualify for entitlements under the Scheme . . . . .	4:30 p.m. on Thursday, 25 February 2021
Latest time and date for lodging the Form of Acceptance in relation to the Option Offer <sup>(Note 5)</sup> . . . . .	4:30 p.m. on Thursday, 25 February 2021
Register of members of the Company closed for determining Scheme Shareholders qualified for entitlements under the Scheme <sup>(Note 6)</sup> . . . . .	from Friday, 26 February 2021 onwards
Scheme Record Date and Option Record Date . . . . .	Friday, 26 February 2021
Election Time (being latest time for lodging the Election Form for election of the Cash Alternative or the Share Alternative) and the latest time for lodging the Account Holder Form <sup>(Note 7)</sup> . . . . .	4:30 p.m. on Friday, 12 March 2021
Court hearing of the petition to sanction the Scheme and to confirm the reduction of the share capital of the Company involved in the Scheme . . . . .	Wednesday, 24 March 2021 (Cayman Islands time)
Announcement of the results of the court hearing of the petition to sanction the Scheme and to confirm the reduction of the share capital of the Company involved in the Scheme, the expected Effective Date and the expected date of withdrawal of listing of Shares on the Stock Exchange . . . . .	at or before 8:30 a.m. on Thursday, 25 March 2021
Effective Date <sup>(Note 8)</sup> . . . . .	Thursday, 25 March 2021 (Cayman Islands time)
Announcement of the Effective Date, the withdrawal of the listing of the Shares on the Stock Exchange and the results of the Option Offer . . . . .	at or before 8:30 a.m. on Friday, 26 March 2021
Expected withdrawal of the listing of Shares on the Stock Exchange becoming effective . . . . .	9:00 a.m. on Monday, 29 March 2021

Latest time to despatch cheques for cash entitlements and share certificates for share entitlement under the Scheme, and cheques for cash payment for valid acceptances under the Option Offer <sup>(Note 9)</sup> . . . . . on or before Thursday, 8 April 2021

*Notes:*

1. These denote the recommended latest time, which are based on the time estimated by the Company to complete the required processes to issue the underlying Shares before the Meeting Record Date or the Scheme Record Date (as the case may be). For any Share Options being exercised (as the case may be) after the Latest Options Exercise Time but before the Scheme Record Date, the Offeror and the Company may at their sole discretion issue or transfer (as the case may be) the underlying Shares to the holders so that they can qualify for entitlements under the Scheme before the Scheme Record Date.
2. The register of members of the Company will be closed during such period for the purpose of determining entitlements of the Scheme Shareholders to attend and vote at the Court Meeting and of the Shareholders to attend and vote at the General Meeting. For the avoidance of doubt, this period of closure is not for determining entitlements under the Scheme.
3. The **pink** form of proxy in respect of the Court Meeting and the **white** form of proxy in respect of the General Meeting should be completed and signed in accordance with the instructions respectively printed thereon and should be lodged at the Share Registrar at Suite 1601, 16/F, Central Tower, 28 Queen’s Road Central, Hong Kong by the times and dates stated above. The **pink** form of proxy for use at the Court Meeting should be lodged no later than 48 hours before the time appointed for holding the Court Meeting or any adjournment hereof although it may alternatively be handed to the chairman of the Court Meeting for the Court Meeting. The **white** form of proxy for use at the General Meeting must be lodged no later than 48 hours before the time appointed for holding the General Meeting or any adjournment thereof in order to be accepted. The completion and return of a form of proxy for the Court Meeting and/or the General Meeting will not preclude a Scheme Shareholder or Shareholder (as the case may be) from attending and voting in person at the relevant meeting or any adjournment thereof if he so wishes. In the event that the Scheme Shareholder or Shareholder (as the case may be) attends and votes at the relevant meeting or any adjournment thereof after having lodged his form of proxy, the returned form of proxy will be revoked by operation of law.
4. For further details relating to the Court Meeting and the General Meeting, please see the notice of Court Meeting set out in Appendix VI to this Scheme Document and the notice of General Meeting set out in Appendix VII to this Scheme Document. If a tropical cyclone warning signal No. 8 or above is or is expected to be hoisted or a black rainstorm warning signal or “extreme conditions” caused by super typhoons is or is expected to be in force at any time after 7:00 a.m. on the date of the Court Meeting and the General Meeting, the Court Meeting and the General Meeting may be adjourned. The Company may post an announcement on the respective websites of the Stock Exchange and the Company to notify the Scheme Shareholders and Shareholders (as the case may be) of the date, time and venue of the reconvened meetings.
5. Forms of Acceptance, duly completed in accordance with the instructions on them, must be delivered to the Offeror, care of Huifu Payment Limited at Block C5, Putian Industrial Park Phase II, No.700 Yishan Road, Xuhui District, Shanghai, PRC for the attention of the Company Secretarial Department of the Company and

marked “HuiFu Payment Limited – Option Offer” not later than 4:30 p.m. on Thursday, 25 February 2021 (or such later date as may be notified by the Offeror, CICC and the Company or by way of joint announcement by the Offeror and the Company on the website of the Stock Exchange).

6. The register of members of the Company will be closed during such period for the purpose of determining Scheme Shareholders who are qualified for entitlements under the Scheme.
7. The Election Form, duly completed in accordance with the instructions thereon, must be lodged with the Share Registrar, Link Market Services (Hong Kong) Pty Limited at Suite 1601, 16/F, Central Tower, 28 Queen’s Road Central, Hong Kong, not later than the time and date stated above (or such later time and/or date as may be notified through announcement(s)), failing which an Election Form shall not be treated as valid and the Shareholders (other than the IU Shareholders which have undertaken to elect the Share Alternative only) purporting to make the election shall not, for any purpose, be entitled to receive the Share Alternative but shall instead receive the Cash Alternative if the Scheme becomes effective. Any election of Share Alternative by a Scheme Shareholder should also be accompanied by such KYC Documents as set out in this Scheme Document or such additional evidence or documents as may be required by the Offeror, failing which such election shall not be valid and the Scheme Shareholder will instead receive the Cash Alternative if the Scheme becomes effective.
8. The Scheme shall become effective upon all the Conditions set out in the paragraph headed “4. Conditions to the Proposal and the Scheme” in Part VII – Explanatory Memorandum of this Scheme Document having been fulfilled or (to the extent permitted) waived (as the case may be).
9. Cheques for the cash entitlement in respect of the Cash Alternative or share certificates for Offeror Shares in respect of the Share Alternative will be sent within seven Business Days of the Effective Date by ordinary post in postage pre-paid envelopes addressed to the persons entitled thereto at their respective registered addresses or, in the case of joint holders, to the registered address of that joint holder whose name stands first in such registers in respect of the joint holding. All such cheques or share certificates will be posted at the risk of the person(s) entitled thereto and none of the Offeror, the Company, CICC, the Independent Financial Adviser, the Share Registrar and their respective directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal will be responsible for any loss or delay in despatch.

All references to times and dates in this document are references to Hong Kong times and dates, unless otherwise stated.





**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)**

*Executive Directors:*

Mr. ZHOU Ye (*Chairman and Chief Executive Officer*)  
Ms. MU Haijie  
Mr. JIN Yuan

*Non-executive Directors:*

Mr. CHYE Chia Chow  
Mr. ZHOU Joe  
Ms. WANG Lihong

*Independent Non-executive Directors:*

Mr. LIU Jun  
Mr. WANG Hengzhong  
Mr. JIANG Hong

*Registered Office:*

The offices of Walkers Corporate Limited  
Cayman Corporate Centre  
27 Hospital Road  
George Town  
Grand Cayman KY1-9008  
Cayman Islands

*Principal Place of Business in Hong Kong:*

40th Floor, Sunlight Tower  
No. 248 Queen's Road East  
Wanchai  
Hong Kong

27 January 2021

*To the Shareholders*

Dear Sir/Madam,

**(1) PROPOSAL FOR THE DELISTING OF HUIFU PAYMENT LIMITED BY  
THE OFFEROR BY WAY OF A SCHEME OF ARRANGEMENT UNDER  
SECTION 86 OF THE COMPANIES ACT  
AND  
(2) PROPOSED WITHDRAWAL OF LISTING**

**1. INTRODUCTION**

Reference is made to the Announcement. On 22 December 2020, the Offeror requested the Board to put forward a proposal to the Scheme Shareholders for the delisting of the Company by way of a scheme of arrangement under Section 86 of the Companies Act. Upon completion of the Proposal, the Company will become a wholly-owned subsidiary of the Offeror and the listing of the Shares will be withdrawn from the Stock Exchange.

If the Proposal is approved and implemented, under the Scheme, the issued share capital of the Company will, on the Effective Date, be reduced by cancelling and extinguishing the Scheme Shares. Upon such reduction, the issued share capital of the Company will be increased to its former amount by the issuance to the Offeror, credited as fully paid, of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled. The reserve created in the Company's books of account as a result of the capital reduction will be applied in paying up in full the new Shares so issued, credited as fully paid, to the Offeror.

The purpose of this Scheme Document is to provide you with further information regarding the Proposal and the expected timetable and to give you notices of the Court Meeting and the General Meeting (together with proxy forms in relation thereto). Your attention is also drawn to (i) the letter from the Independent Board Committee set out in Part V of this Scheme Document; (ii) the letter from the Independent Financial Adviser set out in Part VI of this Scheme Document; (iii) the Explanatory Memorandum set out in Part VII of this Scheme Document; and (iv) the terms of the Scheme set out in Appendix V to this Scheme Document.

## **2. TERMS OF THE PROPOSAL**

### **Cancellation Consideration**

The Proposal will be implemented by way of the Scheme. The Scheme will provide that, if it becomes effective, the Scheme Shares will be cancelled in exchange for either:

- (a) the **Cash Alternative**: cash of HK\$3.50 for every Scheme Share; or
- (b) the **Share Alternative**: 2.709677 New Shares in the Offeror for every Scheme Share.

The Scheme Shareholders may elect the Cash Alternative or the Share Alternative as the form of Cancellation Consideration in respect of their entire holdings of Scheme Shares held as at the Effective Date (but not, for the avoidance of doubt, a combination of the two). Scheme Shareholders who do not make any election or whose elections are invalid will receive the Cash Alternative.

**The Cancellation Consideration will not be increased, and the Offeror does not reserve the right to do so. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Cancellation Consideration.**

If, after the Announcement Date, any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the Shares, the Offeror reserves the right to reduce the Cancellation Consideration by all or any part of the amount or value of such dividend, distribution and/or, as the case may be, return of capital after consultation with the Executive, in which case any reference in the Announcement, this Scheme Document or any other announcement or document to the Cancellation Consideration will be deemed to be a reference to the Cancellation Consideration as so reduced (and the price of the Option Offer shall be reduced accordingly). The Company has confirmed that it does not intend to announce, declare or pay any dividend, distribution or other return of capital before the Long Stop Date.

As at the Latest Practicable Date, the Offeror had 300,000 shares in issue. The actual number of New Shares to be issued under the Share Alternative will be determined after the latest time for the election of the Cash Alternative or the Share Alternative. Assuming no Outstanding Share Options are exercised before the Option Record Date, if all the Scheme Shareholders (excluding Bright Journey Investment Limited, an IU Shareholder which has undertaken to elect the Cash Alternative) elect the Share Alternative, 3,396,536,311 New Shares will be issued, representing approximately 99.99% of the enlarged issued share capital of the Offeror post all new Offeror Shares issuance upon completion of the Proposal.

No fractions of a cent will be payable and the amount of cash consideration payable to the Scheme Shareholders who have elected the Cash Alternative or the Optionholders who have accepted the Option Offer will be rounded up to the nearest cent. Fractions of New Shares to be issued to the Scheme Shareholders who have elected the Share Alternative will be rounded down to the nearest whole number.

Save as disclosed in the section headed “4. Shareholding Structure of the Company”, none of the Offeror, the Executive Directors and the Offeror Concert Parties holds any Shares.

Save as disclosed below and save for the dealings in the Shares by CICC which are conducted on a non-discretionary basis for and on behalf of its clients, none of the Offeror, the Executive Directors and the Offeror Concert Parties has dealt in the Shares in the six months immediately preceding the Announcement Date:

- (1) On 17 June 2020, 27,490,800 Shares corresponding to restricted share units under the Share Award Scheme had been granted to and vested in Mr. Zhou. Mr. Zhou paid a nominal price (RMB1) to accept the awards of restricted share units in accordance with the terms of the Share Award Scheme. Such Shares are held in trust by Zedra Trust Company (Cayman) Limited for him;
- (2) On 17 June 2020, 14,019,635 Shares corresponding to restricted share units under the Share Award Scheme had been granted to and vested in Ms. Mu. Ms. Mu paid a nominal price (RMB1) to accept the awards of restricted share units in accordance with the terms of the Share Award Scheme. Such Shares are held in trust by Zedra Trust Company (Cayman) Limited for her; and
- (3) On 17 June 2020, 8,307,554 Shares corresponding to restricted share units under the Share Award Scheme had been granted to and vested in Mr. Jin. Mr. Jin paid a nominal price (RMB1) to accept the awards of restricted share units in accordance with the terms of the Share Award Scheme. Such Shares are held in trust by Zedra Trust Company (Cayman) Limited for him.

**The Cash Alternative**

The cash consideration of HK\$3.50 per Scheme Share under the Cash Alternative represents:

- a premium of approximately 41.13% over the closing price of HK\$2.48 per Share as quoted on the Stock Exchange on the Undisturbed Date;
- a premium of approximately 43.97% over the average closing price of approximately HK\$2.43 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Undisturbed Date;
- a premium of approximately 47.58% over the average closing price of approximately HK\$2.37 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Undisturbed Date;
- a premium of approximately 55.91% over the average closing price of approximately HK\$2.24 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Undisturbed Date;
- a premium of approximately 44.50% over the average closing price of approximately HK\$2.42 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Undisturbed Date;
- a premium of approximately 45.81% over the average closing price of approximately HK\$2.40 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Undisturbed Date;
- a premium of approximately 26.81% over the closing price of HK\$2.76 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 41.76% over the average closing price of approximately HK\$2.47 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- a premium of approximately 47.04% over the average closing price of approximately HK\$2.38 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- a premium of approximately 55.38% over the average closing price of approximately HK\$2.25 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- a premium of approximately 44.86% over the average closing price of approximately HK\$2.42 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;

- a premium of approximately 45.74% over the average closing price of approximately HK\$2.40 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day;
- a premium of approximately 78.88% over the audited net asset value per Share attributable to the Shareholders in the Company of approximately RMB1.65 as at 31 December 2019, based on the total number of issued Shares as at 31 December 2019 and the exchange rate of HK\$1.00 to RMB0.8434 on the Announcement Date;
- a premium of approximately 81.48% over the unaudited net asset value per Share attributable to the Shareholders in the Company of approximately RMB1.63 as at 30 June 2020, based on the total number of issued Shares as at 30 June 2020 and the exchange rate of HK\$1.00 to RMB0.8434 on the Announcement Date; and
- a premium of approximately 3.86% over the closing price of HK\$3.37 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Cancellation Consideration had been determined on a commercial basis after taking into account, among others, the prices of the Shares traded on the Stock Exchange, the trading multiples of comparable companies listed on the Stock Exchange and with reference to other delisting transactions in Hong Kong in recent years.

#### **The Share Alternative**

The Offeror Shares are shares of an unlisted company in the Cayman Islands and an investment holding company. The Offeror is an exempted company incorporated in the Cayman Islands with limited liability with effect from 17 November 2020, whose registered office is at Second Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands. As at the Latest Practicable Date, the entire issued share capital of the Offeror, comprising 300,000 Offeror Shares, was beneficially held as to approximately 70.7030%, 24.6620% and 4.6350% by Mr. Zhou, Ms. Mu and Mr. Jin through SPV-Z, SPV-M and SPV-J, respectively. As at the Latest Practicable Date, the directors of the Offeror were the Executive Directors, who are also directors of the Company.

The actual number of New Shares to be issued under the Share Alternative will be determined after the latest time for the election of the Cash Alternative or the Share Alternative. Fractions of New Shares to be issued to the Scheme Shareholders who have elected the Share Alternative will be rounded down to the nearest whole number.

The Executive Directors had indicated that they will elect the Share Alternative as the form of Cancellation Consideration for the cancellation of Shares held or owned by them.

Following the Effective Date, the Company will be a wholly-owned subsidiary of the Offeror on the assumption that there is no other change in shareholding in the Company before completion of the Proposal, and the value of the Offeror Shares will primarily be determined by the value of the Company. The Company had (i) a net asset value of approximately RMB2,063,376,000 (being

approximately RMB1.65 per Share based on the total number of issued Shares as at 31 December 2019) attributable to Shareholders as at 31 December 2019 as disclosed in the audited consolidated financial results of the Group for the year ended 31 December 2019; and (ii) a net asset value of approximately RMB2,107,006,000 (being approximately RMB1.63 per Share based on the total number of issued Shares as at 30 June 2020) attributable to Shareholders as at 30 June 2020 as disclosed in the unaudited consolidated financial results of the Group for the six months ended 30 June 2020. The value of the Offeror Shares will also be affected by the external debt financing to be incurred by the Offeror (including the CMB Facility). Details of the estimate of value of the Offeror Shares are set out in Appendix IV to this Scheme Document. Any unexercised Share Option which has not been cancelled pursuant to the Proposal as its holder has not accepted the Option Offer will survive the completion of the Proposal and remain exercisable for Shares provided that it has not terminated or lapsed under its terms or the terms of the Share Option Scheme, the exercise of such Share Options after completion of the Proposal will result in dilution of the Offeror's holding in the Company. As at the Latest Practicable Date, the exercise of all the Outstanding Share Options in full would result in the issue of 204,442,960 new Shares (representing approximately 15.63% of the issued share capital of the Company as at the Latest Practicable Date and approximately 13.52% of the issued share capital of the Company as enlarged by the issue of such new Shares). On the assumption that (1) all the Outstanding Share Options are exercised after completion of the Proposal and there is no other change in shareholding of the Company, the Offeror's holding in the Company will be diluted to approximately 86.48%; and (2) all the Outstanding Share Options with an exercise price of US\$0.18 (being all of the Outstanding Share Options whose exercise price is lower than the Cash Alternative of HK\$3.50) are exercised after completion of the Proposal and there is no other change in shareholding of the Company, the Offeror's holding in the Company will be diluted to approximately 98.12%.

The Offeror has entered into the CMB Facility on 22 December 2020. Pursuant to the CMB Facility, China Merchants Bank Co., Ltd., Shanghai Branch has agreed to provide to the Offeror a secured loan facility of up to HK\$1,300,000,000 (or equivalent in Renminbi) with a maturity period up to 60 months. The loan facility will be advanced in two tranches: Tranche A of up to HK\$650,000,000 (or equivalent in Renminbi) has a maturity period of 12 months; and Tranche B of up to HK\$650,000,000 (or equivalent in Renminbi) has a maturity period up to 60 months. The ratio of amount drawn on Tranche A to Tranche B shall be 1:1. Depending on the currency drawn on the CMB Facility, the loan amount carries interest of 90 and 170 basis points over the five-year Renminbi Loan Prime Rate (LPR) for Tranche A and Tranche B respectively, or 200 and 290 basis points over the three-month HK\$ Hong Kong Interbank Offered Rate (HIBOR) for Tranche A and Tranche B respectively, (or, if higher, 50 and 100 basis points over CMB's cost of funds for Tranche A and Tranche B respectively). Penal interest is charged within the range of 50-100% on the original interest rate, depending on the nature of the non-compliance. The Offeror is also required to pay an upfront fee of 0.5% of the amount drawn after each drawdown. The CMB Facility is subject to representations, warranties and covenants which are customary to such type of loan facility. Following delisting of the Company, customary events of default such as change of control of the Offeror could trigger acceleration of payment.

The CMB Facility will be secured by the following security package:

- (1) On the first drawdown date of the CMB Facility, (i) a charge over shares in SPV-Z, SPV-M and SPV-J held by the Executive Directors, and (ii) a charge over the Offeror Shares held by SPV-Z, SPV-M and SPV-J.
- (2) Within 5 working days after settlement of the Cash Alternative in full, (i) joint and several guarantee from the Company, PnR Network Technology (Shanghai) Co., Ltd. (匯付網絡技術(上海)有限公司), China PnR Co., Ltd. (匯付天下有限公司), Shanghai Payment and Remittance Data Service Co., Ltd. (上海匯付數據服務有限公司) and Furen Network Technology (Shanghai) Co., Ltd. (福仁網絡科技(上海)有限公司), and (ii) a charge over certain bank account(s) of one or more of the Company, Huifu (BVI) Limited, PnR Network Technology (Shanghai) Co., Ltd. (匯付網絡技術(上海)有限公司), China PnR Co., Ltd. (匯付天下有限公司), Shanghai Payment and Remittance Data Service Co., Ltd. (上海匯付數據服務有限公司), Shanghai Fuhui Network Technology Co., Ltd. (上海賦暉網絡技術有限公司) and/or Furen Network Technology (Shanghai) Co., Ltd. (福仁網絡科技(上海)有限公司).
- (3) Within 40 working days after the first drawdown date of the CMB Facility, (i) a charge over Shares held by the Offeror and (ii) account control agreements in respect of certain accounts opened by the Company, Shanghai Payment and Remittance Data Service Co., Ltd. (上海匯付數據服務有限公司), China PnR Co., Ltd. (匯付天下有限公司) and PnR Network Technology (Shanghai) Co., Ltd. (匯付網絡技術(上海)有限公司) with China Merchants Bank Co., Ltd., Shanghai Branch.
- (4) Within 90 working days after the first drawdown date of the CMB Facility, a charge over shares in PnR Network Technology (Shanghai) Co., Ltd.\* (匯付網絡技術(上海)有限公司) held by the Company.

The New Shares to be issued pursuant to the Proposal will be issued free from all encumbrances, credited as fully paid up and will rank *pari passu* with the existing Offeror Shares at the date of issue.

Shareholders of the Offeror are entitled to receive notice of general meetings of the Offeror and shall have the right to one vote per each Offeror Share at such meetings. There is no dividend policy and no guarantee that any dividends will be paid nor is there any dividend payment schedule in respect of the Offeror Shares. Payment of dividends (if any) is dependent solely on whether such payment is recommended or declared by the board of the Offeror.

Shareholders of the Offeror would have their rights and obligations in relation to the Offeror governed by the provisions of the Companies Act (as amended from time to time) and other applicable laws in the Cayman Islands. The Offeror shall, on receipt of an instrument of transfer, enter the name of the transferee of the Offeror Shares in the register of shareholders in accordance with and subject to the provisions of its articles of association.

A summary of the terms and provisions of the amended articles of association of the Offeror, which will take effect on the Effective Date, is set out below. The corporate governance structure of the Offeror will in principle follow that of the Company, subject to the provisions of the amended articles of association of the Offeror. A copy of the amended articles of association of the Offeror is available for inspection as a document on display at the time of despatch of the Scheme Document.

After completion of the Proposal, the board of the Offeror will consist of no less than six and no more than nine directors, of which three will be executive directors and three will be independent non-executive directors. The three executive directors, three independent non-executive directors and the chairman of board of the Offeror are to be nominated by the Executive Directors as long as they and/or body corporate(s) controlled by them respectively are shareholders of the Offeror. A director of the Offeror may be removed by ordinary resolution, provided that any such ordinary resolution of a duly constituted general meeting of the Offeror must be passed by a simple majority of the votes cast by, or on behalf of, the shareholders of the Offeror entitled to vote in favour of the resolution (which must include the votes cast in favour by the Executive Directors as long as they and/or body corporate(s) controlled by them respectively are shareholders of the Offeror).

After completion of the Proposal, the directors of the Offeror may call a general meeting at any time. The directors of the Offeror must also call a general meeting if a requisition in writing is given by one or more shareholders of the Offeror who together hold at least 10% of the rights to vote at such general meeting. Should the directors of the Offeror fail to call a general meeting within 21 clear days from the date of receipt of a requisition, the requisitioners or any of them may call a general meeting within three months after the end of that period.

After completion of the Proposal, pursuant to the articles of association of the Offeror, a special resolution will be passed by at least 75% of its shareholders with the approval of the Executive Directors as long as they and/or body corporate(s) controlled by them respectively are shareholders of the Offeror as, being entitled to do so, vote in person or, where proxies are allowed, by proxy, or, in the case of corporations, by their duly authorised representatives, at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given or in writing by all of the shareholders entitled to vote at a general meeting. In computing such 75% requirement, regard will be had to the number of votes to which each shareholder is entitled by the articles of association of the Offeror. Matters requiring the authority of a special resolution include:

- (1) changing the name of the Offeror;
- (2) amending the memorandum or articles of association of the Offeror;
- (3) reducing the share capital of the Offeror;
- (4) varying the redemption rights attached to a class of Offeror Shares;
- (5) to the extent allowed by the Companies Act, validating any prior or future act of the directors of the Offeror which would otherwise be in breach of their duties;



- (6) to the extent permitted by law, releasing any existing or former director (including alternate director), secretary or other officer of the Offeror from liability for any loss, damage or right to compensation relating to their offices;
- (7) resolving to be registered by way of continuation in a jurisdiction outside the jurisdiction in which it is, for the time being, incorporated, registered or existing; and
- (8) if the Offeror is wound up, allowing the liquidator to either divide the whole or any part of the assets of the Offeror in specie, value any assets and determine how the division shall be carried out; or to vest the whole or any part of the assets of the Offeror in trustees.

After completion of the Proposal, the Offeror and/or the relevant member of the Offeror group may only take the following actions with the approval of the Executive Directors as long as they and/or body corporate(s) controlled by them respectively are shareholders of the Offeror. Subject to the Companies Act, if an ordinary resolution or a special resolution is used to approve matters (2) to (13) below, such resolution will only be passed with the approval of the Executive Directors as long as they and/or body corporate(s) controlled by them respectively are shareholders of the Offeror:

- (1) pass a special resolution of the Offeror;
- (2) issue new shares, options or derivatives of any member of the Offeror group;
- (3) redeem, repurchase or cancel shares, options or derivatives of any member of the Offeror group;
- (4) change the share capital of any member of the Offeror group;
- (5) major merger or reorganisation of any member of the Offeror group;
- (6) sale, transfer or disposal of the main business or assets of any member of the Offeror group;
- (7) payment of dividends by any member of the Offeror group, approve or change the dividend policy of any member of the Offeror group;
- (8) financing and lending outside of the ordinary course of business of any member of the Offeror group;
- (9) change the size of the board or any board committee of any member of the Offeror group;
- (10) appoint or change any director or executive officer of any member of the Offeror group;
- (11) appoint or change the auditor of any member of the Offeror group;

- (12) listing, liquidation or bankruptcy of any member of the Offeror group; and
- (13) appoint or change management (including vice president and positions higher than vice president) of any member of the Offeror group.

A shareholder of the Offeror may transfer Offeror Shares to another person by completing an instrument of transfer. The directors of the Offeror may refuse to register the transfer of an Offeror Share to any person and they may do so in their absolute discretion, without giving any reason for their refusal, and irrespective of whether the Offeror Share is fully paid or the Offeror has no lien over it. If the directors of the Offeror refuse to register a transfer of an Offeror Share, they must send notice of their refusal to the existing shareholder of the Offeror within two months after the date on which the transfer was lodged with the Offeror. The directors of the Offeror may suspend registration of the transfer of Offeror Shares at such times and for such periods, not exceeding 30 days in any calendar year, as they determine. If the directors of the Offeror so decide, the Offeror may charge a reasonable fee for the registration of any instrument of transfer or other document relating to the title to an Offeror Share. The Offeror will be entitled to retain any instrument of transfer which is registered, but an instrument of transfer which the directors of the Offeror refuse to register will be returned to the person lodging it when notice of the refusal is given.

After completion of the Proposal, each of the Executive Directors, as long as such director of the Offeror and/or body corporate(s) controlled by such director of the Offeror are shareholders of the Offeror, will have a pre-emptive right to purchase such portion of Offeror Shares proposed to be disposed of by other shareholders of the Offeror based on his or her shareholding in the Offeror relative to the total number of Offeror Shares held by the Executive Directors and/or body corporate(s) controlled by such directors of the Offeror. If any or some of the Executive Directors choose not to exercise such right, each of the other Executive Directors who chooses to exercise such right will be entitled to purchase such portion of Offeror Shares proposed to be disposed of by other shareholders of the Offeror based on his or her shareholding in the Offeror relative to the total number of Offeror Shares held by all of the Executive Directors who choose to exercise such right and/or body corporate(s) controlled by such directors of the Offeror.

**Investors should be aware of, among other things but not limited to, the following risk factors of holding Offeror Shares:**

- **transfers of Offeror Shares are subject to restrictions stipulated in the articles of association of the Offeror as detailed above;**
- **Offeror Shares are not listed on any stock exchange and do not benefit from the protections afforded by the Listing Rules;**
- **section 4.1 of the Introduction to the Takeovers Code provides that the Takeovers Code applies to takeovers, mergers and share buy-backs affecting, among others, public companies in Hong Kong and section 4.2 of the Introduction to Takeovers Code provides that in order to determine whether a company is a public company in Hong Kong, the Executive will take into account the number of Hong Kong**

shareholders and the extent of share trading in Hong Kong and other factors. If the Offeror is determined by the Executive to be a “public company in Hong Kong”, the Offeror will be subject to the Takeovers Code;

- Offeror Shares are illiquid, hence the shareholders of the Offeror may find it more difficult to find a purchaser for the Offeror Shares if they intend to sell their shares, as there is less likely a ready market for Offeror Shares;
- any unexercised Share Option which has not been cancelled pursuant to the Proposal as its holder has not accepted the Option Offer will survive the completion of the Proposal and remain exercisable for Shares provided that it has not terminated or lapsed under its terms or the terms of the Share Option Scheme, the exercise of such Share Options after completion of the Proposal will result in (1) dilution of the Offeror’s holding in the Company; and (2) impact on the equity per share enjoyed by shareholders of the Offeror based on the exercise price of the Share Options and the estimate of value per Offeror Share at the time of exercise;
- there is no guarantee that any dividend payments will be paid in respect of Offeror Shares;
- as at the Latest Practicable Date, the Offeror did not have any assets or liabilities other than the CMB Facility, which are borne by all holders of the Offeror Shares from time to time. The Offeror does not intend to engage in any business other than acting as the holding company of the Company after completion of the Proposal;
- changes in the business and economic environment could adversely affect the operating profits of Offeror or the value of Offeror’s assets. For example, financial factors such as currency controls, devaluation or regulatory changes, or stability factors such as mass riots, civil war and other potential events could contribute to Offeror’s operational risks; and
- general business risks associated with the payment industry including but not limited to:
  - (1) uncertainties arising from changes in the competitive landscape – the Company is currently running its business in a competitive market with rapid evolution of industry structure, customers’ demand as well as product and service content. Some competitors in such market may have more abundant capital and resources, a wider customer base and more aggressive pricing strategies;
  - (2) the Company is subject to extensive regulatory requirements, and non-compliance with or changes to these regulatory requirements may affect the Company’s business operations and financial results. The regulatory framework governing the Company’s business includes such aspects as

payment settlement, exchange settlement, sale and payment, cross-border payment remittance, anti-fraud, anti-money laundering and commercial factoring. Any change in the relevant regulations may lead to an increase in the Company's compliance cost. If the Company fails to comply with applicable rules and regulations, it may be liable to different kinds of penalties;

- (3) if the Company fail to maintain its relationships with independent sales organisations ("ISOs"), SaaS and other channel partners, or to properly manage them, its business, financial condition, results of operations, risk management capabilities and reputation could be adversely affected;
- (4) the Company relies on third parties, such as UnionPay, commercial banks as well as IT infrastructure and services providers, for a variety of services and support from their infrastructure. Any failure by these third parties to perform their obligations or services adequately or on acceptable terms could materially and adversely affect the Company's business;
- (5) uncertainties arising from the technological advancement in the industry. There is a need for the Company to keep abreast of innovative technologies such as mobile internet, big data, artificial intelligence, cloud calculation and 5G for its business development. Application of new technology may incur a considerable amount of costs and time. There is no assurance that innovative products and technology development are to create commercial value. Failure to effectively respond to market demand and technology development may cause adverse impacts on the business prospects of the Company;
- (6) fraudulent and fictitious transactions may pose severe challenges to the Company's risk management capabilities and failure to identify those transactions and manage the related risks may adversely affect the Company's business, financial condition, and results of operations, or lead to regulatory restrictions and penalties; and
- (7) the Company could incur liabilities if its merchants or ISOs refuse or are unable, financially or otherwise, to reimburse it for chargebacks resolved in favour of the customers.

#### **The Option Offer**

As at the Latest Practicable Date, there were 204,442,960 Outstanding Share Options granted under the Share Option Scheme, of which 25,055,086 Share Options had an exercise price of US\$0.18, 70,687,282 Share Options had an exercise price of US\$0.5458, 85,794,827 Share Options had an exercise price of US\$0.7846 and 22,905,765 Share Options had an exercise price of HK\$7.50.

As at the Latest Practicable Date, all the Share Options under the Share Option Scheme (which is a pre-IPO share option scheme of the Company) had been granted. The Company will not grant any further Share Options under the Share Option Scheme.

The Offeror is making (or procuring to be made on its behalf) an appropriate offer to all the holders of the Outstanding Share Options, whether vested or unvested, in accordance with Rule 13 of the Takeovers Code. The Option Offer will be conditional upon the Scheme becoming effective. Under the Option Offer, the Offeror is offering holders of Outstanding Share Options the “see-through” price (being the Cash Alternative minus the relevant exercise price in the case of the Outstanding Share Options) for each Outstanding Share Option they hold for the cancellation of every Share Option in accordance with Rule 13 of the Takeovers Code. Where the exercise price of the relevant Share Option under the Option Offer exceeds HK\$3.50, the “see-through” price is zero and a cash offer of a nominal amount of HK\$0.01 for every 100 Share Options (or part thereof) will be made.

<b>Exercise price per Share Option</b> <i>(Note)</i>	<b>“See-through” price</b> <i>(HK\$)</i>	<b>Number of Outstanding Share Options</b>
US\$0.18 (equivalent to HK\$1.3954)	2.1046	25,055,086
US\$0.5458 (equivalent to HK\$4.2310)	HK\$0.01 for every 100 Share Options (or part hereof)	70,687,282
US\$0.7846 (equivalent to HK\$6.0822)	HK\$0.01 for every 100 Share Options (or part hereof)	85,794,827
HK\$7.50	HK\$0.01 for every 100 Share Options (or part hereof)	22,905,765

*Note:* Based on the exchange rate of US\$1.00 to HK\$7.7520 as at the Announcement Date.

As at the Latest Practicable Date, except as disclosed below, the Offeror, the Executive Directors and the Offeror Concert Parties did not hold any Share Options.

<b>Holder of Share Options</b>	<b>Number of Share Options with an exercise price of</b>			
	US\$0.18	US\$0.5458	US\$0.7846	HK\$7.50
Mr. Zhou	0	15,192,871	40,739,455	8,119,973
Ms. Mu	0	6,844,211	20,928,120	3,501,592
Mr. Jin	0	4,661,084	7,328,915	1,977,643
Mr. Liu	5,427,455	2,959,853	581,660	581,660

The Option Offer Letter to holders of Share Options setting out the terms and conditions of the Option Offer is being despatched separately to holders of Share Options and is substantially in the form set out in Appendix VIII – Form of Option Offer Letter to this Scheme Document.

If any of the Outstanding Share Options is exercised in accordance with the terms of the Share Option Scheme, as applicable, on or before the Option Record Date, any Shares so issued will be subject to and eligible to participate in the Scheme.

The Option Offer will be extended to all Share Options in issue on the date on which the Option Offer is made.

As at the Latest Practicable Date, all Share Options with an exercise price of US\$0.18 and US\$0.5458 were vested, and 71,834,990 and 17,179,324 Share Options with an exercise price of US\$0.7846 and HK\$7.50, respectively, were vested. All Share Options will remain valid and exercisable during their respective option periods in accordance with the terms of the Share Option Scheme notwithstanding the Proposal. Any unexercised Share Option which has not been cancelled pursuant to the Proposal as its holder has not accepted the Option Offer will survive the completion of the Proposal and remain exercisable for Shares provided that it has not terminated or lapsed under its terms or the terms of the Share Option Scheme, the exercise of such Share Options after completion of the Proposal will result in dilution of the Offeror's holding in the Company. As at the Latest Practicable Date, the exercise of all the Outstanding Share Options in full would result in the issue of 204,442,960 new Shares (representing approximately 15.63% of the issued share capital of the Company as at the Latest Practicable Date and approximately 13.52% of the issued share capital of the Company as enlarged by the issue of such new Shares). On the assumption that (1) all the Outstanding Share Options are exercised after completion of the Proposal and there is no other change in shareholding of the Company, the Offeror's holding in the Company will be diluted to approximately 86.48%; and (2) all the Outstanding Share Options with an exercise price of US\$0.18 (being all of the Outstanding Share Options whose exercise price is lower than the Cash Alternative of HK\$3.50) are exercised after completion of the Proposal and there is no other change in shareholding of the Company, the Offeror's holding in the Company will be diluted to approximately 98.12%.

The Executive Directors had indicated that they will not accept the Option Offer in respect of the Outstanding Share Options held by them and will not exercise such Outstanding Share Options during the offer period (as defined under the Takeovers Code). As at the Latest Practicable Date, excluding the Outstanding Share Options held by the Executive Directors, there were 95,149,096 Outstanding Share Options granted under the Share Option Scheme, of which 25,055,086 Share Options have an exercise price of US\$0.18, 443,989,116 Share Options have an exercise price of US\$0.5458, 16,798,337 Share Options have an exercise price of US\$0.7846 and 9,306,557 Share Options have an exercise price of HK\$7.50. The exercise of such Outstanding Share Options in full would result in the issue of 95,149,096 new Shares (representing approximately 7.28% of the issued share capital of the Company as at the Latest Practicable Date and approximately 6.78% of the issued share capital of the Company as enlarged by the issue of such new Shares).

**Conditions to the Proposal and the Scheme**

The implementation of the Proposal is, and the Scheme will become effective and binding on the Company and all Shareholders, subject to the fulfilment or waiver (as applicable) of the following:

- (1) the approval of the Scheme (by way of a poll) by a majority in number of the Scheme Shareholders representing not less than 75% in value of the Scheme Shares held by the Scheme Shareholders present and voting either in person or by proxy at the Court Meeting, provided that:
  - (a) the Scheme is approved (by way of poll) by the Disinterested Shareholders holding at least 75% of the votes attaching to the Disinterested Shares that are voted either in person or by proxy at the Court Meeting; and
  - (b) the number of votes cast (by way of poll) by the Disinterested Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all the Disinterested Shares;
- (2) the passing of:
  - (a) a special resolution by a majority of not less than 75% of the votes cast by the Shareholders present and voting in person or by proxy at the General Meeting to approve the Scheme and the associated reduction of the share capital of the Company by cancelling and extinguishing the Scheme Shares; and
  - (b) an ordinary resolution by a majority of the votes cast by the Shareholders present and voting in person or by proxy at the General Meeting to immediately thereafter increase the issued share capital of the Company to the amount prior to the cancellation of the Scheme Shares by issuing to the Offeror such number of new Shares as is equal to the number of Scheme Shares cancelled and applying the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par the new Shares, credited as fully paid, for issuance to the Offeror;
- (3) the Grand Court's sanction of the Scheme (with or without modification) and, to the extent necessary, its confirmation of the reduction of the share capital of the Company, and the delivery to the Registrar of Companies in the Cayman Islands of a copy of the order of the Grand Court for registration;
- (4) compliance, to the extent necessary, with the procedural requirements and conditions, if any, under sections 15 and 16 of the Companies Act in relation to the reduction of the issued share capital of the Company;

- (5) all authorisations, approvals, permissions, waivers and consents and all registrations and filings (including without limitation any which are required or desirable under or in connection with any applicable laws or regulations or any licences, permits or contractual obligations of the Company) in connection with the Proposal or its implementation and the withdrawal of listing of the Shares from the Stock Exchange in accordance with its terms having been obtained (or, as the case may be, completed) and remaining in full force and effect without modification;
- (6) no government, governmental, quasi-governmental, statutory or regulatory body, court or agency in any jurisdiction having taken or instituted any action, proceeding or suit (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) that would make the Proposal or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Proposal or its implementation in accordance with its terms), other than such actions, proceedings or suits as would not have a material adverse effect on the legal ability of the Offeror to proceed with the Proposal or the Scheme; and
- (7) since the Announcement Date, there not having been any instituted or remaining outstanding litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Group is a party (whether as plaintiff, defendant or otherwise) and no such proceedings will be threatened in writing against any such member (and no investigation by any government or quasi-governmental, supranational, regulatory or investigative body or court against or in respect of any such member or the business carried on by any such member will be threatened in writing, announced, instituted or remain outstanding by, against or in respect of any such member), in each case which is material and adverse in the context of the Group taken as a whole or in the context of the Proposal.

With reference to condition (5), so far as the Offeror is aware, according to the Measures for the Administration of Overseas Investment of Enterprises of the PRC, the Executive Directors, being PRC individuals making overseas investments through overseas enterprises controlled by them, will be required to inform the NDRC of certain information about the Proposal by way of submitting a status report in the specified form prior to the completion of the Proposal. The notification does not impact on the legal effect of the Proposal. No authorisation, approval, permission or consent from the NDRC is required for the implementation of the Proposal. The Offeror reserves the right to waive conditions (5) to (7) either in whole or in part, either generally or in respect of any particular matter to the extent that such waiver would not make the Proposal or its implementation in accordance with its terms illegal. Conditions (1), (2), (3) and (4) cannot be waived in any event. Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Scheme if the circumstances which give rise to a right to invoke any such Condition are of material significance to the Offeror in the context of the Proposal.

All of the Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date, failing which the Proposal and the Scheme will lapse. The Company has no right to waive any of the Conditions.



If approved, the Scheme will be binding on all of the Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the General Meeting.

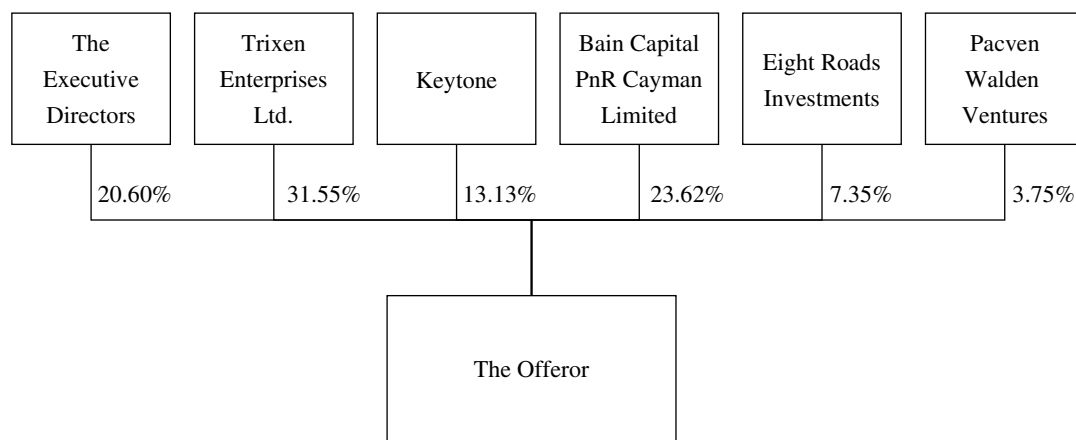
**WARNING:**

**Shareholders and potential investors should be aware that the implementation of the Proposal, the Scheme and the Option Offer are subject to conditions being fulfilled or waived, as applicable, and thus the Proposal may or may not be implemented, the Scheme may or may not become effective and the Option Offer may or may not be implemented. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.**

**3. IRREVOCABLE UNDERTAKINGS**

On 22 December 2020, the Offeror received an Irrevocable Undertaking from each of the IU Shareholders (comprising Trixen Enterprises Ltd., Keytone, Bain Capital PnR Cayman Limited, Eight Roads Investments, Pacven Walden Ventures and Bright Journey Investment Limited), pursuant to which each of the IU Shareholders has undertaken to, amongst other things, (i) exercise (or procure the exercise of) all voting rights attached to the Shares held or owned by it at the Court Meeting and the General Meeting in favour of all the resolutions to approve the Proposal and any matters in connection with the Proposal (where applicable) and (ii) for each of Trixen Enterprises Ltd., Keytone, Bain Capital PnR Cayman Limited, Eight Roads Investments and Pacven Walden Ventures, elect the Share Alternative only as the form of Cancellation Consideration for the cancellation of Shares held or owned by it and for Bright Journey Investment Limited, elect the Cash Alternative only as the form of Cancellation Consideration for the cancellation of Shares held or owned by it. The 828,738,505 Shares held by the IU Shareholders which are the subject of the Irrevocable Undertakings represented approximately 63.38% of the total issued share capital of the Company and approximately 76.87% of the total number of Disinterested Shares as at the Latest Practicable Date.

Pursuant to the Irrevocable Undertakings and assuming (a) each of the Executive Directors, Trixen Enterprises Ltd., Keytone, Bain Capital PnR Cayman Limited, Eight Roads Investments and Pacven Walden Ventures elects the Share Alternative, (b) all the other Scheme Shareholders elect the Cash Alternative, (c) no Outstanding Share Options are exercised and no further Shares are issued before the Scheme Record Date and (d) there is no other change in shareholding of the Company before completion of the Proposal, the Offeror will be owned by the Executive Directors and the IU Shareholders who have elected the Share Alternative as to 20.60% and 79.40%, respectively, upon completion of the Proposal. The chart below sets out the shareholding structure of the Offeror after completion of the Proposal on such assumption for illustrative purposes only:



The Irrevocable Undertakings, being binding irrevocable undertakings, will terminate and the above obligations of the IU Shareholders under the Irrevocable Undertakings will cease to be binding if the Scheme does not become effective, lapses or is withdrawn in accordance with its terms.

As at the Latest Practicable Date, the information about the IU Shareholders were as follows:

**Trixen Enterprises Ltd.:**

Trixen Enterprises Ltd. is an investment holding company established under the laws of the British Virgin Islands and a substantial shareholder of the Company holding 307,800,000 Shares (representing approximately 23.54% of the issued share capital of the Company). Trixen Enterprises Ltd. is wholly-owned by Mr. Putera Sampoerna.

**Keytone:**

Keytone Ventures, L.P. and Keytone Ventures II, L.P., being limited partnerships formed under the laws of the Cayman Islands, together hold in aggregate 128,077,180 Shares (representing approximately 9.79% of the issued share capital of the Company). The general partners of Keytone Ventures, L.P. and Keytone Ventures II, L.P. are Keytone Capital Partners, L.P. and Keytone Capital Partners II, L.P., respectively. The general partners of Keytone Capital Partners, L.P. and Keytone Capital Partners II, L.P. are Keytone Investment Group, Ltd. and Keytone Investment Group, II Ltd., respectively. Keytone Investment Group, Ltd. and Keytone Investment Group, II Ltd. are in turn wholly-owned by Mr. ZHOU Joe, a non-executive Director.

**Bain Capital PnR Cayman Limited:**

Bain Capital PnR Cayman Limited is an exempted company with limited liability incorporated under the laws of the Cayman Islands and a substantial shareholder of the Company holding 230,416,159 Shares (representing approximately 17.62% of the issued share capital of the Company). Bain Capital PnR Cayman Limited is wholly-owned by Bain Capital PnR Holdings, L.P., a limited partnership formed under the laws of the Cayman Islands whose general partner is BCPE China PnR GP, LLC. Approximately 65.05% of Bain Capital PnR Holdings, L.P. is contributed by Bain Capital Asia Fund II, L.P., a limited partnership formed under the laws of the Cayman Islands whose general

partner is Bain Capital Partners Asia II, L.P., as a limited partner. The general partner of Bain Capital Partners Asia II, L.P. is Bain Capital Investors, LLC. As a result of the relationships described above, Bain Capital Investors, LLC may be deemed to share beneficial ownership of the Shares held by Bain Capital PnR Cayman Limited.

**Eight Roads Investments:**

Eight Roads Investments, a company incorporated under the laws of Bermuda, is interested in an aggregate of 71,684,931 Shares (representing approximately 5.48% of the issued share capital of the Company). Eight Roads Investments is wholly-owned by Eight Roads Holdings Limited. Eight Roads Holdings Limited is owned as to 36.86% by Pandanus Partners L.P., whose general partner is Pandanus Associates Inc.

**Pacven Walden Ventures:**

Pacven Walden Ventures VI, L.P., Pacven Walden Venture Parallel VI, L.P. and Pacven Walden Venture Parallel VI-KT, L.P., being limited partnerships formed under the laws of the Cayman Islands whose general partner is Pacven Walden Management VI Co. Ltd., together hold in aggregate 36,593,480 Shares (representing approximately 2.80% of the issued share capital of the Company). Pacven Walden Management VI Co. Ltd. is managed by Mr. Lip-Bu Tan, the founder and chairman of Walden International, Inc.

**Bright Journey Investment Limited:**

Bright Journey Investment Limited is an investment holding company established under the laws of the British Virgin Islands holding 54,166,755 Shares (representing approximately 4.14% of the issued share capital of the Company). So far as the Offeror is aware, Bright Journey Investment Limited is beneficially owned by Tsang Chun Yiu, Xu Qiang and Wang Ya Jing.

Save for the Irrevocable Undertakings, no irrevocable commitment to vote for or against the Scheme or to elect the Share Alternative or the Cash Alternative had been received by the Offeror, the Executive Directors or the Offeror Concert Parties, as at the Latest Practicable Date.

#### **4. SHAREHOLDING STRUCTURE OF THE COMPANY**

As at the Latest Practicable Date, the Company had 1,307,650,589 Shares in issue, all of which were Scheme Shares.

As at the Latest Practicable Date, the Offeror did not hold any Shares, the Executive Directors directly and indirectly held in aggregate 87,046,793 Shares (representing approximately 6.66% of the issued share capital of the Company), and the Offeror Concert Parties held in aggregate 142,505,000 Shares (representing approximately 10.90% of the issued share capital of the Company).

As at the Latest Practicable Date, Management Company directly held 142,199,998 Shares and indirectly held 2 Shares through its wholly-owned subsidiary, P Holdings. Management Company was owned as to 60% by Mr. Zhou, 20% by Ms. Mu and 20% by Mr. Liu. The Internal Reorganisation will be

conducted pursuant to which each of Mr. Zhou, Ms. Mu and Mr. Liu will hold, directly or indirectly, his or her interest in the Company independently (which are pro rata to their holdings in Management Company) and Mr. Zhou and Ms. Mu will as a result hold an aggregate of 113,760,000 Shares (representing approximately 8.70% of the issued share capital of the Company). Having regard to tax implications which could only be clarified after the Announcement, the Internal Reorganisation may take place after the Effective Date. The Proposal would not be affected by the Internal Reorganisation, whether it is carried out before or after the Effective Date. If the Internal Reorganisation is not completed before the Meeting Record Date, being Offeror Concert Parties, Management Company and P Holdings' votes at the Court Meeting will not be counted as votes of Disinterested Shareholders in determining whether the requirements under condition (1)(a) and (b) under the section headed "4. Conditions to the Proposal and the Scheme" (as required under Rule 2.10 of the Takeovers Code) are satisfied, and will only be counted as votes of Scheme Shareholders in determining whether the requirement in the first paragraph of condition (1) in the section headed "4. Conditions to the Proposal and the Scheme" (as required under Companies Act) is satisfied.

On the assumption that no Outstanding Share Options are exercised before the Option Record Date and there is no other change in shareholding of the Company before completion of the Proposal, the table below sets out the shareholding structure of the Company as at the Latest Practicable Date, immediately upon completion of the Internal Reorganisation assuming the Internal Reorganisation is completed before the Effective Date and immediately upon completion of the Proposal:

Shareholders	As at the Latest Practicable Date		Immediately upon completion of the Internal Reorganisation assuming the Internal Reorganisation is completed before the Effective Date		Immediately upon completion of the Proposal	
	Approximate Number of Shares	Approximate percentage of the issued share capital (Note 1)	Approximate Number of Shares	Approximate percentage of the issued share capital (Note 1)	Approximate Number of Shares (Note 2)	Approximate percentage of the issued share capital (Note 1)
<b>Offeror</b>	-	-	-	-	1,307,650,589	100.00%
<b>Executive Directors (Note 3)</b>	87,046,793	6.66%	200,806,793	15.36%	-	-
- Mr. Zhou (Note 4)	56,656,123	4.33%	141,976,123	10.86%	-	-
- Ms. Mu (Note 5)	21,083,116	1.61%	49,523,116	3.79%	-	-
- Mr. Jin (Note 6)	9,307,554	0.71%	9,307,554	0.71%	-	-
<b>Offeror Concert Parties subject to the Scheme</b>					-	-
- Mr. Liu (Note 7)	305,000	0.02%	28,745,000	2.20%	-	-
- Management Company (directly holding) (Note 8)	142,199,998	10.87%	-	-	-	-
- P Holdings (Note 8)	2	0.00%	-	-	-	-
<b>Aggregate number of Shares held by the Offeror, the Executive Directors and Offeror Concert Parties</b>	<b>229,551,793</b>	<b>17.55%</b>	<b>229,551,793</b>	<b>17.55%</b>	<b>1,307,650,589</b>	<b>100.00%</b>
<b>Disinterested Shareholders</b>	<b>1,078,098,796</b>	<b>82.45%</b>	<b>1,078,098,796</b>	<b>82.45%</b>	-	-
- Trixen Enterprises Ltd.	307,800,000	23.54%	307,800,000	23.54%	-	-
- Keytone	128,077,180	9.79%	128,077,180	9.79%	-	-
- Bain Capital PnR Cayman Limited	230,416,159	17.62%	230,416,159	17.62%	-	-
- Eight Roads Investments	71,684,931	5.48%	71,684,931	5.48%	-	-
- Bright Journey Investment Limited	54,166,755	4.14%	54,166,755	4.14%	-	-
- Pacven Walden Ventures	36,593,480	2.80%	36,593,480	2.80%	-	-

Shareholders	As at the Latest Practicable Date		Immediately upon completion of the Internal Reorganisation assuming the Internal Reorganisation is completed before the Effective Date		Immediately upon completion of the Proposal	
	<i>Approximate percentage of</i>		<i>Approximate percentage of</i>		<i>Approximate percentage of</i>	
	<i>Number of the issued share Shares capital (Note 1)</i>		<i>Number of the issued share Shares capital (Note 1)</i>		<i>Number of the issued share Shares (Note 2) capital (Note 1)</i>	
- Zedra Trust Company (Cayman) Limited (Note 9)	45,630,264	3.49%	45,630,264	3.49%	-	-
- Other Disinterested Shareholders (Note 10)	203,730,027	15.58%	203,730,027	15.58%	-	-
Total number of Shares	1,307,650,589	100.00%	1,307,650,589	100.00%	1,307,650,589	100.00%
Total number of Scheme Shares	1,307,650,589	100.00%	1,307,650,589	100.00%	-	-

*Notes:*

- All percentages in the above table are approximations.
- Under the Scheme, the issued share capital of the Company will, on the Effective Date, be reduced by cancelling the Scheme Shares. On the assumption that no Share Options are exercised before the Option Record Date and there is no other change in shareholding of the Company before completion of the Proposal, upon such reduction, the issued share capital of the Company will be increased to its former amount by the issuance to the Offeror, credited as fully paid, of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled. The reserve created in the Company's books of account as a result of the capital reduction will be applied in paying up in full the new Shares so issued, credited as fully paid, to the Offeror.
- As at the Latest Practicable Date, the Executive Directors held 87,046,793 Shares in aggregate including (1) the 37,228,804 Shares from exercising Share Options; and (2) the 49,817,989 Shares corresponding to restricted share units under the Share Award Scheme, which are granted, vested and held in trust by Zedra Trust Company (Cayman) Limited for them. Having regard to tax implications which could only be clarified after the Announcement, the Executive Directors may make arrangements to obtain the legal titles to such Shares after the Effective Date. Assuming the Internal Reorganisation is completed before the Effective Date, as a result of the Internal Reorganisation, the Executive Directors will in aggregate hold, directly or indirectly, 200,806,793 Shares (representing approximately 15.36% of the issued share capital of the Company) immediately upon completion of the Internal Reorganisation.
- As at the Latest Practicable Date, Mr. Zhou held 56,656,123 Shares including (1) the 29,165,323 Shares from exercising Share Options; and (2) the 27,490,800 Shares corresponding to restricted share units under the Share Award Scheme, which are granted, vested and held in trust by Zedra Trust Company (Cayman) Limited for Mr. Zhou. Having regard to tax implications which could only be clarified after the Announcement, Mr. Zhou may make arrangements to obtain the legal titles to such Shares after the Effective Date. Assuming the Internal Reorganisation is completed before the Effective Date, as a result of the Internal Reorganisation, Mr. Zhou will in aggregate hold, directly or indirectly, 141,976,123 Shares (representing approximately 10.86% of the issued share capital of the Company) immediately upon completion of the Internal Reorganisation.
- As at the Latest Practicable Date, Ms. Mu held 21,083,116 Shares including (1) the 7,063,481 Shares from exercising Share Options; and (2) the 14,019,635 Shares corresponding to restricted share units under the Share Award Scheme, which are granted, vested and held in trust by Zedra Trust Company (Cayman) Limited for Ms. Mu. Having regard to tax implications which could only be clarified after the Announcement, Ms. Mu may make arrangements to obtain the legal titles to such Shares after the Effective Date. Assuming the Internal

Reorganisation is completed before the Effective Date, as a result of the Internal Reorganisation, Ms. Mu will in aggregate hold, directly or indirectly, 49,523,116 Shares (representing approximately 3.79% of the issued share capital of the Company) immediately upon completion of the Internal Reorganisation.

6. As at the Latest Practicable Date, Mr. Jin held 9,307,554 Shares including (1) the 1,000,000 Shares from exercising Share Options; and (2) the 8,307,554 Shares corresponding to restricted share units under the Share Award Scheme, which are granted, vested and held in trust by Zedra Trust Company (Cayman) Limited for Mr. Jin. Having regard to tax implications which could only be clarified after the Announcement, Mr. Jin may make arrangements to obtain the legal titles to such Shares after the Effective Date.
7. Mr. Liu is presumed to be acting in concert with Mr. Zhou and Ms. Mu in accordance with class 1 of the definition of “acting in concert” under the Takeovers Code by virtue of holding 20% in Management Company, in which each of Mr. Zhou and Ms. Mu held 60% and 20%, respectively. As at the Latest Practicable Date, Mr. Liu held 305,000 Shares from exercising Share Options, which are held through a CCASS custodian account administered by Computershare. Assuming the Internal Reorganisation is completed before the Effective Date, as a result of the Internal Reorganisation, Mr. Liu will in aggregate hold, directly or indirectly, 28,745,000 Shares (representing approximately 2.20% of the issued share capital of the Company) immediately upon completion of the Internal Reorganisation.
8. Management Company and its wholly-owned subsidiary P Holdings are presumed to be acting in concert with Mr. Zhou and Ms. Mu in accordance with class 1 of the definition of “acting in concert” under the Takeovers Code by virtue of Mr. Zhou and Ms. Mu’s holdings in them respectively. As at the Latest Practicable Date, Management Company directly held 142,199,998 Shares and indirectly held 2 Shares through its wholly-owned subsidiary, P Holdings. Management Company was owned as to 60% by Mr. Zhou, 20% by Ms. Mu and 20% by Mr. Liu. The Internal Reorganisation will be conducted pursuant to which each of Mr. Zhou, Ms. Mu and Mr. Liu will hold, directly or indirectly, his or her interest in the Company independently (which are pro rata to their holdings in Management Company). Having regard to tax implications which could only be clarified after the Announcement, the Internal Reorganisation may take place after the Effective Date. If the Internal Reorganisation is not completed before the Meeting Record Date, being Offeror Concert Parties, Management Company and P Holdings’ votes at the Court Meeting will not be counted as votes of Disinterested Shareholders in determining whether the requirements under condition (1)(a) and (b) under the section headed “4. Conditions to the Proposal and the Scheme” (as required under Rule 2.10 of the Takeovers Code) are satisfied, and will only be counted as votes of Scheme Shareholders in determining whether the requirement in the first paragraph of condition (1) in the section headed “4. Conditions to the Proposal and the Scheme” (as required under Companies Act) is satisfied.
9. As at the Latest Practicable Date, 45,630,264 Shares corresponding to restricted share units under the Share Award Scheme were granted, vested and held in trust by Zedra Trust Company (Cayman) Limited for employees of the Group being Disinterested Shareholders. For completeness, as at the Latest Practicable Date, Zedra Trust Company (Cayman) Limited also held 49,817,989 Shares in trust for the Executive Directors, which has been included in the holdings of the Executive Directors in this table (see Notes 3, 4, 5 and 6). According to the rules of the Share Award Scheme, Zedra Trust Company (Cayman) Limited may not exercise the voting rights in respect of such Shares and thus there are no voting rights exercisable in respect of such Shares held by it. The Shares held by Zedra Trust Company (Cayman) Limited for the Executive Directors will not be voted or counted as votes of Disinterested Shareholders in determining whether the requirements under condition (1)(a) and (b) under the section headed “4. Conditions to the Proposal and the Scheme” (as required under Rule 2.10 of the Takeovers Code) are satisfied. The relevant employees of the Group may have the Shares held by Zedra Trust Company (Cayman) Limited released to them during the offer period (as defined under the Takeovers Code).
10. As at the Latest Practicable Date, 203,730,027 Shares were held by Disinterested Shareholders other than the IU Shareholders and Zedra Trust Company (Cayman) Limited, including the 3,095,686 Shares from exercising Share Options by employees of the Group being Disinterested Shareholders after the Announcement Date which are held through a CCASS custodian account administered by Computershare.

Following the Effective Date and the withdrawal of listing of the Shares on the Stock Exchange, the Offeror will hold 100% of the issued share capital of the Company, on the assumption that there is no other change in shareholding in the Company before completion of the Proposal. Any unexercised Share Option which has not been cancelled pursuant to the Proposal as its holder has not accepted the Option Offer will survive the completion of the Proposal and remain exercisable for Shares provided that it has not terminated or lapsed under its terms or the terms of the Share Option Scheme. On the assumption that all Outstanding Share Options are exercised after completion of the Proposal and there is no other change in shareholding of the Company, the Offeror's holding in the Company will be diluted to approximately 86.48%.

### **Share Options**

As at the Latest Practicable Date, there were 204,442,960 Outstanding Share Options granted under the Share Option Scheme, of which 25,055,086 Share Options had an exercise price of US\$0.18, 70,687,282 Share Options had an exercise price of US\$0.5458, 85,794,827 Share Options had an exercise price of US\$0.7846 and 22,905,765 Share Options had an exercise price of HK\$7.50. As at the Latest Practicable Date, all the Share Options under the Share Option Scheme (which is a pre-IPO share option scheme of the Company) had been granted. The Company will not grant any further Share Options under the Share Option Scheme.

The exercise of all the Outstanding Share Options in full would result in the issue of 204,442,960 new Shares (representing approximately 15.63% of the issued share capital of the Company as at the Latest Practicable Date and approximately 13.52% of the issued share capital of the Company as enlarged by the issue of such new Shares).

Accordingly, the Offeror is making (or procuring to be made on its behalf) the Option Offer for the 204,442,960 Outstanding Share Options assuming no exercise or lapse of such Share Options by them before the Option Record Date. Such Option Offer will be conditional upon the Scheme becoming effective.

The Option Offer Letter to holders of Share Options setting out the terms and conditions of the Option Offer is being despatched separately to holders of Share Options and is substantially in the form set out in Appendix VIII – Form of Option Offer Letter to this Scheme Document.

On the assumption that all the Share Options (other than those held by the Executive Directors who had indicated that they will not exercise the Outstanding Share Options held by them during the offer period (as defined under the Takeovers Code)) are exercised before the Latest Practicable Date and that there is no other change in shareholding of the Company before completion of the Proposal, the table below sets out the shareholding structure of the Company as at the Latest Practicable Date, immediately upon completion of the Internal Reorganisation assuming the Internal Reorganisation is completed before the Effective Date and immediately upon completion of the Proposal:

Shareholders	As at the Latest Practicable Date had all the Share Options been exercised before the Latest Practicable Date		Immediately upon completion of the Internal Reorganisation assuming the Internal Reorganisation is completed before the Effective Date		Immediately upon completion of the Proposal	
	Approximate percentage of		Approximate percentage of		Approximate percentage of	
	Number of the issued share Shares capital (Note 1)		Number of the issued share Shares capital (Note 1)		Number of the issued share Shares (Note 2) capital (Note 1)	
<b>Offeror</b>	-	-	-	-	1,402,799,685	100.00%
<b>Executive Directors (Note 3)</b>	87,046,793	6.21%	200,806,793	14.31%	-	-
- Mr. Zhou (Note 4)	56,656,123	4.04%	141,976,123	10.12%	-	-
- Ms. Mu (Note 5)	21,083,116	1.50%	49,523,116	3.53%	-	-
- Mr. Jin (Note 6)	9,307,554	0.66%	9,307,554	0.66%	-	-
<b>Offeror Concert Parties subject to the Scheme</b>						
- Mr. Liu (Note 7)	9,855,628	0.70%	38,295,628	2.73%	-	-
- Management Company (directly holding) (Note 8)	142,199,998	10.14%	-	-	-	-
- P Holdings (Note 8)	2	0.00%	-	-	-	-
<b>Aggregate number of Shares held by the Offeror, the Executive Directors and Offeror Concert Parties</b>	<b>239,102,421</b>	<b>17.04%</b>	<b>239,102,421</b>	<b>17.04%</b>	<b>1,402,799,685</b>	<b>100.00%</b>
<b>Disinterested Shareholders</b>	<b>1,163,697,264</b>	<b>82.96%</b>	<b>1,163,697,264</b>	<b>82.96%</b>	-	-
- Trixen Enterprises Ltd.	307,800,000	21.94%	307,800,000	21.94%	-	-
- Keytone	128,077,180	9.13%	128,077,180	9.13%	-	-
- Bain Capital PnR Cayman Limited	230,416,159	16.43%	230,416,159	16.43%	-	-
- Eight Roads Investments	71,684,931	5.11%	71,684,931	5.11%	-	-
- Bright Journey Investment Limited	54,166,755	3.86%	54,166,755	3.86%	-	-
- Pacven Walden Ventures	36,593,480	2.61%	36,593,480	2.61%	-	-
- Other Optionholders (assuming all Share Options exercised) (Note 9)	85,598,468	6.10%	85,598,468	6.10%	-	-
- Zedra Trust Company (Cayman) Limited (Note 10)	45,630,264	3.25%	45,630,264	3.25%	-	-
- Other Disinterested Shareholders (Note 11)	203,730,027	14.52%	203,730,027	14.52%	-	-
Total number of Shares	1,402,799,685	100%	1,402,799,685	100%	1,402,799,685	100%
Total number of Scheme Shares	1,402,799,685	100%	1,402,799,685	100%	-	-

*Notes:*

- All percentages in the above table are approximations.
- Under the Scheme, the issued share capital of the Company will, on the Effective Date, be reduced by cancelling the Scheme Shares. On the assumption that no Share Options are exercised before the Option Record Date and there is no other change in shareholding of the Company before completion of the Proposal, upon such reduction, the issued share capital of the Company will be increased to its former amount by the issuance to the Offeror, credited as fully paid, of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled. The reserve created in the Company's books of account as a result of the capital reduction will be applied in paying up in full the new Shares so issued, credited as fully paid, to the Offeror.



3. As at the Latest Practicable Date, the Executive Directors held 87,046,793 Shares in aggregate including (1) the 37,228,804 Shares from exercising Share Options; and (2) the 49,817,989 Shares corresponding to restricted share units under the Share Award Scheme, which are granted, vested and held in trust by Zedra Trust Company (Cayman) Limited for them. Having regard to tax implications which could only be clarified after the Announcement, the Executive Directors may make arrangements to obtain the legal titles to such Shares after the Effective Date. Assuming the Internal Reorganisation is completed before the Effective Date, as a result of the Internal Reorganisation, the Executive Directors will in aggregate hold, directly or indirectly, 200,806,793 Shares (representing approximately 14.31% of the issued share capital of the Company) immediately upon completion of the Internal Reorganisation.
4. As at the Latest Practicable Date, Mr. Zhou held 56,656,123 Shares including (1) the 29,165,323 Shares from exercising Share Options; and (2) the 27,490,800 Shares corresponding to restricted share units under the Share Award Scheme, which are granted, vested and held in trust by Zedra Trust Company (Cayman) Limited for Mr. Zhou. Having regard to tax implications which could only be clarified after the Announcement, Mr. Zhou may make arrangements to obtain the legal titles to such Shares after the Effective Date. Assuming the Internal Reorganisation is completed before the Effective Date, as a result of the Internal Reorganisation, Mr. Zhou will in aggregate hold, directly or indirectly, 141,976,123 Shares (representing approximately 10.12% of the issued share capital of the Company) immediately upon completion of the Internal Reorganisation.
5. As at the Latest Practicable Date, Ms. Mu held 21,083,116 Shares including (1) the 7,063,481 Shares from exercising Share Options; and (2) the 14,019,635 Shares corresponding to restricted share units under the Share Award Scheme, which are granted, vested and held in trust by Zedra Trust Company (Cayman) Limited for Ms. Mu. Having regard to tax implications which could only be clarified after the Announcement, Ms. Mu may make arrangements to obtain the legal titles to such Shares after the Effective Date. Assuming the Internal Reorganisation is completed before the Effective Date, as a result of the Internal Reorganisation, Ms. Mu will in aggregate hold, directly or indirectly, 49,523,116 Shares (representing approximately 3.53% of the issued share capital of the Company) immediately upon completion of the Internal Reorganisation.
6. As at the Latest Practicable Date, Mr. Jin held 9,307,554 Shares including (1) the 1,000,000 Shares from exercising Share Options; and (2) the 8,307,554 Shares corresponding to restricted share units under the Share Award Scheme, which are granted, vested and held in trust by Zedra Trust Company (Cayman) Limited for Mr. Jin. Having regard to tax implications which could only be clarified after the Announcement, Mr. Jin may make arrangements to obtain the legal titles to such Shares after the Effective Date.
7. Mr. Liu is presumed to be acting in concert with Mr. Zhou and Ms. Mu in accordance with class 1 of the definition of “acting in concert” under the Takeovers Code by virtue of holding 20% in Management Company, in which each of Mr. Zhou and Ms. Mu held 60% and 20%, respectively. The number of Shares held by Mr. Liu as at the Latest Practicable Date included (1) the 305,000 Shares of Mr. Liu from exercising Share Options, which were held through a CCASS custodian account administered by Computershare; and (2) the Shares to be issued assuming all the Share Options of Mr. Liu (being 5,427,455, 2,959,853, 581,660 and 581,660 Share Options with the exercise prices of US\$0.18, US\$0.5458, US\$0.7846 and HK\$7.50, respectively) are exercised before the Latest Practicable Date. Assuming the Internal Reorganisation is completed before the Effective Date, as a result of the Internal Reorganisation, Mr. Liu will in aggregate hold, directly or indirectly, 38,295,628 Shares (representing approximately 2.73% of the issued share capital of the Company) immediately upon completion of the Internal Reorganisation.
8. Management Company and its wholly-owned subsidiary P Holdings are presumed to be acting in concert with Mr. Zhou and Ms. Mu in accordance with class 1 of the definition of “acting in concert” under the Takeovers Code by virtue of Mr. Zhou and Ms. Mu’s holdings in them respectively. As at the

Latest Practicable Date, Management Company directly held 142,199,998 Shares and indirectly held 2 Shares through its wholly-owned subsidiary, P Holdings. Management Company was owned as to 60% by Mr. Zhou, 20% by Ms. Mu and 20% by Mr. Liu. The Internal Reorganisation will be conducted pursuant to which each of Mr. Zhou, Ms. Mu and Mr. Liu will hold, directly or indirectly, his or her interest in the Company independently (which are pro rata to their holdings in Management Company). Having regard to tax implications which could only be clarified after the Announcement, the Internal Reorganisation may take place after the Effective Date. If the Internal Reorganisation is not completed before the Meeting Record Date, being Offeror Concert Parties, Management Company and P Holdings' votes at the Court Meeting will not be counted as votes of Disinterested Shareholders in determining whether the requirements under condition (1)(a) and (b) under the section headed "4. Conditions to the Proposal and the Scheme" (as required under Rule 2.10 of the Takeovers Code) are satisfied, and will only be counted as votes of Scheme Shareholders in determining whether the requirement in the first paragraph of condition (1) in the section headed "4. Conditions to the Proposal and the Scheme" (as required under Companies Act) is satisfied.

9. Other Optionholders include all the Optionholders other than Mr. Zhou, Ms. Mu, Mr. Jin and Mr. Liu. The number of Shares held by them as at the Latest Practicable Date, included in the Shares held by the Disinterested Shareholders, included the Shares to be issued assuming all the Share Options of them (being 19,627,631, 41,029,263, 16,216,677 and 8,724,897 Share Options with the exercise prices of US\$0.18, US\$0.5458, US\$0.7846 and HK\$7.50, respectively) are exercised before the Latest Practicable Date.
10. As at the Latest Practicable Date, 45,630,264 Shares corresponding to restricted share units under the Share Award Scheme were granted, vested and held in trust by Zedra Trust Company (Cayman) Limited for employees of the Group being Disinterested Shareholders. For completeness, as at the Latest Practicable Date, Zedra Trust Company (Cayman) Limited also held 49,817,989 Shares in trust for the Executive Directors, which has been included in the holdings of the Executive Directors in this table (see Notes 3, 4, 5 and 6). According to the rules of the Share Award Scheme, Zedra Trust Company (Cayman) Limited may not exercise the voting rights in respect of such Shares and thus there are no voting rights exercisable in respect of such Shares held by it. The Shares held by Zedra Trust Company (Cayman) Limited for the Executive Directors will not be voted or counted as votes of Disinterested Shareholders in determining whether the requirements under condition (1)(a) and (b) under the section headed "4. Conditions to the Proposal and the Scheme" (as required under Rule 2.10 of the Takeovers Code) are satisfied. The relevant employees of the Group may have the Shares held by Zedra Trust Company (Cayman) Limited released to them during the offer period (as defined under the Takeovers Code).
11. As at the Latest Practicable Date, 203,730,027 Shares were held by Disinterested Shareholders other than the IU Shareholders and Zedra Trust Company (Cayman) Limited, including the 3,095,686 Shares from exercising Share Options by employees of the Group being Disinterested Shareholders after the Announcement Date which are held through a CCASS custodian account administered by Computershare.

On the assumption that all the Share Options with the exercise price of US\$0.18 are exercised before the Latest Practicable Date (noting the Executive Directors are not interested in any Share Option with the exercise price of US\$0.18 as at the Latest Practicable Date), that no Share Options with the exercise price of US\$0.5458, US\$0.7846 and HK\$7.50 are exercised before the Latest Practicable Date and that there is no other change in shareholding of the Company before completion of the Proposal, the table below sets out the shareholding structure of the Company as at the Latest Practicable Date, immediately upon completion of the Internal Reorganisation assuming the Internal Reorganisation is completed before the Effective Date and immediately upon completion of the Proposal:

Shareholders	As at the Latest Practicable Date had all the Share Options with the exercise price of US\$0.18 been exercised before the Latest Practicable Date		Immediately upon completion of the Internal Reorganisation assuming the Internal Reorganisation is completed before the Effective Date		Immediately upon completion of the Proposal	
	Approximate percentage of		Approximate percentage of		Approximate percentage of	
	Number of Shares	the issued share capital (Note 1)	Number of Shares	the issued share capital (Note 1)	Number of Shares (Note 2)	the issued share capital (Note 1)
<b>Offeror</b>	-	-	-	-	1,332,705,675	100.00%
<b>Executive Directors (Note 3)</b>	87,046,793	6.53%	200,806,793	15.07%	-	-
- Mr. Zhou (Note 4)	56,656,123	4.25%	141,976,123	10.65%	-	-
- Ms. Mu (Note 5)	21,083,116	1.58%	49,523,116	3.72%	-	-
- Mr. Jin (Note 6)	9,307,554	0.70%	9,307,554	0.70%	-	-
<b>Offeror Concert Parties subject to the Scheme</b>						
- Mr. Liu (Note 7)	5,732,455	0.43%	34,172,455	2.56%	-	-
- Management Company (directly holding) (Note 8)	142,199,998	10.67%	-	-	-	-
- P Holdings (Note 8)	2	0.00%	-	-	-	-
<b>Aggregate number of Shares held by the Offeror, the Executive Directors and Offeror Concert Parties</b>	<b>234,979,248</b>	<b>17.63%</b>	<b>234,979,248</b>	<b>17.63%</b>	<b>1,332,705,675</b>	<b>100.00%</b>
<b>Disinterested Shareholders</b>	<b>1,097,726,427</b>	<b>82.37%</b>	<b>1,097,726,427</b>	<b>82.37%</b>	-	-
- Trixen Enterprises Ltd.	307,800,000	23.09%	307,800,000	23.09%	-	-
- Keytone	128,077,180	9.61%	128,077,180	9.61%	-	-
- Bain Capital PnR Cayman Limited	230,416,159	17.29%	230,416,159	17.29%	-	-
- Eight Roads Investments	71,684,931	5.38%	71,684,931	5.38%	-	-
- Bright Journey Investment Limited	54,166,755	4.06%	54,166,755	4.06%	-	-
- Pacven Walden Ventures	36,593,480	2.75%	36,593,480	2.75%	-	-
- Other Optionholders (assuming Share Options with the exercise price of US\$0.18 exercised) (Note 9)	19,627,631	1.47%	19,627,631	1.47%	-	-
- Zedra Trust Company (Cayman) Limited (Note 10)	45,630,264	3.42%	45,630,264	3.42%	-	-
- Other Disinterested Shareholders (Note 11)	203,730,027	15.29%	203,730,027	15.29%	-	-
Total number of Shares	1,332,705,675	100.00%	1,332,705,675	100.00%	1,332,705,675	100.00%
Total number of Scheme Shares	1,332,705,675	100.00%	1,332,705,675	100.00%	-	-

**Notes:**

- All percentages in the above table are approximations.
- Under the Scheme, the issued share capital of the Company will, on the Effective Date, be reduced by cancelling the Scheme Shares. On the assumption that no Share Options are exercised before the Option Record Date and there is no other change in shareholding of the Company before completion of the Proposal, upon such reduction, the issued share capital of the Company will be increased to its former amount by the issuance to the Offeror, credited as fully paid, of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled. The reserve created in the Company's books of account as a result of the capital reduction will be applied in paying up in full the new Shares so issued, credited as fully paid, to the Offeror.

3. As at the Latest Practicable Date, the Executive Directors held 87,046,793 Shares in aggregate including (1) the 37,228,804 Shares from exercising Share Options; and (2) the 49,817,989 Shares corresponding to restricted share units under the Share Award Scheme, which are granted, vested and held in trust by Zedra Trust Company (Cayman) Limited for them. Having regard to tax implications which could only be clarified after the Announcement, the Executive Directors may make arrangements to obtain the legal titles to such Shares after the Effective Date. Assuming the Internal Reorganisation is completed before the Effective Date, as a result of the Internal Reorganisation, the Executive Directors will in aggregate hold, directly or indirectly, 200,806,793 Shares (representing approximately 15.07% of the issued share capital of the Company) immediately upon completion of the Internal Reorganisation.
4. As at the Latest Practicable Date, Mr. Zhou held 56,656,123 Shares including (1) the 29,165,323 Shares from exercising Share Options; and (2) the 27,490,800 Shares corresponding to restricted share units under the Share Award Scheme, which are granted, vested and held in trust by Zedra Trust Company (Cayman) Limited for Mr. Zhou. Having regard to tax implications which could only be clarified after the Announcement, Mr. Zhou may make arrangements to obtain the legal titles to such Shares after the Effective Date. Assuming the Internal Reorganisation is completed before the Effective Date, as a result of the Internal Reorganisation, Mr. Zhou will in aggregate hold, directly or indirectly, 141,976,123 Shares (representing approximately 10.65% of the issued share capital of the Company) immediately upon completion of the Internal Reorganisation.
5. As at the Latest Practicable Date, Ms. Mu held 21,083,116 Shares including (1) the 7,063,481 Shares from exercising Share Options; and (2) the 14,019,635 Shares corresponding to restricted share units under the Share Award Scheme, which are granted, vested and held in trust by Zedra Trust Company (Cayman) Limited for Ms. Mu. Having regard to tax implications which could only be clarified after the Announcement, Ms. Mu may make arrangements to obtain the legal titles to such Shares after the Effective Date. Assuming the Internal Reorganisation is completed before the Effective Date, as a result of the Internal Reorganisation, Ms. Mu will in aggregate hold, directly or indirectly, 49,523,116 Shares (representing approximately 3.72% of the issued share capital of the Company) immediately upon completion of the Internal Reorganisation.
6. As at the Latest Practicable Date, Mr. Jin held 9,307,554 Shares including (1) the 1,000,000 Shares from exercising Share Options; and (2) the 8,307,554 Shares corresponding to restricted share units under the Share Award Scheme, which are granted, vested and held in trust by Zedra Trust Company (Cayman) Limited for Mr. Jin. Having regard to tax implications which could only be clarified after the Announcement, Mr. Jin may make arrangements to obtain the legal titles to such Shares after the Effective Date.
7. Mr. Liu is presumed to be acting in concert with Mr. Zhou and Ms. Mu in accordance with class 1 of the definition of “acting in concert” under the Takeovers Code by virtue of holding 20% in Management Company, in which each of Mr. Zhou and Ms. Mu holds 60% and 20%, respectively. The number of Shares held by Mr. Liu as at the Latest Practicable Date included (1) the 305,000 Shares of Mr. Liu from exercising Share Options, which are held through a CCASS custodian account administered by Computershare; and (2) the Shares to be issued assuming the 5,427,455 Share Options with the exercise price of US\$0.18 of Mr. Liu are exercised before the Latest Practicable Date. Assuming the Internal Reorganisation is completed before the Effective Date, as a result of the Internal Reorganisation, Mr. Liu will in aggregate hold, directly or indirectly, 34,172,455 Shares (representing approximately 2.56% of the issued share capital of the Company) immediately upon completion of the Internal Reorganisation.
8. Management Company and its wholly-owned subsidiary P Holdings were presumed to be acting in concert with Mr. Zhou and Ms. Mu in accordance with class 1 of the definition of “acting in concert” under the Takeovers Code by virtue of Mr. Zhou and Ms. Mu’s holdings in them respectively. As at the Latest Practicable Date, Management Company directly held 142,199,998 Shares and indirectly held 2

Shares through its wholly-owned subsidiary, P Holdings. Management Company was owned as to 60% by Mr. Zhou, 20% by Ms. Mu and 20% by Mr. Liu. The Internal Reorganisation will be conducted pursuant to which each of Mr. Zhou, Ms. Mu and Mr. Liu will hold, directly or indirectly, his or her interest in the Company independently (which are pro rata to their holdings in Management Company). Having regard to tax implications which could only be clarified after the Announcement, the Internal Reorganisation may take place after the Effective Date.

9. Other Optionholders include all the Optionholders other than Mr. Zhou, Ms. Mu, Mr. Jin and Mr. Liu. The number of Shares held by them as at the Latest Practicable Date, included in the Shares held by the Disinterested Shareholders, included the Shares to be issued assuming all the 19,627,631 Share Options with the exercise price of US\$0.18 of them are exercised before the Latest Practicable Date.
10. As at the Latest Practicable Date, 45,630,264 Shares corresponding to restricted share units under the Share Award Scheme were granted, vested and held in trust by Zedra Trust Company (Cayman) Limited for employees of the Group being Disinterested Shareholders. For completeness, as at the Latest Practicable Date, Zedra Trust Company (Cayman) Limited also held 49,817,989 Shares in trust for the Executive Directors, which has been included in the holdings of the Executive Directors in this table (see Notes 3, 4, 5 and 6). According to the rules of the Share Award Scheme, Zedra Trust Company (Cayman) Limited may not exercise the voting rights in respect of such Shares and thus there are no voting rights exercisable in respect of such Shares held by it. The Shares held by Zedra Trust Company (Cayman) Limited for the Executive Directors will not be voted or counted as votes of Disinterested Shareholders in determining whether the requirements under condition (1)(a) and (b) under the section headed “4. Conditions to the Proposal and the Scheme” (as required under Rule 2.10 of the Takeovers Code) are satisfied. The relevant employees of the Group may have the Shares held by Zedra Trust Company (Cayman) Limited released to them during the offer period (as defined under the Takeovers Code).
11. As at the Latest Practicable Date, 203,730,027 Shares were held by Disinterested Shareholders other than the IU Shareholders and Zedra Trust Company (Cayman) Limited, including the 3,095,686 Shares from exercising Share Options by employees of the Group being Disinterested Shareholders after the Announcement Date which are held through a CCASS custodian account administered by Computershare.

As at the Latest Practicable Date:

- (a) the issued share capital of the Company comprised 1,307,650,589 Shares and 204,442,960 Outstanding Share Options;
- (b) the Offeror did not legally and beneficially own, control or have direction over any Shares, the Executive Directors directly and indirectly held in aggregate 87,046,793 Shares (representing approximately 6.66% of the issued share capital of the Company), and the Offeror Concert Parties held in aggregate 142,505,000 Shares (representing approximately 10.90% of the issued share capital of the Company);
- (c) save as disclosed in paragraph (b) above and in the above shareholding tables, the Offeror Concert Parties did not legally and beneficially own, control or have direction over any Shares;

- (d) save as disclosed in the section headed “2. Terms of the Proposal – The Option Offer” and in the above shareholding tables, there were no convertible securities, warrants or options in respect of the Shares held, controlled or directed by the Offeror, the Executive Directors or the Offeror Concert Parties;
- (e) none of the Offeror, the Executive Directors and the Offeror Concert Parties had entered into any outstanding derivative in respect of the securities in the Company; and
- (f) none of the Offeror, the Executive Directors and the Offeror Concert Parties had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

As at the Latest Practicable Date, the Scheme Shares, comprising 1,307,650,589 Shares, represented 100% of the issued Shares.

As at the Latest Practicable Date, the Company had no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) other than its issued share capital of 1,307,650,589 Shares and the Share Options.

CICC is the financial adviser to the Offeror in connection with the Proposal. Accordingly, CICC and relevant members of the CICC group which hold Shares on an own account or discretionary managed basis are presumed to be acting in concert with the Offeror in relation to the Company in accordance with class 5 of the definition of “acting in concert” under the Takeovers Code (except in respect of Shares held by members of the CICC group which are exempt principal traders or exempt fund managers, in each case recognised by the Executive as such for the purpose of the Takeovers Code).

#### **Share Award Scheme**

As at the Latest Practicable Date, restricted share units representing 95,448,253 Shares (representing approximately 7.30% of the issued share capital of the Company) under the Share Award Scheme were granted, vested and held in trust by Zedra Trust Company (Cayman) Limited for the Executive Directors and other employees of the Group. According to the rules of the Share Award Scheme, Zedra Trust Company (Cayman) Limited may not exercise the voting rights in respect of such Shares and thus there are no voting rights exercisable in respect of such Shares held by it. The relevant employees of the Group may have the Shares held by Zedra Trust Company (Cayman) Limited released to them during the offer period (as defined under the Takeovers Code). Having regard to tax implications which could only be clarified after the Announcement, the Executive Directors may make arrangements to obtain the legal titles to such Shares after the Effective Date.

#### **5. FINANCIAL RESOURCES**

On the assumption that (a) the Executive Directors and the IU Shareholders who have undertaken to elect the Share Alternative elect the Share Alternative, (b) all other Scheme Shareholders elect the Cash Alternative, (c) (i) all outstanding Share Options with an exercise price of US\$0.18 as at the Option Record Date are exercised and all the Optionholders of such Share Options become Scheme Shareholders on or

before the Scheme Record Date and elect the Cash Alternative, and (ii) no further Shares are issued before the Scheme Record Date, and (d) all the Optionholders of outstanding Share Options with an exercise price of US\$0.5458, US\$0.7846 and HK\$7.50 respectively as at the Option Record Date (other than the Executive Directors who had indicated that they will not exercise the Outstanding Share Options held by them during the offer period (as defined under the Takeovers Code)) will accept the Option Offer and receive the nominal amount of HK\$0.01 for every 100 Share Options (or part thereof), the amount of cash required for the Proposal would be approximately HK\$1,250,651,972.

As at the Latest Practicable Date, the Offeror would be financing the entire cash amount required for the Proposal and the Option Offer from the CMB Facility for the Certain Funds Period.

The CMB Facility will be secured by the following security package:

- (1) On the first drawdown date of the CMB Facility, (i) a charge over shares in SPV-Z, SPV-M and SPV-J held by the Executive Directors, and (ii) a charge over the Offeror Shares held by SPV-Z, SPV-M and SPV-J.
- (2) Within 5 working days after settlement of the Cash Alternative in full, (i) joint and several guarantee from the Company, PnR Network Technology (Shanghai) Co., Ltd. (匯付網絡技術(上海)有限公司), China PnR Co., Ltd. (匯付天下有限公司), Shanghai Payment and Remittance Data Service Co., Ltd. (上海匯付數據服務有限公司) and Furen Network Technology (Shanghai) Co., Ltd. (福仁網絡科技(上海)有限公司), and (ii) a charge over certain bank account(s) of one or more of the Company, Huifu (BVI) Limited、PnR Network Technology (Shanghai) Co., Ltd. (匯付網絡技術(上海)有限公司), China PnR Co., Ltd. (匯付天下有限公司), Shanghai Payment and Remittance Data Service Co., Ltd. (上海匯付數據服務有限公司), Shanghai Fuhui Network Technology Co., Ltd. (上海賦暉網絡技術有限公司) and/or Furen Network Technology (Shanghai) Co., Ltd. (福仁網絡科技(上海)有限公司).
- (3) Within 40 working days after the first drawdown date of the CMB Facility, (i) a charge over Shares held by the Offeror and (ii) account control agreements in respect of certain accounts opened by the Company, Shanghai Payment and Remittance Data Service Co., Ltd. (上海匯付數據服務有限公司), China PnR Co., Ltd. (匯付天下有限公司) and PnR Network Technology (Shanghai) Co., Ltd. (匯付網絡技術(上海)有限公司) with China Merchants Bank Co., Ltd., Shanghai Branch.
- (4) Within 90 working days after the first drawdown date of the CMB Facility, a charge over shares in PnR Network Technology (Shanghai) Co., Ltd.\* (匯付網絡技術(上海)有限公司) held by the Company.

CICC, the financial adviser to the Offeror in connection with the Proposal, was satisfied that sufficient financial resources are available to the Offeror for satisfying its obligations in respect of the full implementation of the Proposal in accordance with their respective terms.

**6. REASONS FOR AND BENEFITS OF THE PROPOSAL**

The Board is of the view that the terms of the Proposal (including the Cancellation Consideration, being the Cash Alternative or the Share Alternative) are fair and reasonable to the Scheme Shareholders for the following reasons:

- (1) ***Unlock value at a premium.*** The Company's share price performance has been unsatisfactory over a prolonged period of time. The Shares started trading on the Stock Exchange on 15 June 2018 and its closing price was HK\$6.62 on the same day, representing an approximately 11.7% discount to the IPO price of HK\$7.50 per Share. From the IPO price of HK\$7.50, prices of the Shares fell substantially during the first few months of trading to reach a low in December 2018 of HK\$2.72, approximately 22.3% lower than the Cash Alternative of HK\$3.50 per Scheme Share and approximately 63.7% lower than the IPO price. After a brief increase in the first half of 2019, the Share price had remained generally below HK\$3.50 since the second half of 2019. In addition, the market price of the Shares remained below HK\$3.50 during 2020, with the exception of three trading days in July 2020.

The Proposal therefore provides the Scheme Shareholders with an opportunity to realise their investment in the Company at a compelling premium over the prevailing market price of the Shares. The cash consideration of HK\$3.50 per Scheme Share under the Cash Alternative represents (i) a premium in a range of approximately 26.81% to 55.91% over the (average) closing prices of the Shares during various periods prior to the publication of the Announcement as further described in the sub-section headed "2. Terms of the Proposal — Cancellation Consideration — The Cash Alternative" above; and (ii) a premium of approximately 78.88% and 81.48% over the net asset value per Share attributable to Shareholders respectively as at 31 December 2019 and 30 June 2020.

- (2) ***Exit investments with limited liquidity.*** The trading liquidity of the Shares has been at a low level over a prolonged period of time. Except for the relatively high level of trading volume in June 2018 (being the first month of the listing of the Shares), June 2020 to August 2020, and December 2020, the monthly trading volume of the Shares has continued to remain at a low level since the IPO. The average monthly trading volume of the Shares for the twelve months up to and including the Last Trading Day ranged from approximately 1,090,837 Shares to 8,629,667 Shares, representing only approximately 0.1% to 0.7% of the issued Shares as at the end of the relevant month.

The low trading liquidity of the Shares could make it difficult for the Scheme Shareholders to execute on-market sales of Shares without adversely affecting the market price of the Shares, and therefore, the Proposal provides the Scheme Shareholders with an opportunity to exit at a fixed cash price (i.e. the cash consideration of HK\$3.50 per Scheme Share under the Cash Alternative), which represents a compelling premium over the historical average closing prices of the Shares as further described above.

- (3) ***Realise gains under the currently uncertain market conditions and opportunity to continue to invest in the Company.*** Having taken into account the impact of a number of recent political and economic events (including but not limited to the COVID-19 pandemic and Sino-US trade



friction) on the global market, the Board notes and concurs with the Offeror's view that the Proposal provides the Scheme Shareholders with an opportunity to realise their investments in the Company under the currently uncertain market conditions, whereas the Scheme Shareholders who have confidence in the long-term prospects of the Company, through the election of Share Alternative, are also provided with an opportunity to remain invested in the Company's digital solution service platform focusing on omni-channel payment, subject to the risk factors of holding Offeror Shares as disclosed in the sub-section headed "2. Terms of the Proposal – Cancellation Consideration – The Share Alternative" above.

Furthermore, the Company believes a depressed share price and underperformance in trading in the Shares as a result of recent political and economic events, in particular the impact from the COVID-19 pandemic, may continue to adversely impact the Group's financing capabilities, reputation with customers and employee morale, which no longer justifies the administrative costs and management resources associated with maintaining the Company's listing status. Following implementation of the Proposal, the Offeror and the Company will be able to make strategic and operational decisions free from the pressure of market expectations, earnings visibility and share price fluctuations associated with being a publicly listed company. The Company commenced listing on the Stock Exchange on 15 June 2018. Subsequent to its IPO, management of the Company have conducted the business of the Group in line with the plans and strategies as described in the Prospectus. As at 20 January 2021, the Company had utilised over 80% of the net proceeds from the IPO (being approximately HK\$1,344 million) for the purposes as stated in the Prospectus and there was no material delay in the execution of the original plans for usage. However, as described above, the share price of the Company experienced a general downward trend since its IPO, despite the increase in profit in the first half of 2018 (compared to the same period in 2017), as well as for the first half of 2019 (compared to same period in 2018) and the year ended 31 December 2019 (compared to the year ended 31 December 2018). The share price of the Company remained depressed in 2020 and the financial performance of the Company deteriorated in 2020, as disclosed in the interim results announcement of the Company for the six months ended 30 June 2020 and the Profit Warning Announcement, which was primarily due to the following factors:

- (i) The continued impact of COVID-19 on the business of the Group had caused the decrease in revenue generated from the traditional payment services, especially in the tourism and aviation industries.
- (ii) Since 2019, the Group made efforts to transform its SaaS service business from a service provider of information and product to a transaction service provider by strengthening the digital solution capabilities of "Payment + SaaS". By furthering the "Payment+SaaS" strategy, the Group continued to invest in the new SaaS business, thereby increasing the research and development expenses and sales and marketing expenses for improving the technology, data and platform as well as facilitating business development to formulate customised solutions for the clients.

- (iii) Share-based payment expenses had a significant impact on the incurrence of a net loss for the six months ended 30 June 2020, primarily as a result of the grant of the restricted share units under the Share Award Scheme, which were fully recognised in the first half of 2020, but such expenses have no impact on the adjusted net profit which does not take into account the share-based payment expenses.

It is uncertain when and whether COVID-19 could be contained globally or further escalate, or whether it will continue to cause adverse effects on the Group's results of operations. Further, investor sentiment towards the Company may have been impacted by the uncertainty regarding the investment costs and potential returns in relation to the Group's implementation of the "Payment+SaaS" strategy.

Having taken into account the above, the Board (including the members of the Independent Board Committee) is of the view that the Proposal has been put forward and implemented at a proper time to achieve the expected benefits to the Company and the Scheme Shareholders as a whole.

You are also urged to read carefully the sections headed "Reasons for and Benefits of the Proposal" in the Explanatory Memorandum and "Principal Terms of the Proposal and the Option Offer" in the letter from the Independent Financial Adviser of this Scheme Document.

## **7. INFORMATION ON THE GROUP AND THE OFFEROR**

### **The Group**

The Company is a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange with the stock code 1806. The Group is a leading independent third-party payment service provider in the PRC, focusing on four business directions including integrated merchants acquiring, SaaS service, industry solution as well as cross-border and international business.

### **Offeror**

The Offeror is an exempted company incorporated in the Cayman Islands with limited liability with effect from 17 November 2020. As at the Latest Practicable Date, the entire issued share capital of the Offeror, comprising 300,000 Offeror Shares, was beneficially held as to approximately 70.7030%, 24.6620% and 4.6350% by Mr. Zhou, Ms. Mu and Mr. Jin through SPV-Z, SPV-M and SPV-J, respectively. As at the Latest Practicable Date, the directors of the Offeror were the Executive Directors, who were also directors of the Company.

The Offeror has not carried on any business since incorporation other than matters in connection with the Proposal and the Scheme. The Offeror does not intend to engage in any business other than acting as the holding company of the Company after completion of the Proposal. As at the Latest Practicable Date, the Offeror did not have any assets or liabilities other than the CMB Facility.

**8. INTENTIONS OF THE OFFEROR AND THE COMPANY**

Your attention is drawn to the section headed “Reasons for and Benefits of the Proposal” in the Explanatory Memorandum in Part VII of this Scheme Document.

The Board is aware of and welcomes the Offeror’s intentions as set out in the section headed “Reasons for and Benefits of the Proposal” in Part VII – Explanatory Memorandum of this Scheme Document that, among others, the Group will continue to carry on its current business, and the Offeror will continue to consider how to develop the Company in a manner which best enhances shareholder value.

**9. PROFIT WARNING ANNOUNCEMENT AND PROFIT ESTIMATE**

As disclosed in the Profit Warning Announcement, based on a preliminary review of the unaudited consolidated management accounts of the Group for the Period (being the eleven months ended 30 November 2020): (i) the net loss for the Period has widened to approximately RMB150 million to RMB170 million, as compared to the net loss for the six months ended 30 June 2020 of approximately RMB112 million; and (ii) the adjusted net profit for the Period, as defined in the same manner as in the Company’s 2020 interim report, decreased to approximately RMB25 million to RMB45 million, as compared to the adjusted net profit for the six months ended 30 June 2020 of approximately RMB85 million.

The Board believes that the deterioration in the financial performance of the Group for the Period is mainly attributable to the following factors:

- (i) the continued impact of the COVID-19 pandemic on the business of the Group, which caused the decrease in revenue generated from the traditional payment services, especially in the tourism and aviation industries;
- (ii) furthering the “Payment+SaaS” strategy, the Group continued to invest in the new SaaS business, thereby increasing the research and development expenses and sales and marketing expenses for improving the technology, data and platform as well as facilitating business development to formulate customised solutions for the clients; and
- (iii) the impact on the net loss for the Period of the share-based payment expenses primarily as a result of the grant of the restricted share units under the Share Award Scheme, which were fully recognised in the first half of 2020, but which expenses have no impact on the adjusted net profit which does not take into account the share-based payment expenses.

The Profit Estimate constitutes a “profit forecast” under Rule 10 of the Takeovers Code and shall be reported on by the Independent Financial Adviser and the Company’s auditor in accordance with the requirements under Rule 10 of the Takeovers Code. The Profit Estimate has been reported on by Ernst & Young, the Company’s auditor and Somerley, the Independent Financial Adviser. Ernst & Young has reported that, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled in accordance with the bases adopted by the Directors as set out in the Profit Warning Announcement and is presented on a basis consistent in all material respects with the accounting policies

normally adopted by the Group as set out in the annual report of the Company for the year ended 31 December 2019. The Independent Financial Adviser is satisfied that the Profit Estimate has been made by the Board with due care and consideration.

Your attention is drawn to the reports issued by Ernst & Young and Somerley on the Profit Estimate set out in Appendix IX and Appendix X to this Scheme Document respectively.

#### **10. WITHDRAWAL OF LISTING OF SHARES**

Upon the Scheme becoming effective, all Scheme Shares will be cancelled (with the equivalent number of new Shares being issued as fully paid to the Offeror) and the share certificates in respect of the Scheme Shares will thereafter cease to have effect as documents or evidence of title.

The Company will apply to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules, with effect from the Effective Date.

The Scheme Shareholders will be notified by way of an announcement of the exact dates of the last day for dealing in the Shares on the Stock Exchange and the day on which the Scheme and the withdrawal of the listing of Shares on the Stock Exchange will become effective. A detailed timetable of the Scheme is included in Part III – Expected Timetable of this Scheme Document.

#### **11. IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES**

The Scheme will lapse if any of the Conditions has not been fulfilled or waived, as applicable, on or before the Long Stop Date. The listing of the Shares on the Stock Exchange will not be withdrawn if the Scheme does not become effective or the Proposal otherwise lapses.

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under Rule 31.1(a) of the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with it) may within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses announce an offer or possible offer for the Company, except with the consent of the Executive.

#### **12. OVERSEAS SHAREHOLDERS AND OPTIONHOLDERS**

If you are an overseas Scheme Shareholders or Optionholder, your attention is drawn to the section headed “Overseas Shareholders and Optionholders” in the Explanatory Memorandum in Part VII of this Scheme Document.

#### **13. INDEPENDENT BOARD COMMITTEE**

An Independent Board Committee, which comprises the following non-executive Directors, Mr. LIU Jun, Mr. WANG Hengzhong and Mr. JIANG Hong who are not interested in the Proposal, has been established by the Board to make a recommendation: (a) to the Disinterested Shareholders as to whether the

terms of the Proposal and the Scheme are, or are not, fair and reasonable and whether to vote in favour of the Scheme at the Court Meeting and the General Meeting; and (b) to the Optionholders as to whether the terms of the Option Offer are, or are not, fair and reasonable and whether to accept the Option Offer.

Pursuant to Rule 2.8 of the Takeovers Code, the Independent Board Committee comprises all non-executive Directors who have no direct or indirect interest in the Proposal and the Option Offer. As at the Latest Practicable Date, each of Trixen Enterprises Ltd., Keytone and Bain Capital PnR Cayman Limited had given the Irrevocable Undertakings to exercise (or procure the exercise of) all voting rights attached to the Shares held or owned by it at the Court Meeting and the General Meeting in favour of all the resolutions to approve the Proposal and any matters in connection with the Proposal (where applicable). Accordingly, Mr. CHYE Chia Chow (a non-executive Director and a director of Trixen Enterprises Ltd.), Mr. ZHOU Joe (a non-executive Director and the managing partner of Keytone) and Ms. WANG Lihong (a non-executive Director nominated by Bain Capital PnR Cayman Limited) are excluded from the Independent Board Committee.

The full text of the letter from the Independent Board Committee is set out in Part V of this Scheme Document.

#### **14. INDEPENDENT FINANCIAL ADVISER**

Somerley Capital Limited, the Independent Financial Adviser, has been appointed with the approval of the Independent Board Committee to advise the Independent Board Committee in connection with the Proposal, the Scheme and the Option Offer. The full text of the letter from the Independent Financial Adviser is set out in Part VI of this Scheme Document.

#### **15. GENERAL**

The Offeror has appointed CICC as its financial adviser in connection with the Proposal.

Save for the Irrevocable Undertakings, no irrevocable commitment to vote for or against the Scheme or to elect the Share Alternative or the Cash Alternative had been received by the Offeror, the Executive Directors or the Offeror Concert Parties, as at the Latest Practicable Date.

Save for the Proposal, there were no arrangements (whether by way of option, indemnity or otherwise) in relation to the Shares or the Offeror Shares between the Offeror, the Executive Directors or any of the Offeror Concert Parties and any other person which might be material to the Proposal.

Save as disclosed in this Scheme Document, there were no agreements or arrangements to which the Offeror is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a condition to the Proposal.

There was no understanding, arrangement or agreement which had been determined to constitute a special deal (as defined under Rule 25 of the Takeover Code) between (i) any Shareholder of the Company; and (ii)(a) the Offeror, the Executive Directors and any Offeror Concert Parties or (b) the Company, its subsidiaries or associated companies.

The Executive Directors had entered into the Acting in Concert Agreement in relation to the managing of the Company on 22 January 2021. Other than decisions should be made by reference to Mr. Zhou's views in the event of any disagreement among the Executive Directors, the Acting in Concert Agreement did not contain any provisions giving rights and privileges to any of the Executive Directors or any Shareholder. A copy of the Acting in Concert Agreement is available for inspection as a document on display at the time of despatch of the Scheme Document.

**16. ACTIONS TO BE TAKEN**

The actions which you are required to take in relation to the Proposal are set out under "Actions to be Taken" in Part II of this Scheme Document and the section headed "Actions to be Taken" in the Explanatory Memorandum in Part VII of this Scheme Document.

**17. REGISTRATION AND PAYMENT**

Your attention is drawn to the section headed "Registration and Payment" in the Explanatory Memorandum as set out in Part VII of this Scheme Document.

**18. TAXATION**

Your attention is drawn to the section headed "Taxation" in the Explanatory Memorandum as set out in Part VII of this Scheme Document.

**19. COURT MEETING AND GENERAL MEETING**

For the purpose of exercising your right to vote at the Court Meeting and/or the General Meeting, you are requested to read carefully (i) the section headed "Court Meeting and General Meeting" in the Explanatory Memorandum in Part VII of this Scheme Document; (ii) the section headed "Actions to be Taken" in Part II of this Scheme Document; and (iii) the notices of the Court Meeting and the General Meeting as set out in Appendix VI and Appendix VII, respectively, of this Scheme Document.

**20. RECOMMENDATION**

Your attention is drawn to the recommendation of the Independent Financial Adviser to the Independent Board Committee, with respect to the Proposal, the Scheme and the Option Offer as set out in the letter from the Independent Financial Adviser in Part VI of this Scheme Document. Your attention is also drawn to the recommendation of the Independent Board Committee with respect to the Proposal, the Scheme and the Option Offer, as set out in the letter from the Independent Board Committee in Part V of this Scheme Document.

**21. FURTHER INFORMATION**

You are urged to read carefully the following documents:

- (i) the letter from the Independent Board Committee as set out in Part V of this Scheme Document;

- (ii) the letter from the Independent Financial Adviser as set out in Part VI of this Scheme Document;
- (iii) the Explanatory Memorandum as set out in Part VII of this Scheme Document;
- (iv) the appendices to this Scheme Document;
- (v) the notice of the Court Meeting as set out in Appendix VI of this Scheme Document; and
- (vi) the notice of the General Meeting as set out in Appendix VII of this Scheme Document.

In addition, a **pink** form of proxy in respect of the Court Meeting and a **white** form of proxy in respect of the General Meeting are enclosed with this Scheme Document.

The Optionholders are urged to read carefully the Option Offer Letter, which is sent separately to the Optionholders on the date of this Scheme Document substantially in the form set out in Appendix VIII – Form of Option Offer Letter to this Scheme Document, and the Form of Acceptance in respect of the Option Offer Letter.

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

**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)**

27 January 2021

*To the Disinterested Shareholders and Optionholders*

Dear Sir/Madam,

**(1) PROPOSAL FOR THE DELISTING OF HUIFU PAYMENT LIMITED BY  
THE OFFEROR BY WAY OF A SCHEME OF ARRANGEMENT UNDER  
SECTION 86 OF THE COMPANIES ACT  
AND  
(2) PROPOSED WITHDRAWAL OF LISTING**

Reference is made to the joint announcement dated 22 December 2020 jointly issued by the Offeror and the Company in relation to the Proposal and the scheme document dated 27 January 2021 jointly issued by the Offeror and the Company in relation to the Proposal (the “**Scheme Document**”), the latter of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as those defined in the Scheme Document.

We have been appointed by the Board as the Independent Board Committee to make a recommendation (a) to the Disinterested Shareholders as to whether the terms of the Proposal and the Scheme are, or are not, fair and reasonable and whether to vote in favour of the Scheme at the Court Meeting and the General Meeting; and (b) to the Optionholders as to whether the terms of the Option Offer are, or are not, fair and reasonable and whether to accept the Option Offer. Details of the Proposal, the Scheme and the Option Offer are set out in the letter from the Board and the Explanatory Memorandum set out in Part IV and Part VII of the Scheme Document, respectively.

Somerley Capital Limited, the Independent Financial Adviser, has been appointed by the Company with our approval, to advise us on the Proposal, the Scheme and the Option Offer. The details of its advice and the principal factors taken into consideration in arriving at its advice are set out in the letter from the Independent Financial Adviser in Part VI of the Scheme Document.



In the letter from the Independent Financial Adviser as set out in Part VI of the Scheme Document, the Independent Financial Adviser states that it considers the terms of the Proposal and the Scheme are fair and reasonable as far as the Disinterested Shareholders are concerned and the terms of the Option Offer are fair and reasonable as far as the Optionholders are concerned, and advises the Independent Board Committee (a) to recommend the Disinterested Shareholders to vote in favour of the relevant resolutions to be proposed at the Court Meeting and the General Meeting to approve and implement the Proposal and the Scheme; and (b) to recommend the Optionholders to accept the Option Offer.

The Independent Board Committee, having considered the terms of the Proposal, the Scheme and the Option Offer, and having taken into account the advice of the Independent Financial Adviser, and in particular the factors, reasons and recommendations set out in its letter, considers that the terms of the Proposal and the Scheme are fair and reasonable as far as the Disinterested Shareholders are concerned and that the terms of the Option Offer are fair and reasonable as far as the Optionholders are concerned.

Accordingly, the Independent Board Committee recommends:

- (1) at the Court Meeting, the Disinterested Shareholders to vote in favour of the resolution to approve the Scheme;
- (2) at the General Meeting, the Shareholders to vote in favour of (i) the special resolution to approve the Scheme and the associated reduction of the share capital of the Company by cancelling and extinguishing the Scheme Shares; and (ii) the ordinary resolution to increase the issued share capital of the Company to the amount prior to the cancellation of the Scheme Shares by issuing to the Offeror of such number of new Shares as is equal to the number of Scheme Shares cancelled and applying the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par the new Shares, credited as fully paid, for issuance to the Offeror;
- (3) the Disinterested Shareholders to select the Cash Alternative, and not to select the Share Alternative; and
- (4) the Optionholders to accept the Option Offer.

The Independent Board Committee draws the attention of the Disinterested Shareholders and the Optionholders to (i) the letter from the Board as set out in Part IV of the Scheme Document; (ii) the letter from the Independent Financial Adviser, which sets out the principal factors taken into consideration in arriving at its advice to the Independent Board Committee, as set out in Part VI of the Scheme Document; and (iii) the Explanatory Memorandum as set out in Part VII of the Scheme Document.

Yours faithfully,  
Independent Board Committee

**Mr. LIU Jun**  
*Independent Non-Executive  
Director*

**Mr. WANG Hengzhong**  
*Independent Non-Executive  
Director*

**Mr. JIANG Hong**  
*Independent Non-Executive  
Director*

*Set out below is the text of a letter of advice from the Independent Financial Adviser, Somerley Capital Limited, to the Independent Board Committee, which has been prepared for the purpose of inclusion in the Scheme Document.*

**SOMERLEY CAPITAL LIMITED**

20th Floor  
China Building  
29 Queen's Road Central  
Hong Kong

27 January 2021

*To: the Independent Board Committee*

Dear Sirs,

**(1) PROPOSAL FOR THE DELISTING OF HUIFU PAYMENT LIMITED BY  
THE OFFEROR BY WAY OF A SCHEME OF ARRANGEMENT UNDER  
SECTION 86 OF THE COMPANIES ACT  
AND  
(2) PROPOSED WITHDRAWAL OF LISTING**

**INTRODUCTION**

We refer to our appointment to advise the Independent Board Committee in connection with the Proposal, the Scheme and the Option Offer, details of which are set out in the Scheme Document dated 27 January 2021, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Scheme Document unless the context otherwise requires.

The Offeror and the Company jointly announced that on 22 December 2020, the Offeror requested the Board to put forward a proposal to the Scheme Shareholders for the delisting of the Company by way of a scheme of arrangement under Section 86 of the Companies Act. Upon completion of the Proposal, the Company will become a wholly-owned subsidiary of the Offeror on the assumption that there is no other change in shareholding in the Company before completion of the Proposal and the listing of the Shares will be withdrawn from the Stock Exchange. Conditional upon the Scheme becoming effective, the Offeror will make an appropriate offer to all the holders of the Outstanding Share Options in accordance with Rule 13 of the Takeovers Code.

Pursuant to Rule 2.8 of the Takeovers Code, the Independent Board Committee comprises all non-executive Directors who have no direct or indirect interest in the Proposal and the Option Offer. Each of Trixen Enterprises Ltd., Keytone and Bain Capital PnR Cayman Limited has given the Irrevocable Undertakings to exercise (or procure the exercise of) all voting rights attached to the Shares held or owned by it at the Court Meeting and the General Meeting in favour of all the resolutions to approve the Proposal and any matters in connection with the Proposal (where applicable). Accordingly, Mr. CHYE Chia Chow (a non-executive Director and a director of Trixen Enterprises Ltd.), Mr. ZHOU Joe (a non-executive Director

and the managing partner of Keytone) and Ms. WANG Lihong (a non-executive Director nominated by Bain Capital PnR Cayman Limited) are excluded from the Independent Board Committee. The Independent Board Committee, comprising all independent non-executive Directors, namely Mr. LIU Jun, Mr. WANG Hengzhong and Mr. JIANG Hong who are not interested in the Proposal, has been established by the Board to make a recommendation: (a) to the Disinterested Shareholders as to whether the terms of the Proposal and the Scheme are, or are not, fair and reasonable and whether to vote in favour of the Scheme at the Court Meeting and the General Meeting; and (b) to the Optionholders as to whether the terms of the Option Offer are, or are not, fair and reasonable and whether to accept the Option Offer. With the approval of the Independent Board Committee, we have been appointed as the Independent Financial Adviser to advise the Independent Board Committee in these regards.

We are not associated with the Company, the Offeror or their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them and, accordingly, are considered eligible to give independent advice on the Proposal, the Scheme and the Option Offer. During the past two years, there was no engagement between the Company and Somerley. Apart from normal professional fees paid or payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, the Offeror or their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them.

In formulating our opinion and recommendations, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and the management of the Group, which we have assumed to be true, accurate and complete in all material respects. We have reviewed (i) published information on the Company, including its annual reports for the years ended 31 December 2018 and 2019 and its interim report for the six months ended 30 June 2020 (the “**2020 Interim Report**”), (ii) the letter from CICC regarding the estimate of value of Offeror Shares (the “**CICC Report**”) set out in Appendix IV to the Scheme Document, and (iii) the information contained in the Scheme Document. We have discussed with the Directors their statements set out in the section headed “Material Change” in Appendix I to the Scheme Document that, save as disclosed in that section, there had been no material change in the financial or trading position or outlook of the Group since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up, and up to and including the Latest Practicable Date. We have also reviewed the trading performance of the Shares on the Stock Exchange since listing.

We have sought and received confirmation from the Directors that all material information currently available to the Directors which they consider to be relevant for our letter of advice has been supplied to us and that no material facts have been omitted from the information supplied and opinions expressed to us which would render any statement in this letter misleading. We consider that the information which we have received is sufficient for us to reach our opinion and recommendations as set out in this letter and to justify our reliance on such information. We have no reason to doubt the truth and accuracy of the information provided to us or to believe that any material facts have been omitted or withheld. We have, however, not conducted any independent investigation into the business and affairs of the Group, the Offeror or any of their respective associates or any party acting, or presumed to be acting, in concert with any of them, nor have we carried out any independent verification of the information supplied. We have also assumed that all representations contained or referred to in the Scheme Document are true as at the Latest Practicable Date. Shareholders will be informed as soon as reasonably practicable if we become aware of any material change to such representations.

We have not considered the tax and regulatory implications as regards the Proposal, the Scheme and the Option Offer since these depend on individual circumstances. In particular, the Disinterested Shareholders and the Optionholders who are overseas residents or subject to overseas taxation or Hong Kong taxation on securities dealings should consider their own tax positions and, if in any doubt, should consult their own professional advisers.

#### **PRINCIPAL TERMS OF THE PROPOSAL AND THE OPTION OFFER**

The principal terms of the Proposal and the Option Offer are summarised below. The Scheme Shareholders and the Optionholders are urged to read the relevant sections in the Scheme Document and its appendices in full.

##### **The Proposal**

As at the Latest Practicable Date, the Company had 1,307,650,589 Shares in issue, all of which were Scheme Shares. The Proposal will be implemented by way of the Scheme, which will provide that, if it becomes effective, the Scheme Shares will be cancelled in exchange for either:

- (a) the **Cash Alternative**: cash of HK\$3.50 for every Scheme Share; or
- (b) the **Share Alternative**: 2.709677 New Shares in the Offeror for every Scheme Share.

**The Cancellation Consideration will not be increased, and the Offeror does not reserve the right to do so.**

As set out in the Letter from the Board, the Cancellation Consideration has been determined on a commercial basis after taking into account, among others, the prices of the Shares traded on the Stock Exchange, the trading multiples of comparable companies listed on the Stock Exchange and with reference to other delisting transactions in Hong Kong in recent years.

The Scheme Shareholders may elect the Cash Alternative or the Share Alternative as the form of Cancellation Consideration in respect of their entire holdings of Scheme Shares held as at the Effective Date (but not, for the avoidance of doubt, a combination of the two). Scheme Shareholders who do not make any election or whose elections are invalid will receive the Cash Alternative.

Disinterested Shareholders should note that the provision of the Share Alternative, although not without precedent, is not common for a Hong Kong privatisation proposal. As stated in the Letter from the Board, following the Effective Date, the Company will be a wholly-owned subsidiary of the Offeror on the assumption that there is no other change in shareholding in the Company before completion of the Proposal, and the value of Offeror Shares will primarily be determined by the value of the Company. Details of the estimate of value of Offeror Shares are set out in the section below headed "Information on Offeror Shares" and the CICC Report. Offeror Shares are not listed on any stock exchange and do not benefit from the protections afforded by the Listing Rules (for example, protections against dilution and related party transactions) and the Takeovers Code (if the Offeror is not determined by the Executive to be a "public

company” in Hong Kong as defined in the Takeovers Code). As Offeror Shares are illiquid, shareholders of the Offeror may find it more difficult to find a purchaser for Offeror Shares if they intend to sell their holdings, as there is less likely a ready market for Offeror Shares.

Shareholders of the Offeror would have their rights and obligations in relation to the Offeror governed by the provisions of the Companies Act (as amended from time to time) and other applicable laws in the Cayman Islands. Further details of the rights of the shareholders of the Offeror are set out in the Scheme Document, and the risks associated with holding Offeror Shares are summarised in the section below headed “Risks which Disinterested Shareholders should consider in evaluating the Share Alternative”. **Based on our analysis below, we consider the Share Alternative has been tailored principally for large and sophisticated Shareholders, and we do not recommend other Scheme Shareholders to accept the Share Alternative.**

### **The Option Offer**

As at the Latest Practicable Date, there were 204,442,960 Outstanding Share Options granted under the Share Option Scheme. The Offeror is making (or procuring to be made on its behalf) an appropriate offer to all the holders of the Outstanding Share Options in accordance with Rule 13 of the Takeovers Code. Under the Option Offer, the Offeror is offering holders of Outstanding Share Options the “see-through” price (being the Cash Alternative minus the relevant exercise price in the case of the Outstanding Share Options) for each Outstanding Share Option they hold in return for the acquisition of all rights and obligations under the Share Options and the immediate cancellation of every such Share Option in accordance with Rule 13 of the Takeovers Code. Further details are set out in the section below headed “The Option Offer”, the Letter from the Board, the Explanatory Memorandum and the Option Offer Letter in Appendix VIII to the Scheme Document.

### **Conditions to the Proposal and the Scheme**

The implementation of the Proposal is, and the Scheme will become effective and binding on the Company and all Shareholders, subject to the fulfilment or waiver (as applicable) of the Conditions, which are set out in the section headed “Conditions to the Proposal and the Scheme” in the Explanatory Memorandum. The main Conditions are as follows:

- (1) the approval of the Scheme (by way of a poll) by a majority in number of the Scheme Shareholders representing not less than 75% in value of the Scheme Shares held by the Scheme Shareholders present and voting either in person or by proxy at the Court Meeting, provided that:
  - (a) the Scheme is approved (by way of poll) by the Disinterested Shareholders holding at least 75% of the votes attaching to the Disinterested Shares that are voted either in person or by proxy at the Court Meeting; and
  - (b) the number of votes cast (by way of poll) by the Disinterested Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all the Disinterested Shares;

- (2) the passing of:
  - (a) a special resolution by a majority of not less than 75% of the votes cast by the Shareholders present and voting in person or by proxy at the General Meeting to approve the Scheme and the associated reduction of the share capital of the Company by cancelling and extinguishing the Scheme Shares; and
  - (b) an ordinary resolution by a majority of the votes cast by the Shareholders present and voting in person or by proxy at the General Meeting to immediately thereafter increase the issued share capital of the Company to the amount prior to the cancellation of the Scheme Shares by issuing to the Offeror such number of New Shares as is equal to the number of Scheme Shares cancelled and applying the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par the New Shares, credited as fully paid, for issuance to the Offeror;
- (3) the Grand Court's sanction of the Scheme (with or without modification) and, to the extent necessary, its confirmation of the reduction of the share capital of the Company, and the delivery to the Registrar of Companies in the Cayman Islands of a copy of the order of the Grand Court for registration; and
- (4) compliance, to the extent necessary, with the procedural requirements and conditions, if any, under sections 15 and 16 of the Companies Act in relation to the reduction of the issued share capital of the Company.

The above main Conditions cannot be waived.

All of the Conditions will have to be fulfilled or waived, as applicable, on or before 30 June 2021 (i.e. the Long Stop Date), failing which the Proposal and the Scheme will lapse. The Company has no right to waive any of the Conditions.

If approved, the Scheme will be binding on all of the Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the General Meeting.

The listing of the Shares on the Stock Exchange will be withdrawn unless the Scheme does not become effective or the Proposal otherwise lapses. If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under Rule 31.1(a) of the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with it) may within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses announce an offer or possible offer for the Company, except with the consent of the Executive.

### **The Irrevocable Undertakings**

The Offeror received an Irrevocable Undertaking from each of the IU Shareholders (comprising Trixen Enterprises Ltd., Keytone, Bain Capital PnR Cayman Limited, Eight Roads Investments, Pacven Walden Ventures and Bright Journey Investment Limited), pursuant to which each of the IU Shareholders

has undertaken to, amongst other things, (i) exercise (or procure the exercise of) all voting rights attached to the Shares held or owned by it at the Court Meeting and the General Meeting in favour of all the resolutions to approve the Proposal and any matters in connection with the Proposal (where applicable) and (ii) for each of Trixen Enterprises Ltd., Keytone, Bain Capital PnR Cayman Limited, Eight Roads Investments and Pacven Walden Ventures, elect the Share Alternative only, and for Bright Journey Investment Limited, elect the Cash Alternative only, as the form of Cancellation Consideration for the cancellation of Shares held or owned by it.

The 828,738,505 Shares held by the IU Shareholders which are the subject of the Irrevocable Undertakings represents approximately 63.38% of the total issued share capital of the Company and approximately 76.87% of the total number of Disinterested Shares as at the Latest Practicable Date.

The Irrevocable Undertakings, being binding irrevocable undertakings, will terminate and the above obligations of the IU Shareholders under the Irrevocable Undertakings will cease to be binding if the Scheme does not become effective, lapses or is withdrawn in accordance with its terms.

## **PRINCIPAL FACTORS AND REASONS CONSIDERED**

### **1. Information and prospects of the Group**

#### *(i) Background and principal activities*

The Company is an exempted company incorporated in the Cayman Islands with limited liability whose Shares have been listed on the Main Board of the Stock Exchange since June 2018. As at the Latest Practicable Date, the Company had a market capitalisation of approximately HK\$4.4 billion.

The Group principally engages in the provision of independent third-party payment service in the PRC, focusing on four business directions, which are:

- (i) integrated merchants acquiring (mainly providing micro and small merchants with payment and financial value-added services),
- (ii) SaaS service (mainly providing SaaS partners with omni-channel payment services and offering self-developed SaaS products to merchants in new retail, education, medical beauty, digital malls and other industries),
- (iii) industry solution (mainly providing clients in the industrial chain with customised payment solutions and helping industries, such as airline and travel service, logistics and supply chain, to complete their digital transformation), and
- (iv) cross-border and international business (mainly providing solutions to cross-border payment, financial and integrated services for domestic and overseas e-commerce).

The Group had recorded a steady growth in payment volume, reaching approximately RMB2,185.2 billion in aggregate in 2019, representing an increase of approximately 21.3% compared to the payment volume in 2018. In the first half of 2020, the total payment volume was approximately RMB979.6 billion, representing a decrease of approximately 7.5% as compared to the same period in 2019, mainly due to the decrease in payment volume of the industry solution business and integrated merchants acquiring business, which were adversely affected by the outbreak of COVID-19, partly offset by the increase in payment volume of SaaS service business.

**(ii) *Financial information***

*Financial performance*

The following table sets out a summary of the consolidated statements of profit or loss of the Group for the three years ended 31 December 2017, 2018 and 2019, and for the six months ended 30 June 2019 and 2020, as extracted and summarised from the annual reports and interim report of the Company. Further details and other financial information of the Group are set out in Appendix I to the Scheme Document.



	For the six months ended		For the year ended		
	30 June		31 December		
	2020	2019	2019	2018	2017
	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Revenue</b>	<b>1,709,756</b>	<b>1,869,399</b>	<b>3,683,514</b>	<b>3,246,493</b>	<b>1,726,256</b>
Cost of sales	(1,369,207)	(1,409,428)	(2,698,145)	(2,357,014)	(1,159,234)
<b>Gross profit</b>	<b>340,549</b>	<b>459,971</b>	<b>985,369</b>	<b>889,479</b>	<b>567,022</b>
<i>Gross profit margin</i>	<i>19.9%</i>	<i>24.6%</i>	<i>26.8%</i>	<i>27.4%</i>	<i>32.8%</i>
Selling and distribution expenses	(113,901)	(115,132)	(200,591)	(132,541)	(94,978)
Administrative expenses	(256,732)	(116,233)	(260,288)	(294,078)	(215,853)
Research and development expenses	(145,654)	(122,925)	(305,366)	(231,704)	(130,780)
Other income/(expenses)	65,068	39,094	30,333	(42,589)	29,985
(Loss)/profit before tax	(110,670)	144,775	249,457	188,567	155,396
Income tax expense	(1,301)	(2,761)	(6,902)	(14,001)	(22,570)
<b>(Loss)/profit for the period/year</b>	<b>(111,971)</b>	<b>142,014</b>	<b>242,555</b>	<b>174,566</b>	<b>132,826</b>
<i>Net profit margin</i>	<i>(6.5%)</i>	<i>7.6%</i>	<i>6.6%</i>	<i>5.4%</i>	<i>7.7%</i>
<b>(Loss)/profit attributable to the Shareholders</b>	<b>(110,268)</b>	<b>144,767</b>	<b>248,995</b>	<b>176,065</b>	<b>138,239</b>
<b>Adjusted net profit (Note)</b>	<b>84,636</b>	<b>152,501</b>	<b>302,823</b>	<b>262,937</b>	<b>174,270</b>
Adjusted profit margin	5.0%	8.2%	8.2%	8.1%	10.1%
Earnings per share:					
Basic (RMB cents)	(0.09)	0.12	0.20	0.16	N/A
Diluted (RMB cents)	(0.09)	0.11	0.19	0.16	N/A
Dividend per share declared since listing	-	-	-	-	N/A

*Note: being the profit/(loss) for the period/year adjusted by adding equity-settled share option expense, share award scheme expense and one-off listing expense, and epidemic donation, as applicable, as extracted from the annual and interim reports of the Company*

### Revenue

Revenue of the Group is primarily derived from the provision of payment solution services. Starting from 2019, the Group has changed its corporate organisational structure based on its core strategy for all-round digitalisation, focusing on four new business directions, namely integrated merchants acquiring business, SaaS service business, industry solution business, and cross-border and international business.

Details of the Group's revenue by business directions and the respective percentage contribution to total revenue are set out in the table below. As the restated figures of the Group's 2017 revenue breakdown by new business directions are not available, no revenue breakdown relating to the year 2017 is presented below.

	For the six months ended 30 June				For the year ended 31 December			
	2020		2019		2019		2018	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Integrated merchants acquiring	1,306,134	76.4	1,514,094	81.0	2,790,184	75.7	2,716,431	83.7
SaaS service	300,270	17.6	198,594	10.6	518,500	14.1	46,708	1.4
Industry solution	82,516	4.8	139,343	7.5	338,679	9.2	453,360	14.0
Cross-border and international business	20,836	1.2	17,368	0.9	36,151	1.0	29,994	0.9
<b>Total revenue</b>	<b>1,709,756</b>	<b>100.0</b>	<b>1,869,399</b>	<b>100.0</b>	<b>3,683,514</b>	<b>100.0</b>	<b>3,246,493</b>	<b>100.0</b>

Revenue from integrated merchants acquiring business represents the largest contributor to the Group's total revenue, accounting for over 75% of the Group's total revenue during the periods under review. In 2019, revenue from integrated merchants acquiring business remained fairly stable as compared to that of 2018, but its revenue percentage contribution decreased from approximately 83.7% in 2018 to approximately 75.7% in 2019, due to the substantial growth in revenue from SaaS service business. For the first half of 2020, the payment volume of integrated merchants acquiring business decreased, primarily due to the adverse impact arising from the outbreak of COVID-19, leading to the decrease in revenue from this business direction by approximately 13.7%, as compared to the same period in 2019, to approximately RMB1,306.1 million.

Revenue from SaaS service business increased by more than 10 times from approximately RMB46.7 million in 2018 to approximately RMB518.5 million in 2019, primarily due to the expansion of cooperation with SaaS partners and launch of self-developed SaaS products. In terms of the percentage contributions to total revenue, it grew rapidly from approximately 1.4% in 2018 to 14.1% in 2019. The growth continued in the first half of 2020, with an approximate 51.2% increase, as compared to the same period in 2019, to approximately RMB300.3 million, although it represented a slight decrease when compared to the second half of 2019.

Revenue from industry solution business decreased by approximately 25.3% from approximately RMB453.4 million in 2018 to approximately RMB338.7 million in 2019, primarily due to the reduced payment volume from the Group's clients in the online lending industry as a result of the influence of internet financial regulatory policy. For the first half of 2020, revenue from this business direction substantially decreased by approximately 40.8% as compared to the same period in 2019, to approximately RMB82.5 million, mainly attributable to the decrease in business activities and payment volume of the Group's clients in key industries, such as airline and travel industry, which have been adversely affected by the

outbreak of COVID-19. In terms of the percentage contributions to total revenue, it dropped from approximately 14.0% in 2018 to approximately 9.2% in 2019, and further dropped to approximately 4.8% in the first half of 2020.

*Gross profit and gross profit margin*

The table below sets out details of the Group's gross profit and gross profit margin by business directions. As the restated figures of the Group's 2017 gross profit breakdown by new business directions are not available, no gross profit breakdown relating to the year 2017 is presented below.

	For the six months ended 30 June				For the year ended 31 December			
	2020		2019		2019		2018	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Integrated merchants acquiring	243,449	18.6	354,294	23.4	718,361	25.7	619,264	22.8
SaaS service	48,146	16.0	30,207	15.2	78,215	15.1	6,974	14.9
Industry solution	37,632	45.6	65,586	47.1	169,400	50.0	247,071	54.5
Cross-border and international business	11,322	54.3	9,884	56.9	19,393	53.6	16,170	53.9
<b>Total</b>	<b>340,549</b>	<b>19.9</b>	<b>459,971</b>	<b>24.6</b>	<b>985,369</b>	<b>26.8</b>	<b>889,479</b>	<b>27.4</b>

Despite the increase in gross profit in monetary term during the years 2017 to 2019, the Group's overall gross profit margin showed a declining trend, from approximately 32.8% in 2017 to approximately 27.4% in 2018, and further down to approximately 26.8% in 2019. This was mainly due to (i) the decrease in revenue contribution from industry solution business, which had a much higher gross profit margin of roughly 50%, and (ii) the gradual increase in the proportion of contributions from SaaS service business, which entailed a relatively lower gross profit margin as compared to other business directions.

The overall gross profit margin of the Group for the first half of 2020 continued to decline to approximately 19.9%, a decrease of approximately by 4.7 percentage points as compared to the same period in 2019. This was primarily the results of (i) the decrease in the gross profit margin of integrated merchants acquiring business, mainly due to the additional commission and fees paid by the Group to support merchants and its channel partners in view of the changes in competitive landscape in 2020 under the impact of COVID-19, and (ii) the higher percentage of revenue from SaaS service business as mentioned above.

*Profit/(loss) attributable to the Shareholders*

Profit attributable to the Shareholders increased by approximately 27.4% from approximately RMB138.2 million in 2017 to approximately RMB176.1 million in 2018, and further increased by approximately 41.4% to approximately RMB249.0 million in 2019. The increases were largely due to the steady growth of total revenue, partly offset by (i) the decrease in the overall gross profit margin, as discussed above, (ii) the increase in advertising and business development fees incurred to further expand business, and (iii) the increase in

research and development expenses and staff cost. Further, a loss on disposal of property, plant and equipment of approximately RMB58.3 million was recorded in 2018, but only a minimal amount was recorded in 2019.

For the first half of 2020, the Group recorded a loss attributable to the Shareholders of approximately RMB110.3 million, as opposed to a profit attributable to the Shareholders of approximately RMB144.8 million in the same period in 2019. This was primarily because the Group recorded a significant increase in the share-based payment expenses, amounting to approximately RMB188.9 million, as a result of the grant of restricted share units under the Share Award Scheme in the first half of 2020.

*Adjusted net profit and adjusted profit margin*

The adjusted net profit of the Group increased by approximately 50.9% from approximately RMB174.3 million in 2017 to approximately RMB262.9 million in 2018, and further increased by approximately 15.2% to approximately RMB302.8 million in 2019, which was broadly in line with the gross profit growth. For the first half of 2020, the adjusted net profit decreased by approximately 44.5%, as compared to the same period in 2019, to approximately RMB84.6 million, primarily due to the impact of COVID-19 on the business of the Group. The Group's adjusted profit margin also showed a general decreasing trend, similar to the decrease in gross profit margin.

*Dividend*

The Company has not declared any dividend since listing. As set out in the Letter from the Board, the Company does not intend to announce, declare or pay any dividend, distribution or other return of capital before the Long Stop Date (i.e. 30 June 2021).

*Profit warning*

On 14 January 2021, the Group released the Profit Warning Announcement, stating that for the eleven months ended 30 November 2020, (i) the net loss has widened to approximately RMB150 million to RMB170 million, as compared to the net loss for the six months ended 30 June 2020 of approximately RMB112 million; and (ii) the adjusted net profit, as defined in the same manner as in the Company's 2020 interim report, decreased to approximately RMB25 million to RMB45 million, as compared to the adjusted net profit for the six months ended 30 June 2020 of approximately RMB85 million. Such deterioration in the financial performance of the Group for the first eleven months of 2020 was mainly attributable to (i) the continued impact of COVID-19 on the business of the Group, which caused the decrease in revenue generated from the traditional payment services, especially in the tourism and aviation industries; (ii) furthering the "Payment+SaaS" strategy, the Group continued to invest in the new SaaS business, thereby increasing the research and development expenses and sales and marketing expenses for improving the technology, data and platform as well as facilitating business development to formulate customised solutions for the clients; and (iii) the impact of the share-based payment expenses on the net loss primarily as a result of the grant of the

restricted share units under the Share Award Scheme, which were fully recognised in the first half of 2020, but such expenses have no impact on the adjusted net profit which does not take into account the share-based payment expenses.

*Financial position*

The following table sets out a summary of the consolidated statement of financial position of the Group as at 31 December 2018 and 2019, and as at 30 June 2020, as extracted and summarised from the annual reports and interim report of the Company. Further details and other financial information of the Group are set out in Appendix I to the Scheme Document.

	As at 30 June 2020 (unaudited) RMB'000	As at 31 December 2019 (audited) RMB'000	2018 (audited) RMB'000
Property, plant and equipment	614,560	672,859	864,716
Other non-current assets	<u>139,271</u>	<u>139,359</u>	<u>90,321</u>
Total non-current assets	753,831	812,218	955,037
Prepayments, deposits and other receivables	6,297,488	5,359,145	5,438,750
Time deposits	141,633	219,749	–
Restricted cash	1,495,697	2,280,246	1,610,657
Cash and cash equivalents	1,447,779	1,366,816	1,514,966
Other current assets	<u>253,109</u>	<u>192,208</u>	<u>266,740</u>
Total current assets	9,635,706	9,418,164	8,831,113
Other payables, deposits received and accruals	7,686,773	7,606,095	6,619,474
Interest-bearing bank loans	147,409	168,547	535,141
Other current liabilities	<u>342,461</u>	<u>266,152</u>	<u>464,700</u>
Total current liabilities	8,176,643	8,040,794	7,619,315
Interest-bearing bank loans	101,660	120,591	182,138
Other non-current liabilities	<u>4,228</u>	<u>5,882</u>	<u>1,102</u>
Total non-current liabilities	105,888	126,473	183,240
<b>Total assets</b>	<b>10,389,537</b>	<b>10,230,382</b>	<b>9,786,150</b>
<b>Total liabilities</b>	<b>8,282,531</b>	<b>8,167,267</b>	<b>7,802,555</b>
<b>Equity attributable to the Shareholders</b>	<b>2,109,101</b>	<b>2,063,376</b>	<b>1,979,344</b>
Adjusted current assets ( <i>Note 1</i> )	1,748,728	1,647,951	1,850,030
Adjusted current liabilities ( <i>Note 2</i> )	700,706	652,375	1,212,276
Adjusted net current assets ( <i>Note 3</i> )	1,048,022	995,576	637,754

## Notes:

- (1) Being total current assets less receivable on behalf of clients and cash received on behalf of clients
- (2) Being total current liabilities less payable on behalf of clients
- (3) Being adjusted current assets less adjusted current liabilities

*Prepayments, deposits and other receivables*

As at 30 June 2020, the Group recorded prepayments, deposits and other receivables of approximately RMB6,297.5 million, substantially representing receivable on behalf of clients and accounting for approximately 60.6% of the Group's total assets. Due to the nature of the Group's third-party payment service business, it receives, processes and transfers a significant amount of funds on behalf of its clients on a daily basis. We are advised by management of the Group that it holds client funds in segregated accounts. According to the Group's accounting policy, the Group accounts for receivable on behalf of clients upon receiving the notification of payment approval from the issuing bank for a payment (but before it actually receives the funds). When the Group receives the funds subsequently, the Group accounts for the amount as cash received on behalf of clients, as explained in the sub-section below headed "Cash and bank balances". As explained in the 2020 Interim Report, the amount of such client reserve funds fluctuates significantly from time to time, based on clients' business activities, payment volume, and timing of clearing and settlement and other external factors, which are largely unrelated to the financial condition of the Group.

*Cash and bank balances*

As at 30 June 2020, the Group held (i) cash and cash equivalents and time deposits of approximately RMB1,589.4 million in aggregate, which included unutilised net proceeds from its initial public offering of approximately RMB397.9 million, and (ii) restricted cash of approximately RMB1,495.7 million, mainly consisted of fund received on behalf of clients, amounts pledged to banks as collateral for letters of guarantee and other uses relating to the Group's merchant payment services. We understand from the management of the Group that on the basis of the above, the Group is expected to continue being self-sufficient for its development and business needs.

We further understand from the management of the Group that subsequent to its listing, they have conducted the business of the Group in line with the plans and strategies as described in the Company's prospectus, and as at the Latest Practicable Date, the Company had utilised over 80% of the net proceeds from its initial public offering for the purposes as stated in its prospectus and there was no material delay in the execution of the original plans for usage.

*Other payables, deposits received and accruals*

As at 30 June 2020, the Group recorded other payables, deposits received and accruals of approximately RMB7,686.8 million, accounting for approximately 92.8% of its total liabilities, and substantially representing payable on behalf of clients of approximately RMB7,475.9 million. According to the Group's accounting policy, it accounts for payable on behalf of clients as current liabilities upon receiving the notification of payment approval from the issuing bank for a payment.

*Interest-bearing bank loans*

As at 30 June 2020, the Group had interest-bearing bank loans of approximately RMB249.1 million, bearing effective interest rates ranging from approximately 3.50% to 4.75% per annum and approximately 60% of which are repayable within one year.

The Group's gearing ratio, which is calculated by dividing the Group's net debt (i.e. interest-bearing bank and other borrowings, trade payables, contract liabilities, other payables, deposits received and accruals and amounts due to related companies less cash and cash equivalents) by the sum of equity attributable to the Shareholders and net debt, was approximately 76.4% as at 30 June 2020, similar to the level of approximately 76.7% as at 31 December 2019. As explained above, a substantial portion of the Group's liabilities represents payable on behalf of clients, amounting to approximately RMB7.5 billion as at 30 June 2020. Excluding such payable on behalf of clients, the Group would have a net cash position as at 30 June 2020.

**(iii) Future prospects**

As set out in the 2020 Interim Report, the spread of COVID-19 around the world caused a significant impact on the global economy, but it also promoted the digital transformation of various industries. With rapid extension of offline physical stores to online scenarios, digital emerging scenarios such as E-commerce live streaming, telecommuting and cloud services have developed rapidly, and there is room for the development of enterprise digital service market. In light of the above, the Group positioned itself as a digital solution provider with the focus on omni-channel payment, and made efforts to transform its SaaS service business from a service provider of information and product to a transaction service provider by strengthening the digital solution capabilities of "Payment + SaaS". It was also stated that the Group will continue to establish digital payment scenarios to provide customised solutions for various customers in merchant service market in an efficient manner.

In general, the Group's prospects in the macro environment could be analysed by looking at the overall retail sales and the electronic payment volume in the PRC, which in turn indicate the performance of merchants in different industries and the business potential of merchant service market. According to the National Bureau of Statistics of the PRC, the total retail sales of consumer goods in the PRC grew by approximately 4.0% in 2018 and 8.0% in 2019. For the first eleven months of 2020, the total retail sales of consumer goods in the PRC decreased by approximately 4.8% as compared to the same period in 2019, primarily due to negative monthly growth rates ranging from approximately 15.8% to 20.5% in the first quarter of 2020, which have been adversely affected by the outbreak of COVID-19. Despite the above, the total retail sales of consumer goods in the PRC gradually resumed to a positive growth starting from August 2020, with the latest monthly growth rate of approximately 5.0% in November 2020. According to the statistics released by the People's Bank of China, in terms of value, the electronic payment volume handled by non-banking payment service providers in the PRC grew by approximately 45.2%, 20.1% and 15.9%, in 2018, 2019 and the first nine months of 2020, respectively. The above statistics indicated a general recovery of merchant gross payment volume and the increasing demand for digital payment.



As stated in the 2020 Interim Report, the management of the Group remained optimistic about the Group's growth in the second half of 2020, expecting a continued recovery in transaction size, an upward breakthrough in the number of daily transactions, and increasing revenue from SaaS businesses. While this may be the case, Scheme Shareholders are also reminded that the Group faces a number of uncertainties in business execution, such as changes in the competitive landscape (some competitors may have more capital and resources, a wider customer base and more aggressive pricing strategies) and the collaboration with channel partners (the existing cooperation with SaaS partners may not be exclusive), further details of which are set out in the sub-section headed "Report of the Directors – Principal Risks and Uncertainties" in the Company's 2019 annual report. We are advised by the management of the Group that it has been adopting the digital transformation strategy and developing its SaaS service business to offer digital and customised solutions to merchants and channel partners since 2018, during such business transformation stage, there may be unforeseen headwinds and it is expected that continued expenditures would be required in this aspect.

According to the Profit Warning Announcement, the deterioration in the financial performance of the Group for the eleven months ended 30 November 2020 was mainly attributable to, among others, the continued impact of COVID-19 on the business of the Group, which caused the decrease in revenue generated from the traditional payment services, especially in the tourism and aviation industries. It is uncertain when and whether COVID-19 could be contained globally. It follows that it cannot be assured that the COVID-19 will not further escalate, or whether it will continue to cause adverse effects on the Group's results of operations. Based on our discussions with the management of the Group, although the impact of COVID-19 on the business of the Group is gradually narrowing, taking into account the continued research and development investment required in SaaS service business, the financial performance of the Group may take a longer time to recover. There is no guarantee that the financial performance of the Group will improve in the near future.

As set out in the Letter from the Board, the depressed share price and underperformance in trading in the Shares, as analysed in the section below headed "Analysis of price performance and trading liquidity", may continue to adversely impact the Group's financing capabilities, which no longer justifies the administrative costs and management resources associated with maintaining the Company's listing status. Based on our discussions with the management of the Group, despite deteriorating financial performance in 2020, on the basis of its current financial position, the Group is expected to continue being self-sufficient for its development and business needs.

On the basis of the above, we consider the future prospects of the Group to be mixed and there remains uncertainties in the short to medium term, in particular under the currently uncertain market conditions as affected by COVID-19 and other uncertainties in business execution as described above.

## **2. Offeror's intention regarding the Company**

As set out in the section headed "Reasons for and benefits of the Proposal" in the Explanatory Memorandum, it is the intention of the Offeror that the Group will continue to carry on its current business, and the Offeror does not have specific plans to make any major changes to the business of the Group (including any redeployment of fixed assets of the Group) upon the successful delisting of the Company. After completion of the Proposal, the Offeror will continue to consider how to develop the Company in a manner which best enhances shareholder value and, in that regard, will consider growing its business as well

as capital market opportunities which will be dependent on a number of factors including market conditions, legal and regulatory requirements and its business needs. The Offeror does not intend to re-list itself or the Company in the PRC or on any other overseas stock exchanges or make any significant changes to the continued employment of the employees of the Group, except for staff movements which are part of normal conduct of business.

### **3. Information on the Offeror**

As set out in the section headed “Information on the Offeror” in the Explanatory Memorandum, the Offeror is an exempted company incorporated in the Cayman Islands with limited liability on 17 November 2020. The Offeror has not carried on any business since incorporation other than matters in connection with the Proposal and the Scheme. The Offeror does not intend to engage in any business other than acting as the holding company of the Company after completion of the Proposal. As at the Latest Practicable Date, the Offeror did not have any assets or liabilities other than the CMB Facility.

As at the Latest Practicable Date, the Offeror had 300,000 shares in issue, which were beneficially held as to approximately 70.7030%, 24.6620% and 4.6350% by Mr. Zhou, Ms. Mu and Mr. Jin, being the three Executive Directors. The actual number of new Offeror Shares to be issued under the Share Alternative will be determined on 12 March 2021, being the latest time for lodging the Election Form for election of the Cash Alternative or the Share Alternative, according to the expected timetable. Assuming no Outstanding Share Options are exercised before the Option Record Date, if all the Scheme Shareholders elect the Share Alternative (excluding Bright Journey Investment Limited, an IU Shareholder which has undertaken to elect the Cash Alternative), 3,396,536,311 new Offeror Shares will be issued, representing approximately 99.99% of the enlarged issued share capital of the Offeror post all new Offeror Share issuance upon completion of the Proposal. Fractions of new Offeror Shares to be issued to the Scheme Shareholders who have elected the Share Alternative will be rounded down to the nearest whole number.

As at the Latest Practicable Date, the Company had 1,307,650,589 Shares in issue, of which the Executive Directors directly and indirectly held in aggregate 87,046,793 Shares (representing approximately 6.66% of the issued share capital of the Company), and the Offeror Concert Parties held in aggregate 142,505,000 Shares (representing approximately 10.90% of the issued share capital of the Company). Further details regarding the shareholding structure of the Company are set out in the section headed “Shareholding structure of the Company” in the Letter from the Board.

### **4. Information on Offeror Shares**

#### *(i) Restrictions and rights of Offeror Shares*

Offeror Shares are shares of an unlisted company in the Cayman Islands, and will not benefit from the protections afforded by the Listing Rules and the Takeovers Code (if the Offeror is not determined by the Executive to be a “public company in Hong Kong” as defined in the Takeovers Code), and are illiquid with no ready market. Offeror Shares are subject to certain transfer restrictions as stipulated in the amended articles of association of the Offeror as detailed in the Letter from the Board and the Explanatory Memorandum. Further details relating to Offeror Shares are set out in the Letter from the Board, the Explanatory Memorandum and relevant appendices to the Scheme Document. If Disinterested Shareholders wish to consider the Share Alternative, they are

recommended to read that information carefully, particularly the section headed “The Share Alternative” as set out in the Letter from the Board and the Explanatory Memorandum. Risks which Disinterested Shareholders should consider in evaluating the Share Alternative are set out below in the section headed “Risks which Disinterested Shareholders should consider in evaluating the Share Alternative”.

*(ii) Valuation of Offeror Shares*

CICC, the financial adviser to the Offeror, has been appointed to advise on an estimate of value of Offeror Shares. The full text of the CICC Report is set out in Appendix IV to the Scheme Document. On the basis of, and subject to, the assumptions and methodology set out in the CICC Report, an estimate of the value of Offeror Shares (the “**Estimated Value**”) would be within a range between HK\$0.9042 and HK\$1.2917 for each Offeror Share. Under the Share Alternative, each Scheme Shareholder is entitled to receive 2.709677 new Offeror Shares for every Scheme Share held. This implies a consideration of each Scheme Share of approximately HK\$2.4500 to HK\$3.5000 (i.e. HK\$0.9042 times 2.709677 and HK\$1.2917 times 2.709677 respectively). Scheme Shareholders should note that it is expressed in the CICC Report that such Estimated Value is not necessarily indicative of, among others, the price at which Offeror Shares might actually trade at any future date.

We have reviewed and discussed with CICC the methodology used, and the bases and assumptions adopted, for the Estimated Value. In providing the Estimated Value, CICC has made a number of major assumptions, including (i) the Proposal has become or been declared effective and the Company is a wholly-owned subsidiary of the Offeror on the assumption that there is no other change in shareholding in the Company before completion of the Proposal, and (ii) the Offeror was established for the sole purpose of the Proposal and as such, when the Proposal becomes effective, the Offeror’s turnover, profits, assets and liabilities (on a consolidated basis) will be the same as the Company, save for the CMB Facility and any cash balance that may remain in the Offeror that was not required to finance the amount payable in cash to Scheme Shareholders under the Proposal.

Set out below is a summary of two scenarios illustrating the calculations of the Estimated Value:

		Assuming only the Executive Directors and the IU Shareholders who have undertaken to elect the Share Alternative elect the Share Alternative and assuming all Optionholders receive the Option Amount in respect of all their Options	Assuming all Scheme Shareholders (except the IU Shareholder who has undertaken to elect the Cash Alternative) elect the Offeror's Share Alternative and assuming all Optionholders receive the Option Amount in respect of all their Options
The estimated value of all of the outstanding Shares (plus "see-through" basis valuation for Options) <i>(Note 1)</i>	A	HK\$4,629,516,007	HK\$4,629,516,007
The external debt financing to be incurred by the Offeror for the implementation of the Proposal in the form of the CMB Facility <i>(Note 2)</i>	B	HK\$1,250,651,972	HK\$1,250,651,972
Any cash that may remain in the Offeror immediately following implementation of the Proposal <i>(Note 3)</i>	C	HK\$35,348,365	HK\$1,008,716,884
<b>Total value of Offeror Shares</b>	<b>A – B + C</b>	<b>HK\$3,414,212,401</b>	<b>HK\$4,387,580,919</b>
Number of Offeror Shares in issue immediately following implementation of the Proposal		2,643,260,804	3,396,836,314
<b>Top end value per Offeror Share</b>		<b>HK\$1.2917</b>	<b>HK\$1.2917</b>
<b>Low end value per Offeror Share (assuming a 30% discount)</b>		<b>HK\$0.9042</b>	<b>HK\$0.9042</b>

*Notes:*

- (1) *Based on (a) the value per Share under the Cash Alternative of HK\$3.50; (b) a value of HK\$2.1046 for every Share Option with an exercise price of US\$0.18 which is equivalent to the “see-through” value per Share Option under the Option Offer; and (c) a nominal amount of HK\$0.0001 for every Share Option with exercise prices of US\$0.5458, US\$0.7846 and HK\$7.50, respectively, the “see-through” price of which is zero*
- (2) *Based on the amount of cash required for the Proposal of approximately HK\$1,250.7 million as set out in the section headed “Financial Resources” in the Letter from the Board*
- (3) *Based on the external financing as stated in item (2) above, minus the aggregate Cash Alternative under the respective scenario and before all fees and expenses of the Offeror incurred in connection with the Proposal have been paid*

As shown in the table above, the two scenarios resulted in the same range of Estimated Value. The main difference between the low end and the top end is the assumption on discount for the lack of marketability and shareholders’ rights of an unlisted share, particularly around the fact that independent shareholders of the Offeror, other than the Executive Directors, will not be able to nominate a director or approve reserved matters until certain ownership thresholds (75% for special resolutions and more than 50% for ordinary resolutions, in either case including approval by the Executive Directors as long as they and/or body corporate(s) controlled by them respectively are shareholders of the Offeror) are reached. For the low end, a 30% discount on the value of Offeror Shares is assumed, while for the top end no discount was assumed. CICC believes that such a discount range is an appropriate assumption to use for this purpose as it is consistent with the approach taken in recent market privatisation precedents in Hong Kong which involves unlisted offeror shares being offered as an alternative transaction consideration and which adopts an illiquidity discount methodology to assess the value of the unlisted offeror shares. Based on the above, the Estimated Value would be within a range between HK\$0.9042 and HK\$1.2917 for each Offeror Share.

We consider it reasonable to apply a discount to the value of an illiquid share with limited shareholders’ rights from the independent shareholders’ perspective. In evaluating the level of discount applied, we have identified the following general offer/privatisation cases involving valuation of unlisted shares since January 2011, which in our view represents an exhaustive list that we were able to identify from website of the Stock Exchange within this time frame, and noted that a lack of marketability/shareholders’ rights discount of 25% or 30% was applied to derive the low-end value of the unlisted shares under the share alternative in the respective case:

<b>Date of scheme/ composite document</b>	<b>Offeree company (stock code)</b>	<b>Discount applied</b>
20 June 2019	China Power Clean Energy Development Co Ltd (735)	30%
5 September 2016	Nirvana Asia Ltd (1438)	30%
23 July 2013	Yashili International Holdings Ltd (1230)	30%
5 September 2011	China Resources Microelectronics Limited (597)	25%

Given the nature of Offeror Shares (unlisted) under the Share Alternative, we consider that the methodology set out in the CICC Report is a reasonable approach in establishing the Estimated Value and is in line with commonly adopted approaches in similar cases in Hong Kong. We also consider that it is not practicable to estimate a discount to reflect lack of marketability and limited shareholders' rights (from the independent shareholders' perspective) very precisely, as it depends on differing circumstances. On the basis of the above, we are of the view that a range of 0% and 30% adopted by CICC in its estimate to be acceptable.

For further details of methodology, basis, assumptions and computations of the Estimated Value, please refer to Appendix IV to the Scheme Document which should be read in its entirety.

#### **5. Risks which Disinterested Shareholders should consider in evaluating the Share Alternative**

Disinterested Shareholders should bear in mind the risk factors of holding Offeror Shares as set out in the Letter from the Board, in particular the following:

- (i) **Transfers of Offeror Shares are subject to restrictions stipulated in the amended articles of association of the Offeror.** For example, the directors of the Offeror may, in their absolute discretion, refuse to register the transfer of an Offeror Share to any person, without giving any reasons for their refusal, and irrespective of whether the Offeror Share is fully paid or the Offeror has no lien over it. The directors of the Offeror may also suspend registration of the transfer of Offeror Shares at such times and for such periods, not exceeding 30 days in any calendar year, as they determine. For further details, please refer to the section headed "The Share Alternative" in the Letter from the Board and the Explanatory Memorandum;
- (ii) **Offeror Shares are not listed on any stock exchange and do not benefit from the protections afforded by the Listing Rules and the Takeovers Code (if the Offeror is not determined by the Executive to be a "public company in Hong Kong" as defined in the Takeovers Code)** (for example, the requirement of approval by independent shareholders for certain connected transactions, anti-dilution provisions and other protections and rights offered to minority shareholders);
- (iii) **Offeror Shares are illiquid, hence the shareholders of the Offeror may find it more difficult to find a purchaser for Offeror Shares if they intend to sell their holdings, as there is less likely a ready market for Offeror Shares;**
- (iv) any unexercised Share Option which has not been cancelled pursuant to the Proposal will survive the completion of the Proposal and remain exercisable for Shares provided that it has not terminated or lapsed under its terms or the terms of the Share Option Scheme. **The exercise of such Share Options after completion of the Proposal will result in (1) dilution of the Offeror's holding in the Company; and (2) impact on the equity per share enjoyed by shareholders of the Offeror based on the exercise price of the Share Options and the estimate of value per Offeror Share at the time of exercise.** As at the Latest Practicable Date, the exercise of all the Outstanding Share Options in full would result in the issue of 204,442,960 New Shares (representing approximately 15.63% of the issued share capital of the Company as at the Latest Practicable Date and approximately 13.52% of the issued share

capital of the Company as enlarged by the issue of such New Shares). On the assumption that (1) all the Outstanding Share Options are exercised after completion of the Proposal and there is no other change in shareholding of the Company, the Offeror's holding in the Company will be diluted to approximately 86.48%; and (2) all the Outstanding Share Options with an exercise price of US\$0.18 (being all of the Outstanding Share Options whose exercise price is lower than the Cash Alternative of HK\$3.50) are exercised after completion of the Proposal and there is no other change in shareholding of the Company, the Offeror's holding in the Company will be diluted to approximately 98.12%.; and

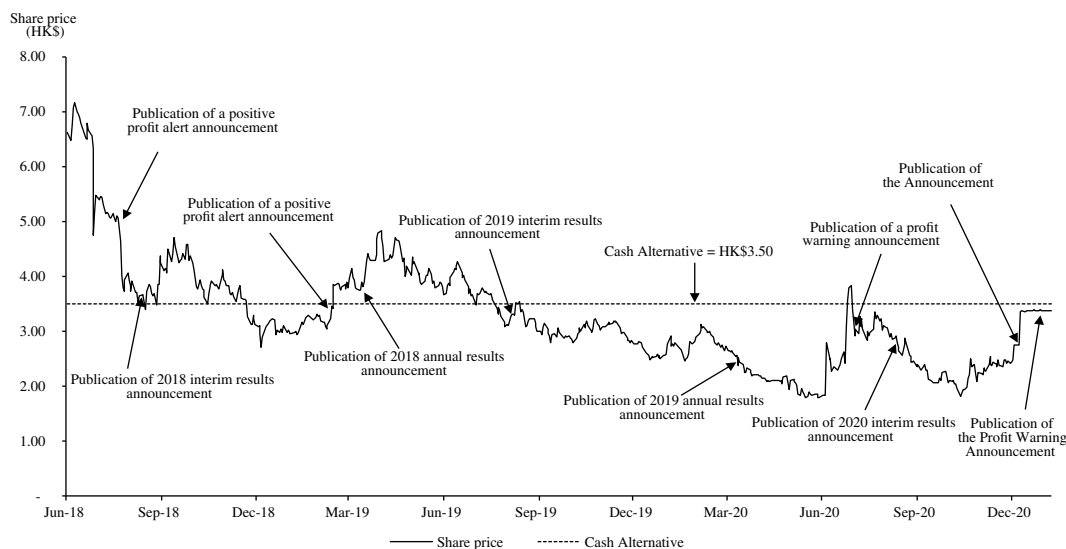
- (v) Disinterested Shareholders should also be aware that no dividend policy nor any dividend payment schedule has been established in respect of Offeror Shares. **There is no guarantee that any dividend payments will be paid in respect of Offeror Shares.**

Disinterested Shareholders should note that the two groups of parties assumed or committed to elect the Share Alternative only as the form of Cancellation Consideration for the cancellation of Shares held are (a) the Executive Directors, who are the ultimate beneficial owners of the Offeror; and (b) five out of six IU Shareholders comprising Trixen Enterprises Ltd., Keytone, Bain Capital PnR Cayman Limited, Eight Roads Investments and Pacven Walden Ventures, which are either large or sophisticated Shareholders. In view of the nature of Offeror Shares, the risks and restrictions associated with them as set out in the section headed "The Share Alternative" in the Letter from the Board and the Explanatory Memorandum and highlighted in this section, we consider the Share Alternative has been tailored principally for large and sophisticated Shareholders and consequently we do not consider it suitable for other Scheme Shareholders.

## 6. Analysis of price performance and trading liquidity

### (i) Historical price performance of the Shares

Set out below is the movement of the daily closing prices of the Shares during the period from its listing on the Stock Exchange in June 2018 to the Latest Practicable Date (the “**Review Period**”), and comparison between the historical price performance of the Shares and the Cash Alternative of HK\$3.50 during the Review Period:



Source: Bloomberg

The share price chart above illustrates that the Shares have been experiencing a general downward trend since listing. In particular, the market price of the Shares traded lower than the Cash Alternative of HK\$3.50 during 2020 with the exception of three trading days in July.

The Shares started trading on the Stock Exchange on 15 June 2018 and its price closed at HK\$6.62 on the same day, representing an approximately 11.7% discount to the initial public offer price of HK\$7.50 per Share. The market price of the Shares has never reached back to the initial public offering price up to the Latest Practicable Date. After listing, the market price of the Shares trended downward until late August 2018. On 28 August 2018 (after trading hours), the Company announced its 2018 interim results, showing an approximately 123.4% increase in revenue, and an approximately 20.5% increase in profit for the first half of 2018 compared to the same period in 2017. The market price of the Shares, despite the increase in revenue and profit, reached a low of HK\$3.40 on 30 August 2018, and only subsequently rebounded and gradually reached a high of HK\$4.70 on 27 September 2018, then continued to drop to a low of HK\$2.72 on 20 December 2018, the lowest closing price in 2018.

Following publication of a positive profit alert announcement on 27 February 2019 (after trading hours), which stated that the Group’s net profit was expected to increase by more than 50% in 2018 compared to 2017, and with the subsequent publication of 2018 annual results on 26 March 2019, the market price of the Shares gradually climbed to a high of HK\$4.83 on 15 April 2019. After



that, the market price of the Shares resumed its downward trend, which continued throughout the rest of 2019 and until mid-June 2020. During this period, the Company published its 2019 interim results and 2019 annual results, showing increases in net profit of approximately 73.0% and 38.9% respectively compared to the corresponding period/year, but the market price of the Shares continued to drop and reached a low of HK\$1.79 in late May and early June 2020, representing (i) a decrease of approximately 62.9% from the abovementioned high of HK\$4.83 on 15 April 2019, and (ii) a decrease of approximately 76.1% from the initial public offer price of HK\$7.50. On 19 June 2020, the market price of the Shares surged to HK\$2.80, representing an approximately 52.2% increase from the previous trading day. The Company published a voluntary announcement on the same day, noting the unusual fluctuation in the price and trading volume of the Shares, for which it was not aware of any reasons. The market price of the Shares continued to fluctuate during June and July 2020. After reaching a high of HK\$3.84 on 13 July 2020, the Share price resumed a general downward trend.

The market price of the Shares increased substantially by approximately 11.3% and reached HK\$2.76 on 17 December 2020, being the Last Trading Day. After the publication of the Announcement on 22 December 2020, the market price of the Shares increased by approximately 21.4%, closed at HK\$3.35 on 23 December 2020, and was broadly tracking the Cash Alternative after the Announcement. On 14 January 2021 (after trading hours), the Company published the Profit Warning Announcement, indicating a reduced adjusted net profit for the eleven months ended 30 November 2020 as compared to that for the six months ended 30 June 2020. There was no material reaction on the market price of the Shares subsequent to the Profit Warning Announcement, staying within a narrow range of HK\$3.37 to HK\$3.38. The Share price closed at HK\$3.37 as at the Latest Practicable Date.

As set out in the Letter from the Board, the investor sentiment towards the Company may have been impacted by the uncertainty regarding the investment costs and potential returns in relation to the Group's implementation of the "Payment+SaaS" strategy". As confirmed by the management of the Group, save for the above, they are not aware of any specific reasons relating to the Company for the significant drop in the Share price subsequent to listing.

The market price of the Shares, in our opinion, is currently influenced by the terms of the Proposal, in particular the Cash Alternative. If the Proposal fails, other things being equal, the market price of the Shares may return to the previous levels before the Announcement and below the Cash Alternative of HK\$3.50.

*(ii) Trading liquidity of the Shares*

Set out in the table below are the monthly total trading volumes of the Shares and the percentages of such monthly total trading volumes to the total issued Share and the public float of the Company during the Review Period:

	<b>Monthly total trading volume of the Shares</b> <i>(Note 1)</i>	<b>Percentage of the monthly total trading volume of the Shares to the total issued Share</b> <i>(Note 2)</i>	<b>Percentage of the monthly total trading volume of the Shares to public float of the Company</b> <i>(Notes 1 and 3)</i>
<b>2018</b>			
June	141,019,200	11.3%	44.4%
July	43,350,000	3.5%	13.7%
August	57,575,600	4.6%	18.1%
September	38,208,364	3.1%	12.0%
October	29,147,582	2.3%	9.2%
November	23,088,100	1.8%	7.3%
December	34,197,414	2.7%	10.8%
<b>2019</b>			
January	13,466,630	1.1%	4.2%
February	19,536,058	1.6%	4.4%
March	28,415,457	2.3%	6.4%
April	27,954,579	2.2%	6.3%
May	28,639,800	2.3%	6.5%
June	34,996,101	2.8%	7.9%
July	10,570,243	0.8%	2.4%
August	17,732,593	1.4%	4.1%
September	60,072,300	4.8%	13.7%
October	34,519,933	2.8%	7.9%
November	38,298,155	3.1%	8.7%
December	32,059,766	2.6%	7.3%

	<b>Monthly total trading volume of the Shares</b> <i>(Note 1)</i>	<b>Percentage of the monthly total trading volume of the Shares to the total issued Share</b> <i>(Note 2)</i>	<b>Percentage of the monthly total trading volume of the Shares to public float of the Company</b> <i>(Notes 1 and 3)</i>
<b>2020</b>			
January	53,236,367	4.1%	11.9%
February	79,673,368	6.2%	17.8%
March	49,232,077	3.8%	11.0%
April	32,903,089	2.5%	7.3%
May	67,792,998	5.2%	15.2%
June	118,279,017	9.1%	29.5%
July	189,852,667	14.6%	46.8%
August	90,200,959	6.9%	22.2%
September	37,264,584	2.9%	9.2%
October	19,635,073	1.5%	4.8%
November	37,365,157	2.9%	9.2%
December	97,955,255	7.5%	24.0%
<b>2021</b>			
From 1 January to the Latest Practicable Date	49,128,542	3.8%	11.9%

*Notes:*

- (1) Sourced from Bloomberg and the Company
- (2) Calculated based on the monthly total trading volumes of the Shares divided by the total number of the issued Shares at the end of each month (or at the Latest Practicable Date for January 2021)
- (3) Calculated based on the monthly total trading volumes of the Shares divided by the total number of the Shares held by the public at the end of each month (or at the Latest Practicable Date for January 2021)

As illustrated in the above table, except for the relatively higher level of trading volume in June 2018 (being the first month of listing of the Shares), June 2020 to August 2020, and December 2020 (being the month of publication of the Announcement), the monthly trading volume of the Shares represented approximately 0.8% to 6.2% of the total issued Shares, equivalent to approximately 2.4% to 18.1% of the issued Shares constituting the public float of the Company. Management of the Group have confirmed to us that they are not aware of any reasons for the surge in trading volume of the Shares from June 2020 to August 2020. Other than the above exceptions and considering the absolutely number of Shares traded, broadly speaking, we consider the liquidity of the Shares to be limited, that some downward pressure on the Share price may result if the Disinterested Shareholders wish to sell a significant number of Shares in the market. The Proposal consequently

represents a good opportunity for the Disinterested Shareholders to exit at a fixed cash price (i.e. Cash Alternative of HK\$3.50), which also represents premiums over the historical average closing price of the Shares before the Announcement, as further discussed in section below.

***(iii) Cancellation Consideration (under the Cash Alternative) comparisons***

The cash consideration of HK\$3.50 per Scheme Share under the Cash Alternative represents:

- (a) a premium of approximately 3.86% over the closing price of HK\$3.37 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a premium of approximately 41.13% over the closing price of HK\$2.48 per Share as quoted on the Stock Exchange on 16 December 2020, being the Undisturbed Date;
- (c) a premium of approximately 43.97% over the average closing price of approximately HK\$2.43 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Undisturbed Date;
- (d) a premium of approximately 47.58% over the average closing price of approximately HK\$2.37 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Undisturbed Date;
- (e) a premium of approximately 55.91% over the average closing price of approximately HK\$2.24 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Undisturbed Date;
- (f) a premium of approximately 44.50% over the average closing price of approximately HK\$2.42 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Undisturbed Date;
- (g) a premium of approximately 45.81% over the average closing price of approximately HK\$2.40 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Undisturbed Date;
- (h) a premium of approximately 26.81% over the closing price of HK\$2.76 per Share as quoted on the Stock Exchange on 17 December 2020, being the Last Trading Day;
- (i) a premium of approximately 41.76% over the average closing price of approximately HK\$2.47 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- (j) a premium of approximately 47.04% over the average closing price of approximately HK\$2.38 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;

- (k) a premium of approximately 55.38% over the average closing price of approximately HK\$2.25 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- (l) a premium of approximately 44.86% over the average closing price of approximately HK\$2.42 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- (m) a premium of approximately 45.74% over the average closing price of approximately HK\$2.40 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day;
- (n) a premium of approximately 78.88% over the audited net asset value per Share attributable to the Shareholders in the Company of approximately RMB1.65 as at 31 December 2019, based on the total number of issued Shares as at 31 December 2019 and the exchange rate of HK\$1.00 to RMB0.8434 on the Announcement Date; and
- (o) a premium of approximately 81.48% over the unaudited net asset value per Share attributable to the Shareholders in the Company of approximately RMB1.63 as at 30 June 2020, based on the total number of issued Shares as at 30 June 2020 and the exchange rate of HK\$1.00 to RMB0.8434 on the Announcement Date.

In summary, the Cash Alternative of HK\$3.50 per Scheme Share represents (a) premiums in a range of approximately 26.8% to 55.9% over the (average) closing prices of the Shares for different periods prior to publication of the Announcement as shown above; and (b) premiums of approximately 78.9% and 81.5% over the net asset value per Share attributable to the Shareholders in the Company respectively as at 31 December 2019 and 30 June 2020.

## **7. Comparable companies**

As set out in the section above headed “Information and prospects of the Group”, the Group principally engages in the provision of independent third-party payment service in the PRC. For the purpose of evaluating the Proposal, we have analysed the listed companies that we consider have a business similar to the Group, which (i) have derived a majority of their revenue from the provision of payment service in the PRC, according to their latest published full year financial statements, and (ii) had a market capitalisation of at least HK\$1.0 billion as at the Latest Practicable Date. Based on the above selection criteria, we have identified two companies listed on the Stock Exchange, namely YEAHKA LIMITED (“**YEAHKA**”) (9923.HK) and Hi Sun Technology (China) Limited (“**Hi Sun Technology**”) (818.HK) (together, the “**Comparable Companies**”), which, in our view, are comparable in principle to the Group according to our research on website of the Stock Exchange. We noted that YEAHKA, Hi Sun Technology and the Group all recorded revenues between RMB2 billion to RMB5 billion in 2019. Despite the number of Comparable Companies being relatively limited, having taken into account (i) the two Comparable Companies fall within the above selection criteria such that the businesses of the Group and the two Comparable Companies are similar, and (ii) their scale of operations are not materially different in terms of revenue, we consider the research on Comparable Companies still provides a meaningful analysis for the Scheme Shareholders. In our view, the Comparable Companies represent an exhaustive list based on the

above selection criteria. The table below illustrates the price-to-earnings ratio (“P/E ratio”) of the Comparable Companies, which is widely used for companies with mature and profitable businesses and, in our view, is a suitable ratio for comparison. It makes reference to a company’s income generating ability rather than the net asset backing, for which the price-to-book ratio is less relevant because the Group (excluding receivables and payables on behalf of clients) is not engaged in an asset-heavy business.

Company (stock code)	Closing price as at the Latest Practicable Date	Market capitalisation as at the Latest Practicable Date	Latest financial year’s profits attributable to shareholders	Trailing twelve-month (“TTM”) profits attributable to shareholders	Latest financial year P/E ratio	TTM P/E ratio
		(million)	(million) (Note 1)	(million) (Note 2)	(times)	(times)
YEAHKA (9923.HK)	HK\$69.00	RMB24,514.0	RMB301.0	RMB293.1	81.4	83.6
Hi Sun Technology (818.HK)	HK\$1.35	HK\$3,748.7	HK\$599.4	HK\$420.4	6.3	8.9
The Group at the Cancellation Consideration (under the Cash Alternative)		RMB3,815.1 (Note 3)	RMB302.8 (Note 4)	RMB235.0 (Note 5)	12.6	16.2
				RMB25 to RMB45 (Note 6)		84.8 to 152.6

Source: Comparable Companies’ filings published on the website of the Stock Exchange and Bloomberg

Notes:

- (1) The latest financial year’s net profits attributable to shareholders are calculated based on the latest published full year financial statements of the Comparable Companies, adjusting for those non-recurring items, which are share-based payment expenses, listing expenses, donations and fair value change of their equity instruments, as applicable, before taking into account related impacts on tax and non-controlling interests
- (2) The trailing twelve-month profits attributable to shareholders are calculated based on the most recently published financial information extracted from the respective annual reports and interim reports of the Comparable Companies, adjusting for those non-recurring items, which are share-based payment expenses, listing expenses, donations and fair value change of their equity instruments, as applicable, before taking into account related impacts on tax and non-controlling interests
- (3) The implied market capitalisation of the Group is based on the Cancellation Consideration (under the Cash Alternative) of HK\$3.50 per Scheme Share, the outstanding 1,307,650,589 Shares in issue and the exchange rate of HK\$1.00 to RMB0.83358, as at the Latest Practicable Date
- (4) Being the Group’s adjusted net profit of approximately RMB302.8 million for the year ended 31 December 2019
- (5) Being the Group’s TTM adjusted net profit of approximately RMB235.0 million for the twelve month period ended 30 June 2020

- (6) *Being the Group's estimated adjusted net profit of approximately RMB25 million to approximately RMB45 million for the eleven month period ended 30 November 2020, based on the Profit Warning Announcement*

As set out in the table above, on the basis of the most recent full year results, the P/E ratio of the Comparable Companies are respectively approximately 6.3 times and 81.4 times. The implied P/E ratio of the Group is approximately 12.6 times based on 2019 earnings, which is lower than the P/E ratio of YEAHKA, but is higher than that of Hi Sun Technology. As for the analysis based on TTM results, the implied TTM P/E ratio of the Group is approximately 16.2 times, which is also between the TTM P/E ratios of the two Comparable Companies.

We note that the range of implied P/E ratios of the Group and the P/E ratios of the two Comparable Companies are relatively wide. In our view, such difference can be partly explained by the difference in operating performance of the Group and the Comparable Companies. The Group suffers from deteriorating adjusted net profits and a drop in revenue in the first half of 2020, as discussed in the section above headed "Information and prospects of the Group". On the other hand, YEAHKA, which is traded at higher P/E ratios, in general recorded a substantial improvement in both revenue and profits during the same period. In particular, YEAHKA achieved turn-around to record adjusted net profits since 2018, and only recorded a marginal drop in adjusted net profit in the first half of 2020. We note that the growth drivers of YEAHKA's business were mainly the app-based payment services (accounting for approximately 69.0% and 61.1% respectively of its total revenue in 2019 and the first half of 2020) and the marketing services, allowing customers to effectively reach their target markets (accounting for approximately 4.8% and 13.4% respectively of its total revenue in 2019 and the first half of 2020), which are different from the business directions of the Group. For Hi Sun Technology which has lower P/E ratios, it recorded continued growth of revenue and profit during 2017 and 2019, but suffered a drop in revenue during the first half of 2020, and recorded significant decrease in net profit which was roughly half of that in the corresponding period in 2019, which was similar to the drop in the Group's in the first half of 2020. Hi Sun Technology issued a profit warning announcement on 30 November 2020 that it is expected to record a significant decrease in operating profit for the year 2020 as compared to 2019, and its operating profit in the first ten months of 2020 decreased by approximately 45% as compared with the same period last year, primarily due to the effects of COVID-19 outbreak and epidemic prevention and control measures. Based on our discussions with the management of the Group, the business activities of the micro and small merchants and key industries, such as airline and travel industry, which represent a significant portion of the Group's business, have been adversely affected by the outbreak of COVID-19, which in turn affect the payment volume and services required from the Group.

As further analysed in the section above headed "Information and prospects of the Group", the Company published the Profit Warning Announcement on 14 January 2021, estimating the adjusted net profit for the eleven months ended 30 November 2020 to be in the range between approximately RMB25 million and RMB45 million. To reflect the most updated financial performance of the Group and on the basis of the above eleven-month profit as a close proxy of the 2020 full-year profit, the implied P/E ratios of the Group ranges from approximately 84.8 times to 152.6 times, which are higher than the P/E ratios of the Comparable Companies.

## 8. Privatisation precedents

We have compared the Proposal with privatisation proposals of companies listed on the Main Board of the Stock Exchange announced since 1 January 2019 and up to the date immediately prior to the Latest Practicable Date, excluding privatisation proposals which were not or are yet to be approved or completed (or, where applicable, required acceptance level were not or are yet to be achieved), or failed (the “**Privatisation Precedents**”). In our view, the Privatisation Precedents represent an exhaustive list that we were able to identify from website of the Stock Exchange, based on the above selection criteria. Although the companies listed below may have different principal activities, market capitalisation, financial performance and position as compared with those of the Company, the reasons behind the privatisation proposals may vary, and some aspects of pricing may be industry-specific, we consider that the Privatisation Precedents, involving companies listed on the Main Board of the Stock Exchange, can provide us with a meaningful analysis of the market trend of the pricing of this type of transaction in the Hong Kong equity capital market as well as a meaningful benchmark for the Scheme Shareholders when evaluating the premium provided in the Proposal. Based on the aforesaid, we regard the Privatisation Precedents as reference value and is one of our analyses in assessing the Cash Alternative.

The table below illustrates the premiums represented by the cancellation consideration/offer price over the respective last trading day and respective last 10, 30, 60, 90 and 180 trading days average share prices in respect of the privatisation proposals:

Date of the Rule 3.5/3.7 announcement	Offeree company (stock code)	Method of privatisation	Form of Consideration	Premium of cancellation consideration/offer price over the closing price/average closing price per share					
				on the last trading day <i>(Notes 1 and 2)</i>	10 trading days <i>(Notes 1 and 2)</i>	30 trading days <i>(Notes 1 and 2)</i>	60 trading days <i>(Notes 1 and 2)</i>	90 trading days <i>(Notes 1 and 2)</i>	180 trading days <i>(Notes 1 and 2)</i>
15-Oct-20	Shanghai Prime Machinery Company Limited (2345) (“ <b>Shanghai Prime</b> ”)	Merger by absorption	Cash	68.4%	108.6%	110.9%	112.6%	129.8%	138.4%
4-Oct-20	CIMC-TianDa Holdings Company Limited (445)	Scheme of arrangement	Cash	20.4%	21.2%	18.5%	26.8%	36.8%	40.3%
24-Sept-20	AMVIG Holdings Limited (2300) <i>(Note 3)</i>	Mandatory general offer	Cash	51.4%	53.5%	56.5%	57.7%	56.1%	40.5%
7-Sept-20	Changshouhua Food Company Limited (1006)	Scheme of arrangement	Cash	16.4%	24.7%	43.2%	64.1%	65.8%	59.1%
27-Aug-20	Leyou Technologies Holdings Limited (1089)	Scheme of arrangement	Cash	4.5%	5.7%	8.3%	17.1%	24.6%	29.1%
29-Jul-20	Xinhua Port Holdings Ltd (1990)	Voluntary general offer	Cash	23.7%	27.4%	55.2%	92.3%	124.8%	142.9%
8-Jul-20	O-Net Technologies (Group) Limited (877)	Scheme of arrangement	Cash	23.6%	25.7%	24.6%	28.0%	34.3%	43.2%
6-Jul-20	Huarong Investment Stock Corporation Ltd. (2277) <i>(Note 4)</i>	Scheme of arrangement	Share exchange	35.6%	54.8%	61.3%	54.8%	54.0%	51.8%
2-Jul-20	Vantage International (Holdings) Limited (15)	Scheme of arrangement	Cash	80.0%	103.6%	119.5%	115.0%	104.1%	78.6%
21-Jun-20	China Baofeng (International) Limited (3966)	Scheme of arrangement	Cash	27.5%	61.9%	52.3%	42.5%	38.9%	30.7%



Date of the Rule 3.5/3.7 announcement	Offeree company (stock code)	Method of privatisation	Form of Consideration	Premium of cancellation consideration/offer price over the closing price/average closing price per share					
				on the last trading day <i>(Notes 1 and 2)</i>	for the last 10 trading days <i>(Notes 1 and 2)</i>	for the last 30 trading days <i>(Notes 1 and 2)</i>	for the last 60 trading days <i>(Notes 1 and 2)</i>	for the last 90 trading days <i>(Notes 1 and 2)</i>	for the last 180 trading days <i>(Notes 1 and 2)</i>
17-Jun-20	Golden Meditech Holdings Limited (801)	Scheme of arrangement	Cash	41.9%	53.6%	61.3%	55.8%	39.1%	21.6%
12-Jun-20	Jinmao (China) Hotel Investments and Management Limited (6139)	Scheme of arrangement	Cash	30.4%	72.8%	82.6%	86.8%	64.6%	38.0%
5-Jun-20	Capxon International Electronic Company Limited (469)	Scheme of arrangement	Cash	79.1%	94.2%	88.4%	88.4%	76.1%	54.6%
1-Jun-20	Huadian Fuxin Energy Corporation Limited (816)	Merge by absorption	Cash	65.6%	85.9%	87.9%	89.3%	85.3%	75.8%
4-May-20	Easy One Financial Group Limited (221) <i>(Note 5)</i>	Scheme of arrangement	Share exchange with cash element	44.4%	94.5%	90.2%	98.3%	103.1%	107.8%
20-Apr-20	Allied Properties (H.K.) Limited (56) <i>(Note 6)</i>	Scheme of arrangement	Cash	34.3%	40.6%	39.5%	33.5%	30.1%	22.7%
3-Apr-20	Elec & Eltek International Company Limited (1151) <i>(Note 7)</i>	Voluntary general offer	Cash	67.5%	44.3%	39.0%	38.7%	42.5%	51.8%
20-Mar-20	Li & Fung Ltd (494)	Scheme of arrangement	Cash	150.0%	135.6%	95.2%	72.7%	62.1%	43.3%
27-Feb-20	Wheelock and Company Ltd. (20) <i>(Note 8)</i>	Scheme of arrangement	Cash offer coupled with a distribution in specie	52.2%	49.2%	45.2%	43.9%	45.9%	45.2%
20-Jan-20	BBI Life Sciences Corporation (1035)	Scheme of arrangement	Cash	16.3%	31.4%	42.5%	46.1%	47.9%	56.7%
16-Dec-19	Haier Electronics Group Co., Ltd., (1169) <i>(Note 9)</i>	Scheme of arrangement	Share exchange with cash element	44.2%	45.6%	42.7%	46.6%	51.4%	50.4%
12-Dec-19	Joyce Boutique Group Limited (647)	Scheme of arrangement	Cash	91.8%	95.8%	82.2%	62.7%	50.1%	32.2%
27-Nov-19	China Agri-Industries Holdings Limited (606)	Scheme of arrangement	Cash	34.1%	40.9%	53.2%	64.7%	72.5%	70.0%
1-Nov-19	Springland International Holdings Limited (1700)	Scheme of arrangement	Cash	63.1%	64.4%	56.8%	55.4%	53.2%	48.6%
20-Oct-19	Dah Chong Hong Holdings Limited (1828)	Scheme of arrangement	Cash	37.5%	42.4%	54.9%	55.9%	54.2%	41.5%
3-Oct-19	Huaneng Renewables Corporation Limited (958)	Voluntary general offer	Cash	46.1%	56.2%	55.7%	51.2%	51.3%	45.3%
2-Oct-19	AVIC International Holdings Ltd (161)	Voluntary general offer & merger by absorption	Cash	29.1%	58.1%	81.3%	88.6%	100.2%	92.1%
12-Aug-19	TPV Technology Limited (903)	Scheme of arrangement	Cash	41.4%	50.8%	54.5%	75.0%	87.4%	138.8%
27-Jun-19	Asia Satellite Telecommunications Holdings Ltd (1135)	Scheme of arrangement	Cash	23.4%	33.4%	44.4%	50.4%	56.5%	71.0%
18-Jun-19	C.P. Lotus Corporation (121)	Scheme of arrangement	Cash	10.0%	12.0%	29.4%	30.3%	26.5%	21.9%
14-Jun-19	China Automation Group Limited (569)	Scheme of arrangement	Cash	24.0%	36.9%	47.8%	47.4%	46.6%	42.5%
4-Apr-19	China Hengshi Foundation Company Ltd (1197)	Scheme of arrangement	Cash	10.6%	16.8%	17.5%	19.0%	24.4%	27.5%

Date of the Rule 3.5/3.7 announcement	Offeree company (stock code)	Method of privatisation	Form of Consideration	Premium of cancellation consideration/offer price over the closing price/average closing price per share					
				on the last trading day <i>(Notes 1 and 2)</i>	for the last 10 trading days <i>(Notes 1 and 2)</i>	for the last 30 trading days <i>(Notes 1 and 2)</i>	for the last 60 trading days <i>(Notes 1 and 2)</i>	for the last 90 trading days <i>(Notes 1 and 2)</i>	for the last 180 trading days <i>(Notes 1 and 2)</i>
28-Mar-19	China Power Clean Energy Development Company Ltd (735) <i>(Note 10)</i>	Scheme of arrangement	Share exchange with cash alternative	41.9%	60.9%	78.4%	94.1%	101.8%	88.8%
	Maximum			150.0%	135.6%	119.5%	115.0%	129.8%	142.9%
	Minimum			4.5%	5.7%	8.3%	17.1%	24.4%	21.6%
	Average			43.3%	54.6%	58.2%	60.8%	61.9%	58.9%
	Median			37.5%	50.8%	54.9%	55.8%	54.0%	48.6%
	The Company								
	- Up to and including the Last Trading Day			26.8%	41.8%	47.0%	55.4%	44.9%	45.7%
	- Up to and including the Undisturbed Date			41.1%	44.0%	47.6%	55.9%	44.5%	45.8%

Source: Bloomberg and website of the Stock Exchange

Notes:

- (1) Up to and including the last trading day of the shares prior to the publication of the Rule 3.5 announcement or the initial Rule 3.7 announcement (where applicable)
- (2) Subject to rounding differences
- (3) The relevant premiums of AMVIG Holdings Limited are calculated based on the offer price before taking into account any adjustments to the quoted prices for the interim dividend declared prior to the privatisation proposal
- (4) The relevant premiums of Huarong Investment Stock Corporation Ltd. are calculated based on the market price of 2.82 shares of Huarong International Financial Holdings Limited (stock code: 993), as quoted on the Stock Exchange as at the last trading day, being received by the scheme shareholders
- (5) The relevant premiums of Easy One Financial Group Limited are calculated based on a total price representing the aggregate value of the cash consideration and the market price of eight shares of Wang On Group Limited (stock code: 1222), as quoted on the Stock Exchange as at the last trading day, being received by the scheme shareholders
- (6) The relevant premiums of Allied Properties (H.K.) Limited are calculated based on a total price representing the aggregate value of the cash consideration and a special dividend
- (7) The relevant premiums of Elec & Eltek International Company Limited are calculated based on the ex-dividend offer price

- (8) *The relevant premiums of Wheelock and Company Ltd. are calculated based on a total price representing the aggregate value of the cash consideration and the market price of one share of Wharf Real Estate Investment Company Limited (stock code: 1997) and one share of Wharf (Holdings) Limited (stock code: 4), as quoted on the Stock Exchange as at the last trading day, being received by the scheme shareholders by way of distribution in specie*
- (9) *The relevant premiums of Haier Electronics Group Co., Ltd., are calculated based on a total price representing the theoretical total value of 1.60 H share of Haier Smart Home Co., Ltd. (A share Shanghai stock code: 600690; D share Frankfurt stock code: 690D) and a cash payment, being received by the scheme shareholders*
- (10) *The relevant premiums of China Power Clean Energy Development Company Ltd are calculated based on the cancellation price under the cash alternative*

Based on the table above, the average premiums and median premiums of the Privatisation Precedents over the (average) closing price on the last trading day, and for last 10, 30, 60, 90 and 180 trading days range from approximately 43.3% to 61.9% and approximately 37.5% to 55.8% respectively. The generally higher average premiums compared to the median premiums is mainly due to the exceptionally high premiums over market prices offered pursuant to certain Privatisation Precedents. For example, the privatisation case of Li & Fung Ltd involved a substantial premium of approximately 150% over the market price on the last trading day, much higher than the relevant median premium of approximately 37.5%, while the privatisation case of Shanghai Prime involved substantial premiums ranging from 108.6% to 138.4% over the last 10 to 180 trading days. As such, the median premiums of the Privatisation Precedents may offer a better analysis compared to average premiums which are relatively prone to distortion by outliers.

The premiums represented by the Cash Alternative of HK\$3.50 per Scheme Share over the average closing price of the Shares are, although below the corresponding median premiums, all substantially above the respective low end (ranging from approximately 4.5% to 24.4%) and well within the corresponding range of the Privatisation Precedents. Market price of the Shares surged by approximately 11.3% on the Last Trading Day. As such, while the Cash Alternative represents a premium of approximately 26.8% over the closing price of the Shares on the Last Trading Day, it represents a higher premium of approximately 41.1% over the closing price of the Shares on the Undisturbed Date. The premiums represented by the Cash Alternative over the average closing price of the Shares for last 10 to 180 trading days up to and including the Undisturbed Date would be slightly higher, ranging from approximately 44.0% to 55.9%, and produce results similar to those based on average closing prices up to the Last Trading Date as discussed above.

Generally speaking, we consider the premiums represented by the Cash Alternative of HK\$3.50 per Scheme Share are in line with those offered under the Privatisation Precedents.

## **THE OPTION OFFER**

The Offeror is making (or procuring to be made on its behalf) an appropriate offer to all the holders of the Outstanding Share Options, whether vested or unvested, in accordance with Rule 13 of the Takeovers Code. The Option Offer covers all Share Options in issue on the date on which the Option Offer is made. The Option Offer is conditional upon the Scheme becoming effective, and will become unconditional immediately upon the Scheme becoming effective and prior to the listing of the Shares being withdrawn from the Stock Exchange.

Under the Option Offer, the Offeror is offering holders of Outstanding Share Options the “see-through” price for each Outstanding Share Option they hold, being the Cash Alternative of HK\$3.50 minus the relevant exercise price of the Share Options. Where the exercise price of the relevant Share Option under the Option Offer exceeds HK\$3.50, the “see-through” price is zero and a cash offer of a nominal amount of HK\$0.01 for every 100 Share Options (or part thereof) will be made. The “see-through” principle is normally adopted in the Hong Kong market for pricing option offers which form part of general offers and privatisation proposals.

As at the Latest Practicable Date, details of the Outstanding Share Options granted under the Share Option Scheme and the Option Offer were as follows:

<b>Date of grant</b>	<b>Exercise price per Share Option</b> <i>(Note 1)</i>	<b>“See-through” price</b>	<b>Outstanding Share Options (vested)</b>	<b>Outstanding Share Options (unvested)</b>	<b>Total Outstanding Share Options</b> <i>(Note 2)</i>
6 January 2014	US\$0.18 (equivalent to HK\$1.3954)	HK\$2.1046	25,055,086	–	25,055,086
18 December 2017	US\$0.5458 (equivalent to HK\$4.2310)	HK\$0.01 for every 100 Share Options (or part thereof)	70,687,282	–	70,687,282
20 January 2018	US\$0.7846 (equivalent to HK\$6.0822)	HK\$0.01 for every 100 Share Options (or part thereof)	71,834,990	13,959,837	85,794,827
20 January 2018	HK\$7.50	HK\$0.01 for every 100 Share Options (or part thereof)	17,179,324	5,726,441	22,905,765
			<b>184,756,682</b>	<b>19,686,278</b>	<b>204,442,960</b>

*Notes:*

- (1) *Based on the exchange rate of US\$1.00 to HK\$7.7520 as at the Announcement Date*
- (2) *As at the Latest Practicable Date, the Executive Directors held a total of (i) 26,698,166 Share Options with an exercise price of US\$0.5458, (ii) 68,996,490 Share Options with an exercise price of US\$0.7846, and (iii) 13,599,208 Share Options with an exercise price of HK\$7.50, and have indicated that they will not accept the Option Offer in respect of the Outstanding Share Options held by them and will not exercise such Outstanding Share Options during the offer period (as defined under the Takeovers Code)*

If any of the Outstanding Share Options is exercised in accordance with the terms of the Share Option Scheme, as applicable, on or before the Option Record Date, any Shares so issued will be subject to and eligible to participate in the Scheme. All Share Options will remain valid and exercisable during their respective option periods in accordance with the terms of the Share Option Scheme notwithstanding the Proposal. Any unexercised Share Option which has not been cancelled pursuant to the Proposal because its holder has not accepted the Option Offer will survive the completion of the Proposal and remain exercisable for Shares provided that it has not terminated or lapsed under its terms or the terms of the Share Option Scheme. Optionholders should note that the exercise of such Share Options after completion of the Proposal will result in the holding of the Shares which will (i) no longer be listed, and are thus illiquid and less likely to have a ready market to sell or purchase, and (ii) no longer benefit from protections afforded by the Listing Rules and the Takeovers Code (if the Company is not determined by the Executive to be a “public company in Hong Kong” as defined in the Takeovers Code following completion of the Proposal).

As set out in the Option Offer Letter, there are choices available to the Optionholders in respect of all Share Options that they hold as at the Option Record Date (expected to be 26 February 2021). For the Optionholders who choose to accept the Option Offer, such Optionholders should complete and sign the Form of Acceptance and return it to the Offeror by no later than 4:30 p.m. on 25 February 2021 (or such other date and time as may be notified to the Optionholders by the Offeror or CICC or by way of joint announcement by the Offeror and the Company on the website of the Stock Exchange). The Optionholders who choose to reject the Option Offer will not be entitled to receive any cash consideration. Further details in relation to the Option Offer are set out in the Option Offer Letter in Appendix VIII to the Scheme Document and the instructions set out in the Form of Acceptance.

## **DISCUSSION**

In reaching our opinion and recommendation below, we have taken into account the factors set out under the section headed “Principal factors and reasons considered” above, none of which can be considered in isolation. We would like to draw the attention of the Disinterested Shareholders and the Optionholders in particular to the points summarised below. As set out in this letter, we consider the Share Alternative has been tailored to suit large and sophisticated shareholders and consequently we do not consider it suitable for the general body of Disinterested Shareholders. Consequently, the discussion below relates to the Cash Alternative except for the paragraph below on the Share Alternative.

### **The Group’s operating performance has been deteriorating**

The Group is principally engaged in the provision of independent third-party payment service in the PRC. In addition to the more traditional integrated merchants acquiring business that has contributed a majority of the Group’s revenue, the Group has also been focusing on the development of its SaaS services, which in recent periods have seen a higher revenue growth but a relatively lower margin. All the Group’s business plans and strategies executed, and the use of net proceeds from the Company’s initial public offering, are in line with the descriptions in the Company’s prospectus. While the Group enjoyed substantial growth in revenue in the past few years, the outbreak of COVID-19 has led to a decrease in revenue and a substantial drop in adjusted net profit in the first half of 2020. As explained in the Profit Warning Announcement, the adjusted net profit for the eleven-month period ended 30 November 2020 is expected to be lower than that in the first half of 2020, indicating a deteriorating performance, attributable mainly to the continued impact of COVID-19 and the continued investments required for the Group’s “Payment+SaaS”

strategy. We consider the industry prospects of the Group to be mixed, with the electronic payment volume still enjoying a relatively high growth in a competitive market in the PRC, while at the same time there exist uncertain market conditions affected by COVID-19. Although management expects the Group's performance to improve when COVID-19 is contained, substantial continued expenditures required for the Group's "Payment+SaaS" strategy are expected to continue impacting the short-term profitability of the Group.

#### **Cash Alternative represents substantial premiums over market and net assets**

Under the Scheme, the Scheme Shares will be cancelled and extinguished at a consideration of HK\$3.50 in cash for every Scheme Share under the Cash Alternative. **The Cancellation Consideration will not be increased, and the Offeror does not reserve the right to do so.** We have assessed the fairness of the Cash Alternative by reviewing the Share prices since its listing in mid-2018. From the initial public offering price of HK\$7.50, prices of the Shares went down substantially during the first few months of trading to reach a low of HK\$2.72 in December 2018, approximately 22.3% lower than the Cash Alternative and approximately 63.7% lower than the initial public offering price. After a brief increase in the first half of 2019, the Share price has remained generally below HK\$3.50 since the second half of 2019. The management of the Group informed us, save for the reasons as mentioned in the section above headed "Analysis of price performance and trading liquidity", they are not aware of any specific reasons relating to the Company for the significant drop in the Share price subsequent to listing. The Cash Alternative of HK\$3.50 per Scheme Share represents a premium of approximately 26.8% over the closing price of the Shares on the Last Trading Day (or a premium of approximately 41.1% over the closing price of the Shares on the Undisturbed Date), and represents premiums of between approximately 44.9% to 55.4% over the 30 to 180 trading days average closing prices of the Shares before the Announcement. The Cash Alternative represents a premium of approximately 81.5% over the net asset value per Share attributable to the Shareholders as at 30 June 2020, which is considered a benefit to the Disinterested Shareholders in evaluating the merits of the Proposal.

The Share price closed at HK\$3.37 on the Latest Practicable Date, showing a small discount of approximately 3.7% to the Cash Alternative. If the Proposal fails, other things being equal, price of the Shares may return to its previous levels before the Announcement and below the Cash Alternative of HK\$3.50.

#### **Trading liquidity has been limited**

We consider the trading liquidity of the Shares to be limited in general. The monthly trading volume of the Shares to the total issued Shares during the Review Period was in the range of approximately 0.8% to 6.2% except for several months of exceptionally higher trading volume as explained in the section above headed "Analysis of price performance and trading liquidity". Without the Scheme, downward pressure on the Share price may result if the Disinterested Shareholders wish to sell a significant number of Shares in the market. The Proposal thus provides a good opportunity for the Disinterested Shareholders to exit at a fixed cash price (i.e. Cash Alternative of HK\$3.50) if they so wish.

**Comparable Companies**

We have identified two Comparable Companies engaged in the business of independent third-party payment service in the PRC. The P/E ratios of the Group as implied by the Cash Alternative, based on 2019 profits and TTM profits up to 30 June 2020, fell between the respective P/E ratios of the Comparable Companies, which have widely different P/E ratios. Such difference in P/E ratios among the Group and the Comparable Companies can be partly explained by the difference in operating performance of the Group and the Comparable Companies, as further explained in the section above headed “Comparable companies”. Based on the range of the Group’s adjusted net profit for the eleven months ended 30 November 2020 as contained in the Profit Warning Announcement, the range of implied P/E ratios of the Group are higher than the P/E ratios of the Comparable Companies.

**Privatisation Precedents**

The Cash Alternative of HK\$3.50 per Scheme Share represents a premium of approximately 26.8% over the closing price of the Shares on the Last Trading Day, or a premium of approximately 41.1% over the closing price of the Shares on the Undisturbed Date. Due to the significant price increase on the Last Trading Day, we consider it more appropriate to focus on the premiums over long-term averages. In this regard, the Cash Alternative represents premiums of between approximately 44.5% to 55.9% over the 30 to 180 trading days average closing prices of the Shares before the Announcement, which is generally in line with those offered under the Privatisation Precedents.

**The Share Alternative**

Based on the analysis of CICC, which we concur, the Share Alternative is valued at between HK\$2.4500 and HK\$3.5000, (i.e. HK\$0.9042 x 2.709677 new Offeror Shares and HK\$1.2917 x 2.709677 new Offeror Shares respectively), equal to the Cash Alternative at the top end and a discount of 30% to the Cash Alternative at the low end. Disinterested Shareholders who are attracted by the prospects of the Company may consider accepting the Share Alternative. There are two groups of parties assumed or committed to elect the Share Alternative, including (a) the Executive Directors, who are the ultimate beneficial owners of the Offeror; and (b) five out of six IU Shareholders, which are either large or sophisticated Shareholders. Notwithstanding the preference of the above Shareholders, we do not consider the Share Alternative to be suitable for other Disinterested Shareholders (who not large or sophisticated investors) who will have a sharply decreased level of liquidity and shareholder protection. In particular, Disinterested Shareholders are advised to carefully study associated risks in holding of Offeror Shares by referring to (a) the section headed “Risks which Disinterested Shareholders should consider in evaluating the Share Alternative” of this letter; (b) the paragraph headed “Terms of the Proposal – The Share Alternative” in the Letter from the Board and relevant disclosure in the Explanatory Memorandum; and (c) the amended articles of association of the Offeror available for inspection as a document on display at the time of despatch of the Scheme Document if they are considering accepting the Share Alternative.

**The Option Offer**

The consideration under the Option Offer is set on a “see-through” basis, which is normally adopted in Hong Kong in such circumstances, and which we consider fair. If any of the Outstanding Share Options is exercised on or before the Option Record Date, any Shares so issued will be eligible to participate in the

Scheme. The Optionholders should note that if they do not accept the Option Offer and do not exercise their Share Options, any unexercised Share Option will survive the completion of the Proposal and remain exercisable. Optionholders should note that the exercise of such Share Options after completion of the Proposal will result in the holding of the Shares which will (i) no longer be listed, and are thus illiquid and less likely to have a ready market to sell or purchase, and (ii) no longer benefit from protections afforded by the Listing Rules and the Takeovers Code (if the Company is not determined by the Executive to be a “public company in Hong Kong” as defined in the Takeovers Code following completion of the Proposal).

## **OPINION AND RECOMMENDATIONS**

### **(i) The Proposal**

Based on the above principal factors and reasons, we consider the terms of the Proposal and the Scheme to be fair and reasonable so far as the Disinterested Shareholders are concerned. Accordingly, we recommend that the Independent Board Committee advises the Disinterested Shareholders (i) to vote in favour of the resolution(s) to be proposed at the Court Meeting to approve the Proposal and the Scheme and at the General Meeting to approve the matters as set out in the “Notice of General Meeting” in Appendix VII to the Scheme Document; and (ii) to accept the Cash Alternative, with the qualifications set out below.

Disinterested Shareholders should note that the Cash Alternative of HK\$3.50 per Scheme Share represents a slight premium of approximately 3.9% compared to the closing price of the Shares of HK\$3.37 as at the Latest Practicable Date. If the market price of the Shares exceeds HK\$3.50, Disinterested Shareholders should consider selling their Shares in the market if the sales proceeds, net of transaction costs, exceed HK\$3.50 per Share. The expected last day for trading in the Shares on the Stock Exchange is 23 February 2021. Upon the Scheme becoming effective, the listing of the Shares will be withdrawn.

#### *Whether to accept the Cash Alternative or the Share Alternative under the Proposal*

We recommend Disinterested Shareholders **to accept the Cash Alternative of HK\$3.50 and not to take the Share Alternative**, which we consider has been tailored principally for large and sophisticated Shareholders and is not suitable for other Scheme Shareholders. In our opinion, only those Disinterested Shareholders who are particularly attracted by the prospects of the Company as described in the section above headed “Information and prospects of the Group” and have carefully studied the specific features of the Share Alternative and the associated risks of holding Offeror Shares (discussed in the section above headed “Risks which Disinterested Shareholders should consider in evaluating the Share Alternative”), should consider taking the Share Alternative.

### **(ii) The Option Offer**

We consider the terms of the Option Offer, which are based on the “see through” principle, to be fair and reasonable so far as the Optionholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Optionholders, who are holding the Outstanding Share Options with an exercise price of US\$0.18 (equivalent to HK\$1.3954), receiving the “see through” price of HK\$2.1046 to accept the Option Offer. The remaining Optionholders, who are holding the Outstanding Share Options with exercise prices of US\$0.5458 (equivalent to HK\$4.2310), US\$0.7846 (equivalent to HK\$6.0822) and



HK\$7.50, receiving the nominal value of HK\$0.01 for every 100 Share Options, may consider the amount they would receive not material to them and so may consider rejecting the Option Offer and retaining their Share Options in case of potential (but unknown) value in the future.

Further details regarding the procedures of the Proposal and the Scheme, and acceptance of the Option Offer are set out in the Explanatory Memorandum and the Option Offer Letter. Disinterested Shareholders and the Optionholders are urged to act according to the timetable set out in the Scheme Document if they wish to qualify for entitlements under the Scheme.

Yours faithfully,  
for and on behalf of  
**SOMERLEY CAPITAL LIMITED**  
**John Wong**  
*Director*

*Mr. John Wong is a licensed person registered with the SFC and a responsible officer of Somerley Capital Limited, which is licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. He has over ten years of experience in the corporate finance industry.*

*This Explanatory Memorandum constitutes the statement required under Order 102, rule 20(4)(e) of the Rules of the Grand Court of the Cayman Islands 1995 (as revised).*

## **1. INTRODUCTION**

On 22 December 2020, the Offeror and the Company jointly announced that on 22 December 2020, the Offeror had requested the Board to put forward the Proposal to the Scheme Shareholders for the delisting of the Company by way of the Scheme. Upon completion of the Proposal, the Company will become a wholly-owned subsidiary of the Offeror and the listing of the Shares will be withdrawn from the Stock Exchange.

If the Proposal is approved and implemented, under the Scheme, the issued share capital of the Company will, on the Effective Date of the Scheme, be reduced by cancelling and extinguishing the Scheme Shares. Upon such reduction, the issued share capital of the Company will be increased to its former amount by the issuance to the Offeror, credited as fully paid, of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled. The reserve created in the Company's books of account as a result of the capital reduction will be applied in paying up in full the new Shares so issued, credited as fully paid, to the Offeror.

The purpose of this Explanatory Memorandum is to explain the terms and effects of the Proposal and to provide Scheme Shareholders with additional information in relation to the Proposal.

## **2. TERMS OF THE PROPOSAL**

### **Cancellation Consideration**

The Proposal will be implemented by way of a scheme of arrangement under section 86 of the Companies Act. The Scheme will provide that, if it becomes effective, the Scheme Shares will be cancelled in exchange for either:

- (a) the **Cash Alternative**: cash of HK\$3.50 for every Scheme Share; or
- (b) the **Share Alternative**: 2.709677 New Shares in the Offeror for every Scheme Share.

The Scheme Shareholders may elect the Cash Alternative or the Share Alternative as the form of Cancellation Consideration in respect of their entire holdings of Scheme Shares held as at the Effective Date (but not, for the avoidance of doubt, a combination of the two). Scheme Shareholders who do not make any election or whose elections are invalid will receive the Cash Alternative.

### **Single Consideration Election Measure**

As each investor should only be able to elect one form of the Cancellation Consideration, Account Holders whose all or some Scheme Shares are deposited in CCASS should note the measure as set out in this section (the "**Single Consideration Election Measure**"). The purpose of such

measure is to identify the Beneficial Owners who are electing for the Share Alternative and to eliminate such investors who have elected for both the Cash Alternative and Share Alternative from receiving the Share Alternative.

***Requirement to file Account Holder Form if Shares are held through CCASS***

Save as otherwise provided in this Scheme Document or in the Account Holder Form, an Account Holder who holds all or part of the Scheme Shares which such Account Holder is interested in through CCASS and wishes to elect for the Share Alternative in respect of all the Scheme Shares which such Account Holder hold or is (or, if the Account Holder is a nominee or custodian, a Beneficial Owner is) interested in as at 25 February 2021 (the “**Confirmation Date**”) must, in respect of such Scheme Shares held through CCASS:

- submit his/her/its election instruction to the CCASS Participant(s) through which he/she/it holds his/her/its Scheme Shares on or before such time as notified by his/her/its CCASS Participant(s) (the “**Relevant CCASS Participants**”) for the purpose of electing the Share Alternative; and
- complete, sign and return, no later than 4:30 p.m. on 12 March 2021 (the “**Form Cut-off Time**”), both (i) a copy of the Account Holder Form to the Company’s Share Registrar to [election\\_lmshk@linkmarketservices.com](mailto:election_lmshk@linkmarketservices.com) with the Relevant CCASS Participants being copied in the same email; and (ii) the original of the Account Holder Form to the Company’s Share Registrar at Suite 1601, 16/F, Central Tower, 28 Queen’s Road Central, Hong Kong.

The Account Holder Form will be despatched to Shareholders together with this Scheme Document, and you may also download the Account Holder Form from the website of the Company at [www.huifu.com](http://www.huifu.com) and complete a print-out version of the Account Holder Form (or any Continuation Pages) for submission to the Company’s Share Registrar.

No acknowledgement of receipt of any Account Holder Form will be given by the Share Registrar to the Account Holders.

An Account Holder Form which is completed and delivered by an Account Holder shall be irrevocable and incapable of being amended, withdrawn or revoked unless (i) the Offeror expressly consent to such amendment, withdrawal or revocation and (ii) the Account Holder subsequently completes and submits a new Account Holder Form to the Offeror before the Form Cut-off Time, in which case the new Account Holder Form will supersede any Account Holder Form previously submitted by the Account Holder.

***Who is an Account Holder?***

An Account Holder who is required to sign the Account Holder Form if it wishes to elect to accept the Share Alternative in respect of ALL the Scheme Shares which such Account Holder is (or, if the Account Holder is a nominee or custodian, the Beneficial Owner for whom such Account Holder acts is) interested in as stated above would be:

- (a) a person who has directly maintained an account (or accounts) with CCASS Participant(s) to hold Scheme Shares which such person (or if such person is a nominee or custodian, a Beneficial Owner) is interested in; and/or
- (b) a person who is interested in such Scheme Shares as a CCASS Investor Participant.

If you are a Beneficial Owner with all or some Scheme Shares that you are interested in deposited in CCASS but an Account Holder is acting as the nominee or custodian of the Scheme Shares on your behalf, you should contact your Account Holder to complete the Account Holder Form for your benefit, and you are not eligible to complete the Account Holder Form.

***Who will be eligible to receive the Share Alternative?***

Assuming the Scheme becomes effective in accordance with its terms, saved as otherwise provided in this Scheme Document or the Account Holder Form, a Scheme Shareholder or an Account Holder (each an “investor”) will receive Share Alternative for the Scheme Shares held by such investor (or if such Account Holder is acting as a nominee or custodian, the Beneficial Owner) ONLY if:

- a) if any of the Scheme Shares are held in CCASS:
  - the Account Holder has validly completed and returned the Account Holder Form according to the instructions in this Scheme Document and the Account Holder Form;
  - the election instruction(s) have been passed by the Relevant CCASS Participant(s) to HKSCC Nominees, and a valid Election Form including the said election instruction(s) have been submitted by HKSCC Nominees in accordance with the terms of the Proposal as set out in this Scheme Document;
- b) if any of the Scheme Shares are held by a Scheme Shareholder outside CCASS, the Scheme Shareholder has validly completed and returned an Election Form and provided the KYC Documents of the Scheme Shareholder required in accordance with the terms of the Proposal as set out in this Scheme Document; and
- c) (i) if the investor is not acting as a nominee or custodian in respect of such Scheme Shares which is holding through CCASS, the investor has elected Share Alternative in respect of all the Scheme Shares held by such investor, and (ii) if the investor is acting as a nominee or custodian in respect of such Scheme Shares which is held through CCASS, the Beneficial Owner for whom such investor is acting has elected Share Alternative in respect of all the Scheme Shares which the Beneficial Owner is interested in.

The Company will conduct a shareholder identification exercise pursuant to its power under section 329 of the Securities and Futures Ordinance. The result of such exercise will be shared with the Offeror in the form of a report (the “**S.329 Report**”). If, having considered the S.329 Report, the

relevant Account Holder Form and other relevant information such as the register of members of the Company, the Offeror believes (i) any Scheme Shareholder or Account Holder (or the Beneficial Owner holding Scheme Shares through an Account Holder) has not elected the Share Alternative in respect of all of the Scheme Shares held by it, (ii) the procedures set out in the Instructions of the Account Holder Form or the instructions in respect of the Single Consideration Election Measure have not been complied with, or (iii) any information contained in the Account Holder Form (including any of the representations made by an Account Holder in paragraph 6 of the Account Holder Form) is inaccurate, the Offeror has absolute discretion to reject the election for Share Alternative, in which case the Scheme Shareholder, the Account Holder or the Beneficial Owner (as the case may be) will be deemed to have made an election for Cash Alternative in respect of all the Scheme Shares held by it. Any decision of the Offeror in this regard shall be final and binding.

A Scheme Shareholder or an Account Holder may be required by the Offeror to provide such additional information or documentary evidence for the purpose of confirming that such Scheme Shareholder, Account Holder or any Beneficial Owner has elected Share Alternative in respect of all the Scheme Shares held.

Scheme Shareholders and Account Holders are reminded that you should elect for the Share Alternative in respect of all the Scheme Shares which you hold or are (or which the Beneficial Owner for whom you act is) interested in as at the Confirmation Date (in respect of Scheme Shares held through CCASS) and the Scheme Record Date (in respect of Scheme Shares not held through CCASS). If your actual shareholding as at Confirmation Date and/or the Scheme Record Date (as appropriate) is different from that stated in your submitted Account Holder Form, you are reminded to submit a new Account Holder Form to the Share Registrar before the Form Cut-off Time. Failure to do so may invalidate your election for Share Alternative.

The Offeror and the Share Registrar will use reasonable endeavour to contact the relevant Account Holder if they are aware of any clerical error in an Account Holder Form which has been submitted to the Share Registrar, with a view to the Account Holder correcting the same before the Form Cut-off Time. Account Holders should note that it is their responsibility to ensure that the requirement of the Single Consideration Election Measure has been complied with, including that the Account Holder has to validly complete and return the Account Holder Form according to the instructions in this Scheme Document and the Account Holder Form before the Form Cut-off Time, and none of the Offeror, the Company, CICC, the Share Registrar or any of their advisers or agents will be responsible for the Account Holder's failure in making a valid election for the Share Alternative.

**The Offeror reserves the right and has the sole final discretion to determine whether the requirements relating to a valid election for Share Alternative have been satisfied in respect of any Scheme Shareholder, Account Holder or Scheme Shares, or waive any procedural or documentation requirement in respect of an election (based on such information as it may alternatively possess, receive or collect).**

If you have any questions concerning the procedures required in connection with the Single Consideration Election Measure as set out above, please call the hotline of the Share Registrar, Link Market Services (Hong Kong) Pty Limited, at +852 3707 2604 between 9:00 a.m. and 5:00 p.m. on Monday to Friday, excluding public holidays in Hong Kong.

The implementation of the Proposal is conditional upon the fulfillment or waiver, as applicable, of the Conditions as described in the section headed “4. Conditions to the Proposal and the Scheme” below.

**The Offeror has advised that the Cancellation Consideration will not be increased and the Offeror does not reserve the right to do so. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Cancellation Consideration.**

If, after the Latest Practicable Date, any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the Shares, the Offeror reserves the right to reduce the Cancellation Consideration by all or any part of the amount or value of such dividend, distribution and/or, as the case may be, return of capital after consultation with the Executive, in which case any reference in this Scheme Document or any other announcement or document to the Cancellation Consideration will be deemed to be a reference to the Cancellation Consideration as so reduced (and the price of the Option Offer shall be reduced accordingly). The Company has confirmed that it does not intend to announce, declare or pay any dividend, distribution or other return of capital before the Long Stop Date.

As at the Latest Practicable Date, the Offeror had 300,000 shares in issue. The actual number of New Shares to be issued under the Share Alternative will be determined after the latest time for the election of the Cash Alternative or the Share Alternative. Assuming no Outstanding Share Options are exercised before the Option Record Date, if all the Scheme Shareholders (excluding Bright Journey Investment Limited, an IU Shareholder which has undertaken to elect the Cash Alternative) elect the Share Alternative, 3,396,536,311 New Shares will be issued, representing approximately 99.99% of the enlarged issued share capital of the Offeror post all new Offeror Share issuance upon completion of the Proposal.

No fractions of a cent will be payable and the amount of cash consideration payable to the Scheme Shareholders who have elected the Cash Alternative or the Optionholders who have accepted the Option Offer will be rounded up to the nearest cent. Fractions of New Shares to be issued to the Scheme Shareholders who have elected the Share Alternative will be rounded down to the nearest whole number.

#### **The Cash Alternative**

The cash consideration of HK\$3.50 per Scheme Share under the Cash Alternative represents:

- a premium of approximately 41.13% over the closing price of HK\$2.48 per Share as quoted on the Stock Exchange on the Undisturbed Date;

- a premium of approximately 43.97% over the average closing price of approximately HK\$2.43 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Undisturbed Date;
- a premium of approximately 47.58% over the average closing price of approximately HK\$2.37 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Undisturbed Date;
- a premium of approximately 55.91% over the average closing price of approximately HK\$2.24 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Undisturbed Date;
- a premium of approximately 44.50% over the average closing price of approximately HK\$2.42 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Undisturbed Date;
- a premium of approximately 45.81% over the average closing price of approximately HK\$2.40 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Undisturbed Date;
- a premium of approximately 26.81% over the closing price of HK\$2.76 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 41.76% over the average closing price of approximately HK\$2.47 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- a premium of approximately 47.04% over the average closing price of approximately HK\$2.38 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- a premium of approximately 55.38% over the average closing price of approximately HK\$2.25 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- a premium of approximately 44.86% over the average closing price of approximately HK\$2.42 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- a premium of approximately 45.74% over the average closing price of approximately HK\$2.40 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day;

- a premium of approximately 78.88% over the audited net asset value per Share attributable to the Shareholders in the Company of approximately RMB1.65 as at 31 December 2019, based on the total number of issued Shares as at 31 December 2019 and the exchange rate of HK\$1.00 to RMB0.8434 on the Announcement Date;
- a premium of approximately 81.48% over the unaudited net asset value per Share attributable to the Shareholders in the Company of approximately RMB1.63 as at 30 June 2020, based on the total number of issued Shares as at 30 June 2020 and the exchange rate of HK\$1.00 to RMB0.8434 on the Announcement Date; and
- a premium of approximately 3.86% over the closing price of HK\$3.37 Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Cancellation Consideration has been determined on a commercial basis after taking into account, among others, the prices of the Shares traded on the Stock Exchange, the trading multiples of comparable companies listed on the Stock Exchange and with reference to other delisting transactions in Hong Kong in recent years.

#### **The Share Alternative**

The Offeror Shares are shares of an unlisted company in the Cayman Islands and an investment holding company. The Offeror is an exempted company incorporated in the Cayman Islands with limited liability with effect from 17 November 2020, whose registered office is at Second Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands. As at the Latest Practicable Date, the entire issued share capital of the Offeror, comprising 300,000 Offeror Shares, was beneficially held as to approximately 70.7030%, 24.6620% and 4.6350% by Mr. Zhou, Ms. Mu and Mr. Jin through SPV-Z, SPV-M and SPV-J, respectively. As at the Latest Practicable Date, the directors of the Offeror were the Executive Directors, who are also directors of the Company.

The actual number of New Shares to be issued under the Share Alternative will be determined after the latest time for the election of the Cash Alternative or the Share Alternative. Fractions of New Shares to be issued to the Scheme Shareholders who have elected the Share Alternative will be rounded down to the nearest whole number.

The Executive Directors have indicated that they will elect the Share Alternative as the form of Cancellation Consideration for the cancellation of Shares held or owned by them.

Following the Effective Date, the Company will be a wholly-owned subsidiary of the Offeror on the assumption that there is no other change in shareholding in the Company before completion of the Proposal, and the value of the Offeror Shares will primarily be determined by the value of the Company. The Company had (i) a net asset value of approximately RMB2,063,376,000 (being approximately RMB1.65 per Share based on the total number of issued Shares as at 31 December 2019) attributable to Shareholders as at 31 December 2019 as disclosed in the audited consolidated financial results of the Group for the year ended 31 December 2019; and (ii) a net asset value of approximately RMB2,107,006,000 (being approximately RMB1.63 per Share based on the total



number of issued Shares as at 30 June 2020) attributable to Shareholders as at 30 June 2020 as disclosed in the unaudited consolidated financial results of the Group for the six months ended 30 June 2020. The value of the Offeror Shares will also be affected by the external debt financing to be incurred by the Offeror (including the CMB Facility described below). Details of the estimate of value of the Offeror Shares are set out in Appendix IV to this Scheme Document. Any unexercised Share Option which has not been cancelled pursuant to the Proposal as its holder has not accepted the Option Offer will survive the completion of the Proposal and remain exercisable for Shares provided that it has not terminated or lapsed under its terms or the terms of the Share Option Scheme, the exercise of such Share Options after completion of the Proposal will result in dilution of the Offeror's holding in the Company. As at the Latest Practicable Date, the exercise of all the Outstanding Share Options in full would result in the issue of 204,442,960 new Shares (representing approximately 15.63% of the issued share capital of the Company as at the Latest Practicable Date and approximately 13.52% of the issued share capital of the Company as enlarged by the issue of such new Shares). On the assumption that (1) all the Outstanding Share Options are exercised after completion of the Proposal and there is no other change in shareholding of the Company, the Offeror's holding in the Company will be diluted to approximately 86.48%; and (2) all the Outstanding Share Options with an exercise price of US\$0.18 (being all of the Outstanding Share Options whose exercise price is lower than the Cash Alternative of HK\$3.50) are exercised after completion of the Proposal and there is no other change in shareholding of the Company, the Offeror's holding in the Company will be diluted to approximately 98.12%.

The Offeror has entered into the CMB Facility on 22 December 2020. Pursuant to the CMB Facility, China Merchants Bank Co., Ltd., Shanghai Branch has agreed to provide to the Offeror a secured loan facility of up to HK\$1,300,000,000 (or equivalent in Renminbi) with a maturity period up to 60 months. The loan facility will be advanced in two tranches: Tranche A of up to HK\$650,000,000 (or equivalent in Renminbi) has a maturity period of 12 months; and Tranche B of up to HK\$650,000,000 (or equivalent in Renminbi) has a maturity period up to 60 months. The ratio of amount drawn on Tranche A to Tranche B shall be 1:1. Depending on the currency drawn on the CMB Facility, the loan amount carries interest of 90 and 170 basis points over the five-year Renminbi Loan Prime Rate (LPR) for Tranche A and Tranche B respectively, or 200 and 290 basis points over the three-month HK\$ Hong Kong Interbank Offered Rate (HIBOR) for Tranche A and Tranche B respectively, (or, if higher, 50 and 100 basis points over CMB's cost of funds for Tranche A and Tranche B respectively). Penal interest is charged within the range of 50-100% on the original interest rate, depending on the nature of the non-compliance. The Offeror is also required to pay an upfront fee of 0.5% of the amount drawn after each drawdown. The CMB Facility is subject to representations, warranties and covenants which are customary to such type of loan facility. Following delisting of the Company, customary events of default such as change of control of the Offeror could trigger acceleration of payment.

The CMB Facility will be secured by the following security package:

- (1) On the first drawdown date of the CMB Facility, (i) a charge over shares in SPV-Z, SPV-M and SPV-J held by the Executive Directors, and (ii) a charge over the Offeror Shares held by SPV-Z, SPV-M and SPV-J.

- (2) Within 5 working days after settlement of the Cash Alternative in full, (i) joint and several guarantee from the Company, PnR Network Technology (Shanghai) Co., Ltd. (匯付網絡技術(上海)有限公司), China PnR Co., Ltd. (匯付天下有限公司), Shanghai Payment and Remittance Data Service Co., Ltd. (上海匯付數據服務有限公司) and Furen Network Technology (Shanghai) Co., Ltd. (福仁網絡科技(上海)有限公司), and (ii) a charge over certain bank account(s) of one or more of the Company, Huifu (BVI) Limited, PnR Network Technology (Shanghai) Co., Ltd. (匯付網絡技術(上海)有限公司), China PnR Co., Ltd. (匯付天下有限公司), Shanghai Payment and Remittance Data Service Co., Ltd. (上海匯付數據服務有限公司), Shanghai Fuhui Network Technology Co., Ltd. (上海賦暉網絡技術有限公司) and/or Furen Network Technology (Shanghai) Co., Ltd. (福仁網絡科技(上海)有限公司).
- (3) Within 40 working days after the first drawdown date of the CMB Facility, (i) a charge over Shares held by the Offeror and (ii) account control agreements in respect of certain accounts opened by the Company, Shanghai Payment and Remittance Data Service Co., Ltd. (上海匯付數據服務有限公司), China PnR Co., Ltd. (匯付天下有限公司) and PnR Network Technology (Shanghai) Co., Ltd. (匯付網絡技術(上海)有限公司) with China Merchants Bank Co., Ltd., Shanghai Branch.
- (4) Within 90 working days after the first drawdown date of the CMB Facility, a charge over shares in PnR Network Technology (Shanghai) Co., Ltd.\* (匯付網絡技術(上海)有限公司) held by the Company.

A copy of the CMB Facility is available for inspection as a document on display.

The New Shares to be issued pursuant to the Proposal will be issued free from all encumbrances, credited as fully paid up and will rank *pari passu* with the existing Offeror Shares at the date of issue.

Shareholders of the Offeror are entitled to receive notice of general meetings of the Offeror and shall have the right to one vote per each Offeror Share at such meetings. There is no dividend policy and no guarantee that any dividends will be paid nor is there any dividend payment schedule in respect of the Offeror Shares. Payment of dividends (if any) is dependent solely on whether such payment is recommended or declared by the board of the Offeror.

Shareholders of the Offeror would have their rights and obligations in relation to the Offeror governed by the provisions of the Companies Act (as amended from time to time) and other applicable laws in the Cayman Islands. The Offeror shall, on receipt of an instrument of transfer, enter the name of the transferee of the Offeror Shares in the register of shareholders in accordance with and subject to the provisions of its articles of association.

A summary of the terms and provisions of the amended articles of association of the Offeror, which will take effect on the Effective Date, is set out below. The corporate governance structure of the Offeror will in principle follow that of the Company, subject to the provisions of the amended articles of association of the Offeror. A copy of the amended articles of association of the Offeror is available for inspection as a document on display at the time of despatch of the Scheme Document.

After completion of the Proposal, the board of the Offeror will consist of no less than six and no more than nine directors, of which three will be executive directors and three will be independent non-executive directors. The three executive directors, three independent non-executive directors and the chairman of board of the Offeror are to be nominated by the Executive Directors as long as they and/or body corporate(s) controlled by them respectively are shareholders of the Offeror. A director of the Offeror may be removed by ordinary resolution, provided that any such ordinary resolution of a duly constituted general meeting of the Offeror must be passed by a simple majority of the votes cast by, or on behalf of, the shareholders of the Offeror entitled to vote in favour of the resolution (which must include the votes cast in favour by the Executive Directors as long as they and/or body corporate(s) controlled by them respectively are shareholders of the Offeror).

After completion of the Proposal, the directors of the Offeror may call a general meeting at any time. The directors of the Offeror must also call a general meeting if a requisition in writing is given by one or more shareholders of the Offeror who together hold at least 10% of the rights to vote at such general meeting. Should the directors of the Offeror fail to call a general meeting within 21 clear days from the date of receipt of a requisition, the requisitioners or any of them may call a general meeting within three months after the end of that period.

After completion of the Proposal, pursuant to the articles of association of the Offeror, a special resolution will be passed by at least 75% of its shareholders with the approval of the Executive Directors as long as they and/or body corporate(s) controlled by them respectively are shareholders of the Offeror as, being entitled to do so, vote in person or, where proxies are allowed, by proxy, or, in the case of corporations, by their duly authorised representatives, at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given or in writing by all of the shareholders entitled to vote at a general meeting. In computing such 75% requirement, regard will be given to the number of votes to which each shareholder is entitled by the articles of association of the Offeror. Matters requiring the authority of a special resolution include:

- (1) changing the name of the Offeror;
- (2) amending the memorandum or articles of association of the Offeror;
- (3) reducing the share capital of the Offeror;
- (4) varying the redemption rights attached to a class of Offeror Shares;
- (5) to the extent allowed by the Companies Act, validating any prior or future act of the directors of the Offeror which would otherwise be in breach of their duties;
- (6) to the extent permitted by law, releasing any existing or former director (including alternate director), secretary or other officer of the Offeror from liability for any loss, damage or right to compensation relating to their offices;
- (7) resolving to be registered by way of continuation in a jurisdiction outside the jurisdiction in which it is, for the time being, incorporated, registered or existing; and

- (8) if the Offeror is wound up, allowing the liquidator to either divide the whole or any part of the assets of the Offeror in specie, value any assets and determine how the division shall be carried out; or to vest the whole or any part of the assets of the Offeror in trustees.

After completion of the Proposal, the Offeror and/or the relevant member of the Offeror group may only take the following actions with the approval of the Executive Directors as long as they and/or body corporate(s) controlled by them respectively are shareholders of the Offeror. Subject to the Companies Act, if an ordinary resolution or a special resolution is used to approve matters (2) to (13) below, such resolution will only be passed with the approval of the Executive Directors as long as they and/or body corporate(s) controlled by them respectively are shareholders of the Offeror:

- (1) pass a special resolution of the Offeror;
- (2) issue new shares, options or derivatives of any member of the Offeror group;
- (3) redeem, repurchase or cancel shares, options or derivatives of any member of the Offeror group;
- (4) change the share capital of any member of the Offeror group;
- (5) major merger or reorganisation of any member of the Offeror group;
- (6) sale, transfer or disposal of the main business or assets of any member of the Offeror group;
- (7) payment of dividends by any member of the Offeror group, approve or change the dividend policy of any member of the Offeror group;
- (8) financing and lending outside of the ordinary course of business of any member of the Offeror group;
- (9) change the size of the board or any board committee of any member of the Offeror group;
- (10) appoint or change any director or executive officer of any member of the Offeror group;
- (11) appoint or change the auditor of any member of the Offeror group;
- (12) listing, liquidation or bankruptcy of any member of the Offeror group; and
- (13) appoint or change management (including vice president and positions higher than vice president) of any member of the Offeror group.

A shareholder of the Offeror may transfer Offeror Shares to another person by completing an instrument of transfer. The directors of the Offeror may refuse to register the transfer of an Offeror Share to any person and they may do so in their absolute discretion, without giving any reason for their refusal, and irrespective of whether the Offeror Share is fully paid or the Offeror has no lien over it. If the directors of the Offeror refuse to register a transfer of an Offeror Share, they must send notice of their refusal to the existing shareholder of the Offeror within two months after the date on which the transfer was lodged with the Offeror. The directors of the Offeror may suspend registration of the transfer of Offeror Shares at such times and for such periods, not exceeding 30 days in any calendar year, as they determine. If the directors of the Offeror so decide, the Offeror may charge a reasonable fee for the registration of any instrument of transfer or other document relating to the title to an Offeror Share. The Offeror will be entitled to retain any instrument of transfer which is registered, but an instrument of transfer which the directors of the Offeror refuse to register will be returned to the person lodging it when notice of the refusal is given.

After completion of the Proposal, each of the Executive Directors, as long as such director of the Offeror and/or body corporate(s) controlled by such director of the Offeror are shareholders of the Offeror, will have a pre-emptive right to purchase such portion of Offeror Shares proposed to be disposed of by other shareholders of the Offeror based on his or her shareholding in the Offeror relative to the total number of Offeror Shares held by the Executive Directors and/or body corporate(s) controlled by such directors of the Offeror. If any or some of the Executive Directors choose not to exercise such right, each of the other Executive Directors who chooses to exercise such right will be entitled to purchase such portion of Offeror Shares proposed to be disposed of by other shareholders of the Offeror based on his or her shareholding in the Offeror relative to the total number of Offeror Shares held by all of the Executive Directors who choose to exercise such right and/or body corporate(s) controlled by such directors of the Offeror.

**Investors should be aware of, among other things but not limited to, the following risk factors of holding Offeror Shares:**

- **transfers of Offeror Shares are subject to restrictions stipulated in the articles of association of the Offeror as detailed above;**
- **Offeror Shares are not listed on any stock exchange and do not benefit from the protections afforded by the Listing Rules;**
- **section 4.1 of the Introduction to the Takeovers Code provides that the Takeovers Code applies to takeovers, mergers and share buy-backs affecting, among others, public companies in Hong Kong and section 4.2 of the Introduction to Takeovers Code provides that in order to determine whether a company is a public company in Hong Kong, the Executive will take into account the number of Hong Kong shareholders and the extent of share trading in Hong Kong and other factors. If the Offeror is determined by the Executive to be a “public company in Hong Kong”, the Offeror will be subject to the Takeovers Code;**

- Offeror Shares are illiquid, hence the shareholders of the Offeror may find it more difficult to find a purchaser for the Offeror Shares if they intend to sell their shares, as there is less likely a ready market for Offeror Shares;
- any unexercised Share Option which has not been cancelled pursuant to the Proposal as its holder has not accepted the Option Offer will survive the completion of the Proposal and remain exercisable for Shares provided that it has not terminated or lapsed under its terms or the terms of the Share Option Scheme, the exercise of such Share Options after completion of the Proposal will result in (1) dilution of the Offeror's holding in the Company; and (2) impact on the equity per share enjoyed by shareholders of the Offeror based on the exercise price of the Share Options and the estimate of value per Offeror Share at the time of exercise;
- there is no guarantee that any dividend payments will be paid in respect of Offeror Shares;
- as at the Latest Practicable Date, the Offeror did not have any assets or liabilities other than the CMB Facility, which are borne by all holders of the Offeror Shares from time to time. The Offeror does not intend to engage in any business other than acting as the holding company of the Company after completion of the Proposal;
- changes in the business and economic environment could adversely affect the operating profits of Offeror or the value of Offeror's assets. For example, financial factors such as currency controls, devaluation or regulatory changes, or stability factors such as mass riots, civil war and other potential events could contribute to Offeror's operational risks; and
- general business risks associated with the payment industry including but not limited to:
  - (1) uncertainties arising from changes in the competitive landscape – the Company is currently running its business in a competitive market with rapid evolution of industry structure, customers' demand as well as product and service content. Some competitors in such market may have more abundant capital and resources, a wider customer base and more aggressive pricing strategies;
  - (2) the Company is subject to extensive regulatory requirements, and non-compliance with or changes to these regulatory requirements may affect the Company's business operations and financial results. The regulatory framework governing the Company's business includes such aspects as payment settlement, exchange settlement, sale and payment, cross-border payment remittance, anti-fraud, anti-money laundering and commercial factoring. Any change in the relevant regulations may lead to an increase in

- the Company's compliance cost. If the Company fails to comply with applicable rules and regulations, it may be liable to different kinds of penalties;
- (3) if the Company fail to maintain its relationships with independent sales organisations ("ISOs"), SaaS and other channel partners, or to properly manage them, its business, financial condition, results of operations, risk management capabilities and reputation could be adversely affected;
  - (4) the Company relies on third parties, such as UnionPay, commercial banks as well as IT infrastructure and services providers, for a variety of services and support from their infrastructure. Any failure by these third parties to perform their obligations or services adequately or on acceptable terms could materially and adversely affect the Company's business;
  - (5) uncertainties arising from the technological advancement in the industry. There is a need for the Company to keep abreast of innovative technologies such as mobile internet, big data, artificial intelligence, cloud calculation and 5G for its business development. Application of new technology may incur a considerable amount of costs and time. There is no assurance that innovative products and technology development are to create commercial value. Failure to effectively respond to market demand and technology development may cause adverse impacts on the business prospects of the Company;
  - (6) fraudulent and fictitious transactions may pose severe challenges to the Company's risk management capabilities and failure to identify those transactions and manage the related risks may adversely affect the Company's business, financial condition, and results of operations, or lead to regulatory restrictions and penalties; and
  - (7) the Company could incur liabilities if its merchants or ISOs refuse or are unable, financially or otherwise, to reimburse it for chargebacks resolved in favour of the customers.

### **The Option Offer**

As at the Latest Practicable Date, there were 204,442,960 Outstanding Share Options granted under the Share Option Scheme, of which 25,055,086 Share Options have an exercise price of US\$0.18, 70,687,282 Share Options have an exercise price of US\$0.5458, 85,794,827 Share Options have an exercise price of US\$0.7846 and 22,905,765 Share Options have an exercise price of HK\$7.50. As at the Latest Practicable Date, all the Share Options under the Share Option Scheme (which is a pre-IPO share option scheme of the Company) had been granted. The Company will not grant any further Share Options under the Share Option Scheme.

The Offeror is making (or procuring to be made on its behalf) an appropriate offer to all the holders of the Outstanding Share Options, whether vested or unvested, in accordance with Rule 13 of the Takeovers Code. The Option Offer is conditional upon the Scheme becoming effective. Under the Option Offer, the Offeror is offering holders of Outstanding Share Options the “see-through” price (being the Cash Alternative minus the relevant exercise price in the case of the Outstanding Share Options) for each Outstanding Share Option they hold in return for the acquisition of all rights and obligations under the Share Options and the immediate cancellation of every such Share Option in accordance with Rule 13 of the Takeovers Code. Where the exercise price of the relevant Share Option under the Option Offer exceeds HK\$3.50, the “see-through” price is zero and a cash offer of a nominal amount of HK\$0.01 for every 100 Share Options (or part thereof) will be made.

<b>Exercise price per Share Option</b> (Note)	<b>“See-through” price</b> (HK\$)	<b>Number of Outstanding Share Options</b>
US\$0.18 (equivalent to HK\$1.3954)	2.1046	25,055,086
US\$0.5458 (equivalent to HK\$4.2310)	HK\$0.01 for every 100 Share Options (or part hereof)	70,687,282
US\$0.7846 (equivalent to HK\$6.0822)	HK\$0.01 for every 100 Share Options (or part hereof)	85,794,827
HK\$7.50	HK\$0.01 for every 100 Share Options (or part hereof)	22,905,765

*Note:* Based on the exchange rate of US\$1.00 to HK\$7.7520 as at the Announcement Date.

As at the Latest Practicable Date, except as disclosed below, the Offeror, the Executive Directors and the Offeror Concert Parties did not hold any Share Options.

<b>Holder of Share Options</b>	<b>Number of Share Options with an exercise price of</b>			
	<b>US\$0.18</b>	<b>US\$0.5458</b>	<b>US\$0.7846</b>	<b>HK\$7.50</b>
Mr. Zhou	0	15,192,871	40,739,455	8,119,973
Ms. Mu	0	6,844,211	20,928,120	3,501,592
Mr. Jin	0	4,661,084	7,328,915	1,977,643
Mr. Liu	5,427,455	2,959,853	581,660	581,660

The Option Offer Letter to holders of Share Options setting out the terms and conditions of the Option Offer is being despatched separately to holders of Share Options and is substantially in the form set out in Appendix VIII – Form of Option Offer Letter to this Scheme Document.



If any of the Outstanding Share Options is exercised in accordance with the terms of the Share Option Scheme, as applicable, on or before the Option Record Date, any Shares so issued will be subject to and eligible to participate in the Scheme.

The Option Offer is extended to all Share Options in issue on the date on which the Option Offer is made. Each holder of Share Options as at the Option Record Date who accepts the Option Offer and lodges a completed Form of Acceptance by the prescribed deadline set out in “Part III – Expected Timetable” of this Scheme Document will be entitled to receive the Option Offer Price as set out in the relevant Option Offer Letter that is sent to each holder of Share Options individually. All payments in respect of the Option Offer Price will be made in Hong Kong dollars. Settlement of the Option Offer Price to which the holders of Share Options are entitled under the Option Offer will be implemented in full in accordance with the terms of the Option Offer and subject to the terms of the Share Option Scheme, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against any such holder of Share Options.

As at the Latest Practicable Date, all Share Options with an exercise price of US\$0.18 and US\$0.5458 were vested, and 71,834,990 and 17,179,324 Share Options with an exercise price of US\$0.7846 and HK\$7.50, respectively, were vested. All Share Options will remain valid and exercisable during their respective option periods in accordance with the terms of the Share Option Scheme notwithstanding the Proposal. Any unexercised Share Option which has not been cancelled pursuant to the Proposal as its holder has not accepted the Option Offer will survive the completion of the Proposal and remain exercisable for Shares provided that it has not terminated or lapsed under its terms or the terms of the Share Option Scheme, the exercise of such Share Options after completion of the Proposal will result in dilution of the Offeror’s holding in the Company. As at the Latest Practicable Date, the exercise of all the Outstanding Share Options in full would result in the issue of 204,442,960 new Shares (representing approximately 15.63% of the issued share capital of the Company as at the Latest Practicable Date) and approximately 13.52% of the issued share capital of the Company as enlarged by the issue of such new Shares. On the assumption that (1) all the Outstanding Share Options are exercised after completion of the Proposal and there is no other change in shareholding of the Company, the Offeror’s holding in the Company will be diluted to approximately 86.48%; and (2) all the Outstanding Share Options with an exercise price of US\$0.18 (being all of the Outstanding Share Options whose exercise price is lower than the Cash Alternative of HK\$3.50) are exercised after completion of the Proposal and there is no other change in shareholding of the Company, the Offeror’s holding in the Company will be diluted to approximately 98.12%.

The Executive Directors have indicated that they will not accept the Option Offer in respect of the Outstanding Share Options held by them and will not exercise such Outstanding Share Options during the offer period (as defined under the Takeovers Code). As at the Latest Practicable Date, excluding the Outstanding Share Options held by the Executive Directors, there were 95,149,096 Outstanding Share Options granted under the Share Option Scheme, of which 25,055,086 Share Options had an exercise price of US\$0.18, 443,989,116 Share Options had an exercise price of US\$0.5458, 16,798,337 Share Options had an exercise price of US\$0.7846 and 9,306,557 Share Options had an exercise price of HK\$7.50. The exercise of such Outstanding Share Options in full

would result in the issue of 95,149,096 new Shares (representing approximately 7.28% of the issued share capital of the Company as at the Latest Practicable Date) and approximately 6.78% of the issued share capital of the Company as enlarged by the issue of such new Shares.

### **3. TOTAL CONSIDERATION AND FINANCIAL RESOURCES CONFIRMATION**

On the assumption that (a) the Executive Directors and the IU Shareholders who have undertaken to elect the Share Alternative elect the Share Alternative, (b) all other Scheme Shareholders elect the Cash Alternative, (c) (i) all outstanding Share Options with an exercise price of US\$0.18 as at the Option Record Date are exercised and all the Optionholders of such Share Options become Scheme Shareholders on or before the Scheme Record Date and elect the Cash Alternative, and (ii) no further Shares are issued before the Scheme Record Date, and (d) all the Optionholders of outstanding Share Options with an exercise price of US\$0.5458, US\$0.7846 and HK\$7.50 respectively as at the Option Record Date (other than the Executive Directors who have indicated that they will not exercise the Outstanding Share Options held by them during the offer period (as defined under the Takeovers Code)) will accept the Option Offer and receive the nominal amount of HK\$0.01 for every 100 Share Options (or part thereof), the amount of cash required for the Proposal would be approximately HK\$1,250,651,972.

As at the Latest Practicable Date, the Offeror would be financing the entire cash amount required for the Proposal and the Option Offer from the CMB Facility for the Certain Funds Period. The payment of interest of, repayment of or security for any liability, contingent or otherwise, is not intended to depend on, to any significant extent, the business of the Company.

The CMB Facility will be secured by the following security package:

- (1) On the first drawdown date of the CMB Facility, (i) a charge over shares in SPV-Z, SPV-M and SPV-J held by the Executive Directors, and (ii) a charge over the Offeror Shares held by SPV-Z, SPV-M and SPV-J.
- (2) Within 5 working days after settlement of the Cash Alternative in full, (i) joint and several guarantee from the Company, PnR Network Technology (Shanghai) Co., Ltd. (匯付網絡技術(上海)有限公司), China PnR Co., Ltd. (匯付天下有限公司), Shanghai Payment and Remittance Data Service Co., Ltd. (上海匯付數據服務有限公司) and Furen Network Technology (Shanghai) Co., Ltd. (福仁網絡科技(上海)有限公司), and (ii) a charge over certain bank account(s) of one or more of the Company, Huifu (BVI) Limited, PnR Network Technology (Shanghai) Co., Ltd. (匯付網絡技術(上海)有限公司), China PnR Co., Ltd. (匯付天下有限公司), Shanghai Payment and Remittance Data Service Co., Ltd. (上海匯付數據服務有限公司), Shanghai Fuhui Network Technology Co., Ltd. (上海賦暉網絡技術有限公司) and/or Furen Network Technology (Shanghai) Co., Ltd. (福仁網絡科技(上海)有限公司).
- (3) Within 40 working days after the first drawdown date of the CMB Facility, (i) a charge over Shares held by the Offeror and (ii) account control agreements in respect of certain accounts opened by the Company, Shanghai Payment and Remittance Data Service Co., Ltd. (上海匯付數據服務有限公司), China PnR Co., Ltd. (匯付天下有限公司) and PnR Network Technology (Shanghai) Co., Ltd. (匯付網絡技術(上海)有限公司) with China Merchants Bank Co., Ltd., Shanghai Branch.

- (4) Within 90 working days after the first drawdown date of the CMB Facility, a charge over shares in PnR Network Technology (Shanghai) Co., Ltd.\* (匯付網絡技術(上海)有限公司) held by the Company.

A copy of the CMB Facility is available for inspection as a document on display.

CICC, the financial adviser to the Offeror in connection with the Proposal, is satisfied that sufficient financial resources are available to the Offeror for satisfying its obligations in respect of the full implementation of the Proposal in accordance with their respective terms.

#### **4. CONDITIONS TO THE PROPOSAL AND THE SCHEME**

The implementation of the Proposal is, and the Scheme will become effective and binding on the Company and all Shareholders, subject to the fulfilment or waiver (as applicable) of the following:

- (1) the approval of the Scheme (by way of a poll) by a majority in number of the Scheme Shareholders representing not less than 75% in value of the Scheme Shares held by the Scheme Shareholders present and voting either in person or by proxy at the Court Meeting, provided that:
- (a) the Scheme is approved (by way of poll) by the Disinterested Shareholders holding at least 75% of the votes attaching to the Disinterested Shares that are voted either in person or by proxy at the Court Meeting; and
  - (b) the number of votes cast (by way of poll) by the Disinterested Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all the Disinterested Shares;
- (2) the passing of:
- (a) a special resolution by a majority of not less than 75% of the votes cast by the Shareholders present and voting in person or by proxy at the General Meeting to approve the Scheme and the associated reduction of the share capital of the Company by cancelling and extinguishing the Scheme Shares; and
  - (b) an ordinary resolution by a majority of the votes cast by the Shareholders present and voting in person or by proxy at the General Meeting to immediately thereafter increase the issued share capital of the Company to the amount prior to the cancellation of the Scheme Shares by issuing to the Offeror such number of new Shares as is equal to the number of Scheme Shares cancelled and applying the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par the new Shares, credited as fully paid, for issuance to the Offeror;

- (3) the Grand Court's sanction of the Scheme (with or without modification) and, to the extent necessary, its confirmation of the reduction of the share capital of the Company, and the delivery to the Registrar of Companies in the Cayman Islands of a copy of the order of the Grand Court for registration;
- (4) compliance, to the extent necessary, with the procedural requirements and conditions, if any, under sections 15 and 16 of the Companies Act in relation to the reduction of the issued share capital of the Company;
- (5) all authorisations, approvals, permissions, waivers and consents and all registrations and filings (including without limitation any which are required or desirable under or in connection with any applicable laws or regulations or any licences, permits or contractual obligations of the Company) in connection with the Proposal or its implementation and the withdrawal of listing of the Shares from the Stock Exchange in accordance with its terms having been obtained (or, as the case may be, completed) and remaining in full force and effect without modification;
- (6) no government, governmental, quasi-governmental, statutory or regulatory body, court or agency in any jurisdiction having taken or instituted any action, proceeding or suit (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) that would make the Proposal or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Proposal or its implementation in accordance with its terms), other than such actions, proceedings or suits as would not have a material adverse effect on the legal ability of the Offeror to proceed with the Proposal or the Scheme; and
- (7) since the Announcement Date, there not having been any instituted or remaining outstanding litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Group is a party (whether as plaintiff, defendant or otherwise) and no such proceedings will be threatened in writing against any such member (and no investigation by any government or quasi-governmental, supranational, regulatory or investigative body or court against or in respect of any such member or the business carried on by any such member will be threatened in writing, announced, instituted or remain outstanding by, against or in respect of any such member), in each case which is material and adverse in the context of the Group taken as a whole or in the context of the Proposal.

With reference to condition (5), so far as the Offeror is aware, according to the Measures for the Administration of Overseas Investment of Enterprises of the PRC, the Executive Directors, being PRC individuals making overseas investments through overseas enterprises controlled by them, will be required to inform the NDRC of certain information about the Proposal by way of submitting a status report in the specified form prior to the completion of the Proposal. The notification does not impact on the legal effect of the Proposal. No authorisation, approval, permission or consent from the NDRC is required for the implementation of the Proposal. The Offeror reserves the right to waive conditions (5) to (7) either in whole or in part, either generally or in respect of any particular matter to the extent that such waiver would not make the Proposal or its implementation in accordance with its terms illegal. Conditions (1), (2), (3) and (4) cannot be waived in any event. Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may

only invoke any or all of the Conditions as a basis for not proceeding with the Scheme if the circumstances which give rise to a right to invoke any such Condition are of material significance to the Offeror in the context of the Proposal.

All of the Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date, failing which the Proposal and the Scheme will lapse. The Company has no right to waive any of the Conditions.

If approved, the Scheme will be binding on all of the Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the General Meeting. If the Scheme is not approved or the Proposal otherwise lapses, an announcement will be made by the Offeror and the Company.

As at the Latest Practicable Date, the Conditions were subject to fulfilment (unless otherwise waived, where applicable) and none of the Conditions had been waived.

Assuming that the above Conditions are fulfilled (or, as applicable, waived in whole or in part), it is expected that the Scheme will become effective on or about Thursday, 25 March 2021 (Cayman Islands time). Further announcements will be made including in particular in relation to (i) the results of the Court Meeting and the General Meeting and, if all the resolutions are passed at those meetings, (ii) the result of the hearing of the petition for the sanction of the Scheme and, to the extent necessary, confirmation of any reduction of the share capital of the Company associated with the Scheme by the Grand Court, (iii) the Scheme Record Date, (iv) the Effective Date and (v) the date of withdrawal of the listing of the Shares on the Stock Exchange as further set out in “Part III – Expected Timetable” of this Scheme Document.

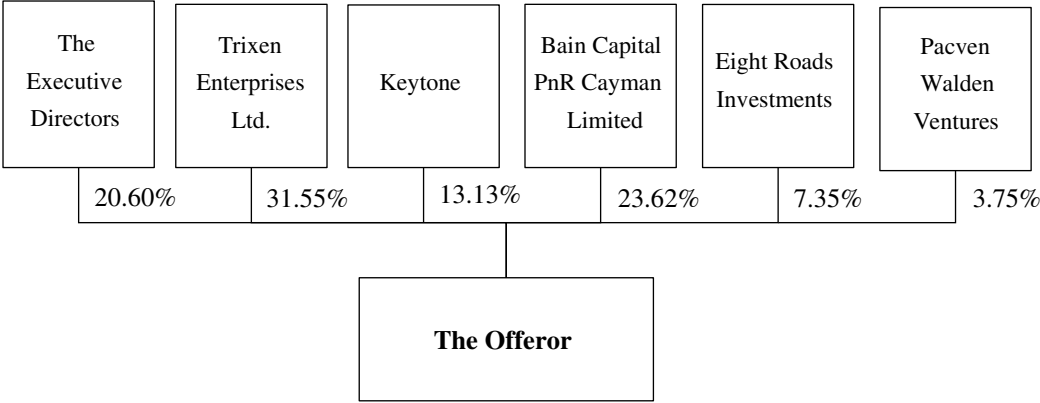
**Shareholders and potential investors should be aware that the implementation of the Proposal, the Scheme and the Option Offer is subject to the Conditions being fulfilled or waived, as applicable, and thus the Proposal may or may not be implemented, the Scheme may or may not become effective and the Option Offer may or may not be implemented. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.**

## **5. IRREVOCABLE UNDERTAKINGS**

On 22 December 2020, the Offeror received an Irrevocable Undertaking from each of the IU Shareholders (comprising Trixen Enterprises Ltd., Keytone, Bain Capital PnR Cayman Limited, Eight Roads Investments, Pacven Walden Ventures and Bright Journey Investment Limited), pursuant to which each of the IU Shareholders has undertaken to, amongst other things, (i) exercise (or procure the exercise of) all voting rights attached to the Shares held or owned by it at the Court Meeting and the General Meeting in favour of all the resolutions to approve the Proposal and any matters in connection with the Proposal (where applicable) and (ii) for each of Trixen Enterprises Ltd., Keytone, Bain Capital PnR Cayman Limited, Eight Roads Investments and Pacven Walden Ventures, elect the Share Alternative only as the form of Cancellation Consideration for the cancellation of Shares held or owned by it and for Bright Journey Investment Limited, elect the Cash Alternative only as the form of Cancellation Consideration for the cancellation of Shares held or owned by it. The 828,738,505 Shares held by the IU Shareholders which are

the subject of the Irrevocable Undertakings represents approximately 63.38% of the total issued share capital of the Company and approximately 76.87% of the total number of Disinterested Shares as at the Latest Practicable Date.

Pursuant to the Irrevocable Undertakings and assuming (a) each of the Executive Directors, Trixen Enterprises Ltd., Keytone, Bain Capital PnR Cayman Limited, Eight Roads Investments and Pacven Walden Ventures elects the Share Alternative, (b) all the other Scheme Shareholders elect the Cash Alternative, (c) no Outstanding Share Options are exercised before the Option Record Date and no further Shares are issued before the Scheme Record Date and (d) there is no other change in shareholding of the Company before completion of the Proposal, the Offeror will be owned by the Executive Directors and the IU Shareholders who have elected the Share Alternative as to 20.60% and 79.40%, respectively, upon completion of the Proposal. The chart below sets out the shareholding structure of the Offeror after completion of the Proposal on such assumption for illustrative purposes only:



The Irrevocable Undertakings, being binding irrevocable undertakings, will terminate and the above obligations of the IU Shareholders under the Irrevocable Undertakings will cease to be binding if the Scheme does not become effective, lapses or is withdrawn in accordance with its terms.

As at the Latest Practicable Date, the information about the IU Shareholders were as follows:

**Trixen Enterprises Ltd.:**

Trixen Enterprises Ltd. is an investment holding company established under the laws of the British Virgin Islands and a substantial shareholder of the Company holding 307,800,000 Shares (representing approximately 23.54% of the issued share capital of the Company). Trixen Enterprises Ltd. is wholly-owned by Mr. Putera Sampoerna.

**Keytone:**

Keytone Ventures, L.P. and Keytone Ventures II, L.P., being limited partnerships formed under the laws of the Cayman Islands, together hold in aggregate 128,077,180 Shares (representing approximately 9.79% of the issued share capital of the Company). The general partners of Keytone Ventures, L.P. and Keytone Ventures II, L.P. are Keytone Capital Partners, L.P. and Keytone Capital Partners II, L.P., respectively. The general partners of Keytone Capital Partners, L.P. and Keytone

Capital Partners II, L.P are Keytone Investment Group, Ltd. and Keytone Investment Group, II Ltd., respectively. Keytone Investment Group, Ltd. and Keytone Investment Group, II Ltd. are in turn wholly-owned by Mr. ZHOU Joe, a non-executive Director.

**Bain Capital PnR Cayman Limited:**

Bain Capital PnR Cayman Limited is an exempted company with limited liability incorporated under the laws of the Cayman Islands and a substantial shareholder of the Company holding 230,416,159 Shares (representing approximately 17.62% of the issued share capital of the Company). Bain Capital PnR Cayman Limited is wholly-owned by Bain Capital PnR Holdings, L.P., a limited partnership formed under the laws of the Cayman Islands whose general partner is BCPE China PnR GP, LLC. Approximately 65.05% of Bain Capital PnR Holdings, L.P. is contributed by Bain Capital Asia Fund II, L.P., a limited partnership formed under the laws of the Cayman Islands whose general partner is Bain Capital Partners Asia II, L.P., as a limited partner. The general partner of Bain Capital Partners Asia II, L.P. is Bain Capital Investors, LLC. As a result of the relationships described above, Bain Capital Investors, LLC may be deemed to share beneficial ownership of the Shares held by Bain Capital PnR Cayman Limited.

**Eight Roads Investments:**

Eight Roads Investments, a company incorporated under the laws of Bermuda, is interested in an aggregate of 71,684,931 Shares (representing approximately 5.48% of the issued share capital of the Company). Eight Roads Investments is wholly-owned by Eight Roads Holdings Limited. Eight Roads Holdings Limited is owned as to 36.86% by Pandanus Partners L.P., whose general partner is Pandanus Associates Inc.

**Pacven Walden Ventures:**

Pacven Walden Ventures VI, L.P., Pacven Walden Venture Parallel VI, L.P. and Pacven Walden Venture Parallel VI-KT, L.P., being limited partnerships formed under the laws of the Cayman Islands whose general partner is Pacven Walden Management VI Co. Ltd., together hold in aggregate 36,593,480 Shares (representing approximately 2.80% of the issued share capital of the Company). Pacven Walden Management VI Co. Ltd. is managed by Mr. Lip-Bu Tan, the founder and chairman of Walden International, Inc.

**Bright Journey Investment Limited:**

Bright Journey Investment Limited is an investment holding company established under the laws of the British Virgin Islands holding 54,166,755 Shares (representing approximately 4.14% of the issued share capital of the Company). So far as the Offeror is aware, Bright Journey Investment Limited is beneficially owned by Tsang Chun Yiu, Xu Qiang and Wang Ya Jing.

Save for the Irrevocable Undertakings, no irrevocable commitment to vote for or against the Scheme or to elect the Share Alternative or the Cash Alternative has been received by the Offeror, the Executive Directors or the Offeror Concert Parties, as at the Latest Practicable Date.

**6. SCHEME OF ARRANGEMENT UNDER SECTION 86 OF THE COMPANIES ACT AND THE COURT MEETING**

Pursuant to Section 86 of the Companies Act, where an arrangement is proposed between a company and its members or any class of them, the Grand Court may, on the application of the company or any member of the company, order a meeting of the members of the company or class of members, as the case may be, to be summoned in such manner as the Grand Court directs to agree such an arrangement.

It is expressly provided in Section 86 of the Companies Act that if a majority in number representing 75% in value of the members or class of members, as the case may be, present and voting either in person or by proxy at the meeting held as directed by the Grand Court as aforesaid, agree to any arrangement, the arrangement shall, if sanctioned by the Grand Court, be binding on all members or class of members, as the case may be, and also on the company.

**7. ADDITIONAL REQUIREMENTS AS IMPOSED BY RULE 2.10 OF THE TAKEOVERS CODE**

In addition to satisfying any requirements under the Companies Act as summarised above, under Rule 2.10 of the Takeovers Code, except with the consent of the Executive, the Scheme may only be implemented if:

- (a) the Scheme is approved (by way of poll) by Disinterested Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by the Disinterested Shareholders that are cast either in person or by proxy at the Court Meeting; and
- (b) the number of votes cast (by way of poll) by Disinterested Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all the Scheme Shares held by all Disinterested Shareholders.

For the purpose of counting the votes for (a) and (b) above, Disinterested Shareholders comprise all Shareholders as at the Meeting Record Date other than the Offeror, the Executive Directors and the Offeror Concert Parties (except in respect of the holding of Shares by the CICC group in the capacity of an exempt fund manager for the purposes of the Takeovers Code and excluding Shares held by the CICC group for and on behalf of its non-discretionary investment clients). Shares held by any member of the CICC group acting in the capacity of an exempt principal trader connected with the Offeror or the Company shall not be voted at the Court Meeting in accordance with the requirement of Rule 35.4 of the Takeovers Code, except that Shares held by any member of the CICC group in the capacity of an exempt principal trader for and on behalf of non-discretionary investment clients shall not be voted at the Court Meeting unless otherwise confirmed with the Executive. For the avoidance of doubt, Disinterested Shareholders include any member of the CICC group acting in the capacity of an exempt principal trader or exempt fund manager for the purpose of the Takeovers Code.



As at the Latest Practicable Date, the Disinterested Shareholders held in aggregate 1,078,098,796 Scheme Shares. On that basis, and assuming that no new Shares are issued on or before the Meeting Record Date, 10% of the votes attached to all the Scheme Shares held by all Disinterested Shareholders referred to in (b) above would represent approximately 107,809,880 Shares.

## **8. BINDING EFFECT OF THE SCHEME**

Upon the Scheme becoming effective, it will be binding on the Company and all Scheme Shareholders, regardless of how they voted (or whether they voted) at the Court Meeting and the General Meeting.

## **9. SHAREHOLDING STRUCTURE OF THE COMPANY AND SCHEME SHARES**

As at the Latest Practicable Date, the Company had 1,307,650,589 Shares in issue, all of which are Scheme Shares.

As at the Latest Practicable Date, the Offeror did not hold any Shares, the Executive Directors directly and indirectly held in aggregate 87,046,793 Shares (representing approximately 6.66% of the issued share capital of the Company), and the Offeror Concert Parties held in aggregate 142,505,000 Shares (representing approximately 10.90% of the issued share capital of the Company).

As at the Latest Practicable Date, Management Company directly held 142,199,998 Shares and indirectly held 2 Shares through its wholly-owned subsidiary, P Holdings. Management Company was owned as to 60% by Mr. Zhou, 20% by Ms. Mu and 20% by Mr. Liu. The Internal Reorganisation will be conducted pursuant to which each of Mr. Zhou, Ms. Mu and Mr. Liu will hold, directly or indirectly, his or her interest in the Company independently (which are pro rata to their holdings in Management Company) and Mr. Zhou and Ms. Mu will as a result hold an aggregate of 113,760,000 Shares (representing approximately 8.70% of the issued share capital of the Company). Having regard to tax implications which could only be clarified after the Announcement, the Internal Reorganisation may take place after the Effective Date. The Proposal would not be affected by the Internal Reorganisation, whether it is carried out before or after the Effective Date. If the Internal Reorganisation is not completed before the Meeting Record Date, being Offeror Concert Parties, Management Company and P Holdings' votes at the Court Meeting will not be counted as votes of Disinterested Shareholders in determining whether the requirements under condition (1)(a) and (b) under the section headed "4. Conditions to the Proposal and the Scheme" (as required under Rule 2.10 of the Takeovers Code) are satisfied, and will only be counted as votes of Scheme Shareholders in determining whether the requirement in the first paragraph of condition (1) in the section headed "4. Conditions to the Proposal and the Scheme" (as required under Companies Act) is satisfied.

On the assumption that no Outstanding Share Options are exercised before the Option Record Date and there is no other change in shareholding of the Company before completion of the Proposal, the table below sets out the shareholding structure of the Company as at the Latest Practicable Date, immediately upon completion of the Internal Reorganisation assuming the Internal Reorganisation is completed before the Effective Date and immediately upon completion of the Proposal:

Shareholders	As at the Latest Practicable Date		Immediately upon completion of the Internal Reorganisation assuming the Internal Reorganisation is completed before the Effective Date		Immediately upon completion of the Proposal	
	Number of Shares	Approximate percentage of the issued share capital (Note 1)	Number of Shares	Approximate percentage of the issued share capital (Note 1)	Number of Shares (Note 2)	Approximate percentage of the issued share capital (Note 1)
<b>Offeror</b>			-	-	1,307,650,589	100.00%
<b>Executive Directors (Note 3)</b>	87,046,793	6.66%	200,806,793	15.36%	-	-
- Mr. Zhou (Note 4)	56,656,123	4.33%	141,976,123	10.86%	-	-
- Ms. Mu (Note 5)	21,083,116	1.61%	49,523,116	3.79%	-	-
- Mr. Jin (Note 6)	9,307,554	0.71%	9,307,554	0.71%	-	-
<b>Offeror Concert Parties subject to the Scheme</b>			-	-	-	-
- Mr. Liu (Note 7)	305,000	0.02%	28,745,000	2.20%	-	-
- Management Company (directly holding) (Note 8)	142,199,998	10.87%	-	-	-	-
- P Holdings (Note 8)	2	0.00%	-	-	-	-
<b>Aggregate number of Shares held by the Offeror, the Executive Directors and Offeror Concert Parties</b>	<b>229,551,793</b>	<b>17.55%</b>	<b>229,551,793</b>	<b>17.55%</b>	<b>1,307,650,589</b>	<b>100.00%</b>
<b>Disinterested Shareholders</b>	<b>1,078,098,796</b>	<b>82.45%</b>	<b>1,078,098,796</b>	<b>82.45%</b>	-	-
- Trixen Enterprises Ltd.	307,800,000	23.54%	307,800,000	23.54%	-	-
- Keytone	128,077,180	9.79%	128,077,180	9.79%	-	-
- Bain Capital PnR Cayman Limited	230,416,159	17.62%	230,416,159	17.62%	-	-
- Eight Roads Investments	71,684,931	5.48%	71,684,931	5.48%	-	-
- Bright Journey Investment Limited	54,166,755	4.14%	54,166,755	4.14%	-	-
- Pacven Walden Ventures	36,593,480	2.80%	36,593,480	2.80%	-	-
- Zedra Trust Company (Cayman) Limited (Note 9)	45,630,264	3.49%	45,630,264	3.49%	-	-
- Other Disinterested Shareholders (Note 10)	203,730,027	15.58%	203,730,027	15.58%	-	-
Total number of Shares	1,307,650,589	100.00%	1,307,650,589	100.00%	1,307,650,589	100.00%
Total number of Scheme Shares	1,307,650,589	100.00%	1,307,650,589	100.00%	-	-

*Notes:*

1. All percentages in the above table are approximations.
2. Under the Scheme, the issued share capital of the Company will, on the Effective Date, be reduced by cancelling the Scheme Shares. On the assumption that no Share Options are exercised before the Option Record Date and there is no other change in shareholding of the Company before completion of the Proposal, upon such reduction, the issued share capital of the Company will be increased to its former amount by the issuance to the Offeror, credited as fully paid, of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled. The reserve created in the Company's books of account as a result of the capital reduction will be applied in paying up in full the new Shares so issued, credited as fully paid, to the Offeror.
3. As at the Latest Practicable Date, the Executive Directors held 87,046,793 Shares in aggregate including (1) the 37,228,804 Shares from exercising Share Options; and (2) the 49,817,989 Shares corresponding to restricted share units under the Share Award Scheme, which are granted, vested and held in trust by Zedra Trust Company (Cayman) Limited for them. Having regard to tax implications which could only be clarified after the Announcement, the Executive Directors may make arrangements to obtain the legal titles to such Shares after the Effective Date. Assuming the Internal Reorganisation is completed before the Effective Date, as a result of the Internal Reorganisation, the Executive Directors will in aggregate hold, directly or indirectly, 200,806,793 Shares (representing approximately 15.36% of the issued share capital of the Company) immediately upon completion of the Internal Reorganisation.
4. As at the Latest Practicable Date, Mr. Zhou held 56,656,123 Shares including (1) the 29,165,323 Shares from exercising Share Options; and (2) the 27,490,800 Shares corresponding to restricted share units under the Share Award Scheme, which are granted, vested and held in trust by Zedra Trust Company (Cayman) Limited for Mr. Zhou. Having regard to tax implications which could only be clarified after the Announcement, Mr. Zhou may make arrangements to obtain the legal titles to such Shares after the Effective Date. Assuming the Internal Reorganisation is completed before the Effective Date, as a result of the Internal Reorganisation, Mr. Zhou will in aggregate hold, directly or indirectly, 141,976,123 Shares (representing approximately 10.86% of the issued share capital of the Company) immediately upon completion of the Internal Reorganisation.
5. As at the Latest Practicable Date, Ms. Mu held 21,083,116 Shares including (1) the 7,063,481 Shares from exercising Share Options; and (2) the 14,019,635 Shares corresponding to restricted share units under the Share Award Scheme, which are granted, vested and held in trust by Zedra Trust Company (Cayman) Limited for Ms. Mu. Having regard to tax implications which could only be clarified after the Announcement, Ms. Mu may make arrangements to obtain the legal titles to such Shares after the Effective Date. Assuming the Internal Reorganisation is completed before the Effective Date, as a result of the Internal Reorganisation, Ms. Mu will in aggregate hold, directly or indirectly, 49,523,116 Shares (representing approximately 3.79% of the issued share capital of the Company) immediately upon completion of the Internal Reorganisation.
6. As at the Latest Practicable Date, Mr. Jin held 9,307,554 Shares including (1) the 1,000,000 Shares from exercising Share Options; and (2) the 8,307,554 Shares corresponding to restricted share units under the Share Award Scheme, which are granted, vested and held in trust by Zedra Trust Company (Cayman) Limited for Mr. Jin. Having regard to tax implications which could only be clarified after the Announcement, Mr. Jin may make arrangements to obtain the legal titles to such Shares after the Effective Date.
7. Mr. Liu is presumed to be acting in concert with Mr. Zhou and Ms. Mu in accordance with class 1 of the definition of "acting in concert" under the Takeovers Code by virtue of holding 20% in Management Company, in which each of Mr. Zhou and Ms. Mu held 60% and 20%, respectively. As at the Latest Practicable Date, Mr. Liu held 305,000 Shares from exercising Share Options, which are held through a CCASS custodian account administered by Computershare. Assuming the Internal Reorganisation is completed before the Effective Date, as a result of the Internal Reorganisation, Mr. Liu will in aggregate hold, directly or indirectly, 28,745,000 Shares (representing approximately 2.20% of the issued share capital of the Company) immediately upon completion of the Internal Reorganisation.

8. Management Company and its wholly-owned subsidiary P Holdings are presumed to be acting in concert with Mr. Zhou and Ms. Mu in accordance with class 1 of the definition of “acting in concert” under the Takeovers Code by virtue of Mr. Zhou and Ms. Mu’s holdings in them respectively. As at the Latest Practicable Date, Management Company directly held 142,199,998 Shares and indirectly held 2 Shares through its wholly-owned subsidiary, P Holdings. Management Company was owned as to 60% by Mr. Zhou, 20% by Ms. Mu and 20% by Mr. Liu. The Internal Reorganisation will be conducted pursuant to which each of Mr. Zhou, Ms. Mu and Mr. Liu will hold, directly or indirectly, his or her interest in the Company independently (which are pro rata to their holdings in Management Company). Having regard to tax implications which could only be clarified after the Announcement, the Internal Reorganisation may take place after the Effective Date. If the Internal Reorganisation is not completed before the Meeting Record Date, being Offeror Concert Parties, Management Company and P Holdings’ votes at the Court Meeting will not be counted as votes of Disinterested Shareholders in determining whether the requirements under condition (1)(a) and (b) under the section headed “4. Conditions to the Proposal and the Scheme” (as required under Rule 2.10 of the Takeovers Code) are satisfied, and will only be counted as votes of Scheme Shareholders in determining whether the requirement in the first paragraph of condition (1) in the section headed “4. Conditions to the Proposal and the Scheme” (as required under Companies Act) is satisfied.
9. As at the Latest Practicable Date, 45,630,264 Shares corresponding to restricted share units under the Share Award Scheme were granted, vested and held in trust by Zedra Trust Company (Cayman) Limited for employees of the Group being Disinterested Shareholders. For completeness, as at the Latest Practicable Date, Zedra Trust Company (Cayman) Limited also held 49,817,989 Shares in trust for the Executive Directors, which has been included in the holdings of the Executive Directors in this table (see Notes 3, 4, 5 and 6). According to the rules of the Share Award Scheme, Zedra Trust Company (Cayman) Limited may not exercise the voting rights in respect of such Shares and thus there are no voting rights exercisable in respect of such Shares held by it. The Shares held by Zedra Trust Company (Cayman) Limited for the Executive Directors will not be voted or counted as votes of Disinterested Shareholders in determining whether the requirements under condition (1)(a) and (b) under the section headed “4. Conditions to the Proposal and the Scheme” (as required under Rule 2.10 of the Takeovers Code) are satisfied. The relevant employees of the Group may have the Shares held by Zedra Trust Company (Cayman) Limited released to them during the offer period (as defined under the Takeovers Code).
10. As at the Latest Practicable Date, 203,730,027 Shares were held by Disinterested Shareholders other than the IU Shareholders and Zedra Trust Company (Cayman) Limited, including the 3,095,686 Shares from exercising Share Options by employees of the Group being Disinterested Shareholders after the Announcement Date which are held through a CCASS custodian account administered by Computershare.

Following the Effective Date and the withdrawal of listing of the Shares on the Stock Exchange, the Offeror will hold 100% of the issued share capital of the Company, on the assumption that there is no other change in shareholding in the Company before completion of the Proposal. Any unexercised Share Option which has not been cancelled pursuant to the Proposal as its holder has not accepted the Option Offer will survive the completion of the Proposal and remain exercisable for Shares provided that it has not terminated or lapsed under its terms or the terms of the Share Option Scheme, the exercise of such Share Options after completion of the Proposal will result in dilution of the Offeror’s holding in the Company. As at the Latest Practicable Date, the exercise of all the Outstanding Share Options in full would result in the issue of 204,442,960 new Shares (representing approximately 15.63% of the issued share capital of the Company as at the Latest Practicable Date and approximately 13.52% of the issued share capital of the Company as enlarged by the issue of such new Shares). On the assumption that (1) all the Outstanding Share Options are exercised after completion of the Proposal and there is no other change in shareholding of the Company, the Offeror’s holding in the Company will be diluted to approximately 86.48%; and (2) all the Outstanding Share Options with an exercise price of US\$0.18 (being all of the Outstanding Share Options whose exercise

price is lower than the Cash Alternative of HK\$3.50) are exercised after completion of the Proposal and there is no other change in shareholding of the Company, the Offeror's holding in the Company will be diluted to approximately 98.12%.

### **Share Options**

As at the Latest Practicable Date, there were 204,442,960 Outstanding Share Options granted under the Share Option Scheme, of which 25,055,086 Share Options have an exercise price of US\$0.18, 70,687,282 Share Options have an exercise price of US\$0.5458, 85,794,827 Share Options have an exercise price of US\$0.7846 and 22,905,765 Share Options have an exercise price of HK\$7.50. As at the Latest Practicable Date, all the Share Options under the Share Option Scheme (which is a pre-IPO share option scheme of the Company) had been granted. The Company will not grant any further Share Options under the Share Option Scheme.

The exercise of all the Outstanding Share Options in full would result in the issue of 204,442,960 new Shares (representing approximately 15.63% of the issued share capital of the Company as at the Latest Practicable Date and approximately 13.52% of the issued share capital of the Company as enlarged by the issue of such new Shares).

Accordingly, the Offeror is making (or procuring to be made on their behalf) the Option Offer for the 204,442,960 Outstanding Share Options assuming no exercise or lapse of such Share Options by them before the Option Record Date. Such Option Offer will be conditional upon the Scheme becoming effective.

The Option Offer Letter to holders of Share Options setting out the terms and conditions of the Option Offer is being despatched separately to holders of Share Options and is substantially in the form set out in Appendix VIII – Form of Option Offer Letter to this Scheme Document.

On the assumption that all the Share Options (other than those held by the Executive Directors who have indicated that they will not exercise the Outstanding Share Options held by them during the offer period (as defined under the Takeovers Code)) are exercised before the Latest Practicable Date and that there is no other change in shareholding of the Company before completion of the Proposal, the table below sets out the shareholding structure of the Company as at the Latest Practicable Date, immediately upon completion of the Internal Reorganisation assuming the Internal Reorganisation is completed before the Effective Date and immediately upon completion of the Proposal:

Shareholders	As at the Latest Practicable Date had all the Share Options been exercised before the Latest Practicable Date		Immediately upon completion of the Internal Reorganisation assuming the Internal Reorganisation is completed before the Effective Date		Immediately upon completion of the Proposal	
	<i>Approximate percentage of the issued share</i>		<i>Approximate percentage of the issued share</i>		<i>Number of Shares (Note 2)</i>	<i>Approximate percentage of the issued share capital (Note 1)</i>
	<i>Number of Shares</i>	<i>capital (Note 1)</i>	<i>Number of Shares</i>	<i>capital (Note 1)</i>		
<b>Offeror</b>	-	-	-	-	1,402,799,685	100.00%
<b>Executive Directors (Note 3)</b>	87,046,793	6.21%	200,806,793	14.31%	-	-
- Mr. Zhou (Note 4)	56,656,123	4.04%	141,976,123	10.12%	-	-
- Ms. Mu (Note 5)	21,083,116	1.50%	49,523,116	3.53%	-	-
- Mr. Jin (Note 6)	9,307,554	0.66%	9,307,554	0.66%	-	-
<b>Offeror Concert Parties subject to the Scheme</b>						
- Mr. Liu (Note 7)	9,855,628	0.70%	38,295,628	2.73%	-	-
- Management Company (directly holding) (Note 8)	142,199,998	10.14%	-	-	-	-
- P Holdings (Note 8)	2	0.00%	-	-	-	-
<b>Aggregate number of Shares held by the Offeror, the Executive Directors and Offeror Concert Parties</b>	<b>239,102,421</b>	<b>17.04%</b>	<b>239,102,421</b>	<b>17.04%</b>	<b>1,402,799,685</b>	<b>100.00%</b>
<b>Disinterested Shareholders</b>	<b>1,163,697,264</b>	<b>82.96%</b>	<b>1,163,697,264</b>	<b>82.96%</b>	-	-
- Trixen Enterprises Ltd.	307,800,000	21.94%	307,800,000	21.94%	-	-
- Keytone	128,077,180	9.13%	128,077,180	9.13%	-	-
- Bain Capital PnR Cayman Limited	230,416,159	16.43%	230,416,159	16.43%	-	-
- Eight Roads Investments	71,684,931	5.11%	71,684,931	5.11%	-	-
- Bright Journey Investment Limited	54,166,755	3.86%	54,166,755	3.86%	-	-
- Pacven Walden Ventures	36,593,480	2.61%	36,593,480	2.61%	-	-
- Other Optionholders (assuming all Share Options exercised) (Note 9)	85,598,468	6.10%	85,598,468	6.10%	-	-
- Zedra Trust Company (Cayman) Limited (Note 10)	45,630,264	3.25%	45,630,264	3.25%	-	-
- Other Disinterested Shareholders (Note 11)	203,730,027	14.52%	203,730,027	14.52%	-	-
Total number of Shares	1,402,799,685	100%	1,402,799,685	100%	1,402,799,685	100%
Total number of Scheme Shares	1,402,799,685	100%	1,402,799,685	100%	-	-

**Notes:**

- All percentages in the above table are approximations.

2. Under the Scheme, the issued share capital of the Company will, on the Effective Date, be reduced by cancelling the Scheme Shares. On the assumption that all the Share Options are exercised before the Latest Practicable Date and there is no other change in shareholding of the Company before completion of the Proposal, upon such reduction, the issued share capital of the Company will be increased to its former amount by the issuance to the Offeror, credited as fully paid, of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled. The reserve created in the Company's books of account as a result of the capital reduction will be applied in paying up in full the new Shares so issued, credited as fully paid, to the Offeror.
3. As at the Latest Practicable Date, the Executive Directors held 87,046,793 Shares in aggregate including (1) the 37,228,804 Shares from exercising Share Options; and (2) the 49,817,989 Shares corresponding to restricted share units under the Share Award Scheme, which are granted, vested and held in trust by Zedra Trust Company (Cayman) Limited for them. Having regard to tax implications which could only be clarified after the Announcement, the Executive Directors may make arrangements to obtain the legal titles to such Shares after the Effective Date. Assuming the Internal Reorganisation is completed before the Effective Date, as a result of the Internal Reorganisation, the Executive Directors will in aggregate hold, directly or indirectly, 200,806,793 Shares (representing approximately 14.31% of the issued share capital of the Company) immediately upon completion of the Internal Reorganisation.
4. As at the Latest Practicable Date, Mr. Zhou held 56,656,123 Shares including (1) the 29,165,323 Shares from exercising Share Options; and (2) the 27,490,800 Shares corresponding to restricted share units under the Share Award Scheme, which are granted, vested and held in trust by Zedra Trust Company (Cayman) Limited for Mr. Zhou. Having regard to tax implications which could only be clarified after the Announcement, Mr. Zhou may make arrangements to obtain the legal titles to such Shares after the Effective Date. Assuming the Internal Reorganisation is completed before the Effective Date, as a result of the Internal Reorganisation, Mr. Zhou will in aggregate hold, directly or indirectly, 141,976,123 Shares (representing approximately 10.12% of the issued share capital of the Company) immediately upon completion of the Internal Reorganisation.
5. As at the Latest Practicable Date, Ms. Mu held 21,083,116 Shares including (1) the 7,063,481 Shares from exercising Share Options; and (2) the 14,019,635 Shares corresponding to restricted share units under the Share Award Scheme, which are granted, vested and held in trust by Zedra Trust Company (Cayman) Limited for Ms. Mu. Having regard to tax implications which could only be clarified after the Announcement, Ms. Mu may make arrangements to obtain the legal titles to such Shares after the Effective Date. Assuming the Internal Reorganisation is completed before the Effective Date, as a result of the Internal Reorganisation, Ms. Mu will in aggregate hold, directly or indirectly, 49,523,116 Shares (representing approximately 3.53% of the issued share capital of the Company) immediately upon completion of the Internal Reorganisation.
6. As at the Latest Practicable Date, Mr. Jin held 9,307,554 Shares including (1) the 1,000,000 Shares from exercising Share Options; and (2) the 8,307,554 Shares corresponding to restricted share units under the Share Award Scheme, which are granted, vested and held in trust by Zedra Trust Company (Cayman) Limited for Mr. Jin. Having regard to tax implications which could only be clarified after the Announcement, Mr. Jin may make arrangements to obtain the legal titles to such Shares after the Effective Date.
7. Mr. Liu is presumed to be acting in concert with Mr. Zhou and Ms. Mu in accordance with class 1 of the definition of "acting in concert" under the Takeovers Code by virtue of holding 20% in Management Company, in which each of Mr. Zhou and Ms. Mu held 60% and 20%, respectively. The number of Shares held by Mr. Liu as at the Latest Practicable Date included (1) the 305,000 Shares of Mr. Liu from exercising Share Options, which are held through a CCASS custodian account administered by Computershare; and (2) the Shares to be issued assuming all the Share Options of Mr. Liu (being 5,427,455, 2,959,853, 581,660 and 581,660 Share Options with the exercise prices of

US\$0.18, US\$0.5458, US\$0.7846 and HK\$7.50, respectively) are exercised before the Latest Practicable Date. Assuming the Internal Reorganisation is completed before the Effective Date, as a result of the Internal Reorganisation, Mr. Liu will in aggregate hold, directly or indirectly, 38,295,628 Shares (representing approximately 2.73% of the issued share capital of the Company) immediately upon completion of the Internal Reorganisation.

8. Management Company and its wholly-owned subsidiary P Holdings are presumed to be acting in concert with Mr. Zhou and Ms. Mu in accordance with class 1 of the definition of “acting in concert” under the Takeovers Code by virtue of Mr. Zhou and Ms. Mu’s holdings in them respectively. As at the Latest Practicable Date, Management Company directly held 142,199,998 Shares and indirectly held 2 Shares through its wholly-owned subsidiary, P Holdings. Management Company was owned as to 60% by Mr. Zhou, 20% by Ms. Mu and 20% by Mr. Liu. The Internal Reorganisation will be conducted pursuant to which each of Mr. Zhou, Ms. Mu and Mr. Liu will hold, directly or indirectly, his or her interest in the Company independently (which are pro rata to their holdings in Management Company). Having regard to tax implications which could only be clarified after the Announcement, the Internal Reorganisation may take place after the Effective Date. If the Internal Reorganisation is not completed before the Meeting Record Date, being Offeror Concert Parties, Management Company and P Holdings’ votes at the Court Meeting will not be counted as votes of Disinterested Shareholders in determining whether the requirements under condition (1)(a) and (b) under the section headed “4. Conditions to the Proposal and the Scheme” (as required under Rule 2.10 of the Takeovers Code) are satisfied, and will only be counted as votes of Scheme Shareholders in determining whether the requirement in the first paragraph of condition (1) in the section headed “4. Conditions to the Proposal and the Scheme” (as required under Companies Act) is satisfied.
9. Other Optionholders include all the Optionholders other than Mr. Zhou, Ms. Mu, Mr. Jin and Mr. Liu. The number of Shares held by them as at the Latest Practicable Date, included in the Shares held by the Disinterested Shareholders, included the Shares to be issued assuming all the Share Options of them (being 19,627,631, 41,029,263, 16,216,677 and 8,724,897 Share Options with the exercise prices of US\$0.18, US\$0.5458, US\$0.7846 and HK\$7.50, respectively) are exercised before the Latest Practicable Date.
10. As at the Latest Practicable Date, 45,630,264 Shares corresponding to restricted share units under the Share Award Scheme were granted, vested and held in trust by Zedra Trust Company (Cayman) Limited for employees of the Group being Disinterested Shareholders. For completeness, as at the Latest Practicable Date, Zedra Trust Company (Cayman) Limited also held 49,817,989 Shares in trust for the Executive Directors, which has been included in the holdings of the Executive Directors in this table (see Notes 3, 4, 5 and 6). According to the rules of the Share Award Scheme, Zedra Trust Company (Cayman) Limited may not exercise the voting rights in respect of such Shares and thus there are no voting rights exercisable in respect of such Shares held by it. The Shares held by Zedra Trust Company (Cayman) Limited for the Executive Directors will not be voted or counted as votes of Disinterested Shareholders in determining whether the requirements under condition (1)(a) and (b) under the section headed “4. Conditions to the Proposal and the Scheme” (as required under Rule 2.10 of the Takeovers Code) are satisfied. The relevant employees of the Group may have the Shares held by Zedra Trust Company (Cayman) Limited released to them during the offer period (as defined under the Takeovers Code).
11. As at the Latest Practicable Date, 203,730,027 Shares were held by Disinterested Shareholders other than the IU Shareholders and Zedra Trust Company (Cayman) Limited, including the 3,095,686 Shares from exercising Share Options by employees of the Group being Disinterested Shareholders after the Announcement Date which are held through a CCASS custodian account administered by Computershare.



On the assumption that all the Share Options with the exercise price of US\$0.18 are exercised before the Latest Practicable Date (noting the Executive Directors are not interested in any Share Option with the exercise price of US\$0.18 as at the Latest Practicable Date), that no Share Options with the exercise price of US\$0.5458, US\$0.7846 and HK\$7.50 are exercised before the Latest Practicable Date and that there is no other change in shareholding of the Company before completion of the Proposal, the table below sets out the shareholding structure of the Company as at the Latest Practicable Date, immediately upon completion of the Internal Reorganisation assuming the Internal Reorganisation is completed before the Effective Date and immediately upon completion of the Proposal:

Shareholders	As at the Latest Practicable Date had all the Share Options with the exercise price of US\$0.18 been exercised before the Latest Practicable Date		Immediately upon completion of the Internal Reorganisation assuming the Internal Reorganisation is completed before the Effective Date		Immediately upon completion of the Proposal	
	<i>Approximate percentage of the issued share</i>		<i>Approximate percentage of the issued share</i>		<i>Approximate percentage of the issued share</i>	
	<i>Number of Shares</i>	<i>capital (Note 1)</i>	<i>Number of Shares</i>	<i>capital (Note 1)</i>	<i>Number of Shares (Note 2)</i>	<i>capital (Note 1)</i>
<b>Offeror</b>	-	-	-	-	1,332,705,675	100.00%
<b>Executive Directors (Note 3)</b>	87,046,793	6.53%	200,806,793	15.07%	-	-
- Mr. Zhou (Note 4)	56,656,123	4.25%	141,976,123	10.65%	-	-
- Ms. Mu (Note 5)	21,083,116	1.58%	49,523,116	3.72%	-	-
- Mr. Jin (Note 6)	9,307,554	0.70%	9,307,554	0.70%	-	-
<b>Offeror Concert Parties subject to the Scheme</b>						
- Mr. Liu (Note 7)	5,732,455	0.43%	34,172,455	2.56%	-	-
- Management Company (directly holding) (Note 8)	142,199,998	10.67%	-	-	-	-
- P Holdings (Note 8)	2	0.00%	-	-	-	-
<b>Aggregate number of Shares held by the Offeror, the Executive Directors and Offeror Concert Parties</b>	<b>234,979,248</b>	<b>17.63%</b>	<b>234,797,248</b>	<b>17.63%</b>	<b>1,332,705,675</b>	<b>100.00%</b>
<b>Disinterested Shareholders</b>	<b>1,097,726,427</b>	<b>82.37%</b>	<b>1,097,726,427</b>	<b>82.37%</b>	-	-
- Trixen Enterprises Ltd.	307,800,000	23.10%	307,800,000	23.10%	-	-
- Keytone	128,077,180	9.61%	128,077,180	9.61%	-	-
- Bain Capital PhR Cayman Limited	230,416,159	17.29%	230,416,159	17.29%	-	-
- Eight Roads Investments	71,684,931	5.38%	71,684,931	5.38%	-	-
- Bright Journey Investment Limited	54,166,755	4.06%	54,166,755	4.06%	-	-
- Pacven Walden Ventures	36,593,480	2.75%	36,593,480	2.75%	-	-
- Other Optionholders (assuming Share Options with the exercise price of US\$0.18 exercised) (Note 9)	19,627,631	1.47%	19,627,631	1.47%	-	-

Shareholders	As at the Latest Practicable Date had all the Share Options with the exercise price of US\$0.18 been exercised before the Latest Practicable Date		Immediately upon completion of the Internal Reorganisation assuming the Internal Reorganisation is completed before the Effective Date		Immediately upon completion of the Proposal	
	<i>Approximate percentage of the issued share Number of Shares</i>	<i>capital (Note 1)</i>	<i>Approximate percentage of the issued share Number of Shares</i>	<i>capital (Note 1)</i>	<i>Number of Shares (Note 2)</i>	<i>Approximate percentage of the issued share capital (Note 1)</i>
- Zedra Trust Company (Cayman) Limited (Note 10)	45,630,264	3.42%	45,630,264	3.42%	-	-
- Other Disinterested Shareholders (Note 11)	203,730,027	15.29%	203,730,027	15.29%	-	-
Total number of Shares	1,332,705,675	100.00%	1,332,705,675	100.00%	1,332,705,675	100.00%
Total number of Scheme Shares	1,332,705,675	100.00%	1,332,705,675	100.00%	-	-

*Notes:*

1. All percentages in the above table are approximations.
2. Under the Scheme, the issued share capital of the Company will, on the Effective Date, be reduced by cancelling the Scheme Shares. On the assumption that all the Share Options with the exercise price of US\$0.18 are exercised before the Latest Practicable Date, that no Share Options with the exercise prices of US\$0.5458, US\$0.7846 and HK\$7.50 are exercised before the Latest Practicable Date and that there is no other change in shareholding of the Company before completion of the Proposal, upon such reduction, the issued share capital of the Company will be increased to its former amount by the issuance to the Offeror, credited as fully paid, of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled. The reserve created in the Company's books of account as a result of the capital reduction will be applied in paying up in full the new Shares so issued, credited as fully paid, to the Offeror.
3. As at the Latest Practicable Date, the Executive Directors held 87,046,793 Shares in aggregate including (1) the 37,228,804 Shares from exercising Share Options; and (2) the 49,817,989 Shares corresponding to restricted share units under the Share Award Scheme, which are granted, vested and held in trust by Zedra Trust Company (Cayman) Limited for them. Having regard to tax implications which could only be clarified after the Announcement, the Executive Directors may make arrangements to obtain the legal titles to such Shares after the Effective Date. Assuming the Internal Reorganisation is completed before the Effective Date, as a result of the Internal Reorganisation, the Executive Directors will in aggregate hold, directly or indirectly, 200,806,793 Shares (representing approximately 15.07% of the issued share capital of the Company) immediately upon completion of the Internal Reorganisation.
4. As at the Latest Practicable Date, Mr. Zhou held 56,656,123 Shares including (1) the 29,165,323 Shares from exercising Share Options; and (2) the 27,490,800 Shares corresponding to restricted share units under the Share Award Scheme, which are granted, vested and held in trust by Zedra Trust Company (Cayman) Limited for Mr. Zhou. Having regard to tax implications which could only be clarified after the Announcement, Mr. Zhou may make arrangements to obtain the legal titles to such Shares after the Effective Date. Assuming the Internal Reorganisation is completed before the Effective Date, as a result of the Internal Reorganisation, Mr. Zhou will in aggregate hold, directly or indirectly, 141,976,123 Shares (representing approximately 10.65% of the issued share capital of the Company) immediately upon completion of the Internal Reorganisation.
5. As at the Latest Practicable Date, Ms. Mu held 21,083,116 Shares including (1) the 7,063,481 Shares from exercising Share Options; and (2) the 14,019,635 Shares corresponding to restricted share units under the Share Award Scheme, which are granted, vested and held in trust by Zedra Trust Company (Cayman) Limited for Ms. Mu. Having regard to tax implications which could only be clarified after the Announcement, Ms. Mu may make arrangements to obtain the legal titles to such Shares after the Effective Date. Assuming the Internal Reorganisation is completed before the Effective Date, as a result of the Internal Reorganisation, Ms. Mu will in aggregate hold, directly or indirectly, 49,523,116 Shares (representing approximately 3.72% of the issued share capital of the Company) immediately upon completion of the Internal Reorganisation.
6. As at the Latest Practicable Date, Mr. Jin held 9,307,554 Shares including (1) the 1,000,000 Shares from exercising Share Options; and (2) the 8,307,554 Shares corresponding to restricted share units under the Share Award Scheme, which are granted, vested and held in trust by Zedra Trust Company

(Cayman) Limited for Mr. Jin. Having regard to tax implications which could only be clarified after the Announcement, Mr. Jin may make arrangements to obtain the legal titles to such Shares after the Effective Date.

7. Mr. Liu is presumed to be acting in concert with Mr. Zhou and Ms. Mu in accordance with class 1 of the definition of “acting in concert” under the Takeovers Code by virtue of holding 20% in Management Company, in which each of Mr. Zhou and Ms. Mu held 60% and 20%, respectively. The number of Shares held by Mr. Liu as at the Latest Practicable Date, which include (1) the 305,000 Shares of Mr. Liu from exercising Share Options, which are held through a CCASS custodian account administered by Computershare; and (2) the Shares to be issued assuming the 5,427,455 Share Options with the exercise price of US\$0.18 of Mr. Liu are exercised before the Latest Practicable Date. Having regard to tax implications which could only be clarified after the Announcement, the Executive Directors may make arrangements to obtain the legal titles to such Shares after the Effective Date. Assuming the Internal Reorganisation is completed before the Effective Date, as a result of the Internal Reorganisation, Mr. Liu will in aggregate hold, directly or indirectly, 34,172,455 Shares (representing approximately 2.56% of the issued share capital of the Company) immediately upon completion of the Internal Reorganisation.
8. Management Company and its wholly-owned subsidiary P Holdings were presumed to be acting in concert with Mr. Zhou and Ms. Mu in accordance with class 1 of the definition of “acting in concert” under the Takeovers Code by virtue of Mr. Zhou and Ms. Mu’s holdings in them respectively. As at the Latest Practicable Date, Management Company directly held 142,199,998 Shares and indirectly held 2 Shares through its wholly-owned subsidiary, P Holdings. Management Company was owned as to 60% by Mr. Zhou, 20% by Ms. Mu and 20% by Mr. Liu. The Internal Reorganisation will be conducted pursuant to which each of Mr. Zhou, Ms. Mu and Mr. Liu will hold, directly or indirectly, his or her interest in the Company independently (which are pro rata to their holdings in Management Company). Having regard to tax implications which could only be clarified after the Announcement, the Internal Reorganisation may take place after the Effective Date.
9. Other Optionholders include all the Optionholders other than Mr. Zhou, Ms. Mu, Mr. Jin and Mr. Liu. The number of Shares held by them as at the Latest Practicable Date, included in the Shares held by the Disinterested Shareholders, included the Shares to be issued assuming all the 19,627,631 Share Options with the exercise price of US\$0.18 of them are exercised before the Latest Practicable Date.
10. As at the Latest Practicable Date, 45,630,264 Shares corresponding to restricted share units under the Share Award Scheme were granted, vested and held in trust by Zedra Trust Company (Cayman) Limited for employees of the Group being Disinterested Shareholders. For completeness, as at the Latest Practicable Date, Zedra Trust Company (Cayman) Limited also held 49,817,989 Shares in trust for the Executive Directors, which has been included in the holdings of the Executive Directors in this table (see Notes 3, 4, 5 and 6). According to the rules of the Share Award Scheme, Zedra Trust Company (Cayman) Limited may not exercise the voting rights in respect of such Shares and thus there are no voting rights exercisable in respect of such Shares held by it. The Shares held by Zedra Trust Company (Cayman) Limited for the Executive Directors will not be voted or counted as votes of Disinterested Shareholders in determining whether the requirements under condition (1)(a) and (b) under the section headed “4. Conditions to the Proposal and the Scheme” (as required under Rule 2.10 of the Takeovers Code) are satisfied. The relevant employees of the Group may have the Shares held by Zedra Trust Company (Cayman) Limited released to them during the offer period (as defined under the Takeovers Code).
11. As at the Latest Practicable Date, 203,730,027 Shares were held by Disinterested Shareholders other than the IU Shareholders and Zedra Trust Company (Cayman) Limited, including the 3,095,686 Shares from exercising Share Options by employees of the Group being Disinterested Shareholders after the Announcement Date which are held through a CCASS custodian account administered by Computershare.

**10. REASONS FOR AND BENEFITS OF THE PROPOSAL****For the Scheme Shareholders: an opportunity to realise their investment at a compelling premium**

The Offeror is of the view that the terms of the Proposal are attractive to the Scheme Shareholders and the Proposal will be beneficial to the Scheme Shareholders in a number of ways.

**(1) *Exit investments with limited liquidity***

The Offeror notes that the trading liquidity of the Shares has been at a low level over a period of time. The average daily trading volume of the Shares for the three months up to and including the Last Trading Day was approximately 1,401,059 Shares per day, representing only approximately 0.11% of the issued Shares as at the Last Trading Day, which are partly caused by the lack of analyst coverage of the Company. The low trading liquidity of the Shares could make it difficult for the Scheme Shareholders to execute on-market sales of Shares without adversely affecting the market price of the Shares.

In this regard, the Offeror is of the view that the Proposal provides an opportunity for the Scheme Shareholders to realise their holdings of Shares with limited liquidity in return for cash.

**(2) *Unlock value at a premium***

The Offeror considers that the Proposal provides the Scheme Shareholders with an opportunity to realise their investment in the Company at a compelling premium over the prevailing market price of the Shares. The cash consideration of HK\$3.50 per Scheme Share under the Cash Alternative represents a premium of approximately 41.13% over the closing price of HK\$2.48 on the Undisturbed Date, 47.58% over the average closing prices of HK\$2.37 for the 30 trading days up to and including the Undisturbed Date, 26.81% over the closing price of HK\$2.76 on the Last Trading Day and 47.04% over the average closing prices of HK\$2.38 for the 30 trading days up to and including the Last Trading Day, respectively, and a premium of approximately 3.86% over the closing price of HK\$3.37 per Share on the Latest Practicable Date.

**(3) *Realise gains under the currently uncertain market conditions***

The Offeror considers that the Proposal provides the Scheme Shareholders with an opportunity to realise their investments in the Company under the currently uncertain market conditions. Since 2018, the Hang Seng Index has shown an overall downward trend. As of the Last Trading Day, it has decreased by approximately 10.83%. After a number of recent political and economic events (including but not limited to the COVID-19 pandemic and Sino-US trade friction), the global market is now subject to further potential uncertainty.

**(4) *Opportunity to continue to invest in the Company***

The Offeror considers that the Proposal provides the Scheme Shareholders, through the election of Share Alternative, with an opportunity to remain invested in the Company's digital solution service platform focusing on omni-channel payment, subject to the risk factors of holding Offeror Shares as disclosed in the section headed "2. Terms of the Proposal – Cancellation Consideration – The Share Alternative".

**For the Company: Reduce the administrative costs and management resources invested by the Company to maintain a listing platform that lacks financing capabilities**

The Offeror considers that due to the low liquidity and the relative underperformance in the trading of the Shares, there will be difficulties to a certain extent for the Company to raise funds from public equity markets, which the Offeror believes is unlikely to see any significant improvement in the near term.

As such, the Offeror believes that the administrative costs and management resources associated with maintaining the Company's listing status are no longer justified. The Proposal will reduce such administrative costs and management resources invested by the Company to maintain a listing platform that lacks financing capabilities.

It is the intention of the Offeror that the Group will continue to carry on its current business, and the Offeror does not have specific plans to make any major changes to the business of the Group (including any redeployment of fixed assets of the Group) upon the successful delisting of the Company. After completion of the Proposal, the Offeror will continue to consider how to develop the Company in a manner which best enhances shareholder value and, in that regard, will consider growing its business as well as capital market opportunities which will be dependent on a number of factors including market conditions, legal and regulatory requirements and its business needs. The Offeror does not intend to re-list itself or the Company in the PRC or on any other overseas stock exchanges or make any significant changes to the continued employment of the employees of the Group, except for staff movements which are part of normal conduct of business.

**11. INFORMATION ON THE GROUP**

The Company is an exempted company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the Main Board of the Stock Exchange with the stock code 1806. The Group is a leading independent third-party payment service provider in the PRC, focusing on four business directions including integrated merchants acquiring, SaaS service, industry solution as well as cross-border and international business.

**12. INFORMATION ON THE OFFEROR**

The Offeror is an exempted company incorporated in the Cayman Islands with limited liability with effect from 17 November 2020. As at the Latest Practicable Date, the entire issued share capital of the Offeror, comprising 300,000 Offeror Shares, was beneficially held as to approximately 70.7030%, 24.6620%

and 4.6350% by Mr. Zhou, Ms. Mu and Mr. Jin through SPV-Z, SPV-M and SPV-J, respectively. As at the Latest Practicable Date, the directors of the Offeror were the Executive Directors, who are also directors of the Company.

The Offeror has not carried on any business since incorporation other than matters in connection with the Proposal and the Scheme. The Offeror does not intend to engage in any business other than acting as the holding company of the Company after completion of the Proposal. As at the Latest Practicable Date, the Offeror did not have any assets or liabilities other than the CMB Facility.

### **13. PROFIT WARNING ANNOUNCEMENT AND PROFIT ESTIMATE**

As disclosed in the Profit Warning Announcement, based on a preliminary review of the unaudited consolidated management accounts of the Group for the Period (being the eleven months ended 30 November 2020): (i) the net loss for the Period has widened to approximately RMB150 million to RMB170 million, as compared to the net loss for the six months ended 30 June 2020 of approximately RMB112 million; and (ii) the adjusted net profit for the Period, as defined in the same manner as in the Company's 2020 interim report, decreased to approximately RMB25 million to RMB45 million, as compared to the adjusted net profit for the six months ended 30 June 2020 of approximately RMB85 million.

The Board believes that the deterioration in the financial performance of the Group for the Period is mainly attributable to the following factors:

- (i) the continued impact of the COVID-19 pandemic on the business of the Group, which caused the decrease in revenue generated from the traditional payment services, especially in the tourism and aviation industries;
- (ii) furthering the "Payment+SaaS" strategy, the Group continued to invest in the new SaaS business, thereby increasing the research and development expenses and sales and marketing expenses for improving the technology, data and platform as well as facilitating business development to formulate customised solutions for the clients; and
- (iii) the impact on the net loss for the Period of the share-based payment expenses primarily as a result of the grant of the restricted share units under the Share Award Scheme, which were fully recognised in the first half of 2020, but which expenses have no impact on the adjusted net profit which does not take into account the share-based payment expenses.

The Profit Estimate constitutes a "profit forecast" under Rule 10 of the Takeovers Code and shall be reported on by the Independent Financial Adviser and the Company's auditor in accordance with the requirements under Rule 10 of the Takeovers Code. The Profit Estimate has been reported on by Ernst & Young, the Company's auditor and Somerley, the Independent Financial Adviser. Ernst & Young has reported that, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled in accordance with the bases adopted by the Directors as set out in the Profit Warning Announcement and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the annual report of the Company for the year ended 31 December 2019. The Independent Financial Adviser is satisfied that the Profit Estimate has been made by the Board with due care and consideration.

Your attention is drawn to the reports issued by Ernst & Young and Somerley on the Profit Estimate set out in Appendix IX and Appendix X to this Scheme Document respectively.

#### **14. WITHDRAWAL OF LISTING OF THE SHARES**

Upon the Scheme becoming effective, all Scheme Shares will be cancelled (with the equivalent number of new Shares being issued as fully paid to the Offeror) and the share certificates in respect of the Scheme Shares will thereafter cease to have effect as documents or evidence of title.

The Company will apply to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules, with effect from the Effective Date.

The Scheme Shareholders will be notified by way of announcement of the exact dates of the last day for dealing in the Shares on the Stock Exchange and the day on which the Scheme and the withdrawal of the listing of Shares on the Stock Exchange will become effective. An expected timetable of the Proposal is included in Part III of this Scheme Document.

#### **15. IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES**

The Scheme will lapse if any of the Conditions has not been fulfilled or waived, as applicable, on or before the Long Stop Date. The listing of the Shares on the Stock Exchange will not be withdrawn if the Scheme does not become effective or the Proposal otherwise lapses.

**If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under Rule 31.1(a) of the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with it) may within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses announce an offer or possible offer for the Company, except with the consent of the Executive.**

#### **16. COSTS OF THE SCHEME**

If the Independent Board Committee or the Independent Financial Adviser does not recommend the Proposal, and the Scheme is not approved, all expenses incurred by the Company in connection therewith shall be borne by the Offeror in accordance with Rule 2.3 of the Takeovers Code. Given that the Proposal is recommended by the Independent Board Committee and is recommended as fair and reasonable by the Independent Financial Adviser, Rule 2.3 of the Takeovers Code is not applicable.

All costs, charges and expenses incurred by the Company and/or its advisers and counsels, including the Independent Financial Adviser, will be borne by the Company, whereas all costs, charges and expenses incurred by the Offeror and/or their advisers and counsels will be borne by the Offeror, and other costs, charges and expenses of the Scheme and the Proposal will be shared between the Offeror and the Company equally.



**17. REGISTRATION AND PAYMENT**

Assuming that the Scheme Record Date falls on Friday, 26 February 2021, it is proposed that the register of members of the Company will be closed from Friday, 26 February 2021 (or such other date as Shareholders may be notified by announcement) in order to determine entitlements under the Scheme. In order to qualify for entitlements under the Scheme, Scheme Shareholders should ensure that the transfers of Shares to them are lodged with the Share Registrar at Suite 1601, 16/F, Central Tower, 28 Queen's Road Central, Hong Kong for registration in their names or in the names of their nominees before the closure of the register of members of the Company.

**Payment of Cancellation Consideration to Scheme Shareholders**

Upon the Scheme becoming effective, payment of the Cancellation Consideration for the Scheme Shares will be made to the Scheme Shareholders whose names appear on the register of members of the Company as at the Scheme Record Date. Assuming that the Scheme becomes effective on Thursday, 25 March 2021, (a) cheques for cash entitlements to those who have validly elected the Cash Alternative and those whose elections for the Share Alternative were invalid, and (b) share certificates for Offeror Shares to those who have validly elected the Share Alternative will be despatched as soon as possible but in any event within 7 Business Days following the Scheme having become effective and accordingly, the cheques and the share certificates for Offeror Shares are expected to be despatched on or before Thursday, 8 April 2021.

In the absence of any specific instructions to the contrary received in writing by the Share Registrar, at Suite 1601, 16/F, Central Tower, 28 Queen's Road Central, Hong Kong, cheques and share certificates for Offeror Shares will be sent by posting the same in pre-paid envelopes addressed to the persons entitled thereto at their respective registered addresses or, in the case of joint holders, to the registered address of that joint holder whose name stands first in the register of members of the Company in respect of the joint holding. All such cheques and share certificates will be sent at the risk of the person(s) entitled thereto and none of the Offeror, the Company, CICC, Somerley or any of them will be responsible for any loss or delay in despatch.

Beneficial Owners should note if you hold Shares through a nominee (including but not limited to HKSCC Nominees) and elect to receive the Share Alternative, the Offeror Shares to be issued to you as Cancellation Consideration will be issued in the name of the Registered Owner for subsequent transfer to you. **As Offeror Shares will not become eligible securities in CCASS, you are required to instruct your securities dealer/custodian bank to withdraw the Offeror Shares from CCASS and arrange for the transfer of those shares into your own name, or some other nominee on your behalf, as soon as possible thereafter. Please see the sub-sections headed "Withdrawal from CCASS" and "Procedures for Transfer of the New Shares" below for further details.**

Shareholders are recommended to consult their professional advisors if they are in doubt as to the above procedures.

On or after the day being six calendar months after the posting of such cheques, the Offeror (or its nominee) shall have the right to cancel or countermand payment of any such cheque which has not been cashed or has been returned uncashed, and shall place all monies represented thereby in a deposit account in the name of the Offeror (or its nominee) with a licensed bank in Hong Kong selected by the Offeror (or its nominee).

The Offeror (or its nominee) shall hold such monies until the expiry of six years from the Effective Date and shall prior to such date, make payments therefrom of the sums to persons who satisfy the Offeror (or its nominee) that they are respectively entitled thereto. On the expiry of six years from the Effective Date, the Offeror (and, if applicable, its nominee) shall be released from any further obligation to make any payments under the Scheme.

Assuming that the Scheme becomes effective, the register of members of the Company will be updated accordingly to reflect the cancellation of all the Scheme Shares and all existing certificates representing the Scheme Shares will cease to have effect as documents or evidence of title as from the Effective Date, which is expected to be on or about Thursday, 25 March 2021.

Any certificates of Offeror Shares posted to the Scheme Shareholders pursuant to the Scheme which have been returned or undelivered will be cancelled. The share registrar of the Offeror may at any time thereafter issue new share certificates in respect of such Offeror Shares to those Scheme Shareholders who can establish their entitlements to its satisfaction and transfer to them all accrued entitlements from the original date of allotment or transfer, as the case may be, in respect of such Offeror Shares, subject to the payment of any expenses incurred.

Settlement of the Cancellation Consideration to which the Scheme Shareholders are entitled under the Scheme will be implemented in full in accordance with the terms of the Scheme, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against any such Scheme Shareholder.

#### **Payment in respect of the Option Offer Price to Optionholders**

On the basis that the Scheme becomes effective, cheques for payment of the Option Offer Price payable under the Option Offer are expected to be despatched as soon as possible but in any event within 7 Business Days following the Scheme having become effective and accordingly, the cheques are expected to be despatched on or before Thursday, 8 April 2021. Cheques will be sent by posting the same in pre-paid envelopes addressed to the persons entitled thereto at their respective registered addresses. All such cheques will be sent at the risk of the person(s) entitled thereto and none of the Offeror, the Company, CICC, Somerley or any of them will be responsible for any loss or delay in despatch.

On or after the day being six calendar months after the posting of such cheques, the Offeror (or its nominee) shall have the right to cancel or countermand payment of any such cheque which has not been cashed or has been returned uncashed, and shall place all monies represented thereby in a deposit account in the name of the Offeror (or its nominee) with a licensed bank in Hong Kong selected by the Offeror (or its nominee).

The Offeror (or its nominee) shall hold such monies for those entitled under the terms of the Option Offer until the expiry of six years from the Effective Date and shall, prior to such date, make payments therefrom of the sums, together with interest thereon, to persons who satisfy the Offeror (or its nominee) that they are respectively entitled thereto, provided that such cheques referred to in the paragraph above of which they are payees have not been cashed. On the expiry of six years from the Effective Date, the Offeror (and, if applicable, its nominee) shall be released from any further obligation to make any payments under the Option Offer.

Settlement of the consideration to which the Optionholders are entitled under the Option Offer will be implemented in full in accordance with the terms of the Option Offer, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against any such Optionholders.

Payment in respect of Share Options that have vested but in respect of which the underlying Shares have not been registered in the name of the relevant holder, as at the Option Record Date and for which valid acceptances have been tendered, shall be made as soon as possible and in any event within 7 Business Days of the Effective Date.

As at the Latest Practicable Date, all Share Options with an exercise price of US\$0.18 and US\$0.5458 were vested, and 71,834,990 and 17,179,324 Share Options with an exercise price of US\$0.7846 and HK\$7.50, respectively, are vested.

Settlement of the consideration to which the Optionholders are entitled under the Option Offer will be implemented in full in accordance with the terms of the Option Offer and subject to the terms of the Share Option Scheme, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against any such Optionholders.

### **Withdrawal from CCASS**

The New Shares will not be listed on the Stock Exchange (or any other stock exchange). Accordingly, the New Shares will not be accepted as eligible securities by HKSCC for deposit, clearance or settlement in CCASS. The New Shares received by any persons holding their New Shares through CCASS will initially be held in the name of HKSCC Nominees. HKSCC will not however provide any transfer services in respect of any New Shares. Any person holding any New Shares through HKSCC Nominees wishing to transfer New Shares must first arrange for withdrawal of such New Shares from CCASS and the registration of the New Shares in his own name.

A fee will be charged by HKSCC for withdrawal of New Shares.

### **Procedures for transfer of the New Shares**

It is expected that the register of holders of New Shares will be maintained by the Offeror in the Cayman Islands.

A transfer of the New Shares is to be effected by a shareholder of the Offeror completing an instrument of transfer, in a common form or in a form approved by the directors of the Offeror, executed by or on behalf of that shareholder of the Offeror. Until further notice provided by the Offeror, the instrument of transfer can be obtained at the office of the Share Registrar, Link Market Services (Hong Kong) Pty Limited, at Suite 1601, 16/F., Central Tower, 28 Queen's Road Central, Hong Kong and the signed instruments of transfer must be delivered for registration at the aforesaid office of the Share Registrar from 9:00 a.m. to 4:30 p.m. on any business day in Hong Kong.

The board of the Offeror may refuse to register the transfer of the New Shares to any person in their absolute discretion without giving any reason for their refusal pursuant to the articles of association of the Offeror. In particular, the board of the Offeror may decline to recognise any instrument of transfer unless:

- (1) such fees, if any, as may be required by the Offeror and/or the share registrar of the Offeror and/or any of their agents for the purpose of handling the transfer are paid thereof;
- (2) the instrument of transfer is accompanied by the certificate of the New Shares to which it relates, and such other evidence as the board of the Offeror may reasonably require to show the right of the transferor to make the transfer;
- (3) the instrument of transfer is in respect of only one class of shares; and
- (4) any additional information and/or documentary evidence as might be reasonably requested by the board of the Offeror or the share registrar of the Offeror is provided to it.

Each new certificate to be issued upon a transfer of the New Shares will be made available for personal collection by the holder entitled thereto during normal business hours (from 9:00 a.m. to 4:30 p.m.) on any business day in Hong Kong at the aforesaid office of the Share Registrar after one calendar month following receipt of the documents specified above by the Share Registrar and upon production of such identification papers or additional documents as may be reasonably requested by Offeror or the Share Registrar.

Where some but not all of the New Shares in respect of which a certificate is issued are to be transferred, a new certificate in respect of the balance of the New Shares not so transferred will be made available for personal collection by the holder entitled thereto during normal business hours (from 9:00 a.m. to 4:30 p.m.) on any business day in Hong Kong at the aforesaid office of the Share Registrar after one calendar month following receipt of the documents specified above by the Share Registrar and upon production of such identification papers additional documents as may be reasonably requested by Offeror or the Share Registrar.

Any holder of New Shares wishing to split his holding of New Shares into two or more share certificates must lodge his request with the Transfer Agent. A fee may be charged by the Offeror or the share registrar of the Offeror or any of its agents for the splitting of the New Share certificate. New share certificate(s) issued in respect of the splitting of the New Share certificate will be made

available for personal collection by the holder entitled thereto during normal business hours (from 9:00 a.m. to 4:30 p.m.) on any business day in Hong Kong at the aforesaid office of the Share Registrar after one calendar month following receipt of such request together with the original share certificate by the Share Registrar and upon presentation of such identification papers as may be reasonably requested by the Offeror or the Share Registrar.

## **18. OVERSEAS SHAREHOLDERS AND OPTIONHOLDERS**

### **General**

The making of the Proposal to the Scheme Shareholders and the Option Offer to Optionholders who are not resident in Hong Kong may be subject to the laws of the relevant jurisdictions in which such Scheme Shareholders and Optionholders are located.

Such Scheme Shareholders and Optionholders should inform themselves about and observe any applicable legal, tax or regulatory requirements. It is the responsibility of any overseas Scheme Shareholders and overseas Optionholders, wishing to take an action in relation to the Proposal and Option Offer, respectively, to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with any other necessary formalities and the payment of any issue, transfer or other taxes in such jurisdiction.

Any acceptance by such Scheme Shareholders and Optionholders will be deemed to constitute a representation and warranty from such persons to the Company, the Offeror and their respective advisers (including CICC), that those laws and regulatory requirements have been complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees will give or be subject to the above warranty and representation. If you are in doubt as to your position, you should consult your professional advisers.

### **Notice to UK investors**

This Scheme Document is being distributed and communicated only to: (a) persons outside the UK; (b) persons who are investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “FPO”); or (c) high net worth companies, unincorporated associations and other bodies within the categories described in Article 49(2)(a) to (d) of the FPO.

### **Notice to US investors**

This Scheme Document is not an offer of securities for sale in the United States. The New Shares to be issued in connection with the Proposal will not be, and are not required to be, registered under the Securities Act or the securities laws of any state of the United States and will be issued in reliance upon the exemption from the registration requirements of the Securities Act provided by section 3(a)(10) of the Securities Act and available exemptions from such state law registration requirements.

The Proposal relates to the securities of the Offeror and the Company, which are incorporated in the Cayman Islands with limited liability. The Proposal will be effected under a scheme of arrangement provided for under the Companies Act. Accordingly, the Proposal is subject to the disclosure requirements, rules and practices applicable to Cayman schemes of arrangement, and the information disclosed in this Scheme Document may not be the same as that which would have been disclosed if this Scheme Document had been prepared for the purpose of complying with the requirements of US federal securities laws or in accordance with the laws and regulations of any other jurisdiction. The financial information included in the relevant documentation has not been, and will not be, prepared in accordance with US GAAP and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with US GAAP. US GAAP differs in certain significant respects from International Financial Reporting Standards. None of the financial information in this Scheme Document has been audited in accordance with auditing standards generally accepted in the United States or the auditing standards of the Public Company Accounting Oversight Board of the United States.

The receipt of cash pursuant to the Proposal by a US holder of Scheme Shares as consideration for the cancellation of its Scheme Shares pursuant to the Scheme or by an Optionholder as consideration for the cancellation of its Options may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other tax laws. Each holder of Scheme Shares or Share Options is urged to consult his independent professional adviser immediately regarding the tax consequences of the Proposal applicable to him.

US holders of Scheme Shares and Share Options may encounter difficulty enforcing their rights and any claims arising out of US securities laws, as the Offeror and the Company are incorporated outside of the United States, some or all of their respective officers and directors are resident outside of the United States and a substantial portion of their respective assets are located outside of the United States. US holders of Scheme Shares or Share Options may not be able to sue a foreign company or its officers or directors in a foreign court for violations of US securities laws, or enforce against them a judgement rendered by a US court. Further, US holders of Scheme Shares or Share Options may encounter difficulty compelling a foreign company and its affiliates to subject themselves to a US court's jurisdiction.

New Shares issued to a Scheme Shareholder that is neither an "affiliate" (within the meaning of the Securities Act), for the purposes of the Securities Act, of the Company or the Offeror prior to the Effective Date, nor an affiliate of the Offeror after the Effective Date, should not be "restricted securities" under the Securities Act, and such New Shares may be sold by such person in ordinary secondary market transactions without restriction under the Securities Act. New Shares issued pursuant to the Scheme will not be registered under any US state securities laws and may only be issued to persons resident in a state pursuant to an exemption from the registration requirements of the securities laws of such state.

Persons who are affiliates of the Company or the Offeror prior to the Effective Date, or an affiliate of the Offeror after the Effective Date, may not resell New Shares received pursuant to the Scheme in the United States without registration under the Securities Act, except pursuant to an applicable exemption from the registration requirements of the Securities Act or in a transaction not subject to such requirements. Persons who may be deemed to be affiliates of the Company or the

Offeror, as the case may be, include individuals who, or entities that, control, directly or indirectly, or are controlled by or are under common control with, the Company or the Offeror, as the case may be, and may include certain officers and directors of such company and such company's principal shareholders (such as a holder of more than 10% of the outstanding capital stock of such company). Persons who believe they may be affiliates for the purposes of the Securities Act should consult their own legal advisers prior to any sale of New Shares received pursuant to the Scheme.

The New Shares have not been and will not be listed on a US securities exchange or quoted on any inter-dealer quotation system in the United States. The Offeror does not intend to facilitate a market in New Shares in the United States. Consequently, the Offeror believes that it is unlikely that an active trading market in the United States will develop for the New Shares.

Neither the US Securities and Exchange Commission nor any other US federal or state securities commission or regulatory authority has approved or disapproved of the New Shares or passed an opinion on the adequacy of this Scheme Document. Any representation to the contrary is a criminal offense in the United States.

For the purposes of qualifying for the exemption from the registration requirements of the Securities Act afforded by section 3(a)(10) thereof, the Company will advise the Grand Court before the Court Meeting that its sanctioning of the Scheme will be relied upon by the Company and the Offeror for such purpose as an approval of the Scheme following a hearing on the fairness of the terms and conditions of the Scheme to Shareholders, at which hearing all such holders are entitled to attend in person or through counsel to support or oppose the sanctioning of the Scheme and with respect to which notification has been given to all such holders.

In accordance with the Takeovers Code, CICC and some of its affiliates may continue to act as exempt principal traders and exempt fund managers in the Shares on the Stock Exchange. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices, provided that any such purchase or arrangement complies with applicable law and is made outside the United States. Any information about such purchases will be reported to the Securities and Futures Commission and, to the extent required to be publicly disclosed under the Takeovers Code, will be available on the website of the Securities and Futures Commission at <http://www.sfc.hk>.

**Shareholders and beneficial owners of the Shares should consult their professional advisers if they are in any doubt as to the potential applicability of, or consequence under, any provision of law or regulation or judicial or regulatory decisions or interpretations in any jurisdictions, territory or locality therein or thereof and, in particular, whether there will be any restriction or prohibition on the acquisition, retention, disposal or otherwise with respect to the Shares or the New Shares, as the case may be. It is emphasised that none of the Company, the Offeror, any of their respective directors or officers, employees, agents, affiliates or advisers and any other person involved in the Scheme accept any responsibility in relation to the above.**

**19. TAXATION**

As the Scheme does not involve the sale and purchase of Hong Kong stock, no Hong Kong stamp duty will be payable pursuant to the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong) on the cancellation of the Scheme Shares upon the Scheme becoming effective.

Scheme Shareholders and Optionholders, whether in Hong Kong or in other jurisdictions, are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting the Proposal or the Option Offer.

**It is emphasised that none of the Offeror, the Company and CICC or any of their respective directors, officers or associates or any other person involved in the Proposal or the Option Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Proposal or the Option Offer. All Scheme Shareholders and/or Beneficial Owners are recommended to consult their professional advisers if in any doubt as to the taxation implications of the Proposal and they shall be solely responsible for their liabilities (including tax liabilities) in relation to the Scheme.**

**20. SCHEME SHARES**

As at the Latest Practicable Date, the Offeror did not hold any Shares. As the Offeror is not a Scheme Shareholder, the Offeror will not vote on the Scheme at the Court Meeting. The Offeror will undertake to the Grand Court that it will be bound by the Scheme, so as to ensure that it will be subject to the terms and conditions of the Scheme.

As at the Latest Practicable Date, the Executive Directors held directly or indirectly in aggregate 87,046,793 Shares (representing approximately 6.66% of the issued share capital of the Company). Such Shares will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective. The Executive Directors' votes at the Court Meeting will not be counted as votes of Disinterested Shareholders in determining whether the requirements under condition (1)(a) and (b) under the section headed "4. Conditions to the Proposal and the Scheme" (as required under Rule 2.10 of the Takeovers Code) are satisfied, and will only be counted as votes of Scheme Shareholders in determining whether the requirement in the first paragraph of condition (1) in the section headed "4. Conditions to the Proposal and the Scheme" (as required under Companies Act) is satisfied.

As at the Latest Practicable Date, the Offeror Concert Parties held in aggregate 142,505,000 Shares (representing approximately 10.90% of the issued share capital of the Company). Such Shares will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective. The Offeror Concert Parties' votes at the Court Meeting will not be counted as votes of Disinterested Shareholders in determining whether the requirements under condition (1)(a) and (b) under the section headed "4. Conditions to the Proposal and the Scheme" (as required under Rule 2.10 of the Takeovers Code) are satisfied, and will only be counted as votes of Scheme Shareholders in determining whether the requirement in the first paragraph of condition (1) in the section headed "4. Conditions to the Proposal and the Scheme" (as required under Companies Act) is satisfied.



**21. COURT MEETING AND THE GENERAL MEETING**

In accordance with the directions of the Grand Court, the Court Meeting will be held for the purpose of considering and, if thought fit, passing a resolution to approve the Scheme (with or without modifications). Scheme Shareholders whose names appear on the register of members of the Company as at the Meeting Record Date will be entitled to attend and vote, in person or by proxy, at the Court Meeting, provided that only votes of Disinterested Shareholders will be counted for the purposes of determining whether the requirements set out in the section headed “7. Additional requirements as imposed by Rule 2.10 of the Takeovers Code” above in this Explanatory Memorandum are satisfied in accordance with the Takeovers Code. The Scheme will be subject to the approval by the Scheme Shareholders at the Court Meeting in the manner referred to in the subsection headed “Court Meeting” below.

The General Meeting will be held immediately following the Court Meeting for the purpose of considering and, if thought fit, passing, among other things, (i) the special resolution to approve the Scheme and the associated reduction of the issued share capital of the Company by cancelling and extinguishing the Scheme Shares, and (ii) the ordinary resolution to immediately thereafter increase the issued share capital of the Company to the amount prior to the cancellation of the Scheme Shares by issuing to the Offeror such number of new Shares as is equal to the number of Scheme Shares cancelled and applying the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par the new Shares, credited as fully paid, for issuance to the Offeror.

**Court Meeting**

The Scheme is conditional upon, among other things, approval of the Scheme (by way of poll) by a majority in number of the Scheme Shareholders representing not less than three-fourths in value of the Scheme Shares held by the Scheme Shareholders present and voting either in person or by proxy at the Court Meeting, provided that:

- (a) the Scheme is approved (by way of poll) by the Disinterested Shareholders holding at least 75% of the votes attaching to the Disinterested Shares that are voted either in person or by proxy at the Court Meeting; and
- (b) the number of votes cast (by way of poll) by the Disinterested Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all the Disinterested Shares;

Scheme Shareholders whose names appear in the register of members of the Company as at the Meeting Record Date shall be entitled to attend and vote their Scheme Shares in person or by proxy, at the Court Meeting for the purposes of Section 86 of the Companies Act, in favour of the Scheme or against the Scheme. For the purpose of satisfying the voting requirements described in (a) and (b) above (which are contained in and imposed by the Takeovers Code), only the votes in respect of the Scheme Shares of Disinterested Shareholders present and voting either in person or by proxy, will be counted.

In accordance with the Companies Act, the “three-fourths in value” requirement, as described above, will be met if the total value of Scheme Shares being voted in favour of the Scheme is at least three-fourth of the total value of the Scheme Shares voted at the Court Meeting.

In accordance with the Companies Act, the “majority in number” requirement, as described above, will be met if the number of Scheme Shareholders voting in favour of the Scheme exceeds the number of Scheme Shareholders voting against the Scheme at the Court Meeting. Only Scheme Shareholders whose Shares are registered in their own names in the register of members of the Company on the Meeting Record Date will be counted as Scheme Shareholders for the purpose of calculating whether or not a majority in number of Scheme Shareholders have approved the Scheme at the Court Meeting under Section 86 of the Companies Act. HKSCC Nominees is the Registered Owner in respect of all Shares held in CCASS and will be counted as one Scheme Shareholder for the purpose of calculating whether or not a majority in number of Scheme Shareholders have approved the Scheme at the Court Meeting under Section 86 of the Companies Act. Beneficial Owners who wish to individually vote or be counted for the purpose of ascertaining whether a majority in number of Scheme Shareholders have approved the Scheme should make arrangements to withdraw their Scheme Shares (or a board lot) from CCASS and become registered as a member of the Company in their own name prior to the Meeting Record Date.

Notice of the Court Meeting is set out in Appendix VI to this Scheme Document. The Court Meeting will be held at 10:00 a.m. (Hong Kong time) on Friday, 19 February 2021 at Pheasant-Stork Room, 1st Floor, Mandarin Oriental Hong Kong, 5 Connaught Road Central, Hong Kong.

### **General Meeting**

All Shareholders whose names appear in the register of members of the Company as at the Meeting Record Date shall be entitled to attend and vote, in person or by proxy, at the General Meeting with respect to, among other things, (i) the special resolution to approve the Scheme and the associated reduction of the issued share capital of the Company by cancelling and extinguishing the Scheme Shares, and (ii) the ordinary resolution to immediately thereafter increase the issued share capital of the Company to the amount prior to the cancellation of the Scheme Shares by issuing to the Offeror such number of new Shares as is equal to the number of Scheme Shares cancelled and applying the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par the new Shares, credited as fully paid, for issuance to the Offeror.

The special resolution described in the paragraph above will be passed if not less than 75% of the votes cast by the Shareholders, present and voting in person or by proxy at the General Meeting, are in favour of the special resolution. The ordinary resolution described in the paragraph above will be passed if a majority of the votes cast by the Shareholders, present and voting in person or by proxy at the General Meeting, are in favour of the ordinary resolution.

At the General Meeting, the resolutions will be put to the vote by way of poll as required under article 72 of the Company’s articles of association and Rule 13.39(4) of the Listing Rules. Each Shareholder present and voting, either in person or by proxy, will be entitled to vote all of such

Shareholder's Shares in favour of (or against) the resolutions. Alternatively, such Shareholder may vote some of their Shares in favour of the resolutions and any of the balance of their Shares against the resolutions (and vice versa).

The Executive Directors have indicated that if the Scheme is approved at the Court Meeting, those Shares held by each of them will be voted in favour of the resolution(s) to be proposed at the General Meeting.

Notice of the General Meeting is set out in Appendix VII to this Scheme Document. The General Meeting will be held at 10:30 a.m. (Hong Kong time) (or immediately after the Court Meeting convened for the same day and place shall have been concluded or adjourned) on Friday, 19 February 2021 at Pheasant-Stork Room, 1st Floor, Mandarin Oriental Hong Kong, 5 Connaught Road Central, Hong Kong.

Assuming that the Conditions are fulfilled (or, as applicable, waived in whole or in part), it is expected that the Scheme will become effective on or about Thursday, 25 March 2021 (Cayman Islands time). Further announcements will be made giving details of the results of the Court Meeting and the General Meeting and, if all the resolutions are passed at those meetings, the result of the hearing of the petition for, among other things, the sanction of the Scheme and, to the extent necessary, confirmation of any reduction of the share capital of the Company associated with the Scheme by the Grand Court, the Scheme Record Date, the Effective Date, and the date of withdrawal of the listing of Shares on the Stock Exchange.

## **22. ACTIONS TO BE TAKEN**

### **Action to be taken by Shareholders**

#### ***Court Meeting and General Meeting***

For the purpose of determining the entitlements of Scheme Shareholders to attend and vote at the Court Meeting and the entitlements of the Shareholders to attend and vote at the General Meeting, the register of members of the Company will be closed from Tuesday, 16 February 2021 to Friday, 19 February 2021 (both days inclusive) and during such period, no transfer of Shares will be effected. In order to qualify to vote at the Court Meeting and the General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Share Registrar at Suite 1601, 16/F, Central Tower, 28 Queen's Road Central, Hong Kong before 4:30 p.m. on Thursday, 11 February 2021.

A **pink** form of proxy for use at the Court Meeting and a **white** form of proxy for use at the General Meeting are enclosed with this Scheme Document. Subsequent purchasers of Shares may obtain the relevant proxy form from the transferor or the website of the Stock Exchange if they wish to attend or vote at the Court Meeting and/or the General Meeting.

Whether or not you are able to attend the Court Meeting and/or the General Meeting or any adjournment thereof in person, if you are a Scheme Shareholder, we strongly urge you to complete and sign the enclosed **pink** form of proxy in respect of the Court Meeting, and if you are a Shareholder, we strongly urge you to complete and sign the enclosed **white** form of proxy in respect

of the General Meeting, in accordance with the instructions printed thereon, and to lodge them at the office of the Share Registrar at Suite 1601, 16/F, Central Tower, 28 Queen's Road Central, Hong Kong. **The pink form of proxy for use at the Court Meeting should be lodged no later than 48 hours before the time appointed for holding the Court Meeting or any adjournment thereof although it may alternatively be handed to the chairman of the Court Meeting at the Court Meeting. The white form of proxy for use at the General Meeting must be lodged no later than 48 hours before the time appointed for holding the General Meeting or any adjournment thereof in order to be accepted.** The completion and return of a form of proxy for the Court Meeting and/or the General Meeting will not preclude you from attending and voting in person at the relevant meeting or any adjournment thereof. In such event, the returned form of proxy will be revoked by operation of law.

If you do not appoint a proxy and you do not attend and vote at the Court Meeting and/or the General Meeting, you will still be bound by the outcome of the Court Meeting and the General Meeting if, among other things, the resolutions are passed by the requisite majorities at the Court Meeting and the General Meeting. We therefore strongly urge you to attend and vote at the Court Meeting and the General Meeting in person or by proxy.

Voting at the Court Meeting and the General Meeting will be taken by poll as required under the Listing Rules and the Takeovers Code.

The Company and the Offeror will make an announcement in relation to the results of the Court Meeting and the General Meeting by no later than 7:00 p.m. on Friday, 19 February 2021. If all the resolutions are passed at those meetings, further announcements will be made in relation to, among other things, the results of the hearing of the petition to sanction the Scheme by the Grand Court and, if the Scheme is sanctioned, the Scheme Record Date, the Effective Date and the date of withdrawal of the listing of the Shares on the Stock Exchange in accordance with the requirements of the Takeovers Code and the Listing Rules.

### ***Election form***

An election of the Cash Alternative or the Share Alternative may be made by Scheme Shareholders in connection with their respective shareholdings in the Company, and Scheme Shareholders shall make such election by properly completing and signing the Election Form in accordance with the instructions appearing thereon (and, in the case of joint holders, signed by all the joint holders to which it relates, and in the case of a holder or a joint holder which is a body corporate, signed on its behalf by one of its directors or a duly authorised signatory) in respect of their entire holdings of Scheme Shares (save for HKSCC Nominees, who may make different elections in respect of Scheme Shares held on behalf of Beneficial Owners) registered under their names at the Scheme Record Date, and deliver the duly completed and executed Election Form to the Share Registrar, at Suite 1601, 16/F, Central Tower, 28 Queen's Road Central, Hong Kong not later than 4:30 p.m. on Friday, 12 March 2021 or such later date and time as may be notified through announcement. Together with the lodging of a duly completed and executed Election Form, if a Scheme Shareholder wishes to elect for the Share Alternative, the Scheme Shareholder must also lodge the following documents (which shall be in English or accompanied by an English translation which is certified as a true translation) to comply with the relevant anti-money laundering

requirements of the Cayman Islands: (a) if the Scheme Shareholder is an individual, such Scheme Shareholder must provide a certified true copy each of (i) the Scheme Shareholder's valid identity card or passport and (ii) proof of Scheme Shareholder's residential address (which shall be issued within the last three months of the Effective Date); and if the Scheme Shareholder is a corporation, it must provide a copy each of (i) its certificate of incorporation, (ii) its constitutional document, (iii) its register of member and (iv) its register of directors (the "**KYC Documents**"). The Offeror and the Company reserve the discretion to request for additional evidence or documents as may be required for the purpose of complying with the relevant anti-money laundering requirements of the Cayman Islands.

No such election shall be valid (and in that case the relevant Scheme Shareholder will receive the Cash Alternative) unless the Election Form is properly completed in all respects. Any election of Share Alternative by a Scheme Shareholder should also be accompanied by such KYC Documents as set out in this Scheme Document or such additional evidence or documents as may be required by the Offeror, failing which such election shall not be valid unless otherwise agreed with the Offeror and will instead receive the Cash Alternative if the Scheme becomes effective.

**For the avoidance of doubt, the Election Form is not for use (as a form of proxy or otherwise) at the Court Meeting and the General Meeting, which are for the purpose of considering and, if thought fit, approving, among other things, the Scheme and Proposal respectively. The Election Form is for Scheme Shareholders to elect the Cash Alternative or the Share Alternative should they wish to do so. This election may be made at any time up to the Election Time (or such later date and time as may be notified through announcement). The election is subject to the Scheme being sanctioned and becoming effective.**

No acknowledgement of receipt of any Election Form will be given. An Election Form so completed and delivered shall not be capable of amendment. **An Election Form shall be irrevocable and incapable of being withdrawn unless the Company expressly consents in writing to such withdrawal or revocation.** The Company shall have the right to reject any or all of the Election Forms that it determines are invalid or in improper form (and in that case the relevant Scheme Shareholder will receive the Cash Alternative). In addition, the Company shall also have the right to treat any Election Form that has not been completed in accordance with the instructions thereon, or has otherwise been completed incorrectly, as being valid, provided that the Company in its absolute discretion considers the omissions or errors to be immaterial. The Company shall not be obliged to give notice of any such defects or irregularities and will not incur any liability for failure to give any such notice.

Any Scheme Shareholder (a) who has not returned an Election Form as described above before the prescribed time or such later date and time as may be notified through announcement, (b) who has returned an Election Form which is not duly completed or executed nor valid in accordance with the terms of the Scheme, or (c) who has returned an Election Form but has failed to submit such KYC Documents as required herein or by the Offeror, will receive the Cash Alternative subject to the Scheme being sanctioned and becoming effective.

If you have sold or transferred all or part of your Shares, you should at once hand this Scheme Document and the accompanying forms of proxy and the Election Form to the purchaser or the transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee. Copies of the Election Form can also be obtained from the Share Registrar, at Suite 1601, 16/F, Central Tower, 28 Queen's Road Central, Hong Kong.

Save as provided in relation to HKSCC Nominees, any Shareholder who holds Scheme Shares as a nominee, trustee or registered owner in any other capacity will not be treated differently from any other Registered Owner. Any Beneficial Owner should make arrangements with his, her or its nominee, trustee or Registered Owner in relation to the Scheme and the election of the Cash Alternative or the Share Alternative, and may consider whether he/she/it wishes to arrange for the registration of the relevant Scheme Shares in the name of the Beneficial Owner prior to the Scheme Record Date.

In respect of any Scheme Shares which are held by HKSCC Nominees, persons who are interested in such Scheme Shares should note that if they wish to elect for the Share Alternative in respect of such Shares, they would need to comply with the Single Consideration Election Measure as further set out below.

**Actions to be taken by Beneficial Owners whose Shares are held through Trust or deposited in CCASS**

***Court Meeting and General Meeting***

The Company will not recognise any person as holding any Shares through any trust. If you are a Beneficial Owner whose Shares are held upon trust by, and registered in the name of, a Registered Owner (other than HKSCC Nominees), you should contact the Registered Owner and provide the Registered Owner with instructions and/or make arrangements with the Registered Owner in relation to the manner in which the Shares beneficially owned by you should be voted at the Court Meeting and/or the General Meeting. Such instructions and/or arrangements should be given or made in advance of the deadline in respect of the Court Meeting and the General Meeting set by the Registered Owner in order to provide the Registered Owner with sufficient time to accurately complete his, her or its proxy and to submit it by the deadline stated in "Part III – Expected Timetable" of this Scheme Document. To the extent that any Registered Owner requires instructions from or arrangements to be made with any Beneficial Owner at a particular date or time in advance of the aforementioned latest time for the lodgment of forms of proxy in respect of the Court Meeting and the General Meeting, any such Beneficial Owner should comply with the requirements of the Registered Owner.

If you are a Beneficial Owner who wishes to attend the Court Meeting and/or the General Meeting personally, you should:

- (c) contact the Registered Owner directly to make the appropriate arrangements with the Registered Owner to enable you to attend and vote at the Court Meeting and/or the General Meeting and, for such purpose, the Registered Owner may appoint you as its proxy; or
- (d) arrange for some or all of the Shares registered in the name of the Registered Owner to be transferred into your own name.

The appointment of a proxy by the Registered Owner at the Court Meeting and/or the General Meeting shall be in accordance with all relevant provisions in the articles of association of the Company.

In the case of the appointment of a proxy by the Registered Owner, the relevant forms of proxy shall be completed and signed by the Registered Owner and shall be lodged in the manner and no later than the latest time for lodging the relevant forms of proxy as more particularly set out in this Scheme Document.

The completion and return of a form of proxy for the Court Meeting and/or the General Meeting will not preclude the Registered Owner from attending and voting in person at the relevant meeting or any adjournment thereof. In the event that the Registered Owner attends and votes at the relevant meeting or any adjournment thereof after having lodged his forms of proxy, the returned form of proxy will be revoked by operation of law.

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered under the name of HKSCC Nominees, you must, unless you are a CCASS Investor Participant, contact your broker, custodian, nominee, or other relevant person who is, or has, in turn, deposited such Shares with other CCASS Participants, regarding voting instructions to be given to such persons if you wish to vote at the Court Meeting and/or at the General Meeting in respect of the Scheme. You should contact your broker, custodian, nominee or other relevant person in advance of the deadline in respect of the Court Meeting and the General Meeting set by them, in order to provide such person with sufficient time to provide HKSCC Nominees with instructions or make arrangements with HKSCC Nominees in relation to the manner in which the Shares of the Beneficial Owner should be voted at the Court Meeting and/or the General Meeting. The procedure for voting in respect of the Scheme by HKSCC Nominees with respect to the Shares registered under the name of HKSCC Nominees shall be in accordance with the “General Rules of CCASS” and the “CCASS Operational Procedures” in effect from time to time.

If you are a Beneficial Owner whose Shares are deposited in CCASS, you may also elect to become a Registered Owner, and thereby have the right to attend and vote at the Court Meeting (if you are a Scheme Shareholder) and the General Meeting (as a Shareholder). You can become a Registered Owner by withdrawing all or any of your Shares from CCASS and transferring and registering such Shares in your own name. For withdrawal of Shares from CCASS and registration thereof, you will be required to pay to CCASS a withdrawal fee per board lot withdrawn, a

registration fee for each share certificate issued, stamp duty on each transfer instrument and, if your Shares are held through a financial intermediary, any other relevant fees charged by your financial intermediary. You should contact your broker, custodian, nominee or other relevant person in advance of the latest time for lodging transfers of the Shares into your name so as to qualify to attend and vote at the Court Meeting and the General Meeting, in order to provide such broker, custodian, nominee or other relevant person with sufficient time to withdraw the Shares from CCASS and register them in your name.

Only Scheme Shareholders whose Shares are registered in their own names in the register of members of the Company on the Meeting Record Date will be counted as Scheme Shareholders for the purpose of calculating whether or not a majority in number of Scheme Shareholders have approved the Scheme at the Court Meeting under Section 86 of the Companies Act. HKSCC Nominees is the Registered Owner in respect of all Shares held in CCASS and will be counted as one Scheme Shareholder for the purpose of calculating whether or not a majority in number of Scheme Shareholders have approved the Scheme at the Court Meeting under Section 86 of the Companies Act. Beneficial Owners who wish to individually vote or be counted for the purpose of ascertaining whether a majority in number of Scheme Shareholders have approved the Scheme should make arrangements to withdraw their Scheme Shares (or a board lot) from CCASS and become registered as a member of the Company in their own name prior to the Meeting Record Date.

**SHAREHOLDERS (INCLUDING ANY BENEFICIAL OWNERS OF SUCH SHARES THAT GAVE VOTING INSTRUCTIONS TO A CUSTODIAN OR CLEARING HOUSE THAT SUBSEQUENTLY VOTED AT THE COURT MEETING) SHOULD NOTE THAT THEY ARE ENTITLED TO APPEAR BEFORE OR BE REPRESENTED AT THE HEARING OF THE PETITION IN THE GRAND COURT WHICH IS EXPECTED TO BE ON WEDNESDAY, 24 MARCH 2021, AT WHICH THE COMPANY WILL SEEK, AMONG OTHER THINGS, THE SANCTION OF THE SCHEME.**

*Election of Cash Alternative or Share Alternative*

Any Beneficial Owner should submit or make arrangements with his, her or its nominee or trustee to submit his/her/its election instruction to the CCASS Participant(s) through which he/she/it hold his/her/its Scheme Shares on or before such time as notified by his/her/its CCASS Participant(s) for the purpose of electing the Cash Alternative or Share Alternative in respect of all the Scheme Shares which he/she/it is interested in.

Furthermore, save as otherwise provided in this Scheme Document or in the Account Holder Form, an Account Holder who holds all or part of the Scheme Shares which such Account Holder is interested in through CCASS and wishes to elect for the Share Alternative in respect of all the Scheme Shares which such Account Holder is (or, if the Account Holder is a nominee or custodian, a Beneficial Owner is) interested in must also comply with the Single Consideration Election Measures, including but not limited to the completion, signing and returning of, no later than 4:30 p.m. on 12 March 2021 (the “**Form Cut-off Time**”), both (i) a copy of the Account Holder Form to the Company’s Share Registrar to election\_lmshk@linkmarketservices.com, with Relevant CCASS



Participants being copied in the same email; and (ii) the original of the Account Holder Form to the Company's Share Registrar at Suite 1601, 16/F, Central Tower, 28 Queen's Road Central, Hong Kong.

**FAILURE TO COMPLY WITH THE SINGLE CONSIDERATION ELECTION MEASURE WOULD RENDER THE ELECTION OF SHARE ALTERNATIVE BY SUCH ACCOUNT HOLDER (OR THE BENEFICIAL OWNER, AS APPROPRIATE) BEING REJECTED AND THE ACCOUNT HOLDER (OR THE BENEFICIAL OWNER, AS APPROPRIATE) WILL RECEIVE THE CASH ALTERNATIVE FOR ALL OF ITS INTERESTS IN THE SCHEME SHARES SUBJECT TO THE SCHEME BEING SANCTIONED AND BECOMING EFFECTIVE.**

#### **Actions to be taken by Optionholders**

The Option Offer Letter is being sent to each Optionholder separately. Optionholders should refer to those letters, the form of which is set out in Appendix VIII to this Scheme Document. Any Optionholder who wishes to accept the Option Offer must complete and return the duly completed and executed Form of Acceptance by 4:30 p.m. on Thursday, 25 February 2021 (or such later date and time as may be notified to the Optionholders by the Offeror, CICC and the Company or by way of joint announcement by the Offeror and the Company on the website of the Stock Exchange), delivered to the Offeror, care of Huifu Payment Limited at Block C5, Putian Industrial Park Phase II, No.700 Yishan Road, Xuhui District, Shanghai, PRC for the attention of the Company Secretarial Department of the Company and marked "Huifu Payment Limited – Option Offer". No acknowledgement of receipt of any Form of Acceptance or any other document will be given.

The Optionholders should also note the instructions and other terms and conditions of the Option Offer printed on the Option Offer Letter and the Form of Acceptance.

#### **EXERCISE YOUR RIGHT TO VOTE**

**IF YOU ARE A SHAREHOLDER OR A BENEFICIAL OWNER, THE OFFEROR AND THE COMPANY STRONGLY ENCOURAGE YOU TO EXERCISE YOUR RIGHT TO VOTE OR GIVE INSTRUCTIONS TO THE RELEVANT REGISTERED OWNER TO VOTE IN PERSON OR BY PROXY AT THE COURT MEETING AND AT THE GENERAL MEETING.**

**IF YOU WISH TO BE COUNTED INDIVIDUALLY IN THE CALCULATION OF THE "MAJORITY IN NUMBER" REQUIREMENT AT THE COURT MEETING, YOU SHOULD MAKE ARRANGEMENTS TO BECOME A REGISTERED OWNER OF SOME OR ALL OF YOUR SHARES PRIOR TO THE MEETING RECORD DATE. IF YOU KEEP ANY SHARES IN A SHARE LENDING PROGRAM, THE OFFEROR AND THE COMPANY URGE YOU TO RECALL ANY OUTSTANDING SHARES ON LOAN TO AVOID MARKET PARTICIPANTS USING BORROWED STOCK TO VOTE.**

**IF YOU ARE A BENEFICIAL OWNER WHOSE SHARES ARE DEPOSITED IN CCASS, THE OFFEROR AND THE COMPANY ENCOURAGE YOU TO PROVIDE HKSCC NOMINEES WITH INSTRUCTIONS OR MAKE ARRANGEMENTS WITH HKSCC**

**NOMINEES IN RELATION TO THE MANNER IN WHICH THOSE SHARES SHOULD BE VOTED AT THE COURT MEETING AND/OR AT THE GENERAL MEETING WITHOUT DELAY (AS DETAILED IN THE SECTION “ACTIONS TO BE TAKEN – ACTIONS TO BE TAKEN BY BENEFICIAL OWNERS WHOSE SHARES ARE HELD THROUGH TRUST OR DEPOSITED IN CCASS” ABOVE).**

**IF YOU ARE A REGISTERED OWNER HOLDING SHARES ON BEHALF OF BENEFICIAL OWNERS, WE SHOULD BE GRATEFUL IF YOU WOULD INFORM THE RELEVANT BENEFICIAL OWNERS ABOUT THE IMPORTANCE OF EXERCISING THEIR RIGHT TO VOTE. YOU SHOULD ALSO REMIND THE RELEVANT BENEFICIAL OWNERS THAT IF THEY WISH TO BE COUNTED INDIVIDUALLY IN THE CALCULATION OF THE “MAJORITY IN NUMBER” REQUIREMENT AT THE COURT MEETING, THEY SHOULD MAKE ARRANGEMENTS TO BECOME A REGISTERED OWNER OF SOME OR ALL OF THEIR SHARES.**

**IF YOU ARE AN OPTIONHOLDER, THE OFFEROR AND THE COMPANY ENCOURAGE YOU TO REFER TO THE TERMS AND CONDITIONS SET OUT IN THE OPTION OFFER LETTER AND RETURN A DULY COMPLETED FORM OF ACCEPTANCE IN ACCORDANCE WITH THE INSTRUCTIONS SET OUT IN THE OPTION OFFER LETTER SHOULD YOU DECIDE TO ACCEPT THE OPTION OFFER. ANY UNEXERCISED SHARE OPTION WHICH HAS NOT BEEN CANCELLED PURSUANT TO THE PROPOSAL AS ITS HOLDER HAS NOT ACCEPTED THE OPTION OFFER WILL SURVIVE THE COMPLETION OF THE PROPOSAL AND REMAIN EXERCISABLE FOR SHARES PROVIDED THAT IT HAS NOT TERMINATED OR LAPSED UNDER ITS TERMS OR THE TERMS OF THE SHARE OPTION SCHEME.**

**IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU ARE ENCOURAGED TO CONSULT YOUR LICENSED SECURITIES DEALER OR REGISTERED INSTITUTION IN SECURITIES, BANK MANAGER, SOLICITOR, PROFESSIONAL ACCOUNTANT OR OTHER PROFESSIONAL ADVISOR.**

### **23. RECOMMENDATION**

Your attention is drawn to the following:

- (i) the paragraph headed “Recommendation” in the “Letter from the Board” set out in Part IV of this Scheme Document;
- (ii) the letter from the Independent Board Committee set out in Part V of this Scheme Document;  
and
- (iii) the letter from the Independent Financial Adviser set out in Part VI of this Scheme Document.

**24. FURTHER INFORMATION**

Further information is set out in the Appendices to, and elsewhere in, this Scheme Document, all of which form part of this Explanatory Memorandum.

Shareholders and Scheme Shareholders should rely only on the information contained in this Scheme Document. None of the Company, the Offeror, CICC, the Independent Financial Adviser, the Share Registrar and their respective directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal has authorised anyone to provide you with information that is different from what is contained in this Scheme Document.

**1. FINANCIAL SUMMARY**

Set out below is a summary of the audited consolidated financial information of the Group for each of the three years ended 31 December 2017, 31 December 2018 and 31 December 2019 and the unaudited consolidated financial information of the Group for the six months ended 30 June 2020. The figures for the year ended 31 December 2017 are extracted from the prospectus of the Company dated 1 June 2018 (the “**Prospectus**”), the figures for the years ended 31 December 2018 and 31 December 2019 are extracted from the annual reports of the Company for the respective years and the figures for the six months ended 30 June 2020 are extracted from the interim report of the Company for the six months ended 30 June 2020.

The auditor’s reports issued by the auditors of the Company, Ernst & Young, in respect of the audited consolidated financial statements of the Group for each of the three years ended 31 December 2017, 31 December 2018 and 31 December 2019 did not contain any modified opinion, emphasis of matter or material uncertainty related to going concern.

There was no item which was exceptional because of its size, nature or incidence that was recorded in the audited consolidated financial statements of the Group for each of the financial years ended 31 December 2017, 2018 and 2019 and the unaudited consolidated financial statements of the Group for each of the six months ended 30 June 2020.

Save as disclosed below, there are no other items of income or expenses which are material to the Group for each of the three years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2019 and 30 June 2020.

## Summary of Consolidated Statement of Profit or Loss and Other Comprehensive Income

	For the year ended 31 December 2017 RMB'000 (audited)	For the year ended 31 December 2018 RMB'000 (audited)	For the year ended 31 December 2019 RMB'000 (audited)	For the six months ended 30 June 2019 RMB'000 (unaudited)	For the six months ended 30 June 2020 RMB'000 (unaudited)
Revenue	1,726,256	3,246,493	3,683,514	1,869,399	1,709,756
Cost of sales	(1,159,234)	(2,357,014)	(2,698,145)	(1,409,428)	(1,369,207)
<b>Gross profit</b>	567,022	889,479	985,369	459,971	340,549
Other income and gains	63,055 <sup>Note</sup>	32,513	29,734	11,561	30,812
Finance income	61,633 <sup>Note</sup>	33,355	30,646	17,927	10,687
Selling and distribution expenses	(94,978)	(132,541)	(200,591)	(115,132)	(113,901)
Administrative expenses	(215,853)	(294,078)	(260,288)	(116,233)	(256,732)
Research and development expenses	(130,780)	(231,704)	(305,366)	(122,925)	(145,654)
Other expenses	(65,289)	(91,467)	(15,347)	(9,421)	(12,956)
Finance costs	(22,285)	(24,451)	(18,866)	(10,643)	(7,496)
Share of (losses)/profits of associates	(7,129)	3,051	239	1,322	(3,072)
Net gains on financial assets at fair value through profit or loss	–	4,410	3,927	28,348	47,093
<b>(Loss)/profit before tax</b>	155,396	188,567	249,457	144,775	(110,670)
Income tax expense	(22,570)	(14,001)	(6,902)	(2,761)	(1,301)
<b>(Loss)/profit for the period</b>	132,826	174,566	242,555	142,014	(111,971)
Attributable to:					
Owners of the parent	138,239	176,065	248,995	144,767	(110,268)
Non-controlling interests	(5,413)	(1,499)	(6,440)	(2,753)	(1,703)
<b>(Loss)/earnings per share attributable to ordinary equity holders of the parent</b>					
Basic					
For profit for the period	N/A	RMB0.16	RMB0.20	RMB0.12	RMB(0.09)
Diluted					
– For profit for the period	N/A	RMB0.16	RMB0.19	RMB0.11	RMB(0.09)
<b>(Loss)/profit for the period</b>	132,826	174,566	242,555	142,014	(111,971)
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	–	68,215	19,406	2,145	16,214

	For the year ended 31 December 2017 RMB'000 (audited)	For the year ended 31 December 2018 RMB'000 (audited)	For the year ended 31 December 2019 RMB'000 (audited)	For the six months ended 30 June 2019 RMB'000 (unaudited)	For the six months ended 30 June 2020 RMB'000 (unaudited)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	-	68,215	19,406	2,145	16,214
Other comprehensive income for the period, net of tax	-	68,215	19,406	2,145	16,214
Total comprehensive (loss)/ income for the period, net of tax	132,826	242,781	261,961	144,159	(95,757)
Attributable to:					
Owners of the parent	138,239	244,280	268,401	146,912	(94,054)
Non-controlling interests	(5,413)	(1,499)	(6,440)	(2,753)	(1,703)
Dividend	-	404,716	-	-	-

*Note:*

“Other income and gains” of the Group for the year ended 31 December 2017 as disclosed the Prospectus was RMB124,688,000, which was reclassified to “other income and gains” in the amount of RMB63,055,000 and “finance income” in the amount of RMB61,633,000 as disclosed in the Company’s annual report 2018.

## 2. CONSOLIDATED FINANCIAL STATEMENTS

The audited consolidated financial statements of the Group for the year ended 31 December 2017 (the “**2017 Financial Statements**”) are set out on pages I-3 to I-66 of the Prospectus. The Prospectus is posted on the websites of the Company ([www.huifu.com](http://www.huifu.com)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). Please also see below a direct link to the Prospectus:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0601/ltn20180601025.pdf>

The audited consolidated financial statements of the Group for the year ended 31 December 2018 (the “**2018 Financial Statements**”) are set out on pages 105 to 236 of the annual report of the Company for the year ended 31 December 2018 (the “**2018 Annual Report**”), which was published on 14 April 2019. The 2018 Annual Report is posted on the websites of the Company ([www.huifu.com](http://www.huifu.com)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). Please also see below a direct link to the 2018 Annual Report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0417/ltn20190417337.pdf>

The audited consolidated financial statements of the Group for the year ended 31 December 2019 (the “**2019 Financial Statements**”) are set out on pages 157 to 287 of the annual report of the Company for the year ended 31 December 2019 (the “**2019 Annual Report**”), which was published on 15 April 2020. The 2019 Annual Report is posted on the websites of the Company (www.huifu.com) and the Stock Exchange (www.hkexnews.hk). Please also see below a direct link to the 2019 Annual Report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0415/2020041500507.pdf>

The unaudited consolidated interim financial information for the six months ended 30 June 2020 (the “**2020 Interim Financial Information**”) are set out on pages 47 to 100 of the interim report of the Company for the six months ended 30 June 2020 (the “**2020 Interim Report**”), which was published on 15 September 2020. The 2020 Interim Report is posted on the websites of the Company (www.huifu.com) and the Stock Exchange (www.hkexnews.hk). Please also see below a direct link to the 2020 Interim Report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0915/2020091500265.pdf>

The 2017 Financial Statements, the 2018 Financial Statements, the 2019 Financial Statements and the 2020 Interim Financial Information (but not any other part of the Prospectus, the 2018 Annual Report, the 2019 Annual Report and the 2020 Interim Report in which they respectively appear) are incorporated by reference into this Scheme Document and form part of this Scheme Document.

### 3. INDEBTEDNESS

As at the close of business on 30 November 2020, being the latest practicable date for the purpose of preparing this indebtedness statement prior to the printing of this Scheme Document, the total indebtedness of the Group amounted to approximately RMB8,743,770,000, and comprised (i) total borrowings (represented by the sum of short-term and long-term loans) of approximately RMB264,823,000; and (ii) lease liabilities of approximately RMB8,970,000.

#### (i) Borrowings

Details of the total borrowings are summarised below as at the close of business on 30 November 2020:

	<i>RMB'000</i>
<b>Interest-bearing bank and other borrowings</b>	
Unsecured bank borrowings	44,823
Unsecured other borrowings	–
Secured bank borrowings	220,000
Secured other borrowings	–
Guaranteed and unsecured bank borrowings	–
Guaranteed and secured bank borrowings	–
Guaranteed and secured other borrowings	–
Guaranteed and unsecured other borrowings	–
Total borrowings	264,823

**(ii) Lease liabilities**

As at the close of business on 30 November 2020, the lease liabilities of the Group were approximately RMB8,970,000.

**(iii) Contingent liabilities**

As at the close of business on 30 November 2020, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, the Group has no contingent liabilities.

**(iv) Pledges of Assets**

As at the close of business on 30 November 2020, the Group mortgaged its group assets as securities in favor of several banks to obtain certain loans. The total mortgaged group assets amounted to approximately RMB341.4 million.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables in the ordinary course of business of the Group, the Group did not have any loan capital issued and outstanding or agreed to be issued but unissued, loans, bank overdrafts, other borrowings or similar indebtedness, finance lease or hire purchase commitment, liabilities under acceptances (other than normal trade bills) or acceptance credits, mortgage, charges, guarantees or other material contingent liabilities as at the close of business on 30 November 2020.

**4. MATERIAL CHANGE**

The Directors have confirmed that, save as disclosed below, there had been no material change in the financial or trading position or outlook of the Group since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up to, and including the Latest Practicable Date:

As disclosed in the Profit Warning Announcement, based on a preliminary review of the unaudited consolidated management accounts of the Group for the eleven months ended 30 November 2020 (the “**Period**”): (i) the net loss for the Period has widened to approximately RMB150 million to RMB170 million, as compared to the net loss for the six months ended 30 June 2020 of approximately RMB112 million; and (ii) the adjusted net profit for the Period, as defined in the same manner as in the Company’s 2020 interim report, decreased to approximately RMB25 million to RMB45 million, as compared to the adjusted net profit for the six months ended 30 June 2020 of approximately RMB85 million.

The Board believes that the deterioration in the financial performance of the Group for the Period is mainly attributable to the following factors:

- (i) the continued impact of the COVID-19 pandemic on the business of the Group, which caused the decrease in revenue generated from the traditional payment services, especially in the tourism and aviation industries;



- (ii) furthering the “Payment+SaaS” strategy, the Group continued to invest in the new SaaS business, thereby increasing the research and development expenses and sales and marketing expenses for improving the technology, data and platform as well as facilitating business development to formulate customized solutions for the clients; and
- (iii) the impact of the share-based payment expenses on the net loss for the Period primarily as a result of the grant of the restricted share units under the Share Award Scheme, which were fully recognized in the first half of 2020, but such expenses have no impact on the adjusted net profit which does not take into account the share-based payment expenses.

The Profit Estimate constitute a “profit forecast” of the Company under Rule 10 of the Takeovers Code. In accordance with Rule 10.4 of the Takeovers Code, the Profit Estimate has been reported on by Ernst & Young, the Company’s auditor and Somerley, the Independent Financial Adviser. Your attention is drawn to the reports issued by Ernst & Young and the Independent Financial Adviser set out in Appendix IX and Appendix X to this Scheme Document respectively.

**I. FINANCIAL INFORMATION OF THE OFFEROR**

The Offeror is an exempted company incorporated in the Cayman Islands with limited liability with effect from 17 November 2020. The principal business of the Offeror is investment holding. The Offeror has not carried on any business since incorporation other than matters in connection with the Proposal and the Scheme and does not intend to engage in any business other than acting as the holding company of the Company after completion of the Proposal. As at the Latest Practicable Date, the Offeror did not have any assets or liabilities other than the CMB Facility.

Section 59 of the Companies Act requires Cayman companies to maintain proper books of account necessary to give a true and fair view of the state of such company's affairs and to explain its transactions. As the Offeror has not conducted any business to date, the Offeror (a) has not received or expended money; (b) has not sold or purchased goods; and (c) does not have any assets or liabilities, other than the CMB Facility which will only be reflected in the books of account after drawdown. In the circumstances, the books of account are yet to reflect any item<sup>1</sup>. On the basis of the foregoing, we have applied to the Executive for a waiver waiving the requirement under paragraph 12(a) of Schedule I of the Takeovers Code pursuant to which the Offeror is required to disclose its financial information for the last three financial years for which the information has been published or since it was incorporated and the waiver has been granted.

**II. INDEBTEDNESS STATEMENT OF THE OFFEROR**

As at the Latest Practicable Date, being the latest practicable date for the purpose of ascertaining the indebtedness of the Offeror prior to the printing of the Scheme Document, the Offeror had no material indebtedness. Immediately after drawdown of the CMB Facility and assuming the CMB Facility is fully drawn, it will have total debts of HK\$1,300,000,000 (or equivalent in Renminbi) under the CMB Facility, details of which are as follows:

*HK\$*

Amounts due to China Merchants Bank Co., Ltd., Shanghai Branch	
– Secured and guaranteed	1,300,000,000

Save as aforesaid, as at the Latest Practicable Date, the Offeror did not have bank overdrafts or loans, or other similar indebtedness, mortgages, charges or guarantees or other material contingent liabilities, other than the facilities entered into for the purposes of the Proposal and any security and guarantees granted in relation to such facilities.

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<sup>1</sup> As at the Latest Practicable Date, the issued share capital of the Offeror comprised 300,000 unpaid shares of US\$0.00001 each which were issued nil paid at par. The only other material liability is the expenses associated with the Proposal for which no formal provision has yet been made in the books of account.

**1. RESPONSIBILITY STATEMENTS**

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Scheme Document (other than that relating to the Offeror, the Executive Directors and the Offeror Concert Parties) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Scheme Document (other than those expressed by the directors of Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this Scheme Document the omission of which would make any statements in this Scheme Document misleading.

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this Scheme Document (other than that relating to the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Scheme Document (other than those expressed by directors of the Group (other than the Executive Directors)) have been arrived at after due and careful consideration and there are no other facts not contained in this Scheme Document, the omission of which would make any statements in this Scheme Document misleading.

**2. SHARE CAPITAL OF THE COMPANY**

As at the Latest Practicable Date:

- (i) the authorized share capital of the Company was HK\$380,000 divided into 3,800,000,000 Shares;
- (ii) the issued and paid up share capital of the Company was HK\$130,765.0589 divided into 1,307,650,589 Shares;
- (iii) since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Company were made up, and up to the Latest Practicable Date, the Company had issued 57,314,263 Shares;
- (iv) all of the issued Shares ranked pari passu in all respects with each other, including all rights as to dividends, voting and capital;
- (v) there were 204,442,960 outstanding Share Options granted under the Share Option Scheme and remaining outstanding. Please refer to the section headed “2. Terms of the Proposal” in Part VII Explanatory Memorandum of this Scheme Document for further details of the Outstanding Share Options; and
- (vi) save for the 204,442,960 outstanding Share Options, there were no outstanding options, convertible securities, warrants, derivatives or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by the Company that carried a right to subscribe for or which were convertible or exchangeable into the Shares.

**3. INFORMATION REGARDING THE OFFEROR SHARES**

As at the Latest Practicable Date:

- (A) the issued share capital of the Offeror comprised 300,000 Offeror Shares;
- (B) there were no options, derivatives, warrants or other securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by the Offeror that carry a right to subscribe for or which are convertible into Offeror Shares;
- (C) since 31 December 2020, being the end of the last financial year of the Offeror, no new Offeror Shares had been issued by the Offeror;
- (D) there was no re-organisation of capital during the two financial years ended 31 December 2018, being the 2 financial years preceding the Announcement Date; and
- (E) no Offeror Share had been bought back by the Offeror since 31 December 2020, being the end of the last financial year of the Offeror.

**4. MARKET PRICES****(1) In respect of the Company**

- (a) The table below shows the closing market prices of the Shares as quoted on the Stock Exchange (i) on the Latest Practicable Date; (ii) on the Last Trading Date; and (iii) at the end of each month during the Relevant Period:

	<b>Closing price for each Share</b> <i>HK\$</i>
30 June 2020	2.29
31 July 2020	2.98
31 August 2020	2.57
30 September 2020	2.07
30 October 2020	1.95
30 November 2020	2.40
17 December 2020 (Last Trading Date)	2.76
31 December 2020	3.37
22 January 2021 (Latest Practicable Date)	3.37

- (b) During the Relevant Period, the highest closing price of the Shares was HK\$3.84 per Share as quoted on the Stock Exchange on 13 July 2020 and the lowest closing price of the Shares was HK\$1.82 as quoted on the Stock Exchange on 27 October 2020.

**(2) In respect of the Offeror**

Save for:

- (A) the issuance of 1 Offeror Share to Tricor Services (Cayman Islands) Limited at the consideration of HK\$0.00001 per Offeror Share on 17 November 2020, which was transferred to SPV-Z at HK\$0.00001 on the same date;
- (B) the issuance of 707,027 Offeror Share to SPV-Z at the consideration of US\$0.00001 per Offeror Share on 17 November 2020, and the repurchase of 494,919 Offeror Shares by the Company at nil consideration on 1 December 2020;
- (C) the issuance of 246,621 Offeror Share to SPV-M at the consideration of US\$0.00001 per Offeror Share on 17 November 2020, and the repurchase of 172,635 Offeror Shares by the Company at nil consideration on 1 December 2020; and
- (D) the issuance of 46,351 Offeror Share to SPV-J at the consideration of US\$0.00001 per Offeror Share on 17 November 2020, and the repurchase of 32,446 Offeror Shares by the Company at nil consideration on 1 December 2020

(collectively, the “**ED Subscriptions**”),

there has been no other transaction in relation to the Offeror Shares which have taken place during the period commencing six months preceding the Announcement Date and ending on the Latest Practicable Date.

**5. DISCLOSURE OF INTERESTS, DEALINGS AND OTHER ARRANGEMENTS****(i) Disclosure of interests*****(a) Interests of the Directors and chief executives in Shares and underlying Shares***

As at the Latest Practicable Date, the interests of the Directors or chief executive of the Company in the Shares and underlying Shares, which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required, pursuant to section 352 of the SFO, to be recorded in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”) or were required to be disclosed pursuant to the requirement of the Takeovers Code were as follows:

Name of Director or chief executive	Nature of interest	Number of Shares	Number of underlying Shares	Approximate percentage of interest in the Company
Mr. Zhou	Interest in controlled corporations <sup>(1)</sup>	142,200,000		10.87%
	Beneficial owner <sup>(1)</sup>	56,656,123	64,052,299	9.23%
Mr. ZHOU Joe	Interest in controlled corporations <sup>(2)</sup>	128,077,180		9.79%
Ms. Mu	Beneficial owner <sup>(3)</sup>	21,083,116	31,273,923	4.00%
Mr. Jin	Beneficial owner <sup>(4)</sup>	9,307,554	13,967,642	1.78%
Mr. JIANG Hong	Beneficial owner	793,200		0.06%

*Notes:*

- (1) As at the Latest Practicable Date, the Management Company directly held 142,199,998 Shares and indirectly held 2 Shares (through P Holdings, its wholly owned subsidiary). Management Company was owned as to 60% by Mr. Zhou. Therefore, Mr. Zhou was deemed to be interested in the 142,200,000 Shares directly and indirectly held by Management Company for the purpose of Part XV of the SFO.

As at the Latest Practicable Date, Mr. Zhou was interested in 56,656,123 Shares and 64,052,299 Share Options. The 56,656,123 Shares held by Mr. Zhou included (i) the 29,165,323 Shares from exercising Share Options; and (ii) the 27,490,800 Shares corresponding to restricted share units under the Share Award Scheme, which are granted, vested and held in trust by Zedra Trust Company (Cayman) Limited for Mr. Zhou.

- (2) As at the Latest Practicable Date, Keytone Ventures, L.P. was directly controlled by Keytone Capital Partners, L.P. as the general partner, which was in turn controlled by Keytone Investment Group, Ltd. as the general partner. Keytone Ventures II, L.P. was directly controlled by Keytone Capital Partners II, L.P. as the general partner, which was in turn controlled by Keytone Investment Group II, Ltd. as the general partner. Keytone Investment Group, Ltd. and Keytone Investment Group II, Ltd. were wholly owned by Mr. ZHOU Joe. Therefore, Mr. ZHOU Joe is deemed to be interested in the 128,077,180 Shares held by Keytone Ventures, L.P. and Keytone Ventures II, L.P. for the purpose of Part XV of the SFO.
- (3) As at the Latest Practicable Date, Ms. Mu was interested in 21,083,116 Shares and 31,273,923 Shares Options. The 21,083,116 Shares held by Ms. Mu included (i) the 7,063,481 Shares from exercising Share Options; and (ii) the 14,019,635 Shares corresponding to restricted share units under the Share Award Scheme, which are granted, vested and held in trust by Zedra Trust Company (Cayman) Limited for Ms. Mu.
- (4) As at the Latest Practicable Date, Mr. Jin was interested in 9,307,554 Shares and 13,967,642 Share Options. The 9,307,554 Shares including (i) the 1,000,000 Shares from exercising Share Options; and (ii) the 8,307,554 Shares corresponding to restricted share units under the Share Award Scheme, which are granted, vested and held in trust by Zedra Trust Company (Cayman) Limited for Mr. Jin.

Save as disclosed above, so far as the Directors are aware, none of the Directors or chief executive of the Company had any interest in the Shares and underlying Shares (within the meaning of Part XV of the SFO) (i) which will be required, pursuant to Section 352 of the SFO, to be recorded in the register kept by the Company, or (ii) which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code or the Takeovers Code as at the Latest Practicable Date.

**(b) *Interests of the Offeror and Offeror Concert Parties in the Shares***

Save for the interest of the Executive Directors (who are also the directors of the Offeror) as disclosed in sub-paragraph (a) above and the holdings by any member of the CICC group on a non-discretionary and non-proprietary basis for and on behalf of its clients and save for disclosed below, as at the Latest Practicable Date, none of the Offeror, its directors and any Offeror Concert Parties (i) had any interest in the Shares; or (ii) owned or controlled any Shares or any options, warrants, derivatives or securities convertible into Shares:

Shareholders	Nature of interest	Number of Shares	Approximate percentage of the issued share capital
Offeror Concert Parties subject to the Scheme			
Mr. Liu <sup>(1)</sup>	Beneficial owner	305,000	0.02%

*Notes:*

- (1) Mr. Liu is presumed to be acting in concert with Mr. Zhou and Ms. Mu in accordance with class (1) of the definition of “acting in concert” under the Takeovers Code by virtue of holding 20% in Management Company, in which each of Mr. Zhou and Ms. Mu held 60% and 20%, respectively. As at Latest Practicable Date, Mr. Liu held 305,000 Shares from exercising Share Options, which are held through a CCASS custodian account administered by Computershare. Assuming the Internal Reorganisation is completed before the Effective Date, as a result of the Internal Reorganisation, Mr. Liu will in aggregate hold, directly or indirectly, 28,745,000 Shares (representing approximately 2.20% of the issued share capital of the Company) immediately upon completion of the Internal Reorganisation.

**(c) *Interests of the Directors and the Company in the shares of the Offeror***

As at the Latest Practicable Date, the entire issued share capital of the Offeror, comprising 300,000 Offeror Shares, was beneficially held as to approximately 70.7030%, 24.6620% and 4.6350% by Mr. Zhou, Ms. Mu and Mr. Jin through SPV-Z, SPV-M and SPV-J, respectively, all of which are Offeror Concert Parties.

As at the Latest Practicable Date, save as disclosed above, none of the Offeror Concert Parties, any directors of the Offeror, the Company or any of the Directors owned or controlled any shares or any convertible securities, warrants, options or derivatives in respect of shares of the Offeror.

As at the Latest Practicable Date, none of the persons who have irrevocably committed themselves to accept the Proposal, being the IU Shareholders, owned or controlled any Offeror Shares or any convertible securities, warrants, options or derivatives in respect of any Offeror Shares.

As at the Latest Practicable Date, none of the Offeror or Offeror Concert Parties had borrowed or lent any Offeror Shares or any convertible securities, warrants, options or derivatives in respect of any Offeror Shares, save for any borrowed Offeror Shares which have been either on-lent or sold.

**(d) *Other information***

As at the Latest Practicable Date, the IU Shareholders (comprising Trixen Enterprises Ltd., Keytone, Bain Capital PnR Cayman Limited, Bright Journey Investment Limited, Eight Roads Investments and Pacven Walden Ventures), each of which had entered into the Irrevocable Undertakings to vote in favour of the Offeror (being an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code) was interested in an aggregate of 828,738,505 Shares. As at the Latest Practicable Date, save for the IU Shareholders, no other person had irrevocably committed themselves to accept or reject, or vote in favour or against, the Proposal.

As at the Latest Practicable Date, none of the Offeror or Offeror Concert Parties had borrowed or lent any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares, save for any borrowed Shares which have been either on-lent or sold.

As at the Latest Practicable Date: (i) the Executive Directors had indicated that if the Scheme is approved at the Court Meeting, those Shares held by each of them will be voted in favour of the resolution(s) to be proposed at the General Meeting; (ii) Mr. ZHOU Joe was deemed to be interested in the 128,077,180 Shares held by Keytone (being the IU Shareholders). Keytone had provided an Irrevocable Undertaking to exercise (or procure the exercise of) all voting rights attached to the Shares held or owned by it at the Court Meeting and the General Meeting in favour of all the resolutions to approve the Proposal and any matters in connection with the Proposal (where applicable); and (iii) Mr. JIANG Hong, who was the beneficial owner in 793,200 Shares, had indicated that he would vote in favour of the resolutions to be proposed at the Court Meeting and the General Meeting to approve the Proposal and any matters in connection with the Proposal (where applicable).

Save as disclosed above, no other Directors intend, in respect of their own beneficial shareholdings, to accept or reject the Proposal.



As at the Latest Practicable Date, (i) no subsidiary of the Company, (ii) no pension fund of the Company or of a subsidiary of the Company, and (iii) no person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code (but excluding exempt principal traders and exempt fund managers) owned or controlled (as the case may be) any Shares or any shares of the Offeror or any convertible securities, warrants, options or derivatives in respect of the Shares or shares of the Offeror.

As at the Latest Practicable Date, no Shares, no shares of the Offeror, and no convertible securities, warrants, options or derivatives in respect of the Shares or the shares of the Offeror, was managed on a discretionary basis by any fund managers (other than exempt fund managers) connected with the Company.

As at the Latest Practicable Date, neither the Company nor any Director had borrowed or lent (as the case may be) any Shares or any shares of the Offeror, or any convertible securities, warrants, options or derivatives in respect of the Shares or the shares of the Offeror.

As at the Latest Practicable Date, there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of acting in concert or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code and had any interests in the Shares or the shares of the Offeror or convertible securities, warrants, options or derivatives in respect of the Shares or the shares of the Offeror.

As at the Latest Practicable Date, no material contract had been entered into by the Offeror in which any Director has a material personal interest.

**(ii) Dealings in the Company’s or the Offeror’s securities**

During the Relevant Period:

- (a) save as disclosed below, none of the directors of the Offeror, the Offeror Concert Parties, the Company or the Directors had dealt for value in any shares of the Offeror or any convertible securities, warrants, options or derivatives in respect of shares of the Offeror:
  - (i) the transferral of 1 Offeror Share from Tricor to SPV-Z at nil consideration on 17 November 2020;
  - (ii) the subscription 707,027 Offeror Share by SPV-Z at the consideration of US\$0.00001 per Offeror Share on 17 November 2020, and the repurchase of 494,918 Offeror Shares by the Offeror from SPV-Z at nil consideration on 1 December 2020;

- (iii) the subscription 246,621 Offeror Share by SPV-M at the consideration of US\$0.00001 per Offeror Share on 17 November 2020, and the repurchase of 73,986 Offeror Shares by the Offeror from SPV-M at nil consideration on 1 December 2020; and
  - (iv) the subscription 46,351 Offeror Share by SPV-J at the consideration of US\$0.00001 per Offeror Share on 17 November 2020, and the repurchase of 13,905 Offeror Shares by the Offeror from SPV-J at nil consideration on 1 December 2020;
- (b) save as disclosed below and save for the dealings in the Shares by any member of the CICC group which are conducted on a non-discretionary basis for and on behalf of its clients, none of the Offeror, the directors of the Offeror, the Offeror Concert Parties or the Directors had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares:
- (1) on 17 June 2020, 27,490,800 restricted share units under the Share Award Scheme had been granted to and vested in Mr. Zhou. Mr. Zhou paid a nominal price (RMB1) to accept the awards of restricted share units in accordance with the terms of the Share Award Scheme. Such Shares are held in trust by Zedra Trust Company (Cayman) Limited for him;
  - (2) on 17 June 2020, 14,019,635 restricted share units under the Share Award Scheme had been granted to and vested in Ms. Mu. Ms. Mu paid a nominal price (RMB1) to accept the awards of restricted share units in accordance with the terms of the Share Award Scheme. Such Shares are held in trust by Zedra Trust Company (Cayman) Limited for her; and
  - (3) on 17 June 2020, 8,307,554 restricted share units under the Share Award Scheme had been granted to and vested in Mr. Jin. Mr. Jin paid a nominal price (RMB1) to accept the awards of restricted share units in accordance with the terms of the Share Award Scheme. Such Shares are held in trust by Zedra Trust Company (Cayman) Limited for him;
- (c) save as disclosed below, none of the persons who have irrevocably committed themselves to accept or reject the Proposal has dealt for value in any Shares, any shares of the Offeror or any convertible securities, warrants, options or derivatives in respect of the Shares or shares of the Offeror:

Date	Name of IU Shareholder	Nature of Securities	Purchase/Sale	Number of Shares	Average Price per Share (HK\$)
7 August 2020	Bright Journey	Shares of the	Sale	70,000	3.3103
10 August 2020	Investment	Company	Sale	30,000	3.3500
11 August 2020	Limited		Sale	60,000	3.3350

- (d) no subsidiary of the Company, no pension fund of the Company or of a subsidiary of the Company, no person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code (but excluding exempt principal traders and exempt fund managers) had dealt for value in any the Shares or any shares of the Offeror or any convertible securities, warrants, options or derivatives in respect of the Shares or the shares of the Offeror; and
- (e) no person having any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) or (4) of the definition of “associate” under the Takeovers Code had dealt for value in any Shares or any shares of the Offeror, or any convertible securities, warranties, options or derivatives in respect of the Shares or the shares of the Offeror.

**(iii) Other arrangements in relation to the Proposal**

As at the Latest Practicable Date:

- (a) The emoluments of the directors of the Offeror would not be affected by or amended as a result of the Proposal;
- (b) Other than the Irrevocable Undertakings and the Proposal, there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code that existed between any person and the Offeror or any of the Offeror Concert Parties;
- (c) save for the charge over Shares held by the Offeror to be provided within 40 working days after the first drawdown date of the CMB Facility, which forms part of the security package of the CMB Facility as further described in the section headed “2. Terms of the Proposal” in Part VII of this Scheme Document, the Offeror had no intention to transfer, charge or pledge any securities in the Company received pursuant to the Scheme to any other person, and had no agreement, arrangement or understanding with any third party to do so;

- (d) there was no agreement or arrangement to which the Offeror was a party which related to the circumstances in which it may or may not invoke or seek to invoke a condition to the Proposal;
- (e) no benefit was or would be given to any Director as compensation for loss of office or otherwise in connection with the Proposal;
- (f) save for the Irrevocable Undertakings, there was no agreement, arrangement or understanding (including any compensation arrangement) existing between the Offeror or any of the Offeror Concert Parties on one hand and any of the directors, recent directors, shareholders or recent shareholders of the Company on the other hand, having any connection with or was dependent upon the Proposal;
- (g) there was no agreement or arrangement between any Director and any other person which was conditional on or dependent upon the outcome of the Proposal or otherwise connected with the Proposal; and
- (h) there was no understanding, arrangement or agreement or special deal (under Rule 25 of the Takeovers Code) between (1) any Shareholder (on one hand); and (2) the Company or any of its subsidiaries or associated companies (on the other hand).

## **6. MATERIAL LITIGATION**

### **(1) In respect of the Offeror**

As at the Latest Practicable Date, neither the Offeror nor any of its subsidiary was engaged in any material litigation and no material litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Offeror or any of its subsidiaries.

### **(2) In respect of the Company**

As at the Latest Practicable Date, no member of the Group was engaged in any material litigation and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

**7. MATERIAL CONTRACTS****(1) In respect of the Offeror**

The following material contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Offeror or any of its subsidiaries) had been entered by the Offeror and/or any of its subsidiaries after the date two years before the Announcement Date up to and including the Latest Practicable Date:

- (a) the CMB Facility dated 22 December 2020 entered into between the Offeror as borrower and China Merchants Bank Co., Ltd. (“CMB”), Shanghai Branch as lender; and
- (b) the Exchange Rate Agreement dated 22 December 2020 entered into between the Offeror and CMB Shanghai Branch.

**(2) In respect of the Company**

No contracts (not being contracts entered in the ordinary course of the business carried on or intended to be carried on by the Group) had been entered into by members of the Group within the two years before the commencement of the Offer Period up to and including the Latest Practicable Date that were or might be material.

**8. SERVICE CONTRACTS**

As at the Latest Practicable Date, save as disclosed below, none of the Directors had any service contract with the Company or any of its subsidiaries or associated companies in force which (a) (including both continuous and fixed term contracts) had been entered into or amended within 6 months preceding the commencement of the Offer Period; or (b) was a continuous contract with a notice period of 12 months or more; or (c) was a fixed term contract that has more than 12 months to run irrespective of the notice period:

Name	Date of service contract	Term	Amount of remuneration
Mr. JIANG Hong (an independent non-executive Director)	25 August 2020	Three years commencing from 25 August 2020 or until the third annual general meeting of the Company from such commencement date (whichever is sooner)	HK\$300,000 per annum

**9. CONSENTS AND QUALIFICATIONS OF EXPERTS**

The following are the qualifications of the experts who have been named in this Scheme Document or have given opinion or advice which is contained in this Scheme Document:

<b>Name</b>	<b>Qualification</b>
CICC	a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO
Somerley	a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Ernst & Young	certified public accountants

As at the Latest Practicable Date, the above experts had given and had not withdrawn its written consent to the issue of this Scheme Document with the inclusion herein of its letters and opinions (as the case may be) and/or references to its name, opinions, reports and/or letters (as the case may be) in the form and context in which they respectively appear.

#### **10. MISCELLANEOUS**

- (i) Principal members of the Offeror's concert group include the Offeror and the Executive Directors.
- (ii) The registered office and principal office of the Offeror is situated at Tricor Services (Cayman Islands) Limited, Second Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands. The Offeror does not have a principal office in Hong Kong.
- (iii) The correspondence address of the Executive Directors is Block C5, Putian Industrial Park Phase II, No. 700 Yishan Road, Xuhui District, Shanghai, PRC.
- (iv) The directors of the Offeror are Mr. ZHOU Ye, Ms. MU Haijie and Mr. JIN Yuan.
- (v) CICC is the financial adviser to the Offeror in relation to the Proposal, and its registered address is at 29/F, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong.
- (vi) The registered office of the Company is situated at the offices of Walkers Corporate Limited, Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman KY1-9008, Cayman Islands.
- (vii) The principal place of business of Company in Hong Kong is situated at 40th Floor, Sunlight Tower, No. 248 Queen's Road East, Wanchai, Hong Kong.

- (viii) 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 Mr. JIANG Hong as independent non-executive Directors.
- (ix) The joint company secretaries of Company are Mr. JIN Yuan and Ms. SO Shuk Yi Betty. Ms. SO Shuk Yi Betty is an associate member of both The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute (formerly known as the Institute of Chartered Secretaries and Administrators) in the United Kingdom.
- (x) The principal share registrar and transfer agent of the Company in Cayman is Walkers Corporate Limited at Cayman Corporate Center, 27 Hospital Road, George Town, Grand Cayman KY1-9008, Cayman Islands.
- (xi) The branch share registrar and transfer office of the Company in Hong Kong is Link Market Services (Hong Kong) Pty Limited at Suite 1601, 16/F., Central Tower, 28 Queen's Road Central, Hong Kong.
- (xii) The principal place of business of the Independent Financial Adviser is 20th Floor, China Building, 29 Queen's Road Central, Hong Kong.
- (xiii) The principal place of business of Ernst & Young was situated at 22/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong.

In case of inconsistency, the English language text of this Scheme Document and the accompanying forms of proxy, Election Form, Form of Acceptance and Account Holder Form shall prevail over the Chinese language text.

## **11. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the principal place of business of the Company in Hong Kong at 40th Floor, Sunlight Tower No. 248 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 5:00 p.m. (except Saturdays, Sundays and public holidays) and on the website of the Company at [www.huifu.com](http://www.huifu.com) and the website of the SFC at [www.sfc.hk](http://www.sfc.hk) during the period from the date of this Scheme Document until (a) the Effective Date; and (b) the date on which the Scheme lapses or is withdrawn, whichever is earlier:

- (i) the amended articles of association of the Offeror;
- (ii) the amended and restated memorandum and articles of association of the Company;
- (iii) the Prospectus, the 2018 Annual Report and the 2019 Annual Report;
- (iv) the 2020 Interim Report;

- (v) the letter from the Board, the text of which is set out in Part IV of this Scheme Document;
- (vi) the letter from the Independent Board Committee, the text of which is set out in Part V of this Scheme Document;
- (vii) the letter from the Independent Financial Adviser, the text of which is set out in Part VI of this Scheme Document;
- (viii) the letter from CICC setting out the Estimate of Value of Offeror Shares, the text of which is set out in Appendix IV to this Scheme Document;
- (ix) the report from Ernst & Young as set out in Appendix IX to this Scheme Document;
- (x) the report from the Independent Financial Adviser as set out in Appendix X to this Scheme Document;
- (xi) the material contracts referred to in the section headed. “7. Material Contracts” in this Appendix;
- (xii) the service contract referred to in the paragraph headed “8. Service Contracts” in this Appendix;
- (xiii) the written consents issued by the expert referred to in the paragraph headed “9. Consents and Qualifications of Experts” in this Appendix;
- (xiv) the Acting in Concert Agreement;
- (xv) the Irrevocable Undertakings; and
- (xvi) this Scheme Document.



The Directors

Purity Investment Limited

Tricor Services (Cayman Islands) Limited

Second Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands  
27 January 2021

**PROPOSAL FOR THE DELISTING OF HUIFU PAYMENT LIMITED BY PURITY  
INVESTMENT LIMITED BY WAY OF A SCHEME OF ARRANGEMENT UNDER SECTION 86  
OF THE COMPANIES ACT**

**ESTIMATE OF VALUE OF OFFEROR SHARES**

Dear Sirs,

We refer to the document of even date jointly issued by Huifu Payment Limited and Purity Investment Limited (the “**Scheme Document**”) of which this letter forms part. Capitalised terms used in this letter will, unless otherwise stated, have the same meaning given to them in the Scheme Document.

Pursuant to the requirements of the Takeovers Code, you have requested us to provide you with an estimate of value of the Offeror Shares (the “**Estimate of Value**”). Under the Proposal, the Scheme Shareholders may elect to receive (i) **the Cash Alternative**: cash of HK\$3.50 for every Scheme Share; or (ii) **the Share Alternative**: 2.709677 new shares in the Offeror for every Scheme Share held. The Offeror’s shares are unlisted and there is therefore no reference for a publicly traded price.

**PURPOSE**

The Estimate of Value has been provided to the Offeror solely for the purposes of Paragraph 30 of Schedule I to the Takeovers Code, and shall not be used or relied upon for any other purpose whatsoever, and is not made on behalf of, and shall not confer rights or remedies upon, any third party. It is to be emphasized that the Estimate of Value contained herein is an estimated value of each Offeror Share based on certain assumptions and therefore do not necessarily reflect the actual value of Offeror Shares. This letter is not addressed to any third party and the contents of it may not be relied upon by any third party for any purpose whatsoever; and CICC expressly disclaims any duty or liability to any third party with respect to the contents of this letter. Except for its inclusion in the Scheme Document, this letter may not be quoted or referred to, in whole or in part, nor may any other public reference to CICC be made, without our prior written consent.

This letter sets out an Estimate of Value of each Offeror Share assuming the Proposal has become or been declared effective and such share is in issue as at the date of this letter.

The Estimate of Value does not represent the value that a holder of an Offeror Share may realize on any future sale – and such a value may be higher or lower than the figure in this letter. CICC assumes no obligation to reaffirm, update or revise the Estimate of Value based upon circumstances or events occurring after the date hereof. Additionally, the Estimate of Value is based on the announced value of HK\$3.50 per Scheme Share under the Cash Alternative, on which CICC expresses no opinion and gives no representation.

In providing the Estimate of Value, CICC expresses no opinion and makes no recommendation to any person as to whether they should accept the Scheme or the Option Offer or whether they should make any election to choose the Cash Alternative or the Share Alternative. Further, CICC expresses no opinion as to the fairness of the amount of the Cash Alternative and/or the number and nature of Offeror Shares comprised in the Share Alternative as referenced in the Scheme or the Option Offer.

#### **ASSUMPTIONS**

For the purposes of our analysis, we have made the following major assumptions:

- i. There exists a willing buyer and seller, neither being under any compulsion to buy or sell, dealing on an arm's length basis, each having knowledge of all relevant facts;
- ii. As at the date of this letter, the Proposal has become or been declared effective and the Company is a wholly owned subsidiary of the Offeror;
- iii. The Offeror Shares issued in connection with the Proposal as at the Latest Practicable Date comprise the entire issued share capital of the Offeror and no person has any right to acquire or subscribe any share or loan capital of the Offeror other than the Offeror Shares issued in connection with the Proposal. Such shares have been issued pursuant to the terms of the Proposal free from all encumbrances, credited as fully-paid, non-assessable, and ranking *pari passu* with all issued shares in the Offeror, including the right to receive in full all dividends and other distributions (if any) declared, made or paid on or after the date of their issue;
- iv. The Offeror was established for the sole purpose of the Proposal and as such, we have assumed that when the Proposal becomes effective, the Offeror's turnover, profits, assets and liabilities (on a consolidated basis) will be the same as the Company, save for the CMB Facility and any cash balance that may remain in the Offeror that was not required to finance the amount payable in cash to Scheme Shareholders under the Proposal;
- v. Any shares in the issued share capital of the Company received by the Offeror have been received free from all liens, options and third party rights and together with the right to receive in full all dividends and other distributions (if any) declared, made or paid on or after the date of this letter, and all the outstanding Share Options have been cancelled;
- vi. Other than the Shares already owned by the Offeror prior to the Proposal, the Shares subject to the Scheme comprise the entire issued share capital of the Company and, assuming the cancellation of the Share Options, no person other than the Offeror has any right to acquire or option to subscribe for any share or loan capital of the Company and no share capital of the Company is disposed of nor any right granted over or in respect of it at any future date;
- vii. No dividend or other distribution (whether in cash or in kind) shall be declared, made or paid by the Company to the Shareholders between the date of the Announcement and the Effective Date, and any further dividend or distribution shall be subject to the consent of the Offeror;
- viii. The Offeror and the Company exist on a continuing basis;

- ix. The Offeror Shares are unlisted and valued on this basis. Whilst it is not possible to give a precise measure of the discount to reflect, among other things, the lack of marketability and the rights of the shareholders of the Offeror and no methodological analysis can be undertaken for the purposes of estimating such a discount, for the purposes of calculating our range of Estimate of Value we have assumed a range of discounts of 0-30% to an equivalent listed security to reflect, among other things, the lack of marketability and such shareholders' rights. We believe such range of discounts is an appropriate assumption to use for this purpose as it is consistent with the approach taken in recent market privatization precedents in Hong Kong which involves unlisted offeror shares being offered as an alternative transaction consideration and which adopts an illiquidity discount methodology to assess the value of the unlisted offeror shares. In evaluating the level of discount applied, we have identified the following general offer/privatisation cases since 2011 which involved valuation of unlisted shares, and noted that a discount of 25% or 30% for lack of marketability/shareholders' rights was applied to derive the low-end value of the unlisted shares under the share alternative in the respective case:

<b>Date of scheme/ composite document</b>	<b>Company (stock code)</b>	<b>Discount applied</b>
20 June 2019	China Power Clean Energy Development Co Ltd (735)	30%
5 September 2016	Nirvana Asia Ltd (1438)	30%
23 July 2013	Yashili International Holdings Ltd (1230)	30%
5 September 2011	China Resources Microelectronics Limited (597)	25%

- x. We have relied on and assumed, without independent verification, the accuracy and completeness of the information reviewed by us (including but not limited to the management accounts of the Offeror as of the Latest Practicable Date, which specifies the amount of cash, assets, indebtedness and liabilities that are expected to remain in the Offeror immediately following the implementation of the Proposal) for the purposes of the Estimate of Value; and we have not assumed and do not assume any responsibility or liability in relation thereto. We have not made any independent valuation or appraisal of the assets and liabilities of the Company, nor have we sought or been provided with any such valuation or appraisal. The Estimate of Value is necessarily based on financial, economic, market, regulatory and other conditions in effect, and the information made available to us, as at the date of this letter. It should be understood that subsequent developments may affect the Estimate of Value contained in this letter;
- xi. The taxation of individual shareholders will vary and we have not taken account of the effects of any taxation exemptions, allowances or reliefs available for the purposes of income, capital gains, inheritance or any other applicable tax, duty or levy, notwithstanding these may be significant in the case of some shareholders;
- xii. An exchange rate of HK\$7.7520 to US\$1.00, which was the exchange rate as at the Announcement Date;

- xiii. The Offeror will pay HK\$3.50 per Scheme Share to every Scheme Shareholder selecting the Cash Alternative, a value of HK\$2.1046 for every Share Option with an exercise price of US\$0.18 (which is equivalent to the “see-through” value per Share Option under the Option Offer to the Optionholders (calculated as the difference between the Cash Alternative value of HK\$3.50 and the exercise price of the Share Option of US\$0.18), and a nominal amount of HK\$0.0001 for every Share Option with the exercise price of US\$0.5458, US\$0.7846 and HK\$7.50, respectively (given the exercise price of the relevant Share Option under the Option Offer exceeds HK\$3.50, the “see-through” price is zero); and
- xiv. The Company and its subsidiaries will continue to operate in the ordinary course as a going concern and are not subject to any material adverse event; the assets and liabilities of the Company (on a consolidated basis) are fairly reflected in the Company’s interim report comprising its unaudited consolidated accounts for the half year ended 30 June 2020 and which were published on 15 September 2020 (the “**Last Accounts**”); Neither the Company nor any of its subsidiaries disposes of any asset for less than its fair value (as reflected in the Last Accounts) nor suffers or incurs any liability, other than in the ordinary course of business.

## METHODOLOGY

In our Estimate of Value, we derive ranges of value for Offeror Shares which reflect the estimated value of such shares hypothetically assuming for the purpose of calculating the top end of the range that they are listed and freely tradable, and for the purpose of calculating the bottom end of the range we have assumed a discount of 30% to reflect, among other things, the lack of marketability and shareholders’ rights, particularly around the fact that independent shareholders other than the Executive Directors will not be able to nominate a director or approve reserved matters until certain ownership thresholds (75% for special resolutions and more than 50% for ordinary resolutions, in either case including approval by the Executive Directors as long as they and/or body corporate(s) controlled by them respectively are shareholders of the Offeror) are reached.

The estimated value of the Offeror Shares is equal to the total estimated value of the Shares (including Share Options and including any cash balance that may remain in the Offeror). As such, at the top end of our range, the total value of the Offeror Shares is assumed to be calculated as:

(a)–(b)+(c)

Where (a), (b) and (c) are defined as follows:

- (a) the estimated value of all of the outstanding Shares (including Share Options, assuming a “see-through” value), which represents the value of the Shares that the Offeror will own;
- (b) the external debt financing to be incurred by the Offeror for the implementation of the Proposal in the form of the CMB Facility; and
- (c) any cash that may remain in the Offeror immediately following implementation of the Proposal.

Following the implementation of the Proposal, the Offeror will not own any other assets or any other liabilities except for the Shares, the external debt financing for the implementation of the Proposal in the form of the CMB Facility. As a result, the estimated value of the Offeror Shares is equal to (a)–(b)+(c).

In deriving a value for (a) at the top end of the range, we have used a value of HK\$3.50 per Share which is equivalent to the value per Share under the Cash Alternative, a value of HK\$2.1046 for every Share Option with an exercise price of US\$0.18 which is equivalent to the “see-through” value per Share Option under the Option Offer to the Optionholders (calculated as the difference between the Cash Alternative value of HK\$3.50 and the exercise price of the Share Option of US\$0.18) and a nominal amount of HK\$0.0001 for every 1 Share Option with exercise prices of US\$0.5458, US\$0.7846 and HK\$7.50, respectively (given the exercise price of the relevant Share Option under the Option Offer exceeds HK\$3.50, the “see-through” price is zero). Based on the Offeror’s financing structure for implementing the Proposal, the external debt financing put in place amounts to approximately HK\$1,251 million, being the value for (b). It is currently estimated that: (i) where only the Executive Directors and the IU Shareholders who have undertaken to elect the Share Alternative elect the Share Alternative and assuming all Optionholders receive the Option Amount in respect of all their Options, the Offeror’s cash on hand immediately following the Proposal would be approximately HK\$35 million; and (ii) where all Scheme Shareholder (except the IU Shareholder who has undertaken to elect the Cash Alternative) elect the Offeror’s Share Alternative and assuming all Optionholders receive the Option Amount in respect of all their Options, the Offeror’s cash on hand would be approximately HK\$1,009 million, assuming the full amount of the external debt financing stated above is used to pay the aggregate Cash Alternative and before all fees and expenses of the Offeror incurred in connection with the Proposal have been paid. The exact value of the cash on hand is dependent on the level of acceptance of the Offeror’s Share Alternative and, as such, this range of values has been used in deriving a value for (c). As at the Latest Practicable Date, the Option Amount amounts to HK\$52,738,946, being the sum of (i) HK\$2.1046 for every Share Option with the exercise price of US\$0.18, which is equivalent to the “see-through” price per Share Option with the exercise price of US\$0.18 under the Option Offer; and (ii) HK\$0.0001 for every Share Option with exercise prices of US\$0.5458, US\$0.7846 and HK\$7.50, respectively.

As stated above, we have derived the lower end of the range for the estimate of value for each Offeror Share, by assuming a 30% discount to the value calculated above to reflect the lack of marketability and shareholders’ rights, of an unlisted share, particularly around the fact that independent shareholders other than the Executive Directors will not be able to nominate director or approve reserved matters until certain ownership thresholds (75% for special resolutions and more than 50% for ordinary resolutions, in either case including approval by the Executive Directors as long as they and/or body corporate(s) controlled by them respectively are shareholders of the Offeror) are reached.

The valuation of non-publicly traded securities is inherently imprecise and is subject to certain uncertainties and contingencies, including, but not limited to, the above qualitative factors, the effects of which are difficult to predict. Consequently, the view expressed in this letter is not necessarily indicative of: (i) the price at which the Offeror Shares might actually trade as at the date hereof or at any future date; (ii) the amount which might be realised upon a sale of an Offeror Share to a third party; or (iii) the amount that might be realized by a holder of an Offeror Share on liquidation of the Offeror. Our Estimate of Value may differ substantially from Estimate available from other sources. In addition, our view would be expected to fluctuate with changes in prevailing market conditions, the financial conditions and prospects of the Offeror

and other factors which generally influence the valuation of companies and securities. As a result, there can be no assurance that the actual price of an Offeror Share will not be higher or lower than the Estimate of Value.

- (i) Assuming only the Executive Directors and the IU Shareholders who have undertaken to elect the Share Alternative elect the Share Alternative and assuming all Optionholders receive the Option Amount in respect of all their Options:

At the top end of the range, we derive our value of the Offeror Shares as follows:

- (a) is equal to approximately HK\$4,629,516,007 which is the estimated value of all of the outstanding shares (calculated by multiplying the Cash Alternative of HK\$3.50 per Share by the number the Shares as at the Latest Practicable Date of 1,307,650,589) plus “see-through” basis valuation for Options (calculated by: (i) multiplying the “see-through” value of HK\$2.1046 for every Share Option with an exercise price of US\$0.18 by the number of the relevant Share Options of approximately 25.06 million; and (ii) multiplying the nominal amount of HK\$0.0001 for every 1 Share Option excluding that held by the Executive Directors who have indicated that they will not accept the Option Offer, with exercise prices of US\$0.5458, US\$0.7846 and HK\$7.50, respectively for the relevant Share Options of approximately 70.09million);
- (b) is equal to approximately HK\$1,250,651,972; and
- (c) is equal to approximately HK\$35,348,365.

This implies a total value of Offeror Shares of approximately HK\$3,414,212,401. Based on the number of Offeror Shares in issue as at the Latest Practicable Date of 300,000 shares plus 2,642,960,804 New Offeror Shares to be issued upon the completion of the Scheme, this implies a value per Offeror Share of HK\$1.2917 at the top end of the range.

At the bottom end of the range, we derive our value of the Offeror Shares as follows:

Assuming a 30% discount of non-marketability of the Offeror Shares, this implies a value per Offeror Share of HK\$0.9042 at the bottom end of the range.

- (ii) Assuming all Scheme Shareholders (except the IU Shareholder who has undertaken to elect the Cash Alternative) elect the Offeror’s Shares Alternative and assuming all Optionholders receive the Option Amount in respect of all their Options:

At the top end of the range, we derive our value of the Offeror Shares as follows:

- (a) is equal to approximately HK\$4,629,516,007 which is the estimated value of all of the outstanding shares (calculated by multiplying the Cash Alternative of HK\$3.50 by the number of Shares as at the Latest Practicable Date of 1,307,650,589) plus “see-through” basis valuation for Options (calculated by: (i) multiplying the “see-through” value of HK\$2.1046 for every Share Option with an exercise price of HK\$0.18 by the number of

the relevant Share Options of approximately 25.06 million; and (ii) multiplying the nominal amount of HK\$0.0001 for every 1 Share Option excluding that held by the Executive Directors who have indicated that they will not accept the Option Offer, with exercise prices of US\$0.5458, US\$0.7846 and HK\$7.50, respectively for the relevant Share Options of approximately 70.09million);

(b) is equal to approximately HK\$1,250,651,972; and

(c) is equal to approximately HK\$1,008,716,884.

This implies a total value of the Offeror Shares of approximately HK\$4,387,580,919. Based on the number of Offeror Shares in issue as at the Latest Practicable Date of 300,000 shares plus 3,396,536,314 New Offeror Shares to be issued upon the completion of the Scheme, this implies a value per Offeror Share of HK\$1.2917 at the top end of the range.

At the bottom end of the range, we derive our value of the Offeror Shares as follows:

Assuming a 30% discount for non-marketability of the Offeror Shares, this implies a value per Offeror Share of HK\$0.9042 at the bottom end of the range.

	(i) Assuming only the Executive Directors and the IU Shareholders who have undertaken to elect the Share Alternative elect the Share Alternative and assuming all Optionholders receive the Option Amount in respect of all their Options	(ii) Assuming all Scheme Shareholders (except the IU Shareholder who has undertaken to elect the Cash Alternative) elect the Offeror's Shares Alternative and assuming all Optionholders receive the Option Amount in respect of all their Options
(a) the estimated value of all of the outstanding Shares	HK\$4,629,516,007	HK\$4,629,516,007
(b) the external debt financing to be incurred by the Offeror for the implementation of the Proposal in the form of the CMB Facility	HK\$1,250,651,972	HK\$1,250,651,972
(c) any cash that may remain in the Offeror immediately following implementation of the Proposal	HK\$35,348,365	HK\$1,008,716,884
<b>Total value of the Offeror Shares</b>	<b>HK\$3,414,212,401</b>	<b>HK\$4,387,580,919</b>
Number of Offeror Shares in issue immediately following implementation of the Proposal	2,643,260,804	3,396,836,314
<b>Top end value per Offeror Share</b>	<b>HK\$1.2917</b>	<b>HK\$1.2917</b>
<b>Bottom end value per Offeror Share</b> <b>(Assuming a 30% discount for non-marketability of the Offeror Shares)</b>	<b>HK\$0.9042</b>	<b>HK\$0.9042</b>

Under both scenarios shown above where only the Executive Directors and the IU Shareholders who have undertaken to elect the Share Alternative elect the Share Alternative or all Scheme Shareholders (except the IU Shareholder who has undertaken to elect the Cash Alternative) elect the Offeror's Share Alternative, each of the Offeror's Shares has an estimated value of HK\$1.2917 at the top end of the range and an estimated value of HK\$0.9042 at the bottom end of the range. For all scenarios in between the two shown above, where a proportion of the Scheme Shareholders (except for IU Shareholders who have undertaken to elect the Cash Alternative under any scenario) elect either of the Cash Alternative or the Offeror's Shares Alternative, the Estimate of Value for each of the Offeror's Shares remain the same at HK\$1.2917 at the top end of the range, and an estimated value of HK\$0.9042 at the bottom end of the range.



In determining the Estimate of Value, we have not taken into account, among other things, any financial projections of the Company for the year ended 31 December, 2020 and beyond.

No account has been taken of any potential transaction costs that a holder of the Shares or Share Options may incur in regard to accepting the Proposal, or in connection with accepting the Option Offer, or in any attempted or actual sale of Offeror Shares.

No account has been taken of any potential transaction costs that a holder of Offeror Shares may incur, or any potential costs that might be associated with a sale of the Offeror to a third party or a liquidation of the Offeror, which might be expected to reduce any return to a holder of an Offeror Share upon the occurrence of such an event.

We have produced the Estimate of Value using these methodologies and taken into account the information, factors, assumptions and limitations set out above.

### **ESTIMATE OF VALUE**

On the basis of the above assumptions and methodology adopted by us and subject to the foregoing, the Estimate of Value as defined in this letter are within a range of between HK\$0.9042 and HK\$1.2917 for each Offeror Share. This Estimate of Value does not represent a formal opinion of the value of an Offeror Share or a Share by CICC.

Under the Share Alternative, each Shareholder is entitled to receive 2.709677 New Shares in the Offeror for every Scheme Share held. This implies a value of approximately HK\$2.4500 to HK\$3.5000 for each Share, calculated as follows:

- i. At the bottom end of the range:
  - a. approximately HK\$2.4500, which is equal to 2.709677 Offeror Shares multiplied by HK\$0.9042, the value per Offeror Share at the bottom end of our value range.
- ii. At the top end of the range:
  - a. approximately HK\$3.5000, which is equal to 2.709677 Offeror Shares multiplied by HK\$1.2917, the value per Offeror Share at the top end of our value range.

### **GENERAL**

CICC is acting as the financial adviser to the Offeror in relation to the Proposal and no one else in connection with the Proposal. CICC will not be responsible to anyone other than the Offeror for providing advice in relation to the Proposal, the contents of the Scheme Document or any other matters referred to in the Scheme Document.

Shareholders are urged to read carefully all the information contained in the Scheme Document.

The value of an Offeror Share may be impacted by the factors described in this letter.

Further, in providing the Estimate of Value, CICC expresses no opinion or recommendation to any person as to whether they should accept the Scheme or the Option Offer or whether they should make any election to choose the Cash Alternative or the Share Alternative. Shareholders are recommended to seek their own independent financial advice. Further, CICC expresses no opinion as to the fairness of the amount of the Cash Alternative and/or the number and nature of Offeror Shares comprised in the Share Alternative as referenced in the Scheme or the Option Offer.

Yours faithfully,

For and on behalf of

**China International Capital Corporation Hong Kong Securities Limited**

**PAK Hiu Ching**

*Managing Director*

IN THE GRAND COURT OF THE CAYMAN ISLANDS  
FINANCIAL SERVICES DIVISION

Cause No. FSD 1 of 2021

**IN THE MATTER OF SECTIONS 14 TO 16 AND 86 OF THE COMPANIES ACT (2020 REVISION  
AND IN THE MATTER OF ORDER 102 OF THE GRAND COURT RULES 1995  
AND IN THE MATTER OF HUIFU LIMITED 汇付天下有限公司**

**SCHEME OF ARRANGEMENT**

**Between**

**HUIFU LIMITED**

**汇付天下有限公司**

**and**

**THE SCHEME SHAREHOLDERS (as hereinafter defined)**

(A) In this scheme of arrangement, unless inconsistent with the subject or context, the following expressions shall bear the following meanings:

“acting in concert”	has the meaning ascribed to it in the Takeovers Code and “concert party” shall be construed accordingly
“Beneficial Owner(s)”	beneficial owner(s) of the Shares registered in the name of a Registered Owner(s)
“Board”	the board of directors of the Company
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“Cancellation Consideration”	the Cash Alternative or the Share Alternative
“Cash Alternative”	HK\$3.50 per Share in cash

“CICC”	China International Capital Corporation Hong Kong Securities Limited, a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO, the financial adviser to the Offeror in relation to the Proposal
“Companies Act”	the Companies Act (2020 Revision) of the Cayman Islands
“Company”	Huifu Payment Limited, an exempted company incorporated in the Cayman Islands with limited liability under the names of Huifu Limited and 汇付天下有限公司, whose Shares are listed on the Main Board of the Stock Exchange (stock code: 1806)
“Conditions”	the conditions to the implementation of the Proposal and the Scheme as described in the section headed “4. Conditions to the Proposal and the Scheme” in “Part VII – Explanatory Memorandum” of the Scheme Document
“Court Meeting”	a meeting of the Scheme Shareholders convened at the direction of the Grand Court at 10:00 a.m. on Friday, 19 February 2021 at Pheasant-Stork Room, 1st Floor, Mandarin Oriental Hong Kong, 5 Connaught Road Central, Hong Kong, at which the Scheme (with or without modification) will be voted upon, or any adjournment thereof
“Disinterested Share(s)”	the Shares in issue at the Scheme Record Date, other than those beneficially owned by the Offeror, the Executive Directors and the Offeror Concert Parties. For the avoidance of doubt, Disinterested Shares include Shares in issue at the Scheme Record Date which are held by any member of the CICC group on a non-discretionary and non-proprietary basis for and on behalf of its clients
“Disinterested Shareholder(s)”	the registered holder(s) of the Disinterested Shares. For the avoidance of doubt, the Disinterested Shareholders include any member of the CICC group acting in the capacity of an exempt principal trader or exempt fund manager for the purpose of the Takeovers Code
“Effective Date”	the date on which the Scheme becomes effective in accordance with the Companies Act and the Conditions

“Effective Form”	the blue form of election to be completed by Scheme Shareholders for election of the Cash Alternative or the Share Alternative (but not, for the avoidance of doubt, a combination of the two save for HKSCC Nominees Limited, who may make different elections in respect of Scheme Shares held on behalf of Beneficial Owners), which is despatched to Shareholders together with the Scheme Document
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate thereof
“Executive Directors”	Mr. Zhou, Ms. Mu and Mr. Jin
“Explanatory Memorandum”	the explanatory memorandum set out in Part VII of the Scheme Document
“Grand Court”	the Grand Court of the Cayman Islands
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company established by the Board to make a recommendation to the Disinterested Shareholders and the Optionholders (as defined in the Scheme Document) in respect of the Proposal, the Scheme and the Option Offer
“Independent Financial Adviser” or “Somerley”	Somerley Capital Limited, the independent financial adviser to the Independent Board Committee in connection with the Proposal, the Scheme and the Option Offer. Somerley is a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
“Keytone”	Keytone Ventures, L.P. and Keytone Ventures II, L.P., being limited partnerships formed under the laws of the Cayman Islands
“Latest Practicable Date”	22 January 2021, being the latest practicable date for ascertaining certain information contained in the Scheme Document

“Long Stop Date”	30 June 2021 or such later date the Offeror may determine, subject to the consent of CICC (whose consent shall not be unreasonably withheld) and the permissions of the Grand Court and/or the Executive (as applicable)
“Mr. Jin”	Mr. Jin Yuan, an executive Director, the chief financial officer and a joint company secretary of the Company
“Mr. Zhou”	Mr. Zhou Ye, an executive Director, the chairman of the Board and the chief executive officer of the Company
“Ms. Mu”	Ms. Mu Haijie, an executive Director and the president of the Company
“New Shares”	new shares in the capital of the Offeror, to be issued pursuant to the Proposal as fully paid and will rank pari passu with all the shares of the Offeror currently in issue
“Offeror”	Purity Investment Limited, an exempted company incorporated in the Cayman Islands with limited liability on 17 November 2020
“Offeror Concert Parties”	parties acting in concert or presumed to be acting in concert with any of the Offeror or the Executive Directors under the definition of “acting in concert” under the Takeovers Code (except in the capacity of an exempt principal trader or exempt fund manager for the purpose of the Takeovers Code), including but not limited to SPV-Z, SPV-M, SPV-J, Management Company, P Holdings and Mr. Liu
“Option Offer”	the offer to be made by or on behalf of the Offeror to the holders of the Outstanding Share Options (as defined in the Scheme Document)
“Pacven Walden Ventures”	Pacven Walden Ventures VI, L.P., Pacven Walden Venture Parallel VI, L.P. and Pacven Walden Venture Parallel VI-KT, L.P., being limited partnerships formed under the laws of the Cayman Islands
“PRC”	the People’s Republic of China (for the purpose of the Scheme Document, excluding Hong Kong, the Macao Special Administrative Region and the Republic of Taiwan)

“Proposal”	the proposal for the delisting of the Company by the Offeror by way of the Scheme and the Option Offer and the increase of the issued share capital of the Company to the amount prior to the cancellation of the Scheme Shares, and the withdrawal of the listing of the Shares from the Stock Exchange, on the terms and subject to the conditions set out in the Scheme Document
“Registered Owner(s)”	holder(s) of Shares (including without limitation a nominee, trustee, depository or any other authorised custodian or third party) whose name is entered in the register of members of the Company as a holder of Shares
“Scheme”	the scheme of arrangement under Section 86 of the Companies Act between the Company and the Scheme Shareholders with or subject to any modification, addition or condition which may be approved or imposed by the Grand Court
“Scheme Document”	the composite scheme document of the Company dated 27 January 2021, including each of the letters, statements, memorandum, appendices and notices in it
“Scheme Record Date”	Friday, 26 February 2021, or such other date as shall have been announced to the Shareholders, being the record date for the purposes of determining entitlements of the Scheme Shareholders under the Scheme
“Scheme Share(s)”	the Share(s) in issue on the Scheme Record Date
“Scheme Shareholder(s)”	the registered holder(s) of Scheme Shares as at the Scheme Record Date
“Securities and Futures Commission”	Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Alternative”	2.709677 New Shares in the Offeror which will be credited as fully paid and ranking pari passu with other shares of the Offeror then in issue for every Scheme Share held
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	registered holder(s) of the Shares

“Stock Exchange” The Stock Exchange of Hong Kong Limited

“Takeovers Code” the Code on Takeovers and Mergers in Hong Kong

- (B) The Company was incorporated as an exempted company limited by shares on 21 December 2017 in the Cayman Islands under the Companies Law (2015 Revision).
- (C) As at the Latest Practicable Date, the authorised share capital of the Company was HK\$380,000 divided into 3,800,000,000 ordinary shares of a single class with a par value of HK\$0.0001 each. As at the Latest Practicable Date, the issued share capital of the Company was HK\$130,765.0589 divided into 1,307,650,589 Shares, with the remainder being unissued. Since 15 June 2018, the Shares of the Company have been listed and traded on the Main Board of the Stock Exchange.
- (D) The Offeror has proposed the privatisation of the Company by way of the Scheme.
- (E) The primary purpose of this Scheme is for the Offeror to hold the entire issued share capital of the Company upon the completion of the Scheme, and for the Shares to be delisted from the Stock Exchange. This is proposed to be achieved by the steps as set out in this Scheme below.
- (F) As at the Latest Practicable Date, the Offeror did not hold any Shares, and the Executive Directors directly and indirectly held in aggregate 87,046,793 Shares (representing approximately 6.66% of the issued share capital of the Company), with Mr. Zhou holding 56,656,123 Shares (representing approximately 4.33% of the issued share capital of the Company), Ms. Mu holding 21,083,116 Shares (representing approximately 1.61% of the issued share capital of the Company) and Mr. Jin holding 9,307,554 Shares (representing approximately 0.71% of the issued share capital of the Company), all of which are held in CCASS. In accordance with the Takeovers Code, votes of parties holding those Scheme Shares will not be counted for the purpose of satisfying the additional requirements under Rule 2.10 of the Takeovers Code.
- (G) As at the Latest Practicable Date, the Offeror Concert Parties held in aggregate 142,505,000 Shares (representing approximately 10.9% of the issued share capital of the Company, with Mr. Liu holding 28,745,000 Shares (representing approximately 2.20% of the issued share capital of the Company) in CCASS. In accordance with the Takeovers Code, votes of parties holding those Scheme Shares will not be counted for the purpose of satisfying the additional requirements under Rule 2.10 of the Takeovers Code.
- (H) As the Offeror is not a Scheme Shareholder, the Offeror will not vote on the Scheme at the Court Meeting. The Offeror has agreed to appear by Conyers Dill & Pearman at the hearing of the petition to sanction the Scheme and to undertake to the Grand Court (whether at the hearing or before-hand) to be bound by the Scheme, so as to ensure that it will be subject to the terms and conditions of the Scheme and will execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable for the purpose of giving effect to the Scheme.



**THE SCHEME****PART I****CANCELLATION AND EXTINGUISHMENT OF THE SCHEME SHARES**

1. On the Effective Date:
  - (a) the issued share capital of the Company shall be reduced by cancelling and extinguishing the Scheme Shares in accordance with Sections 14 to 16 of the Companies Act and the Scheme Shareholders shall cease to have any rights with respect to the Scheme Shares except for the right to receive the Cancellation Consideration;
  - (b) subject to and forthwith upon the reduction of the issued share capital referred to in paragraph (a) above, the issued share capital of the Company shall be increased to its former amount by the issuance to the Offeror, credited as fully paid, an aggregate number of Shares which is equal to the number of Scheme Shares cancelled and extinguished; and
  - (c) the Company shall apply the reserve created in its books of account as a result of the capital reduction referred to in paragraph (a) above in paying up in full the new Shares so issued pursuant to paragraph (b) above, which shall be allotted and issued, credited as fully paid, to the Offeror.

**PART II****CONSIDERATION FOR CANCELLATION AND EXTINGUISHMENT OF THE SCHEME SHARES**

2. In consideration of the cancellation of the Scheme Shares, the Offeror shall pay or cause to be paid the Cancellation Consideration to each Scheme Shareholder. Scheme Shareholders (other than the Executive Directors who have indicated that they will elect the Share Alternative only; Trixen Enterprises Ltd., Keytone, Bain Capital PnR Cayman Limited, Eight Roads Investments, Pacven Walden Ventures which have each undertaken to elect the Share Alternative only; and Bright Journey Investment Limited which has undertaken to elect the Cash Alternative only) are entitled to, at their election, either the Cash Alternative or the Share Alternative as the form of Cancellation Consideration in respect of their entire holdings of Scheme Shares held as at the Effective Date (but not, for the avoidance of doubt, a combination of the two, save for HKSCC Nominees Limited, who may make different elections in respect of Scheme Shares held on behalf of Beneficial Owners). Scheme Shareholders who do not make any election or whose elections are invalid will receive the Cash Alternative.

**PART III****ELECTION FORM**

- 3.
- (a) The election for the Cash Alternative or the Share Alternative referred to in Part II above may be made by the Scheme Shareholders (other than the Executive Directors who have indicated that they will elect the Share Alternative only; Trixen Enterprises Ltd., Keytone, Bain Capital PnR Cayman Limited, Eight Roads Investments, Pacven Walden Ventures which have each undertaken to elect the Share Alternative only; and Bright Journey Investment Limited which has undertaken to elect the Cash Alternative only) in respect of their entire holdings of Scheme Shares (save for HKSCC Nominees Limited, who may make different elections in respect of Scheme Shares held on behalf of Beneficial Owners), and such election shall be made by properly completing and signing the Election Form in accordance with the instructions appearing thereon (and, in the case of joint holders, signed by all the joint holders to which it relates, and in the case of a holder or a joint holder which is a corporation, signed by one of its directors or a duly authorised signatory), which shall be lodged so as to be received by the branch share registrar of the Company in Hong Kong, being Link Market Services (Hong Kong) Pty Limited, at Suite 1601, 16/F., Central Tower, 28 Queen's Road Central, Hong Kong, not later than 4:30 p.m. on 12 March 2021 or such later date as shall have been

announced to the Shareholders. No such election shall be valid unless the Election Form is properly completed in all respects. An Election Form so completed and delivered shall not be capable of amendment.

- (b) An Election Form shall be irrevocable and incapable of being withdrawn unless the Company expressly consents in writing to such withdrawal or revocation.
- (c) The Company shall have the right to reject any or all of the Election Forms that it determines are invalid or in improper form. In addition, the Company shall also have the right to treat any Election Form that has been completed incorrectly, as being valid, provided that the Company in its absolute discretion considers the omissions or errors to be immaterial. The Company shall not be obliged to give notice of any such defects or irregularities and will not incur any liability for failure to give any such notice. Scheme Shareholders whose elections are invalid will receive the Cash Alternative.

#### **PART IV**

#### **GENERAL**

4.

- (a) As soon as possible and but in any event within seven Business Days following the Effective Date, the Offeror shall (i) post or cause to be posted cheques representing the sums payable to the Scheme Shareholders who have validly elected the Cash Alternative and the Scheme Shareholders whose elections for the Share Alternative were invalid; and (ii) allot and issue New Shares to the Scheme Shareholders who have validly elected the Share Alternative pursuant to paragraph 2 of this Scheme.
- (b) Unless otherwise indicated in writing to the Hong Kong branch share registrar of the Company, being Link Market Services (Hong Kong) Pty Limited, at Suite 1601, 16/F., Central Tower, 28 Queen's Road Central, Hong Kong, all cheques and certificates for shares in the Offeror to be despatched to Scheme Shareholders shall be sent by ordinary post in postage pre-paid envelopes addressed to Scheme Shareholders at their respective registered addresses as appearing in the Register as at the Scheme Record Date or, in the case of joint holders, at the address appearing in the register of members of the Company as at the Scheme Record Date of the joint holder whose name then stands first in the register of members of the Company in respect of the relevant joint holding.
- (c) All cheques shall be made payable to the order of the person or persons to whom, in accordance with the provisions of paragraph 4(b) of this Scheme, the envelope containing the same is addressed and the encashment of any such cheque shall be a good discharge to the Offeror for the moneys represented thereby.

- (d) All cheques and certificates for shares in the Offeror shall be posted at the risk of the addressees and none of the Offeror, the Company, CICC, the Independent Financial Adviser and the share registrar of the Company and their respective nominees, directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal shall be responsible for any loss or delay in receipt.
  - (e) On or after the day being six calendar months after the posting of the cheques pursuant to this paragraph 4(b) of this Scheme, the Offeror (or its nominee) shall have the right to cancel or countermand payment of any such cheque which has not been cashed or has been returned uncashed, and shall place all monies represented thereby in a deposit account in the name of the Offeror (or its nominee) with a licensed bank in Hong Kong selected by the Offeror (or its nominee). The Offeror (or its nominee) shall hold such monies for those entitled under the terms of this Scheme until the expiry of six years from the Effective Date and shall, prior to such date, make payments therefrom of the sums payable pursuant to paragraph 2 of this Scheme to persons who satisfy the Offeror (or its nominee) that they are respectively entitled thereto, provided that the cheques referred to in the foregoing sentence of which they are payees have not been cashed. Any payments made by the Offeror (or its nominee) shall not include any interest accrued on the sums to which the respective persons are entitled pursuant to this Scheme. The Offeror (or its nominee) shall exercise its absolute discretion in determining whether or not it is satisfied that any person is so entitled, and a certificate of the Offeror (or its nominee) to the effect that any particular person is so entitled or not so entitled, as the case may be, shall be conclusive and binding upon all persons claiming an interest in the relevant monies.
  - (f) On the expiry of six years from the Effective Date, the Offeror (and, if applicable, its nominee) shall be released from any further obligation to make any payments under this Scheme and the Offeror (and, if applicable, its nominee) shall be absolutely entitled to the balance (if any) of the sums then standing to the credit of the deposit account referred to in paragraph 4(e) of this Scheme, including accrued interest subject to any deduction required by law and expenses incurred.
  - (g) The preceding sub-paragraphs of this paragraph 4 shall take effect subject to any prohibition or condition imposed by law.
  - (h) Upon cancellation of the Scheme Shares, the register of members of the Company shall be updated to reflect such cancellation.
5. As from and including the Effective Date:
- (a) all certificates for the Scheme Shares shall cease to have effect as documents or evidence of title for such Scheme Shares and every holder thereof shall be bound, at the request of the Company, to deliver up such certificates to the Company or to any person appointed by the Company to receive the same for cancellation;

- (b) all instruments of transfer validly subsisting as at the Scheme Record Date in respect of the transfer of any number of the Scheme Shares shall cease to be valid for all purposes as instruments of transfer; and
  - (c) all mandates or other instructions to the Company in force as at the Scheme Record Date in relation to any of the Scheme Shares shall cease to be valid as effective mandates or instructions.
6. Subject to the Conditions having been fulfilled or waived, as applicable, this Scheme shall become effective as soon as a copy of the order of the Grand Court sanctioning this Scheme under section 86 of the Companies Act has been delivered to the Registrar of Companies in the Cayman Islands for registration pursuant to section 86(3) of the Companies Act and the court order confirming the reduction of capital resulting from the cancellation of the Scheme Shares and the minute referred to in section 17(1) of the Companies Act is registered pursuant to Section 17 of the Companies Act.
  7. Unless this Scheme shall have become effective on or before the Long Stop Date, this Scheme shall lapse.
  8. The Company and the Offeror may jointly consent for and on behalf of all parties concerned to any modification of or addition to this Scheme or to any condition which the Grand Court may see fit to approve or impose.
  9. All costs, charges and expenses incurred by the Company and/or its advisers and counsels, including the Independent Financial Adviser, will be borne by the Company, whereas all costs, charges and expenses incurred by the Offeror and/or their advisers and counsels will be borne by the Offeror, and other costs, charges and expenses of the Scheme and the Proposal will be shared between the Offeror and the Company equally.
  10. The Scheme shall be governed by the laws of the Cayman Islands.

27 January 2021

IN THE GRAND COURT OF THE CAYMAN ISLANDS  
FINANCIAL SERVICES DIVISION

Cause No. FSD 1 of 2021

**IN THE MATTER OF SECTIONS 14 TO 16 AND 86 OF THE COMPANIES ACT (2020  
REVISION)  
AND IN THE MATTER OF ORDER 102 OF THE GRAND COURT RULES 1995  
AND IN THE MATTER OF HUIFU LIMITED 汇付天下有限公司**

**NOTICE OF COURT MEETING**

**NOTICE IS HEREBY GIVEN** that, by an order dated the 22nd day of January 2021 (the “**Order**”) made in the above matter, the Grand Court of the Cayman Islands (the “**Grand Court**”) has directed a meeting of the Scheme Shareholders (as defined in the Scheme, as further defined below) (the “**Court Meeting**”) to be convened for the purpose of considering and, if thought fit, approving, with or without modification, a scheme of arrangement (the “**Scheme**”) proposed to be made between the Company and the Scheme Shareholders and that the Court Meeting will be held at 10:00 a.m. on Friday, 19 February 2021 at Pheasant-Stork Room, 1st Floor, Mandarin Oriental Hong Kong, 5 Connaught Road Central, Hong Kong at which all Scheme Shareholders are invited to attend.

A copy of the Scheme and a copy of the explanatory memorandum (the “**Explanatory Memorandum**”) explaining the effect of the Scheme are incorporated in the composite scheme document of which this notice forms part (the “**Scheme Document**”), which has been despatched to the Scheme Shareholders. A copy of the Scheme Document can also be obtained by any person entitled to attend the Court Meeting during usual business hours on any day prior to the day appointed for the said meeting (other than a Saturday, a Sunday or a public holiday in Hong Kong) (a) from the Share Registrar, Link Market Services (Hong Kong) Pty Limited, at Suite 1601, 16/F Central Tower, 28 Queen’s Road Central, Hong Kong.

Any Scheme Shareholders entitled to attend and vote at the Court Meeting may attend and vote in person at the Court Meeting or he/she may appoint another person as his, whether a member of the Company or not, as his/her proxy to attend and vote in his/her stead. A Scheme Shareholder who is the holder of two or more Scheme Shares may appoint more than one proxy to represent him/her. If more than one proxy is appointed, the number of Scheme Shares in respect of which each such proxy is so appointed must be specified in the relevant form of proxy. A pink form of proxy for use at the Court Meeting is enclosed with the Scheme Document.

In the case of joint holders of a Scheme Share, the vote of the most senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the Scheme Share.

It is requested that the pink form of proxy, together with the letter or power of attorney or other authority (if any) under which they are signed or a notarially certified copy thereof (in the case of a corporation either under its common seal or under the hand of an attorney or a duly authorised officer on its

behalf and to the satisfaction of the directors of the Company), be lodged at the Share Registrar as stated above no later than 48 hours before the time appointed for holding the Court Meeting or any adjournment thereof. Alternatively the pink form of proxy may be handed to the chairman of the Court Meeting at the Court Meeting.

Completion and return of the form of proxy will not preclude a Scheme Shareholder from attending and voting in person at the Court Meeting or any adjournment thereof. In the event that a Scheme Shareholder attends and votes at the Court Meeting or any adjournment thereof after having lodged his/her form of proxy, his/her form of proxy shall be revoked by operation of law.

For the purpose of determining the entitlements of Scheme Shareholders to attend and vote at the Court Meeting, the register of members of the Company will be closed from Tuesday, 16 February 2021 to Friday, 19 February 2021 (both days inclusive), and during such period, no transfer of Shares will be effected. In order to qualify to vote at the Court Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Share Registrar as stated above before 4:30 p.m. (Hong Kong time) on Thursday, 11 February 2021.

By the same order, the Court has appointed Ms. So Shuk Yi Betty, a joint company secretary of the Company, or failing whom, any other person who is an officer of the Company at the time of the Court Meeting to act as chairman of the Court Meeting and has directed the chairman of the Court Meeting to report the result thereof to the Grand Court.

The Scheme will be subject to the subsequent sanction of the Court as set out in the Explanatory Memorandum contained in the Scheme Document.

By Order of the Court  
**Huifu Limited**

Dated the 27th day of January 2021.

*Registered office:*

The offices of Walkers Corporate Limited  
Cayman Corporate Centre  
27 Hospital Road  
George Town  
Grand Cayman KY1-9008  
Cayman Islands

*Head office and principal place of business in PRC:*

Block C5  
Putian Industrial Park Phase II  
No. 700 Yishan Road  
Xuhui District  
Shanghai  
PRC

*Principal place of business in Hong Kong*  
40th Floor, Sunlight Tower  
No. 248 Queen's Road East  
Wanchai  
Hong Kong

*As at the date of this notice, the board of directors of the Company 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 Mr. JIANG Hong as independent non-executive Directors.*

*Notes:*

- (i) Unless otherwise defined in this notice or the context otherwise requires, terms defined in the Scheme Document shall have the same meanings when used in this notice.
- (ii) At the Court Meeting, the Scheme will be voted on by way of poll as required under the Listing Rules and the Takeovers Code.
- (iii) If a tropical cyclone warning signal No.8 or above is or is expected to be hoisted or a black rainstorm warning signal or "extreme conditions" caused by super typhoons is or is expected to be in force at any time after 7:00 a.m. on the date of the Court Meeting, the Court Meeting may be adjourned. The Company may post an announcement on the respective websites of the Hong Kong Exchanges and Clearing Limited and the Company to notify Scheme Shareholders of the date, time and venue of the reconvened meeting.
- (iv) Taking into account the recent development of the epidemic caused by coronavirus disease (COVID-19), the Company will implement the following prevention and control measures at the Court Meeting to protect Scheme Shareholders from the risk of infection:
  - a. compulsory body temperature checks will be conducted for every attending Scheme Shareholder or proxy at the entrance of the venue. Any person with a body temperature of over 37.3 degrees Celsius will not be admitted to the venue, but such Scheme Shareholder or proxy will be able to vote by submitting a voting slip to the scrutineer at the entrance of the venue;
  - b. every attending Scheme Shareholder or proxy is required to wear a surgical mask throughout the Court Meeting; and
  - c. no refreshments will be served at the Court Meeting. Furthermore, the Company wishes to advise all of the Scheme Shareholders, particularly any Scheme Shareholders who are subject to quarantine in relation to COVID-19, that they may appoint any person or the chairman of the Court Meeting as a proxy to attend and vote on any of the resolutions, instead of attending the Court Meeting in person. The Company will closely monitor and ascertain the regulations and measures introduced or to be introduced by the HKSAR government and the PRC government, and if necessary will make further announcement(s) in case of any update regarding the precautionary measures to be implemented at the Court Meeting.





**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)**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “**General Meeting**”) of Huifu Payment Limited, an exempted company incorporated in the Cayman Islands under the names of Huifu Limited and 汇付天下有限公司 (the “**Company**”), will be held at 10:30 a.m. (or immediately after the conclusion or adjournment of the Court Meeting (as defined in the Scheme Document, as further defined below) convened at the direction of the Grand Court of the Cayman Islands for the same day and place) on Friday, 19 February 2021 at Pheasant-Stork Room, 1st Floor, Mandarin Oriental Hong Kong, 5 Connaught Road Central, Hong Kong for the purpose of considering and, if thought fit, passing, the following resolutions:

**SPECIAL RESOLUTION**

“**THAT:**

- (A) the scheme of arrangement dated 27 January 2021 (the “Scheme”) between the Company and Scheme Shareholders (as defined in the Scheme) in the form of the print thereof, which has been produced to this meeting and for the purposes of identification signed by the chairman of this meeting, or in such other form and on such terms and conditions as may be approved or imposed by the Grand Court of the Cayman Islands be and hereby is approved;
- (B) for the purpose of giving effect to the Scheme, on the Effective Date (as defined in the Scheme), the issued share capital of the Company shall be reduced by cancelling and extinguishing the Scheme Shares (as defined in the Scheme).”

## ORDINARY RESOLUTION

“THAT:

- (A) subject to and forthwith upon such reduction of capital referred to in special resolution (B) taking effect, the share capital of the Company will be increased to its former amount by the issuance at par to Purity Investment Limited, credited as fully paid, of the aggregate number of Shares (as defined in the Scheme) as is equal to the number of Scheme Shares cancelled and extinguished;
- (B) the reserve created in the Company’s books of account as a result of the capital reduction will be applied in paying up in full at par the new Shares so issued, credited as fully paid, to Purity Investment Limited, and the directors of the Company be and are hereby authorised to allot and issue the same accordingly;
- (C) any one of the directors of the Company be and is hereby authorised to do all such acts and things considered by him/her to be necessary or desirable in connection with the implementation of the Scheme, including (without limitation) the giving of consent to any modification of or addition to, the Scheme or the reduction of capital, which the Grand Court of the Cayman Islands may see fit to impose; and
- (D) any one of the directors of the Company be and is hereby authorised to apply to The Stock Exchange of Hong Kong Limited for the withdrawal of the listing of the shares of the Company.”

By order of the board  
**Huifu Payment Limited\***  
**ZHOU Ye**  
*Chairman*

Hong Kong, 27 January 2021

*As at the date of this notice, the board of directors of the Company 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 Mr. JIANG Hong as independent non-executive Directors.*

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

*Notes:*

- (i) Unless otherwise defined in this notice or the context otherwise requires, terms defined in the composite scheme document of the Company dated 27 January 2021 of which this notice forms part (the “**Scheme Document**”) shall have the same meanings when used in this notice.
- (ii) At the General Meeting, the chairman of the General Meeting will put forward the above resolutions to be voted on by way of poll as required under the Listing Rules and the Takeovers Code.

- (iii) A white form of proxy for use at the General Meeting is enclosed with the Scheme Document.
- (iv) Any member entitled to attend and vote at the General Meeting is entitled to appoint another person, whether a member of the Company or not, as his/her proxy to attend, speak and vote instead of him/her. A member who is the holder of two or more Shares may appoint more than one proxy to represent him/her. If more than one proxy is appointed, the number of Shares in respect of which each such proxy is so appointed must be specified in the relevant form of proxy.
- (v) In order to be accepted, the white form of proxy, together with the letter or power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof (in the case of a corporation, either under its common seal or under the hand of an attorney or a duly authorised officer on its behalf and to the satisfaction of the directors of the Company), must be lodged at the Share Registrar, Link Market Services (Hong Kong) Pty Limited at Suite 1601, 16/F, Central Tower, 28 Queen's Road Central, Hong Kong no later than 48 hours before the time appointed for holding the General Meeting or any adjournment thereof. Completion and return of the white form of proxy will not preclude a member from attending and voting in person at the General Meeting or any adjournment thereof. In the event that a member attends and votes at the General Meeting after having lodged his/her form of proxy, his/her form of proxy shall be revoked by operation of law.
- (vi) In the case of joint holders of a Share, the vote of the most senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the Share.
- (vii) For the purpose of determining the entitlements of Shareholders to attend and vote at the General Meeting, the register of members of the Company will be closed from Tuesday, 16 February 2021 to Friday, 19 February 2021, both days inclusive, and during such period, no transfer of Shares will be effected. In order to qualify to attend and vote at the General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Share Registrar, Link Market Services (Hong Kong) Pty Limited at Suite 1601, 16/F, Central Tower, 28 Queen's Road Central, Hong Kong before 4:30 p.m. (Hong Kong time) on Thursday, 11 February 2021.
- (viii) If a tropical cyclone warning signal No.8 or above is or is expected to be hoisted or a black rainstorm warning signal or "extreme conditions" caused by super typhoons is or is expected to be in force at any time after 7:00 a.m. on the date of the General Meeting, the General Meeting may be adjourned. The Company may post an announcement on the respective websites of the Hong Kong Exchanges and Clearing Limited and the Company to notify members of the date, time and venue of the reconvened meeting.
- (ix) Taking into account the recent development of the epidemic caused by coronavirus disease (COVID-19), the Company will implement the following prevention and control measures at the General Meeting to protect Shareholders from the risk of infection:
  - a. compulsory body temperature checks will be conducted for every attending Shareholder or proxy at the entrance of the venue. Any person with a body temperature of over 37.3 degrees Celsius will not be admitted to the venue, but will be able to vote by submitting a voting slip to the scrutineer at the entrance of the venue;
  - b. every attending Shareholder or proxy is required to wear a surgical mask throughout the General Meeting; and
  - c. no refreshments will be served at the General Meeting. Furthermore, the Company wishes to advise all of the Shareholders, particularly any Shareholders who are subject to quarantine in relation to COVID-19, that they may appoint any person or the chairman of the General Meeting as a proxy to attend and vote on any of the resolutions, instead of attending the General Meeting in person. The Company will closely monitor and ascertain the regulations and measures introduced or to be introduced by the HKSAR government and the PRC government, and if necessary will make further announcement(s) in case of any update regarding the precautionary measures to be implemented at the General Meeting.

In case of any inconsistency, the English version of this notice shall prevail.

*The following is a form of the Option Offer Letter being sent to each Optionholder in connection with the Option Offer.*

27 January 2021

*To the Optionholders*

Dear Sir or Madam,

**OPTION OFFER IN RELATION TO  
PROPOSAL FOR THE DELISTING OF  
HUIFU PAYMENT LIMITED  
BY PURITY INVESTMENT LIMITED  
BY WAY OF A SCHEME OF ARRANGEMENT  
(UNDER SECTION 86 OF THE COMPANIES ACT)**

A scheme document dated the same date as this letter issued jointly by the Offeror and the Company (the “**Scheme Document**”) and a form of acceptance (the “**Form of Acceptance**”) is provided to you together with this letter. Terms used but not defined in this letter shall have the same meanings as defined in the Scheme Document. This letter should be read in conjunction with the Scheme Document.

Reference is made to the joint announcement of the Offeror and the Company dated 22 December 2020, pursuant to which it is announced that on the same date, the Offeror had requested the Board to put forward the Proposal to the Scheme Shareholders regarding the proposed delisting of the Company by way of the Scheme. As stated in the Announcement, the Offeror will make an appropriate offer to all the holders of the Outstanding Share Options in accordance with Rule 13 of the Takeovers Code (the “**Option Offer**”), subject to and conditional upon the Scheme becoming effective.

This letter explains the terms of the Option Offer and the actions you may take in relation to any Outstanding Share Options held by you. You are advised to refer to the Scheme Document when considering them.

Your attention is also drawn to the terms and conditions of the documentation under which each of your Share Options was granted (including the terms of the Share Option Scheme).

**TERMS OF THE OPTION OFFER**

We offer to pay you the amounts (which represent the “see-through” price, being the Cancellation Consideration minus the relevant exercise prices for the respective Outstanding Share Options) as set out in the table below for each Share Option that you hold as at the Option Record Date, in respect of which the underlying Shares are not registered in your name or transferred to you (as the case may be) as at the Scheme Record Date.

<b>Share Option exercise price</b>	<b>Cash consideration (HK\$)</b>
US\$0.18 (equivalent to HK\$1.3954)	2.1046
US\$0.5458 (equivalent to HK\$4.2310)	HK\$0.01 for every 100 Share Options (or part hereof)
US\$0.7846 (equivalent to HK\$6.0822)	HK\$0.01 for every 100 Share Options (or part hereof)
HK\$7.50	HK\$0.01 for every 100 Share Options (or part hereof)

*Note:*

- (1) As the exercise price of the relevant Share Options exceeds HK\$3.50, the “see-through” price is zero and a cash offer of a nominal amount of HK\$0.01 for every 100 Share Options (or part thereof) will be made.

You may accept the Option Offer by lodging a completed Form of Acceptance in respect of the Option Offer by the prescribed deadline and, if the Option Offer becomes unconditional, you will be entitled to the Option Offer Price with respect to the Shares underlying your Share Option(s).

In consideration for our agreement to pay you the cash consideration set out above (as applicable to your holdings of Share Options), all rights and obligations under your Share Options will be immediately cancelled by the Offeror and the Company upon your acceptance.

**Condition to the Option Offer**

The Option Offer is conditional upon the Scheme becoming effective. The Option Offer will become unconditional immediately upon the Scheme becoming effective and prior to the listing of the Shares being withdrawn from the Stock Exchange.

The Conditions to the Proposal and the Scheme are set out in the section headed “4. Conditions to the Proposal and the Scheme” in “Part VII – Explanatory Memorandum” of the Scheme Document. You are further advised to refer to the sections headed “17. Registration and Payment” and “18. Overseas Shareholders and Optionholders” in “Part VII – Explanatory Memorandum” of the Scheme Document.

**Payments under the Option Offer**

Any cash entitlements under the Option Offer will be paid net of any applicable taxes. Payment in respect of Share Options, in respect of which the underlying Shares have not been registered in the name of the relevant holder as at the Scheme Record Date, shall be made as soon as possible and in any event within 7 Business Days of the Effective Date. Your cash entitlements under the Option Offer will continue to be subject to the conditions to entitlement under the existing terms of your Share Options up until the Option Record Date, including the requirement to remain in employment or service of the Group and other terms of the Share Option Scheme.

Payments of cash consideration under the Option Offer may be liable to taxation in the PRC and/or other jurisdictions and the Offeror (on behalf of the Company) will withhold the relevant amount from the payments for the purpose of making the tax payment on behalf of the relevant Optionholders.

**It is emphasised that none of the Offeror, the Company, CICC and their agents or any of their respective directors, officers or associates or any other person involved in the Scheme or the Option Offer accepts responsibility or has any liability for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Scheme or the Option Offer.**

Payment will be made by way of posting to you a cheque at your address registered with the Company. Payments will be made in Hong Kong dollars. You may face delays or obstacles in changing Hong Kong dollars to other currency or cashing such cheques in certain locations or situations.

**COURSES OF ACTION AVAILABLE TO HOLDERS OF SHARE OPTIONS**

The choices available to you in respect of your Share Options are set out below.

**(A) Accept the Option Offer**

The Option Offer shall be available to you in respect of all Share Options that you hold as at the Option Record Date (expected to be Friday, 26 February 2021) and for which you (or your nominee) have not been registered as the holder of the underlying Shares as at the Scheme Record Date (expected to be Friday, 26 February 2021).

You may choose to accept the Option Offer on the terms (including all declarations and undertakings) as set out in this letter and the enclosed Form of Acceptance. You are not required to accept the Option Offer in respect of all the Share Options held by you as at the Option Record Date, but you may only choose to either accept or reject the Option Offer in respect of all Share Options with the same Share Option exercise price. In order to choose to accept the Option Offer on the terms (including all declarations and undertakings) as set out in this letter and the enclosed Form of Acceptance in respect of all Share Options with a particular Share Option exercise price, please tick the relevant "Accept" box which correspond to Share Options with such Share Options exercise price on the Form of Acceptance and signing, completing and returning it in accordance with the instructions set out below by not later than 4:30 p.m. on Thursday, 25 February 2021 (or such later time and/or date as may be notified to you through announcement(s)). Such

acceptance of the Option Offer will be in respect of all Share Options held by you as at the Option Record Date at such Share Option exercise price, and you will receive the Option Offer Price for all such Share Options if the Scheme becomes effective.

**(B) Reject the Option Offer**

If you choose to reject the Option Offer in respect of all Share Options with a particular Share Option exercise price, please tick the “Reject” box which correspond to Share Options with such Share Options exercise price on the enclosed Form of Acceptance and sign, complete and return it in accordance with the instructions set out below. Such rejection of the Option Offer will be in respect of all Share Options held by you as at the Option Record Date at such Share Options exercise price, and you will not be entitled to receive the cash consideration offered in respect of any of your Share Options with such Share Options exercise price.

All Outstanding Share Options will be valid and remain or become exercisable, as applicable, during their respective option periods in accordance with the terms of the Share Option Scheme notwithstanding the Proposal. Any unexercised Share Option which has not been cancelled pursuant to the Proposal as its holder has not accepted the Option Offer will survive the completion of the Proposal and remain or become exercisable for Shares, as applicable, provided that it has not terminated or lapsed under its terms or the terms of the Share Option Scheme, and the exercise of such Share Options after completion of the Proposal will result in dilution of the Offeror’s holding in the Company.

You are reminded that the Shares are expected to be delisted from the Stock Exchange after the completion of the Proposal, and the exercise of any unexercised Share Option which has survive the completion of the Proposal will result in you holding Shares which are (i) unlisted, and are thus illiquid and less likely to have a ready market to sell or purchase, and (ii) no longer benefit from protections afforded by the Listing Rules and the Takeovers Code (if the Company is not determined by the Executive to be a “public company in Hong Kong” as defined in the Takeovers Code following completion of the Proposal).

**Following receipt of this letter, if you (i) reject the Option Offer for all the Share Options, (ii) choose to do nothing (including not returning a Form of Acceptance) or (iii) fail to tick either an “Accept” or “Reject” box on a returned Form of Acceptance, or (iv) fail to return a completed and signed Form of Acceptance by no later than 4:30 p.m. on Thursday, 25 February 2021 or such other date and time as may be notified to you by the Offeror or CICC or by way of joint announcement by the Offeror and the Company on the website of the Stock Exchange, and the Scheme becomes effective, you will be treated as if not having accepted the Option Offer in respect of all Share Options held by you as at the Option Record Date and you will receive neither the Option Offer Price nor the Cancellation Consideration.**

**(C) Become a Scheme Shareholder**

If any of your Share Options are or become exercisable, you may choose to pay the exercise price and applicable taxes and exercise your Share Options under their terms prior to the Latest Options Exercise Time. If, as a result, you are a registered holder of the underlying Shares as at the Scheme Record Date

(expected to be Friday, 26 February 2021), such Shares will form part of the Scheme Shares and will be cancelled if the Scheme becomes effective. You will then be entitled to receive the Cancellation Consideration for Scheme Share that you hold as at the Scheme Record Date.

Please note, however, that as the cash consideration offered for each Share Option under the Option Offer is based on a “see-through price” equal to the Cancellation Consideration of HK\$3.50 minus any applicable exercise price, there is no monetary benefit to taking this course of action. Nonetheless, Scheme Shareholders as at the Meeting Record Date will be entitled, subject to the Takeovers Code, to attend and vote at the Court Meeting and the General Meeting, whereas you will not have such right to attend and vote if you are only an Optionholder.

#### **HOW TO RETURN THE FORM OF ACCEPTANCE**

You should return the duly completed and executed Form of Acceptance to the Offeror, care of Huifu Payment Limited at Block C5, Putian Industrial Park Phase II, No.700 Yishan Road, Xuhui District, Shanghai, PRC for the attention of the Company Secretarial Department of the Company and marked “Huifu Payment Limited – Option Offer” by no later than 4:30 p.m. on Thursday, 25 February 2021 (or such other date and time as may be notified to you by the Offeror or CICC or by way of joint announcement by the Offeror and the Company on the website of the Stock Exchange).

Before returning the Form of Acceptance, please ensure that you have completed and signed the Form of Acceptance and that your signature has been witnessed.

No acknowledgment of receipt of the Form of Acceptance or any other documents will be given.

#### **LAPSED SHARE OPTIONS**

Please note that nothing in this letter or the Scheme Document serves to extend the life of a Share Option which lapses, will lapse, or has already lapsed, under the terms of its grant or the Share Option Scheme. You cannot accept the Option Offer in respect of a Share Option which has lapsed or will have lapsed by the Option Record Date.

#### **RECOMMENDATION OF THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER**

Your attention is drawn to the letter from the Independent Board Committee to the Independent Shareholders and the Optionholders set out in Part V of the Scheme Document and the letter from Somerley Capital Limited, the Independent Financial Adviser, set out in Part VI of the Scheme Document which contain the recommendation of the Independent Board Committee and of the Independent Financial Adviser, respectively, in relation to the Proposal, the Scheme and the Option Offer.

#### **INDEPENDENT FINANCIAL ADVICE**

The information provided in this letter is intended to give you factual details on which to base your decision as to the action you wish to take.



If you are in any doubt as to any aspect of this letter, the Scheme Document, the Form of Acceptance or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional advisor.

**DECLARATION**

By returning the Form of Acceptance, you:

- (a) confirm that you have read, understood and agreed to the terms and conditions of the Option Offer (including, without limitation, those set out in this letter and the Form of Acceptance), and that you have received the Scheme Document and this letter;
- (b) warrant and confirm that each Share Option in respect of which you accept the Option Offer is valid and subsisting, free from all liens, charges, mortgages and third party interests of any nature whatsoever and you acknowledge that any option certificate or documents in respect of such Share Option shall become void once that Share Option has been cancelled as a result of your acceptance of the Option Offer pursuant to the Form of Acceptance;
- (c) acknowledge that you cease to have any rights or obligations, and waive all rights and claims against any party (including the Offeror and the Company), in respect of such Share Option (including any Share Option with an exercise price of US\$0.18 you hold for which you are only entitled to receive a cash consideration of HK\$2.1046 for every Share Option, and/or any Share Options with exercise prices of US\$0.5458, US\$0.7846 and HK\$7.50 you hold for which you are only entitled to receive a nominal amount of cash consideration of HK\$0.01 per 100 Share Options (or part thereof)) you hold in respect of which you accept the Option Offer and agree that all rights and obligations under such Share Options will be cancelled;
- (d) confirm that any acceptance of the Option Offer cannot be withdrawn or altered;
- (e) authorise the Company, the Offeror and/or CICC, jointly and severally, or any director or officer of the Company or the Offeror or CICC or any agent of such person to do all acts and things and to execute any document as may be necessary or desirable to give effect to or in consequence of your acceptance of the Option Offer, and you hereby undertake to execute any further assurance that may be required in respect of such acceptance; and
- (f) undertake to confirm and ratify any action properly or lawfully taken on your behalf by any attorney or agent appointed by or pursuant to this letter or the Form of Acceptance.

**GENERAL**

All communications, notices, Form(s) of Acceptance, cheques, certificates and other documents of any nature to be delivered by or sent to or from Optionholders will be delivered by or sent to or from them, or their designated agents, at their risk, and none of CICC, the Offeror or the Company accepts any liability for any loss or any other liabilities whatsoever which may arise as a result. This letter shall be taken as having been received by you within one Business Days of its despatch.

The provisions set out in the Form of Acceptance form part of the terms of the Option Offer.

The Option Offer and all acceptances will be governed by and construed in accordance with the laws of Hong Kong.

Due execution of the Form of Acceptance in respect of the Option Offer will constitute an authority to CICC, the Offeror, any director of the Offeror, the board of directors of the Offeror or their respective agents to complete and execute any document on behalf of the Optionholders and to do any other act, that may be necessary or expedient for the purpose of cancelling, or transferring to the Offeror or such person(s) as the Offeror shall direct, all rights of the Optionholders in respect of the Share Options which are the subject of such acceptance.

The delivery of the Form of Acceptance, duly signed, may, if the Offeror determine it appropriate, be as effective as if it were duly completed and received notwithstanding that it is not completed or received strictly in accordance with the instructions set out in the Form of Acceptance and this letter, including the date specified for receipt.

By accepting the Option Offer in respect of a particular Share Option, you irrevocably and at your own risk elect to authorise the Offeror, the Company, CICC and/or such person(s) as the Offeror shall direct to send to you, or procure the sending to you of, the payment to which you are entitled.

Any acceptance of the Option Offer and the receipt of cash consideration may trigger taxes subject to withholding obligations of the Offeror and/or the Company. Cash consideration under the Option Offer may be paid to you net of such applicable taxes, if any. All Optionholders are recommended to consult their professional advisers if in any doubt as to the taxation implications of the Option Offer.

#### **RESPONSIBILITY STATEMENTS**

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this letter (other than that relating to the Offeror, the Executive Directors and the Offeror Concert Parties) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this letter (other than those expressed by the directors of Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this Scheme Document the omission of which would make any statements in this Scheme Document misleading.

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this letter (other than that relating to the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this letter (other than those

expressed by directors of the Group (other than the Executive Directors)) have been arrived at after due and careful consideration and there are no other facts not contained in this Scheme Document, the omission of which would make any statements in this Scheme Document misleading.

Yours truly,

For and on behalf of

**China International Capital Corporation Hong Kong Securities Limited**

**PAK Hiu Ching**

*Managing Director*

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## APPENDIX IX REPORT OF ERNST & YOUNG ON THE PROFIT ESTIMATE

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27 January 2021

### **The Board of Directors**

Huifu Payment Limited  
40th Floor, Sunlight Tower  
No. 248 Queen's Road East  
Wanchai  
Hong Kong

Dear Sirs,

### **HUIFU PAYMENT LIMITED (“THE COMPANY”) AND ITS SUBSIDIARIES AND OPERATING ENTITIES (THE “GROUP”)**

#### **Profit estimate for the eleven months ended 30 November 2020 (the “Period”)**

We refer to the estimate of the unaudited net loss and the unaudited adjusted net profit (as defined in the same manner as in the Company's 2020 interim report) for the Period, (“**the Profit Estimate**”) set forth in the announcement of the Company dated 14 January 2021 (the “**Announcement**”) in relation to the unaudited results of the Group for the eleven months ended 30 November 2020. The Profit Estimate is required to be reported on under Rule 10 of the Code on Takeovers and Mergers issued by the Securities and Futures Commission.

#### **Directors' responsibilities**

The Profit Estimate has been prepared by the directors of the Company based on the unaudited consolidated results of the Group for the eleven months ended 30 November 2020 as shown in the management accounts of the Group for the eleven months ended 30 November 2020.

The Company's directors are solely responsible for the Profit Estimate.

#### **Our independence and quality control**

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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## APPENDIX IX REPORT OF ERNST & YOUNG ON THE PROFIT ESTIMATE

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### Reporting accountants' responsibilities

Our responsibility is to express an opinion on the accounting policies and calculations of the Profit Estimate based on our procedures.

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 *Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness* and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company's directors have properly compiled the Profit Estimate in accordance with the bases adopted by the directors and as to whether the Profit Estimate is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

### Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled in accordance with the bases adopted by the directors as set out in the Announcement and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the annual report of the Company for the year ended 31 December 2019.

Yours faithfully,

**Ernst & Young**

*Certified Public Accountants*

Hong Kong



**SOMERLEY CAPITAL LIMITED**  
20th Floor  
China Building  
29 Queen's Road Central  
Hong Kong

27 January 2021

**The Board of Directors**

Huifu Payment Limited  
40th Floor, Sunlight Tower  
No. 248 Queen's Road East  
Wanchai  
Hong Kong

Dear Sirs,

We refer to the announcement dated 14 January 2021 (the "**Profit Warning Announcement**") issued by Huifu Payment Limited (the "**Company**", together with its subsidiaries and operating entities, the "**Group**"). Capitalised terms used in this letter shall have the same meanings as defined in the Profit Warning Announcement unless otherwise specified.

We also refer to the statement (the "**Statement**") made by the directors of the Company (the "**Directors**") in the Profit Warning Announcement, that, based on a preliminary review of the unaudited consolidated management accounts of the Group for the eleven months ended 30 November 2020 (the "**Period**"): (i) the net loss for the Period has widened to approximately RMB150 million to RMB170 million, as compared to the net loss for the six months ended 30 June 2020 of approximately RMB112 million; and (ii) the adjusted net profit for the Period, as defined in the same manner as in the Company's 2020 interim report, decreased to approximately RMB25 million to RMB45 million, as compared to the adjusted net profit for the six months ended 30 June 2020 of approximately RMB85 million (the "**Profit Estimate**"). The Statement is regarded as a profit forecast under the Takeovers Code and therefore, is required to be reported on pursuant to Rule 10 of the Takeovers Code.

The Statement has been prepared by the Directors based on the unaudited consolidated results of the Group for the eleven months ended 30 November 2020.

We have discussed with you the bases upon which the Statement was prepared. We have also considered the report on the Profit Estimate dated 27 January 2021 issued by Ernst & Young, the auditor of the Company, to you, the text of which is set out in Appendix IX to the scheme document to be jointly issued by the Offeror and the Company, which stated that, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled in accordance with the bases adopted by the directors as set out in the Profit Warning Announcement and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the annual report of the Company for the year ended 31 December 2019.

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**APPENDIX X      REPORT OF SOMERLEY ON THE PROFIT ESTIMATE**

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Based on the above, we are satisfied that the Statement, for which the Directors are solely responsible, has been made with due care and consideration.

Yours faithfully,  
For and on behalf of  
**SOMERLEY CAPITAL LIMITED**  
**John Wong**  
*Director*