

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in 51 Credit Card Inc., you should at once hand this circular together with the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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51信用卡
51 CREDIT CARD INC.
51 信用卡有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2051)

**CONNECTED TRANSACTIONS INVOLVING THE SETTLEMENT
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders

RAINBOW.

RAINBOW CAPITAL (HK) LIMITED
滋博資本有限公司

A notice convening the EGM of 51 Credit Card Inc. to be held at Room 3, United Conference Centre, 10/F United Centre, 95 Queensway, Admiralty, Hong Kong on Wednesday, 8 May 2024 at 11:00 a.m. is set out on pages 43 to 44 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.u51.com).

If you are not a registered Shareholder (if your Shares are held via banks, brokers, custodians or the Hong Kong Securities Clearing Company Limited ("HKSCC")), you should consult directly with your banks, brokers, custodians or HKSCC (as the case may be) to assist you in the appointment of proxy.

Whether or not you are able to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same as soon as possible and in any event not later than 48 hours before the time appointed for holding of the EGM (i.e. by 11:00 a.m. on 6 May 2024) or any adjournment thereof to the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

Reference to time and dates in this circular are to Hong Kong time and dates.

17 April 2024

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DEFINITIONS

In this circular, unless the context otherwise requires, the expressions below have the following meanings:

“Acquisition”	the acquisition of the entire equity interest in Shouhui Kaizhuo from the former shareholders of Shouhui Kaizhuo under the acquisition agreement for the Acquisition dated 1 April 2017 (as supplemented)
“Announcement”	the announcement of the Company dated 1 March 2024 in relation to, among others, the Settlement
“Arbitration Proceedings”	the arbitration proceedings against the Tiantu Respondent Group commenced by the Group in the PRC in regards to, among others, rescind the Acquisition and seek for damages for breach of contract
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“close associate”	has the meaning ascribed to it under the Listing Rules
“Company”	51 Credit Card Inc., a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be held at Room 3, United Conference Centre, 10/F United Centre, 95 Queensway, Admiralty, Hong Kong on Wednesday, 8 May 2024 at 11:00 a.m. to consider and, if appropriate, to approve the resolution contained in the notice of the EGM which is set out on pages 43 to 44 of this circular, or any adjournment thereof
“Group”	the Company and its subsidiaries
“HAC”	Hangzhou Arbitration Commission (杭州仲裁委員會)

DEFINITIONS

“Hangzhou Enniu”	Hangzhou Enniu Network Technology Co., Ltd.* (杭州恩牛網絡技術有限公司), a company established in the PRC with limited liability and a subsidiary of the Company
“Hangzhou Shangniu LLP”	Hangzhou Shangniu Investment Management Partnership (Limited Partnership) (杭州商牛投資管理合夥企業(有限合夥)), a limited partnership established in the PRC and a subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee, comprising all independent non-executive Directors, formed to advise the Independent Shareholders in respect of the Settlement Agreement and the transactions contemplated thereunder
“Independent Financial Adviser” or “Rainbow Capital”	Rainbow Capital (HK) Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, which has been appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Settlement Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders, other than Tiantu Capital and its associates, and Mr. Li Anxin (spouse of Ms. Zou Yunli) and any Shareholder who has a material interest in the Settlement Agreement and the transactions contemplated thereunder
“Latest Practicable Date”	11 April 2024, being the latest practicable date prior to the publication of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“NEEQ”	the National Equities Exchange and Quotations System
“Nominee Agreement”	the supplemental agreement dated 25 June 2019 to supplement the agreement for the Acquisition dated 1 April 2017, pursuant to which Hangzhou Enniu and Hangzhou Shangniu LLP transferred their entire equity interest in Shouhui Kaizhuo back to the former shareholders of Shouhui Kaizhuo who would, in substance, hold such equity interest as nominee shareholders for the benefit of Hangzhou Enniu and Hangzhou Shangniu LLP
“PRC”	the People’s Republic of China
“PRC Legal Advisers”	Zhejiang Wu Lian Law Firm, the legal advisers to the Group in respect of PRC laws
“RMB”	Renminbi, the lawful currency of the PRC
“Settlement”	the settlement of the disputes under the Arbitration Proceedings and the transactions contemplated under the Settlement Agreement
“Settlement Agreement”	the conditional settlement agreement dated 1 March 2024 entered into among Hangzhou Enniu, Tiantu Capital and Tianjin Tiantu Xinghua in relation to the Settlement
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time
“Share(s)”	ordinary share(s) of par value of USD0.00001 each in the capital of the Company
“Shareholder(s)”	the holder(s) of the issued Share(s)
“Shouhui Kaizhuo”	Beijing Shouhui Kaizhuo Technology Co., Ltd.* (北京首惠開桌科技有限公司), a wholly owned subsidiary of the Company immediately prior to its deconsolidation on 3 August 2022

DEFINITIONS

“SK Controlling Shareholders”	has the meaning ascribed to it under the section headed “Letter from the Independent Financial Adviser — Principal Factors and Reasons Considered — 2. Reasons for and benefits of the entering into of the Settlement Agreement” in this circular
“SK Group”	Shouhui Kaizhuo and its subsidiaries
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Tianjin Tiantu Xinghua”	Tianjin Tiantu Xinghua Equity Investment Partnership (Limited Partnership)* (天津天圖興華股權投資合夥企業(有限合夥)), a limited partnership established in the PRC and a subsidiary of Tiantu Capital, and a connected person of the Company
“Tiantu Capital”	Tian Tu Capital Co., Ltd. (深圳市天圖投資管理股份有限公司) formerly known as Tian Tu Investment Management Limited (深圳市天圖投資管理有限公司), a company established in the PRC with limited liability and whose shares are listed on the NEEQ (stock code: 833979) and the Main Board of the Stock Exchange (stock code: 1973), and a connected person of the Company
“Tiantu Respondent Group”	collectively, Tiantu Capital and Tianjin Tiantu Xinghua
“USD”	United States dollar, the lawful currency of the United States of America
“%”	per cent

* Denotes English translation of the name of a Chinese company, and is provided for identification purposes only

51信用卡

51 CREDIT CARD INC.

51 信用卡有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2051)

Executive Directors:

Mr. Sun Haitao (*Chairman and*

Chief Executive Officer)

Ms. Wu Shan

Non-executive Directors:

Ms. Zou Yunli

Ms. Jiang Chloe Cuicui

Ms. Gao Li

Independent non-executive Directors:

Mr. Ye Xiang

Mr. Xu Xuchu

Mr. Shou Jian

Registered office:

Third Floor, Century Yard

Cricket Square, P.O. Box 902

Grand Cayman, KY1-1103

Cayman Islands

Principal place of business in Hong Kong:

Office 2401A on 24th Floor

Tower One, Lippo Centre

89 Queensway

Hong Kong

17 April 2024

To the Shareholders

Dear Sir/Madam,

**CONNECTED TRANSACTIONS INVOLVING THE SETTLEMENT
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

1. INTRODUCTION

Reference is made to the Announcement. As disclosed in the Announcement, Hangzhou Enniu and the Tiantu Respondent Group entered into the conditional Settlement Agreement in relation to the Settlement.

The primary purpose of this circular is to provide you with, among other things, (i) further information regarding the Settlement Agreement, (ii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Settlement Agreement and the transactions contemplated thereunder; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Settlement Agreement and the transactions contemplated thereunder; and (iv) to give you notice of the EGM.

2. BACKGROUND

(a) Background to the Acquisition

As disclosed in the prospectus of the Company dated 29 June 2018, on 1 April 2017, in order to control Beijing Yaku Shikong Information Exchange Technology Co., Ltd. (北京雅酷時空信息交換技術有限公司) which holds a valid payment license, Hangzhou Enniu entered into an acquisition agreement (as supplemented) (the “**Acquisition Agreement**”) with Shouhui Kaizhuo, Mr. Yang Fan (楊帆) (“**Mr. Yang**”), Beijing Shouhui Tianxia Equity Investment Partnership (Limited Partnership) (北京首惠天下股權投資合夥企業(有限合夥)) (“**Shouhui Tianxia**”), Beijing Fanshan Jinshi Investment Development Partnership (Limited Partnership) (北京凡山金石投資發展合夥企業(有限合夥)) (“**Fanshan Jinshi**”), Tiantu Capital, Tianjin Tiantu Xinghua and all the other then shareholders of Shouhui Kaizhuo pursuant to which, Hangzhou Enniu acquired the entire equity interest of Shouhui Kaizhuo from its shareholders. In particular, Hangzhou Enniu acquired 75% equity interest in Shouhui Kaizhuo from Mr. Yang, Shouhui Tianxia and all the other then shareholders of Shouhui Kaizhuo (including Tiantu Capital, Tianjin Tiantu Xinghua) at an aggregate cash consideration of RMB466 million, while the remaining 25% equity interest in Shouhui Kaizhuo was injected into Hangzhou Enniu by Fanshan Jinshi by way of capital contribution in exchange for 1.9560% equity interest in Hangzhou Enniu. The Acquisition was completed in December 2017 with the remaining cash consideration of approximately RMB211.5 million payable after obtaining the confirmation on change of the de facto controller in respect of the payment license from the People’s Bank of China (the “**PBOC Confirmation**”) as a post-closing obligation, and which Mr. Yang and his related entities were responsible for procuring.

(b) Background to the deconsolidation of the SK Group

The PBOC Confirmation has since completion of the Acquisition remained outstanding, and, as disclosed in the Company’s announcements dated 4 November 2022 and 9 January 2023, Mr. Yang has, among others, restricted the management of SK Group from contacting the staff of the Group, and disrupted the business operation of SK Group since 3 August 2022. As such, the Group has been unable to carry out workplace communication with the SK Group and also unable to access all the books and records of the SK Group. Despite the Group’s repeated efforts in negotiating with Mr. Yang and the management of the SK Group since 3 August 2022 in hope of reaching a favorable resolution, such efforts have proved to be futile. The management of the SK Group ceased to report to the Group on any business matter, and the Group was unable to obtain all the necessary books and records of the SK Group to ascertain the operational status and financial situation of the SK Group. Accordingly, the Board was of the view that the Company was no longer able to control to the assets and operations of the SK Group and is unable to exercise its decision-making rights over the SK Group.

LETTER FROM THE BOARD

After discussion with the then auditors of the Company and having taken into account the applicable requirements under the International Financial Reporting Standards in relation to the consolidated financial statements of the Group for the year ended 31 December 2022, the Board resolved that the SK Group shall be deconsolidated from the Group with effect from the date of the event that Mr. Yang seized the Group's management right over the office of SK Group (i.e., 3 August 2022), on the basis that, since then, the Company was unable to (i) control the operation and finance of SK Group; (ii) obtain the books and records of SK Group; (iii) obtain reports from the management of SK Group on business matter; and (iv) direct the future development of SK Group. Please refer to the announcement of the Company dated 9 January 2023 for details of the deconsolidation of SK Group.

(c) Background to the Arbitration Proceedings

In light of the above incidents, the Group had proactively taken protective steps and measures to protect the interests of the Group.

As disclosed in the annual report of the Company for the year ended 31 December 2022, the Group has, among others, commenced arbitration proceedings against certain individuals and entities (including but not limited to Mr. Yang Fan) who were the then shareholders of Shouhui Kaizhuo to, among others, rescind the Acquisition and seek for damages for breach of contract in response to the deconsolidation of Shouhui Kaizhuo. As advised by the PRC Legal Advisers, at the material time, in order to rescind the Acquisition, the arbitration proceedings should be extended against all parties to the Acquisition Agreement, including but not limited to the Tiantu Respondent Group.

Members of the Tiantu Respondent Group are two of the respondents to the Arbitration Proceedings. As stated in the Announcement, the Arbitration Proceedings are at an advanced stage whereby the Group has been able to understand the defenses made by the Tiantu Respondent Group and makes its assessments as to the merits of the Group's case. Having considered the advice from the PRC Legal Advisers, the Group has negotiated with the Tiantu Respondent Group for possible settlement of the disputes under the Arbitration Proceedings, and the parties have reached consensus to enter into Settlement Agreement pursuant to which the parties have conditionally agreed to enter into the Settlement on the terms and conditions as set forth below.

LETTER FROM THE BOARD

3. PRINCIPAL TERMS OF THE SETTLEMENT AGREEMENT

Date

1 March 2024

Parties

- (i) Hangzhou Enniu
- (ii) Tiantu Capital
- (iii) Tianjin Tiantu Xinghua

Each of Tiantu Capital and Tianjin Tiantu Xinghua is a connected person of the Company.

Major settlement terms

Conditional upon the satisfaction of the condition precedent of the Settlement Agreement, Hangzhou Enniu, Tiantu Capital and Tianjin Tiantu Xinghua have agreed that:

- (1) notwithstanding whether the HAC would agree to the Withdrawal Application (as defined below) or any decisions that may be made by the HAC in relation to the dispute among Hangzhou Enniu, Tiantu Capital and Tianjin Tiantu Xinghua, the parties agree that the Settlement Agreement constitutes a final settlement of the dispute among the parties in connection with the Acquisition, and the parties shall not have any claim against the other parties in connection with the contracts to which the Acquisition relates;
- (2) Tiantu Capital and Tianjin Tiantu Xinghua will continue to hold the approximately 6.0% and 13.12% equity interest in Shouhui Kaizhou, respectively, which is currently registered under their respective names, as nominee for and on behalf of the relevant member of the Group in accordance with the terms of the Nominee Agreement; and

LETTER FROM THE BOARD

- (3) Tiantu Capital and Tianjin Tiantu Xinghua will compensate Hangzhou Enniu by waiving and reducing the consideration for the Acquisition by Hangzhou Enniu of the approximately 19.12% equity interest in Shouhui Kaizhou from Tiantu Capital and Tianjin Tiantu Xinghua from the aggregate amount of RMB176,730,000 to RMB101,730,000. As Hangzhou Enniu has previously paid an aggregate of RMB176,730,000 to Tiantu Capital and Tianjin Tiantu Xinghua as consideration for the Acquisition, the amount of RMB75,000,000, as to RMB30,181,633 by Tiantu Capital and RMB44,818,367 by Tianjin Tiantu Xinghua, will be paid back to the Group within 30 business days after the later of (i) the satisfaction of the condition precedent of the Settlement Agreement; (ii) the date on which the HAC approves the Withdrawal Application; and (iii) (if the Withdrawal Application is not accepted by the HAC) the date on which the HAC makes its arbitral award in connection with the Arbitration Proceedings.

The RMB75 million repayable by Tiantu Capital and Tianjin Tiantu Xinghua as referred to in paragraph (3) above, will be settled by cash or by any other settlement method as the parties thereof may agree. The Group noted that the Tiantu Respondent Group has expressed its intention to work with the Group to settle the RMB75 million, having regard to the existing payables owed by the Group to Tiantu Capital and its subsidiaries, subject to the parties' further negotiation. As at the Latest Practicable Date, no agreement had been reached between the Group and Tiantu Capital and its subsidiaries in this regard. Any such settlement method, which shall either be fully or partly by cash and/or by pro-tanto setting off against any amount then owed by the Group, would not affect the respective amount receivable by the Group from each of Tiantu Capital and Tianjin Tiantu Xinghua.

Under the Settlement Agreement, in order to halt the HAC from further proceeding with the Arbitration Proceedings pending the Settlement Agreement becoming unconditional, Hangzhou Enniu, Tiantu Capital and Tianjin Tiantu Xinghua have agreed that, within 10 business days of signing the Settlement Agreement, Hangzhou Enniu shall apply to the HAC to withdraw its claims against Tiantu Capital and Tianjin Tiantu Xinghua in the Arbitration Proceedings (the "**Withdrawal Application**"). Within 10 business days of receiving the documents relating to the Withdrawal Application from the HAC, Tiantu Capital and Tianjin Tiantu Xinghua shall apply to the HAC to withdraw their respective counterclaims against Hangzhou Enniu. If any party fails to make the requisite withdrawal application in accordance with the Settlement Agreement, such defaulting party will need to pay the other party a compensation of RMB5,000,000. As advised by the PRC Legal Advisers, the Withdrawal Application would not jeopardize the Group's right to recommence its action against Tiantu Capital and Tianjin Tiantu Xinghua if the Settlement Agreement fails to become unconditional.

LETTER FROM THE BOARD

In accordance with the terms of the Settlement Agreement, Hangzhou Enniu has applied to the HAC to withdraw its claims against Tiantu Capital and Tianjin Tiantu Xinghua in the Arbitration Proceedings on 7 March 2024. As at the Latest Practicable Date, as Tiantu Capital and Tianjin Tiantu Xinghua have yet to receive the documents relating to the Withdrawal Application from the HAC, therefore in accordance with the terms of the Settlement Agreement, they have yet to apply to the HAC to withdraw their respective counterclaims against Hangzhou Enniu.

Condition precedent

The major settlement terms of the Settlement Agreement as referred to under the sub-paragraph headed “Major Settlement Terms” are subject to the Independent Shareholders’ approval for the transactions contemplated under the Settlement Agreement having been obtained in accordance with the Listing Rules.

4. REASONS FOR AND BENEFITS OF ENTERING INTO THE SETTLEMENT AGREEMENT

Prior to entering into the Settlement Agreement, the Board had considered various factors, including but not limited to: (i) the advice from the PRC Legal Advisers in respect of the possible outcome of the Arbitration Proceedings and its recommendation to the Group in reaching a possible settlement with the Tiantu Respondent Group. In particular, the PRC Legal Advisers have advised, among others, that there is a relatively higher arbitration risk for the Group’s claim to rescind the Acquisition with all the former shareholders of Shouhui Kaizhuo (including the SK Remaining Shareholders) due to the default of some of them (i.e. the SK Controlling Shareholders comprising Mr. Yang, Shouhui Tianxia and Fanshan Jinshi, both of which are companies controlled by Mr. Yang). In the event that the HAC does not rule in the Group’s favour, the Group will be unable to claim for any refund of the consideration paid or receive any compensation at the end as well as incurring additional time and legal costs. The PRC Legal Advisers therefore suggested the Group to first reach settlement with the Tiantu Respondent Group. Due to the relatively large number of the SK Remaining Shareholders (i.e. 18), the cost and time of negotiating with each of them to reach a settlement could be high and the settlement outcome could be uncertain. Based on this, it would be more efficient to settle with the Tiantu Respondent Group first and then negotiate with other SK Remaining Shareholders, so as to mitigate the risk of losing the Arbitration Proceedings; (ii) the compensation that the Tiantu Respondent Group will provide to the Group of RMB75 million which will be repayable by the Tiantu Respondent Group in accordance with the terms of the Settlement Agreement; (iii) the additional time, costs and efforts that the Group may need to incur for advancing the Arbitration Proceedings at least insofar as the claims against the Tiantu Respondent Group are concerned; and (iv) the arbitration risk that any unfavourable outcome of the Arbitration Proceedings may jeopardize the Group’s claim against the other respondents to the arbitration proceedings (including but not limited to Mr. Yang Fan) in connection with the Acquisition, as the other respondents may make reference to the defences used by the Tiantu Respondent Group in their own arbitration proceedings against the Group with a view of achieving similar rulings from the HAC.

LETTER FROM THE BOARD

The compensation of RMB75 million repayable by the Tiantu Respondent Group pursuant to the Settlement Agreement was determined after arm's length negotiation between the Group and the Tiantu Respondent Group with reference to, among others, (i) the total amount of consideration paid by the Group to the Tiantu Respondent Group for the Acquisition, being an aggregate of RMB176,730,000; (ii) the amount of the existing payables owed by the Group to Tiantu Capital and its subsidiaries, comprising (a) a borrowing of RMB25.0 million from Shenzhen Tiantu Xingneng Investment Enterprise (Limited Partnership) (深圳天圖興能投資企業(有限合夥)), a subsidiary of Tiantu Capital; and (b) a borrowing of RMB50.0 million from Shenzhen Tiantu Xingfu Equity Investments Management Co., Ltd. (深圳天圖興福股權投資管理有限公司), a wholly-owned subsidiary of Tiantu Capital; and (iii) based on the negotiations between the Company and the Tiantu Respondent Group, RMB75 million was the maximum amount that the Tiantu Respondent Group were prepared to offer to the Group.

Taking into account the relevant factors as set out above, including (i) the fact that RMB75 million was the maximum amount that the Tiantu Respondent Group were prepared to offer to the Group with reference to the total amount of consideration paid by the Group to the Tiantu Respondent Group for the Acquisition and the amount of the existing payables owed by the Group to Tiantu Capital and its subsidiaries; (ii) there is a relatively higher risk that the HAC would not rule in the Group's favour, in which case, the Group will be unable to claim for any refund of the consideration paid or receive any compensation at the end; and (iii) the Withdrawal Application would not jeopardize the Group's right to recommence its action against the Tiantu Respondent Group in the event that the Settlement Agreement fails to become unconditional nor affect the Group's arbitration proceedings against the other respondents in connection with the Acquisition, and the terms of the Settlement Agreement, all Directors (including the independent non-executive Directors but excluding the Director who has abstained from voting) are of the view that: (i) the terms of the Settlement Agreement and the transactions contemplated thereunder are on normal commercial terms which are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the entering into the Settlement Agreement and the transactions contemplated thereunder, while not in the ordinary and usual course of business of the Company, is nevertheless in the interests of the Company and the Shareholders as a whole. As such, the Directors considered that the entering into the Settlement Agreement shall not cause material adverse impacts to the Group.

5. INFORMATION ABOUT THE PARTIES

The Company is an investment holding company and the Group is principally engaged in the provision of financial technology services and SaaS services in the PRC.

The Tiantu Respondent Group comprise of Tiantu Capital and Tianjin Tiantu Xinghua.

LETTER FROM THE BOARD

Tiantu Capital is a company listed on the NEEQ and the Main Board of the Stock Exchange and is an investment holding company, and through its subsidiaries, principally engaged in private equity investment and fund management particularly in the consumer brands and companies in the PRC. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the Latest Practicable Date, shareholders holding 10% or more of the total issued shares of Tiantu Capital as to the unlisted shares of Tiantu Capital as quoted on the NEEQ were ultimately held as to approximately 32.89% by Wang Yonghua (王永華) and as to approximately 11.29% by Li Yiming (黎溢銘); and none of the shareholdings of those shareholders holding Tiantu Capital's H-shares as listed on the Main Board of the Stock Exchange exceeds 10% of the total issued shares of Tiantu Capital.

Tianjin Tiantu Xinghua is a wholly-owned subsidiary of Tiantu Capital which principally engages in equity investment.

6. RELATIONSHIPS AND LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Tiantu Capital is a substantial Shareholder and therefore a connected person of the Company pursuant to Rule 14A.07 of the Listing Rules. Moreover, the other entity comprising the Tiantu Respondent Group is a subsidiary of Tiantu Capital. As such, each of the Tiantu Respondent Group is a connected person of the Company pursuant to Rule 14A.07 of the Listing Rules. Accordingly, the Settlement Agreement and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules. As the highest of the applicable percentage ratios (other than the profits ratio) (as defined under the Listing Rules) exceeds 25% and the total consideration exceeds HK\$10,000,000, the Settlement Agreement and the transactions contemplated thereunder constitute connected transactions of the Company which are subject to the requirements of announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Ms. Zou Yunli, a non-executive Director, is materially interested in the transactions contemplated under the Settlement Agreement by virtue of her interest in the shares of Tiantu Capital listed on the NEEQ and her position as executive director of Tiantu Capital. Accordingly, she has abstained from voting on the resolutions passed at the Board meeting for approving the Settlement Agreement and the transactions contemplated thereunder. Save for Ms. Zou Yunli, none of the Directors (including the independent non-executive Directors) has a material interest in the transactions contemplated under the Settlement Agreement.

LETTER FROM THE BOARD

7. ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee (comprising all the independent non-executive Directors) has been formed in accordance with Chapter 14A of the Listing Rules to advise the Independent Shareholders on whether the Settlement Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole. In addition, the Company has appointed Rainbow Capital (HK) Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

8. EGM

The EGM will be held to consider, and if thought fit, passing the ordinary resolution to approve, among others, the Settlement Agreement and the transactions contemplated thereunder.

Pursuant to Rule 14A.36 of the Listing Rules, any Shareholder with a material interest in the relevant connected transaction is required to abstain from voting on the relevant resolution at the EGM. As at the Latest Practicable Date, Tiantu Capital and its associates, as well as Mr. Li Anxin (spouse of Ms. Zou Yunli), will be required to abstain from voting on the resolution relating to the Settlement Agreement and the transactions contemplated thereunder at the EGM. Save as disclosed, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholder has a material interest in the Settlement Agreement and the transactions contemplated thereunder. As at the Latest Practicable Date, (i) Tiantu Capital was interested in 183,874,334 Shares (representing approximately 13.54% of the total issued Shares as at the Latest Practicable Date); and (ii) Mr. Li Anxin was interested in 200,000 Shares (representing approximately 0.01% of the total issued Shares as at the Latest Practicable Date).

Pursuant to Rule 17.05A of the Listing Rules, the trustee holding unvested shares of a share scheme, whether directly or indirectly, shall abstain from voting on matters that require shareholders' approval under the Listing Rules, unless otherwise required by law to vote in accordance with the beneficial owner's direction and such a direction is given. As such, Rising Sun Limited will be required to abstain from voting on the resolution relating to the Settlement Agreement and the transactions contemplated thereunder at the EGM in respect of the Shares for those unvested restricted share units under the 51 Stock Scheme held by 51 Stock Limited and 51 Award Scheme held by 51 Award Limited notwithstanding the Voting Proxy Agreement (as defined below). As at the Latest Practicable Date, the number of Shares for such unvested restricted share units under the two share schemes in respect of which Rising Sun Limited must abstain on voting at the EGM was 45,625,095 Shares.

Save as disclosed above, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholder is required to abstain from voting at the EGM for the relevant resolution.

LETTER FROM THE BOARD

A form of proxy for use at the EGM is enclosed with this circular. Such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.u51.com). Whether or not you are able to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same as soon as possible and in any event not later than 48 hours before the time appointed for holding of the EGM (i.e. by 11:00 a.m. on 6 May 2024) or any adjournment thereof to the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

If you are not a registered Shareholder (i.e. if your Shares are held via banks, brokers, custodians or Hong Kong Securities Clearing Company Limited), you should consult directly with your banks, brokers or custodians (as the case may be) to assist you in the appointment of proxy.

Details of the Settlement Agreement will be disclosed in the Company's published annual report and accounts in accordance with Rule 14A.49 of the Listing Rules.

9. VOTING BY POLL AT THE EGM

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Accordingly, the proposed resolution will be put to vote by way of poll at the EGM. An announcement on the poll vote results will be published by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

10. RECOMMENDATION

The Directors (including the independent non-executive Directors but excluding the Director who has abstained from voting) consider that the terms of the Settlement Agreement and the transactions contemplated thereunder are on normal commercial terms or better which are fair and reasonable so far as the Independent Shareholders are concerned; and the entering into the Settlement Agreement and the transactions contemplated thereunder, while not in the ordinary and usual course of business of the Company, is nevertheless in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (save for the Director who has abstained from voting) recommend that the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Settlement Agreement and the transactions contemplated thereunder.

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 17 to 18 of this circular, which contains its recommendation to the Independent Shareholders as to the Settlement Agreement; and (ii) the letter from the Independent Financial Adviser set out on pages 19 to 38 of this circular, which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Settlement Agreement and reasons considered by it in arriving at its opinion.

LETTER FROM THE BOARD

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, is of the view that the terms of the Settlement Agreement and the transactions contemplated thereunder are on normal commercial terms which are fair and reasonable so far as the Independent Shareholders are concerned; and the entering into the Settlement Agreement and the transactions contemplated thereunder, while not in the ordinary and usual course of business of the Company, is nevertheless in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommend that the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Settlement Agreement and the transactions contemplated thereunder.

11. CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining Shareholders who are qualified for attending and voting at the EGM, the register of members of the Company will be closed from 3 May 2024 to 8 May 2024 (both days inclusive), during which no transfer of Shares will be registered. In order to be eligible to attend and vote at the EGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. (Hong Kong time) on 2 May 2024.

If you have any questions relating to the EGM, please contact the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, via the following:

Address: 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong

Email: is-enquiries@hk.tricorglobal.com

Telephone: +852 2980 1333

Fax: +852 2810 8185

If typhoon signal No. 8 or above or "extreme conditions" caused by super typhoons is announced by the Government of Hong Kong or a black rainstorm warning, is in effect at 9:00 a.m. on the date of the EGM, the meeting will be postponed. The Company will post an announcement on its website (www.u51.com) and designated website of the Stock Exchange (www.hkexnews.hk) to notify the Shareholders of the date, time and place of the rescheduled meeting.

LETTER FROM THE BOARD

12. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

Yours faithfully
By order of the Board
51 Credit Card Inc.

Sun Haitao

Chairman, Chief Executive Officer and Executive Director

51信用卡
51 CREDIT CARD INC.
51 信用卡有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2051)

17 April 2024

To the Shareholders,

Dear Sir/Madam,

**CONNECTED TRANSACTIONS
INVOLVING
THE SETTLEMENT**

We refer to the circular dated 17 April 2024 (the “**Circular**”) issued by the Company to its Shareholders of which this letter forms part. Unless the context requires otherwise, the capitalized terms used herein shall have the same meanings as defined in the Circular.

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders as to whether (i) the entering into the Settlement Agreement and the transactions contemplated thereunder is conducted in the ordinary and usual course of business of the Group; and (ii) the terms of the Settlement Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Rainbow Capital (HK) Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this respect. Further information of its advice is set out on pages 19 to 38 of the Circular. Your attention is also drawn to the letter from the Board set forth on pages 5 to 16 of the Circular.

Having considered the advice and recommendation of the Independent Financial Adviser, we are of the opinion that the terms of the Settlement Agreement and the transactions contemplated thereunder are on normal commercial terms which are fair and reasonable so far as the Independent Shareholders are concerned; and that the entering into the Settlement Agreement and the transactions contemplated thereunder, while not in the ordinary and usual course of business of the Company, is nevertheless in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Settlement Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of the Independent Board Committee

Mr. Ye Xiang

Mr. Xu Xuchu
Independent non-executive Directors

Mr. Shou Jian

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter of advice from Rainbow Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Settlement Agreement and the transactions contemplated thereunder, which has been prepared for the purpose of incorporation in this circular.



17 April 2024

To the Independent Board Committee and the Independent Shareholders

51 Credit Card Inc.
Office 2401A on 24th Floor,
Tower One, Lippo Centre,
89 Queensway
Hong Kong

Dear Sir or Madam,

CONNECTED TRANSACTIONS INVOLVING THE SETTLEMENT

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Settlement Agreement and the transactions contemplated thereunder, details of which are set out in the "Letter from the Board" (the "**Letter from the Board**") contained in the circular issued by the Company to the Shareholders dated 17 April 2024 (the "**Circular**"), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

On 1 March 2024 (after trading hours), Hangzhou Enniu and the Tiantu Respondent Group entered into the conditional Settlement Agreement in relation to the Settlement.

As at the Latest Practicable Date, Tiantu Capital is a substantial Shareholder and therefore a connected person of the Company pursuant to Rule 14A.07 of the Listing Rules. Moreover, the other entity comprising the Tiantu Respondent Group, is a subsidiary of Tiantu Capital. As such, each of the Tiantu Respondent Group is a connected person of the Company pursuant to Rule 14A.07 of the Listing Rules. Accordingly, the Settlement Agreement and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules. As the highest of the applicable percentage ratios (other than the profits ratio) (as defined under the Listing Rules) exceeds 25% and the total consideration exceeds HK\$10,000,000, the Settlement Agreement and the transactions contemplated thereunder constitute connected transactions of the Company and are therefore subject to the reporting, announcement, circular and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Company will seek approval from the Independent Shareholders in respect of the Settlement Agreement and the transactions contemplated thereunder by way of a poll at the EGM. Ms. Zou Yunli, a non-executive Director, is materially interested in the transactions contemplated under the Settlement Agreement by virtue of her interest in shares of Tiantu Capital listed on the NEEQ and her position as executive director of Tiantu Capital. In view of the interest above, Tiantu Capital and its associates, as well as Mr. Li Anxin (spouse of Ms. Zou Yunli) will be required to abstain from voting on the resolution relating to the Settlement Agreement and the transactions contemplated thereunder at the EGM.

Pursuant to Rule 17.05A of the Listing Rules, the trustee holding unvested shares of a share scheme, whether directly or indirectly, shall abstain from voting on matters that require shareholders' approval under the Listing Rules, unless otherwise required by law to vote in accordance with the beneficial owner's direction and such a direction is given. As such, Rising Sun Limited will be required to abstain from voting on the resolution relating to the Settlement Agreement and the transactions contemplated thereunder at the EGM in respect of the Shares for those unvested restricted share units under the 51 Stock Scheme held by 51 Stock Limited and 51 Award Scheme held by 51 Award Limited notwithstanding the Voting Proxy Agreement. As at the Latest Practicable Date, the number of Shares for such unvested restricted share units under the two share schemes in respect of which Rising Sun Limited must abstain on voting at the EGM was 45,625,095 Shares.

The Independent Board Committee, comprising all the three independent non-executive Directors, namely Mr. Ye Xiang, Mr. Xu Xuchu and Mr. Shou Jian, has been formed to advise the Independent Shareholders on whether (i) the entering into of the Settlement Agreement and the transactions contemplated thereunder is conducted in the ordinary and usual course of business of the Group; and (ii) the terms of the Settlement Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, and advise the Independent Shareholders as to voting. We, Rainbow Capital, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

As at the Latest Practicable Date, we did not have any relationships or interests with the Group and the Tiantu Respondent Group that could reasonably be regarded as relevant to our independence. In the last two years, there was no engagement between the Group, the Tiantu Respondent Group and us other than this appointment concerning the Settlement. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no other arrangements exist whereby we had received any fees or benefits from the Group or any other party to the Settlement Agreement. Accordingly, we are independent from the Company pursuant to the requirement under Rule 13.84 of the Listing Rules and therefore we are qualified to give independent advice in respect of the Settlement Agreement and the transactions contemplated thereunder.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors and the management of the Group and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the management of the Group. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the management of the Group are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the Circular.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Group and Shouhui Kaizhuo or their respective substantial shareholders, subsidiaries or associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In considering the fairness and reasonableness of the Settlement Agreement and the transactions contemplated thereunder, we have taken into account the principal factors and reasons set out below:

1. Background information on the Group

The Group is principally engaged in the provision of financial technology services and SaaS services in the PRC.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is a summary of the consolidated financial information of the Group for (i) the two years ended 31 December 2022 (“FY2021” and “FY2022”, respectively) as extracted from the annual report of the Company for FY2022 (the “2022 Annual Report”); and (ii) the year ended 31 December 2023 (“FY2023”) as extracted from the annual results announcement of the Company for FY2023:

(i) *Financial performance*

	FY2021	FY2022	FY2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Total revenue	440,098	395,739	217,158
Credit facilitation and service fee	237,411	113,799	70,227
Payment service fee	78,560	152,945	–
Credit card technology service fee	39,902	27,739	21,977
SaaS service fee	32,716	51,111	57,833
Camping service fee	–	–	33,941
Other revenue	51,509	50,145	33,180
	<hr/>	<hr/>	<hr/>
Total operating expenses	(639,399)	(436,474)	(194,596)
Origination and servicing expenses	(265,232)	(332,724)	(204,310)
General and administrative expenses	(101,110)	(95,418)	(52,918)
Research and development expenses	(50,188)	(28,811)	(18,319)
Sales and marketing expenses	(53,429)	(31,569)	(27,355)
Expected credit (loss)/gain, net	(15,398)	84,986	(23,184)
Other (losses)/gain, net	(154,042)	(32,938)	131,490
	<hr/>	<hr/>	<hr/>
Operating (loss)/profit	(199,301)	(40,735)	22,562
	<hr/>	<hr/>	<hr/>
Loss on deconsolidation of subsidiaries	–	(30,956)	–
	<hr/>	<hr/>	<hr/>
Loss before income tax	(210,908)	(94,395)	(13,357)
Income tax (expense)/credit	(49,793)	(3,234)	10,209
(Loss)/profit attributable to the Shareholders	(233,687)	(82,697)	11,037
	<hr/>	<hr/>	<hr/>

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

FY2023 compared to FY2022

Total revenue of the Group decreased by approximately 45.1% from approximately RMB395.7 million for FY2022 to approximately RMB217.2 million for FY2023. Such decrease was primarily attributable to (a) the decrease in credit facilitation and service fee by approximately RMB43.6 million as a result of the Group's business strategy adjustment which limited the loan facilitation volume and led to the decrease in the credit facilitation business volume in 2023; and (b) the decrease in payment service fee by approximately RMB152.9 million mainly due to the Group's deconsolidation of the SK Group as the Group has been unable to carry out workplace communication with the SK Group and also unable to access all the books and records of the SK Group since August 2022 (the "Deconsolidation"). The aforesaid decrease was partially offset by the increase in camping service fee by approximately RMB22.9 million driven by the strong consumer demand for camping experience in the post-pandemic era.

The Group recorded a turnaround from loss attributable to the Shareholders of approximately RMB82.7 million for FY2022 to profit attributable to the Shareholders of approximately RMB11.0 million for FY2023, primarily attributable to (a) the decrease in origination and servicing expenses by approximately RMB128.4 million mainly due to the Deconsolidation such that no fund transfer charges attributable thereto have been incurred by the Group; (b) the decrease in general and administrative expenses by approximately RMB42.5 million as a result of the significant decrease in the share-based compensation expenses; (c) the turnaround from net other losses of approximately RMB32.9 million for FY2022 to net other gain of approximately RMB131.5 million for FY2023 mainly due to the recovery of historical overdue assets of approximately RMB124.1 million which was reclassified in other gains in 2023; and (d) the loss on deconsolidation of subsidiaries of approximately RMB31.0 million as a result of the Deconsolidation for FY2022, which was non-recurring for FY2023, which was partially offset by (a) the turnaround from net expected credit gain of approximately RMB85.0 million for FY2022 to net expected credit loss of approximately RMB23.2 million for FY2023; and (b) the decrease in revenue as stated above.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

FY2022 compared to FY2021

Total revenue of the Group decreased by approximately 10.1% from approximately RMB440.1 million for FY2021 to approximately RMB395.7 million for FY2022. Such decrease was primarily attributable to the decrease in credit facilitation and service fee by approximately RMB123.6 million mainly due to the decrease in credit facilitation business volume in FY2022 as a result of the Group's business strategies adjustments. The aforesaid decrease was partially offset by (a) the increase in payment service fee by approximately RMB74.4 million mainly due to the increase in business volume of payment service in FY2022; and (b) the increase in SaaS service fee by approximately RMB18.4 million mainly due to the increase in the subscription income of Little Blue Book.

The Group recorded loss attributable to the Shareholders of approximately RMB82.7 million for FY2022, representing a decrease of approximately 64.6% as compared to that of approximately RMB233.7 million for FY2021. Such decrease was primarily attributable to (a) the decrease in research and development expenses by approximately RMB21.4 million mainly due to the decrease of research and development staff as a result of business transformation; (b) the decrease in sales and marketing expenses by approximately RMB21.9 million mainly because the Group strictly controlled the expense of online channel promotion as part of its cost control measures in 2022; (c) the turnaround from net expected credit loss of approximately RMB15.4 million for FY2021 to net expected credit gain of approximately RMB85.0 million for FY2022 as the Group has adopted stringent risk control measures; and (d) the decrease in net other losses by approximately RMB121.1 million mainly due to the absence of impairment loss of approximately RMB148.9 million for FY2021 in respect of license under intangible assets. The aforesaid decrease was partially offset by (a) the decrease in revenue as stated above; (b) the increase in origination and servicing expenses by approximately RMB67.5 million as a result of the increase in the volume of payment business; and (c) the loss on deconsolidation of subsidiaries of approximately RMB31.0 million as a result of the Deconsolidation.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(ii) *Financial position*

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Non-current assets, including:	596,129	264,478	282,997
Property and equipment, net	104,732	102,464	108,096
Intangible assets	349,140	40,717	38,396
Financial assets at fair value through profit or loss	<u>83,780</u>	<u>69,291</u>	<u>70,448</u>
Current assets, including:	963,085	872,026	881,969
Contract assets	86,519	34,875	32,622
Prepayments and other receivables	131,573	116,375	118,736
Loans to customers, net	158,498	179,725	193,933
Restricted cash	225,092	128,827	121,679
Cash and cash equivalents	<u>313,148</u>	<u>376,813</u>	<u>349,490</u>
Total assets	<u>1,559,214</u>	<u>1,136,504</u>	<u>1,164,966</u>
Current liabilities, including:	701,327	405,523	368,198
Quality assurance fund payable	59,681	21,713	37,043
Payable to platform customers	79,467	75,389	54,625
Bank and other borrowings	171,943	166,687	100,804
Trade and other payables	318,169	66,056	76,132
Financial liabilities at fair value through profit or loss	<u>51,108</u>	<u>52,731</u>	<u>76,480</u>
Non-current liabilities, including:	99,141	19,759	87,198
Bank and other borrowings	20,540	13,170	59,684
Deferred income tax liabilities	<u>77,550</u>	<u>–</u>	<u>–</u>
Net current assets	<u>261,758</u>	<u>466,503</u>	<u>513,771</u>
Total liabilities	<u>800,468</u>	<u>425,282</u>	<u>455,396</u>
Equity attributable to the Shareholders	<u>765,247</u>	<u>712,437</u>	<u>725,700</u>

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at 31 December 2023, non-current assets of the Group amounted to approximately RMB283.0 million, which mainly consisted of (a) net property and equipment of approximately RMB108.1 million; (b) intangible assets of approximately RMB38.4 million, primarily representing the Group's goodwill and trademark; and (c) financial assets at fair value through profit or loss of approximately RMB70.4 million, representing the Group's investment in ordinary shares with preferential liquidation rights and investment funds. The Group's non-current assets decreased by approximately 55.6% from approximately RMB596.1 million as at 31 December 2021 to approximately RMB264.5 million as at 31 December 2022, primarily attributable to that the Deconsolidation excluded the payment license owned by the SK Group on the consolidated financial statements of the Group, lowering the Group's intangible assets by approximately RMB310.2 million as at 31 December 2022. The Group's non-current assets then remained relatively stable at approximately RMB283.0 million as at 31 December 2023.

As at 31 December 2023, current assets of the Group amounted to approximately RMB882.0 million, which mainly consisted of (a) prepayments and other receivables of approximately RMB118.7 million, including amounts due from related parties, deposits and prepaid expenses and loan to third parties; (b) net loans to customers of approximately RMB194.0 million which were primarily personal loans made to individual borrowers through the consolidated trusts and a subsidiary of the Group as well as the new financial assets purchased from both individuals and institutional investors; (c) restricted cash of approximately RMB121.7 million; and (d) cash and cash equivalents of approximately RMB349.5 million. The Group's current assets decreased by approximately 9.5% from approximately RMB963.1 million as at 31 December 2021 to approximately RMB872.0 million as at 31 December 2022, primarily attributable to the (a) the decrease in contract assets by approximately RMB51.6 million due to the reduction of the volume of the Group's credit facilitation business; and (b) the decrease in restricted cash by approximately RMB96.3 million due to the decrease in deposits of secured transactions. The Group's current assets then remained relatively stable at approximately RMB882.0 million as at 31 December 2023.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at 31 December 2023, current liabilities of the Group amounted to approximately RMB368.2 million, which mainly consisted of (a) payable to platform customers of approximately RMB54.6 million; (b) bank and other borrowings of approximately RMB100.8 million; (c) trade and other payables of approximately RMB76.1 million; and (d) financial liabilities at fair value through profit or loss of approximately RMB76.5 million. The Group's current liabilities decreased by approximately 42.2% from approximately RMB701.3 million as at 31 December 2021 to approximately RMB405.5 million as at 31 December 2022, primarily attributable to (a) the decrease in quality assurance fund payable by approximately RMB38.0 million due to the decrease of loans the Group facilitated on its platform as a result of the Group's business strategies adjustments; (b) that the Deconsolidation excluded the current liabilities of the SK Group on the consolidated financial statements of the Group as at 31 December 2022, mainly the trade and other payables of approximately RMB152.1 million; and (c) the decrease in payables for equity investments by approximately RMB214.8 million which represented the cash consideration due to the counterparties of equity transactions in connection with the Acquisition. The Group's current liabilities further decreased by approximately 9.2% to approximately RMB368.2 million as at 31 December 2023, primarily attributable to (a) the decrease in payable to platform customers by approximately RMB20.8 million because the platform customers had withdrawn from the platform during 2023; and (b) the decrease in bank and other borrowings by approximately RMB65.9 million as the Group has repaid certain short-term borrowings and renewed the long-term borrowings during 2023. Overall, the Group's bank and other borrowings (including both current and non-current portions) remained relatively stable at approximately RMB179.9 million and RMB160.5 million as at 31 December 2022 and 31 December 2023, respectively.

As at 31 December 2023, non-current liabilities of the Group amounted to approximately RMB87.2 million, which mainly consisted of bank and other borrowings of approximately RMB59.7 million. The Group's non-current liabilities have decreased by approximately 80.1% from approximately RMB99.1 million as at 31 December 2021 to approximately RMB19.8 million as at 31 December 2022, primarily attributable to that the Deconsolidation excluded the non-current liabilities of the SK Group on the consolidated financial statements of the Group as at 31 December 2022, mainly the deferred tax liabilities of approximately RMB77.6 million. The Group's non-current liabilities then increased by approximately 341.3% to approximately RMB87.2 million as at 31 December 2023, primarily attributable to the increase in bank and other borrowings over one year by approximately RMB46.5 million.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at 31 December 2023, the Group had equity attributable to the Shareholders of approximately RMB725.7 million with net current assets of approximately RMB513.8 million.

(iii) Overall comment

The total revenue of the Group deteriorated for FY2022 and FY2023 as a result of the Deconsolidation and the finetune in the operating strategy of the Group's credit facilitation business given the anticipated impact of the increasingly stringent financial regulatory policies. However, the Group's financial performance has been gradually improving for the years under review, as seen from the Group's decreasing operating expenses over the years and the record of operating profit for FY2023. In addition, since April 2022, the Group commenced the camping business to provide self-service exquisite camping services to customers to expand the revenue source of the Group.

As advised by the management of the Group, in 2023, given the slow economic recovery in the aftermath of the COVID-19 pandemic, the global economy still faces a series of challenges and the Group's business operation and the personal consumption credit market may be influenced as a result. Against this backdrop, the Group has carried out comprehensive cost optimisation arrangement in a timely manner and become more cautious in managing its liquidity risk by maintaining adequate cash reserves and banking facilities. Despite facing such challenging business environment, the Group will keep devoting efforts to explore new contributing factor for revenue growth for each business. Accordingly, we consider it preferable for the Group to maintain sufficient funds to prepare itself for capturing new business opportunities across its different business segments and meeting various regulatory requirements.

2. Reasons for and benefits of the entering into of the Settlement Agreement

As disclosed in the Company's prospectus dated 29 June 2018 and as advised by the management of the Group, on 1 April 2017, in order to control Beijing Yaku Shikong Information Exchange Technology Co., Ltd. (北京雅酷時空信息交換技術有限公司) ("**Yaku Shikong**") which holds a valid payment license, Hangzhou Enniu entered into an acquisition agreement with Shouhui Kaizhuo, Mr. Yang Fan (楊帆) ("**Mr. Yang**"), Beijing Shouhui Tianxia Equity Investment Partnership (Limited Partnership) (北京首惠天下股權投資合夥企業(有限合夥)) ("**Shouhui Tianxia**"), Beijing Fanshan Jinshi Investment Development Partnership (Limited Partnership) (北京凡山金石投資發展合夥企業(有限合夥)) ("**Fanshan Jinshi**") (Mr. Yang, Shouhui Tianxia and Fanshan Jianshi (both of which are companies controlled by Mr. Yang), collectively, the "**SK Controlling Shareholders**"), Tianjin Tiantu Xinghua, Tiantu Capital and all the other then shareholders of Shouhui Kaizhuo. Pursuant to this acquisition agreement (as supplemented by its supplemental agreements) (the "**Acquisition Agreements**"), Hangzhou Enniu and its relevant parties acquired the entire equity interest of Shouhui Kaizhuo. In particular, Hangzhou Enniu acquired 75% equity interest in Shouhui Kaizhuo from Mr. Yang, Shouhui Tianxia and all the other then shareholders of Shouhui Kaizhuo, at an aggregate cash consideration of RMB466 million, among which the consideration payable to Tianjin Tiantu Xinghua and Tiantu Capital amounting to approximately RMB105.6 million and RMB71.1 million, respectively. Such total consideration of approximately RMB176.7 million has been fully paid to the Tiantu Respondent Group. The Acquisition has been completed in December 2017 with the remaining cash consideration of approximately RMB211.5 million payable after obtaining the confirmation on change of the de facto controller in respect of the payment license from the People's Bank of China (the "**PBOC Confirmation**") as a post-closing obligation, and which Mr. Yang and his related entities are responsible for procuring.

The PBOC Confirmation has since completion of the Acquisition remained outstanding. As disclosed in the Company's announcements dated 4 November 2022 and 9 January 2023, since 3 August 2022, Mr. Yang has directly gone to the office of Shouhui Kaizhuo in Beijing and claimed that the personnel of the SK Group shall report to him instead of the Group, restricted the management of the SK Group from contacting the staff of the Group, and sent his staff to interfere with the business operation of the SK Group. As such, the Group has been unable to carry out workplace communication with the SK Group and also unable to access all the books and records of the SK Group. Despite the Group's repeated efforts in negotiating with Mr. Yang and the management of the SK Group since 3 August 2022 in hope of reaching a favorable resolution, such efforts have proved to be futile. The management of the SK Group ceased to report to the Group on any business matter, and the Group is unable to obtain all the necessary books and records of the SK Group to ascertain the operational status and financial situation of the SK Group. Accordingly, the Board was of the view that the Company was no longer able to control to the assets and operations of the SK Group and is unable to exercise its decision-making rights over the SK Group.

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In response to this, the Group has proactively taken protective steps and measures to protect the interests of the Group since 2022, such as (i) taking legal action against Beijing Shouhui Shidai Information Technology Co., Ltd.* (北京首惠時代信息技術有限公司) (“**Shouhui Shidai**”) (a wholly-owned subsidiary of Shouhui Kaizhuo) and Yaku Shikong for the repayment of loans in an aggregate amount of RMB101,425,800 to the Group. Such loans were provided by Hangzhou Zhenniu Information Technology Co., Ltd.* (杭州振牛信息科技有限公司) (an indirect wholly owned subsidiary of the Company) from time to time to support the business operations of the SK Group; (ii) obtaining an order from the court to freeze the bank accounts of Shouhui Shidai and Yaku Shikong; and (iii) initiating the arbitration proceedings against the relevant individuals and entities (including but not limited to Mr. Yang, Tianjin Tiantu Xinghua and Tiantu Capital) who were the former shareholders of Shouhui Kaizhuo to, among others, rescind the Acquisition and seek for damages for breach of contract in response to the Deconsolidation. As advised by the PRC Legal Advisers, at the material time, in order to rescind the Acquisition, the arbitration proceedings should be extended against all parties to the Acquisition Agreement, including but not limited to the Tiantu Respondent Group.

As disclosed in the Letter from the Board, members of the Tiantu Respondent Group are two of the respondents to the Arbitration Proceedings. As stated in the Announcement, the Arbitration Proceedings are at an advanced stage whereby the Group has been able to understand the defenses made by the Tiantu Respondent Group and makes its assessments as to the merits of the Group’s case. Having considered the advice from the PRC Legal Advisers, the Group has negotiated with the Tiantu Respondent Group for possible settlement of the disputes under the Arbitration Proceedings, and the parties have reached consensus to enter into the Settlement Agreement. In this regard, we have obtained and reviewed the legal opinion issued by the PRC Legal Advisers on the arbitration proceedings and understood that based on their review and analysis of all the materials currently available including the claims and supporting documents of the SK Controlling Shareholders as well as the Tiantu Respondent Group and other minority shareholders of Shouhui Kaizhuo (collectively, the “**SK Remaining Shareholders**”), they advised that the Group’s claim to rescind the Acquisition with all the former shareholders of Shouhui Kaizhuo due to the default of the SK Controlling Shareholders may not succeed and that there is a relatively higher arbitration risk of that the HAC would not rule in the Group’s favor, in which case, the Group will be unable to claim for any refund of the consideration paid or receive any compensation at the end while incurring additional time and legal costs in the meantime. The PRC Legal Advisers therefore suggested the Group to settle with the Tiantu Respondent Group. Due to the relatively large number of the SK Remaining Shareholders (i.e. 18), the cost and time of negotiating with each of them to reach a settlement could be high and the settlement outcome could be uncertain. Based on this, it would be more efficient to settle with the Tiantu Respondent Group first and then negotiate with other SK Remaining Shareholders, so as to mitigate the risk of losing the Arbitration Proceedings. In this regard, we concur with the management of the Group that the entering into of the Settlement Agreement (i) enables the Company to achieve a quick and amicable solution without incurring additional time, costs and efforts for advancing the Arbitration Proceedings at least insofar as

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the claims against the Tiantu Respondent Group are concerned; and (ii) mitigates the arbitration risk that any unfavorable outcome of the Arbitration Proceedings may jeopardize the Group's claim against the other respondents to the arbitration proceedings (including but not limited to Mr. Yang) in connection with the Acquisition, as the other respondents may make reference to the defences used by the Tiantu Respondent Group in their own arbitration proceedings against the Group with a view of achieving similar rulings from the HAC.

Furthermore, as discussed in the section headed "1. Background information on the Group" above, the Group's financial performance has been gradually improving for FY2022 and FY2023 primarily attributable to the commencement of the new camping business and the Group's adoption of stringent cost control measures. Given the slow economic recovery in the aftermath of the COVID-19 pandemic, the global economy still faces a series of challenges and the Group's business operation and the personal consumption credit market may be influenced accordingly. Against this backdrop, it is prudent for the Company to be more cautious in managing its liquidity risk by maintaining adequate funds to prepare itself for capturing new business opportunities across its different business segments and meeting various regulatory requirements. The arbitration proceedings with a large number of respondents can be lengthy in time and involve significant costs. In this context, the Settlement could help save the Group's arbitration costs and is expected to strengthen the Group's net asset value position through the Settlement Compensation (as defined below in the section headed "3. Principal terms of the Settlement Agreement") of RMB75.0 million which will be repayable by the Tiantu Respondent Group in accordance with the terms of the Settlement Agreement.

As advised by the management of the Group, the Tiantu Respondent Group are the registered holders of the Group's 19.12% equity interest in Shouhui Kaizhuo which have been holding such equity interest as nominee shareholders for the benefit of the Group since 25 July 2019. Although the Group commenced the arbitration proceedings against the relevant individuals and entities (including the Tiantu Respondent Group) who were the former shareholders of Shouhui Kaizhuo to, among others, rescind the Acquisition and seek for damages for breach of contract in response to the Deconsolidation, upon the Settlement Agreement becoming unconditional, the Group and the Tiantu Respondent Group agree that the Settlement Agreement constitutes a final settlement of the dispute among the parties in connection with the Acquisition, and the parties shall not have any claim against the other parties in connection with the contracts to which the Acquisition relates and the Tiantu Respondent Group will continue to hold the approximately 19.12% equity interest in Shouhui Kaizhuo as nominee shareholders for and on behalf of the Group. As such, the Settlement is not expected to adversely affect the Group's equity interest in Shouhui Kaizhuo.

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Taking into account that (i) the Settlement is expected to save time, costs and efforts the Group may need to incur for advancing the Arbitration Proceedings at least insofar as the claims against the Tiantu Respondent Group are concerned; (ii) our understanding from the PRC Legal Advisers that the Group may face unfavorable outcome in the Arbitration Proceedings which may jeopardize the Group's claims against the respondents to the arbitration proceedings (including but not limited to Mr. Yang Fan) in connection with the Acquisition and the Group may not receive any compensation; (iii) the Settlement is in line with the advice and recommendation from the PRC Legal Advisers; (iv) the Settlement represents a good start for the Group to tackle certain obstacles in the Arbitration Proceedings out of court and accordingly may facilitate the Group to further proceed with the possible settlement with other SK Remaining Shareholders; (v) the Settlement is expected to strengthen the Group's net asset value position; (vi) the Settlement is not expected to adversely affect the Group's equity interest in Shouhui Kaizhuo; and (vii) as advised by the PRC Legal Advisers, the Withdrawal Application to be made by the Group pursuant to the Settlement Agreement would not (a) jeopardize the Group's right to recommence its action against the Tiantu Respondent Group if the Settlement Agreement fails to become unconditional; nor (b) affect the Group's arbitration proceedings against the SK Controlling Shareholders and other SK Remaining Shareholders, we concur with the Directors that although the entering into of the Settlement Agreement is not conducted in the ordinary and usual course of the business of the Group, it is in the interest of the Company and the Shareholders as a whole.

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3. Principal terms of the Settlement Agreement

Set out below is a summary of the principal terms of the Settlement Agreement. Independent Shareholders are advised to read further details of the Settlement Agreement as set out in the Letter from the Board.

Date:	1 March 2024 (after trading hours)
Parties:	(i) Hangzhou Enniu; (ii) Tiantu Capital; and (iii) Tianjin Tiantu Xinghua
Major settlement terms:	Conditional upon the satisfaction of the condition precedent of the Settlement Agreement, Hangzhou Enniu, Tiantu Capital and Tianjin Tiantu Xinghua have agreed that: (i) notwithstanding whether the HAC would agree to the Withdrawal Application or any decisions that may be made by the HAC in relation to the dispute among Hangzhou Enniu, Tiantu Capital and Tianjin Tiantu Xinghua, the parties agree that the Settlement Agreement constitutes a final settlement of the dispute among the parties in connection with the Acquisition, and the parties shall not have any claim against the other parties in connection with the contracts to which the Acquisition relates; (ii) Tiantu Capital and Tianjin Tiantu Xinghua will continue to hold the approximately 6.0% and 13.12% equity interest in Shouhui Kaizhuo, respectively, which is currently registered under their respective names, as nominee for and on behalf of the relevant member of the Group in accordance with the terms of the Nominee Agreement; and

- (iii) Tiantu Capital and Tianjin Tiantu Xinghua will compensate Hangzhou Enniu by waiving and reducing the consideration for the Acquisition by Hangzhou Enniu of the approximately 19.12% equity interest in Shouhui Kaizhuo from Tiantu Capital and Tianjin Tiantu Xinghua from the aggregate amount of RMB176,730,000 to RMB101,730,000. As Hangzhou Enniu has previously paid an aggregate of RMB176,730,000 to Tiantu Capital and Tianjin Tiantu Xinghua as consideration for the Acquisition, the amount of RMB75,000,000 (the “**Settlement Compensation**”), as to RMB30,181,633 by Tiantu Capital and RMB44,818,367 by Tianjin Tiantu Xinghua, will be paid back to the Group within 30 business days after the later of (a) the satisfaction of the condition precedent of the Settlement Agreement; (b) the date on which the HAC approves the Withdrawal Application; and (c) (if the Withdrawal Application is not accepted by the HAC) the date on which the HAC makes its arbitral award in connection with the Arbitration Proceedings.

The RMB75 million repayable by Tiantu Capital and Tianjin Tiantu Xinghua as referred to in paragraph (iii) above, will be settled by cash or by any other settlement method as the parties thereof may agree. The Group noted that the Tiantu Respondent Group has expressed its intention to work with the Group to settle the RMB75 million, having regard to the existing payables owed by the Group to Tiantu Capital and its subsidiaries, subject to the parties’ further negotiation. As at the Latest Practicable Date, no agreement had been reached between the Group and Tiantu Capital and its subsidiaries in this regard. Any such settlement method, which shall either be fully or partly by cash and/or by pro-tanto setting off against any amount then owed by the Group, would not affect the respective amount receivable by the Group from each of Tiantu Capital and Tianjin Tiantu Xinghua.

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Under the Settlement Agreement, in order to halt the HAC from further proceeding with the Arbitration Proceedings pending the Settlement Agreement becoming unconditional, Hangzhou Enniu, Tiantu Capital and Tianjin Tiantu Xinghua have agreed that, within 10 business days of signing the Settlement Agreement, Hangzhou Enniu shall apply to the HAC to withdraw its claims against Tiantu Capital and Tianjin Tiantu Xinghua in the Arbitration Proceedings (the “**Withdrawal Application**”). Within 10 business days of receiving the documents relating to the Withdrawal Application from the HAC, Tiantu Capital and Tianjin Tiantu Xinghua shall apply to the HAC to withdraw their respective counterclaims against Hangzhou Enniu. If any party fails to make the requisite withdrawal application in accordance with the Settlement Agreement, such defaulting party will need to pay the other party a compensation of RMB5,000,000. As advised by the PRC Legal Advisers, the Withdrawal Application would not jeopardize the Group’s right to recommence its action against Tiantu Capital and Tianjin Tiantu Xinghua if the Settlement Agreement fails to become unconditional.

In accordance with the terms of the Settlement Agreement, Hangzhou Enniu has applied to the HAC to withdraw its claims against Tiantu Capital and Tianjin Tiantu Xinghua in the Arbitration Proceedings on 7 March 2024. As at the Latest Practicable Date, as Tiantu Capital and Tianjin Tiantu Xinghua have yet to receive the documents relating to the Withdrawal Application from the HAC, they have yet to apply to the HAC to withdraw their respective counterclaims against Hangzhou Enniu.

As disclosed in the Letter from the Board, the Settlement Compensation was determined after arm’s length negotiation between the Company and the Tiantu Respondent Group with reference to, among others, (i) the total amount of consideration paid by the Group to the Tiantu Respondent Group for the Acquisition, being an aggregate of RMB176,730,000; (ii) the amount of the existing payables owed by the Group to Tiantu Capital and its subsidiaries; and (iii) based on the negotiations between the Company and the Tiantu Respondent Group, the Settlement Compensation of RMB75 million was the maximum amount that the Tiantu Respondent Group were prepared to offer to the Company.

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In assessing the reasonableness and fairness of the Settlement Compensation, given that (i) the Settlement Compensation is not determined with reference to the latest valuation of the SK Group; and (ii) the limitation which we cannot obtain the latest financial performance of the SK Group as the Group has been unable to access all the books and records of the SK Group since 3 August 2022, we consider it is not meaningful to perform the comparable analysis, which typically involves comparison of the latest valuation of the market peers against the valuation of the target company based on its latest financial performance and financial position, in assessing the Settlement Compensation. Instead, we have obtained and reviewed the unaudited consolidated management accounts of the SK Group that the Group held before it became unable to access all the books and records of the SK Group. We noted that as at 3 August 2022, the SK Group recorded equity attributable to its shareholders of approximately RMB40.6 million. In addition, based on our review of the 2022 Annual Report, the Group has recorded a loss of the Deconsolidation of approximately RMB31.0 million in its income statement for FY2022. Furthermore, as mentioned above, the Settlement Compensation was determined with reference to, among others, the amount of the existing payables owed by the Group to Tiantu Capital and its subsidiaries. In this regard, we have enquired the management of the Group and also reviewed the interim report of the Company for the six months ended 30 June 2023 (the “**2023 Interim Report**”), we noted that, as at 30 June 2023, the Group had (i) a borrowing of RMB25.0 million from Shenzhen Tiantu Xingneng Investment Enterprise (Limited Partnership) (深圳天圖興能投資企業(有限合夥)), a subsidiary of the Tiantu Capital; and (ii) a borrowing of RMB50.0 million from Shenzhen Tiantu Xingfu Equity Investments Management Co., Ltd. (深圳天圖興福股權投資管理有限公司), a wholly-owned subsidiary of Tiantu Capital (collectively, the “**Borrowings**”). Based on our discussion with the management of the Group, the Directors confirmed that the balance of the Borrowings remained unchanged (i.e. a total of RMB75.0 million) as at 31 December 2023 and as at the Latest Practicable Date, the Borrowings in the aggregated amount of RMB75.0 million remain outstanding. In addition, we have obtained and reviewed the partnership agreements and borrowing agreements in relation to the Borrowings and noted that the details of the Borrowings shown on the agreements were consistent with our understanding from the management of the Group and the 2023 Interim Report.

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Taking into account that (i) although the Settlement Compensation of RMB75.0 million is smaller than the total amount of consideration paid by the Group to the Tiantu Respondent Group for the Acquisition, being an aggregate of RMB176,730,000, the Settlement Compensation was the maximum amount that the Tiantu Respondent Group were prepared to offer to the Company with reference to (a) the total amount of consideration paid by the Group to the Tiantu Respondent Group pursuant to the Acquisition Agreements; and (b) the amount of the existing payables owed by the Group to Tiantu Capital and/or its subsidiaries; (ii) there is a high risk of that the HAC would not rule in the Group's favor, in which case, the Group will be unable to claim for any refund of the consideration paid or receive any compensation at the end; (iii) the Settlement Compensation is greater than the equity attributable to its shareholders of the SK Group of approximately RMB40.6 million as at 3 August 2022 and the loss incurred by the Group of approximately RMB31.0 million for FY2022 resulting from the Deconsolidation; (iv) the Settlement Compensation is equal to the existing borrowings owed by the Group to Tiantu Capital and its subsidiaries and the Group would be able to settle the borrowings and reduce its leverage ratio through the Settlement Agreement; (v) the Withdrawal Application to be made by the Group pursuant to the Settlement Agreement would not (a) jeopardize the Group's right to recommence its action against the Tiantu Respondent Group if the Settlement Agreement fails to become unconditional; nor (b) affect the Group's arbitration proceedings against the SK Controlling Shareholders and other SK Remaining Shareholders; and (vi) the reasons for and benefits of the Settlement as discussed in the section headed "2. Reasons for and benefits of the entering into of the Settlement Agreement", we consider that the terms of the Settlement Agreement (including the Settlement Compensation which was the maximum amount that Tiantu Respondent Group were prepared to offer to the Company after arm's length negotiation) and the transactions contemplated thereunder are on normal commercial terms which are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

4. Financial effects of the Settlement

As disclosed in the 2022 Annual Report, the Group has deconsolidated the SK Group in its consolidated financial statements so that the Acquisition had a carrying value of RMB nil as at 31 December 2022 as recorded in the Group's consolidated balance sheet. As a result of the Deconsolidation, loss of approximately RMB31.0 million was recognized in the Group's income statement for FY2022. It is expected that the net asset value of the Group will increase by approximately RMB75.0 million as a result of the Settlement.

It should be noted that the aforementioned analyses are for illustrative purpose only and do not purport to represent how the financial performance and position of the Group will be upon the completion of the Settlement.

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OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that the terms of the Settlement Agreement and the transactions contemplated thereunder are on normal commercial terms which are fair and reasonable so far as the Independent Shareholders are concerned. We also consider that the entering into of the Settlement Agreement and the transactions contemplated thereunder, while not in the ordinary and usual course of business of the Company, is nevertheless in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favor of the ordinary resolution(s) to be proposed at the EGM to approve the Settlement Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Rainbow Capital (HK) Limited
Danny Leung
Managing Director

Mr. Danny Leung is a licensed person and a responsible officer of Rainbow Capital (HK) Limited registered with the Securities and Futures Commission to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO. He has over ten years of experience in the corporate finance industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors, collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

Directors' and chief executives' interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (i) are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO); or (ii) are required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (iii) are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Name of Director	The Company/name of associated corporation	Capacity/nature of interest	Number of Share(s) involved	Approximate percentage of shareholding ⁽¹⁾
Mr. Sun Haitao	The Company	Founder of a discretionary trust who can influence how the trustee exercises his discretion	108,159,464 ⁽²⁾	7.96%
	The Company	Other	50,355,000 ⁽³⁾	3.71%
	The Company	Other	142,708,272 ⁽⁴⁾	10.51%
			301,222,736	22.18%
Ms. Zou Yunli	The Company	Interest of spouse	200,000 ⁽⁵⁾	0.01%

Notes:

1. The calculations were based on the number of Shares as a percentage of the total number of issued Shares (i.e. 1,358,320,188 Shares) as at the Latest Practicable Date.
2. Rising Sun Limited is the beneficial owner of 108,159,464 Shares, is wholly owned by Wukong Ltd, and of which 97,297,298 Shares were charged in favour of Hangzhou Zhenniu Information Technology Co., Ltd. Wukong Ltd. is beneficially wholly owned by Wukong Trust, which was established by Mr. Sun Haitao as the settlor. TMF (Cayman) Ltd. is the trustee of Wukong Trust. Mr. Sun Haitao, as the beneficiary of Wukong Trust, is taken to be interested in those Shares. Mr. Sun Haitao is a director of Rising Sun Limited.
3. Rising Sun Limited entered into a limited partnership agreement (the “**Limited Partnership Agreement**”) with Tai Yong Holdings Ltd. for the purpose of establishing 51 Xinhu L.P., a Cayman Islands exempted limited partnership and regulating the activities and operation of the partnership. Pursuant to the Limited Partnership Agreement, Rising Sun Limited serves as the general partner and Tai Yong Holdings Ltd. serves as the limited partner. In addition, Rising Sun Limited has the power to exercise all voting rights on behalf of 51 Xinhu L.P. As 51 Xinhu L.P. is the beneficial owner of the 50,355,000 Shares, and by virtue of the SFO, Mr. Sun Haitao is deemed to be interested in the 50,355,000 Shares and the share capital of its associated corporation in which Rising Sun Limited is or is deemed to be interested.
4. The Company entered into a voting proxy agreement (the “**Voting Proxy Agreement**”) with Rising Sun Limited, 51 Stock Limited and 51 Award Limited (other than the Company, each, a “**Party to the Voting Proxy Agreement**”, collectively, the “**Parties to the Voting Proxy Agreement**”). Pursuant to the Voting Proxy Agreement, Rising Sun Limited is entitled to exercise, in its sole discretion, all the voting powers associated with the 142,708,272 Shares on behalf of the Parties to the Voting Proxy Agreement on all matters submitted to a vote of Shareholders at any meeting of Shareholders. By virtue of the SFO, Mr. Sun Haitao is deemed to be interested in the 142,708,272 Shares and the share capital of its associated corporation in which Rising Sun Limited is or is deemed to be interested.
5. Mr. Li Anxin, the spouse of Ms. Zou Yunli, is the beneficial owner of the 200,000 Shares. By virtue of the SFO, Ms. Zou Yunli is deemed to be interested in the Shares held by her spouse.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company has any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV to the SFO) which (i) are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO); or (ii) are required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (iii) are required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Furthermore, save for (a) Mr. Sun Haitao being a director of the Company, Rising Sun Limited; and (b) Ms. Zou Yunli being a non-executive director of the Company and an executive director of Tiantu Capital, no other Director was a director or employee of a company that had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has or is proposed to have a service contract with the Company or any of its subsidiaries (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

4. INTEREST IN CONTRACTS AND ARRANGEMENTS OF SIGNIFICANCE

None of the Directors had material interest in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.

5. INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, to the best of the knowledge of the Directors, none of the Directors or their respective close associates have any other interest in a business which competes or may compete with the business of the Group.

6. INTEREST IN ASSETS

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any asset which has since 31 December 2023, being the date to which the latest published audited financial statements of the Group were made up, been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.

7. EXPERTS

The following are the qualifications of the experts who have given, or agreed to the inclusion of, their opinion or advice in this circular:

Name	Qualification
Rainbow Capital (HK) Limited	A licensed corporation under the SFO to carry type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities
Zhejiang Wu Lian Law Firm	Legal advisers to the Group as to PRC laws

Each of the experts as set out above has given, and has not withdrawn, their respective written consents to the issue of this circular with the inclusion of their letter and/or opinion (as the case may be) and references to their names or summaries of opinions included herein in the form and context in which they respectively appear.

As at the Latest Practicable Date, the experts as set out above did not have any shareholding in any member of the Group, nor did they have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group, nor did they have any direct or indirect interest in any asset which has since 31 December 2023, being the date to which the latest published audited financial statements of the Group were made up, been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.

8. NO MATERIAL ADVERSE CHANGE

The Directors confirm that there has not been any material adverse changes in the financial or trading position of the Group since 31 December 2023, being the date to which the latest published audited financial statements of the Group were made up.

9. MISCELLANEOUS

- (a) All references to dates and time in this circular refer to Hong Kong dates and time.
- (b) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

10. DOCUMENTS ON DISPLAY

A copy of the Settlement Agreement will be available for display on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.u51.com) during the period of 14 days from the date of this circular (both days inclusive).

51信用卡

51 CREDIT CARD INC.

51 信用卡有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2051)

NOTICE OF EGM

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of 51 Credit Card Inc. (the “Company”) will be held at Room 3, United Conference Centre, 10/F United Centre, 95 Queensway, Admiralty, Hong Kong on Wednesday, 8 May 2024 at 11:00 a.m. for the purposes of considering and, if thought appropriate, approving the following ordinary resolution:

ORDINARY RESOLUTION

“THAT

- (a) the conditional settlement agreement (the “Settlement Agreement”) entered into among Hangzhou Enniu Network Technology Co., Ltd.* (杭州恩牛網絡技術有限公司), Tian Tu Capital Co., Ltd. (深圳市天圖投資管理股份有限公司) and Tianjin Tiantu Xinghua Equity Investment Partnership (Limited Partnership)* (天津天圖興華股權投資合夥企業(有限合夥)) on 1 March 2024 (a copy of which has been produced to the meeting marked “A” and signed by the chairman of the meeting for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, and the entering into the Settlement Agreement by the directors of the Company (the “Directors”) for and on behalf of the Company be and is hereby approved, confirmed and ratified; and
- (b) the Directors be and are hereby authorised to do and execute all such acts, matters, deeds, documents and things as they may in their absolute discretion consider necessary or desirable for or in connection with the implementation of the Settlement Agreement and all transactions and other matters contemplated thereunder or ancillary thereto, to waive compliance from and/or agree to any amendment or supplement to any of the provisions of the Settlement Agreement which is in their opinion not of a material nature and to effect or implement any other matters referred to in this resolution.”

By order of the Board

51 Credit Card Inc.

Sun Haitao

Chairman, Chief Executive Officer and Executive Director

17 April 2024

Notes:

- (a) Any shareholder of the Company (“**Shareholder**”) entitled to attend and vote at the above meeting is entitled to appoint one or, if he/she/it is the holder of two or more Shares, more than one proxy to attend and vote on his/her/its behalf in accordance with the articles of association of the Company. A proxy needs not be a Shareholder.
- (b) In order to be valid, a form of proxy and the power of attorney or other authority, if any, under which it is signed or a certified copy of such power or authority must be deposited at the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time for holding the above meeting (i.e. by 11:00 a.m. on 6 May 2024) or any adjournment thereof.
- (c) Delivery of an instrument appointing a proxy shall not preclude a Shareholder from attending and voting in person at the above meeting or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (d) In the case of joint holders of a Share, any one of such joint holders may vote, either in person or by proxy, in respect of such Share as if he/she/it was solely entitled thereto; if more than one of such joint holders are present at the above meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the Company’s register of members in respect of the joint holding.
- (e) For the purpose of determining the Shareholders who are qualified for attending and voting at the above meeting, the Company’s register of members will be closed from 3 May 2024 to 8 May 2024, both days inclusive, during which no transfer of Shares will be registered. In order to be eligible to attend and vote at the above meeting, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on 2 May 2024.
- (f) The Chinese translation of this notice is for information purposes only. In the event of any discrepancy between the English and Chinese versions, the English version shall prevail.
- (g) References to time and dates in this notice are to Hong Kong time and dates.