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**Goldpac Group Limited**  
**金邦達寶嘉控股有限公司**  
*(Incorporated in Hong Kong with limited liability)*  
**(Stock Code: 3315)**

**CONNECTED TRANSACTIONS  
AND  
CONTINUING CONNECTED TRANSACTIONS  
IN RESPECT OF  
ESTABLISHMENT OF CONTRACTUAL ARRANGEMENT**

**THE VIE AGREEMENTS**

The Board is pleased to announce that on 8 February 2021 (after trading hours), the WFOE entered into the VIE Agreements with the OPCO and/or the PRC Equity Owner. Through the VIE Agreements, the WFOE will have effective control over the finance and operation of the OPCO and will enjoy the entire economic interests and benefits generated by the OPCO. Upon entering into the VIE Agreements, the financial results of the OPCO will be consolidated into the consolidated financial statements of the Group and the OPCO will become an indirect subsidiary of the Company.

**LISTING RULES IMPLICATIONS**

The PRC Equity Owner is a nephew of each of Mr. Lu Run Ting and Mr. Lu Runyi. Mr. Lu Run Ting is the Chairman of the Board, an executive Director and the controlling shareholder of the Company and Mr. Lu Runyi is an executive Director of the Company. Accordingly, each of the PRC Equity Owner and the OPCO is a deemed connected person of the Company under Rule 14A.21 of the Listing Rules and the transactions contemplated under the VIE Agreements constitute connected transactions and continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the transactions contemplated under the VIE Agreements exceed 0.1% but are less than 5%, the transactions contemplated under the VIE Agreements are subject to the reporting, announcement and annual review requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Company has applied for, and the Stock Exchange has granted, a waiver pursuant to Rule 14A.102 of the Listing Rules from (i) setting a fixed term for each of the VIE Agreements for a period of not exceeding three years pursuant to Rule 14A.52 of the Listing Rules; and (ii) setting a maximum aggregate annual cap pursuant to Rule 14A.53 of the Listing Rules for the services fees payable by the OPCO to the WFOE under the Exclusive Technological Consultation and Services Agreement.

## **INTRODUCTION**

The Board is pleased to announce that on 8 February 2021 (after trading hours), the WFOE entered into the VIE Agreements with the OPCO and/or the PRC Equity Owner. Through the VIE Agreements, the WFOE will have effective control over the finance and operation of the OPCO and will enjoy the entire economic interests and benefits generated by the OPCO. Upon the entering into of the VIE Agreements, the financial results of the OPCO will be consolidated into the consolidated financial statements of the Group and the OPCO will become an indirect subsidiary of the Company.

## **THE VIE AGREEMENTS**

A summary of the terms of the VIE Agreements is set out below.

### **(1) The Exclusive Technological Consultation and Services Agreement**

Date: 8 February 2021

Parties: (i) the WFOE; and  
(ii) the OPCO.

Duration: From 8 February 2021 up until all of the PRC Equity Owner's equity interest in the OPCO is transferred to the WFOE and/or its designated nominee in accordance with the Exclusive Purchase Right Agreement. The WFOE may at any time terminate the Exclusive Technological Consultation and Services Agreement by giving thirty (30) days' advance written notice to the OPCO and the PRC Equity Owner. The OPCO has no right to terminate the Exclusive Technological Consultation and Services Agreement on its own initiative.

Major terms: The OPCO shall engage the WFOE on an exclusive basis to provide technological consultation and services, including but not limited to consulting services on company management and business strategy; website design, design, installation, debugging and maintenance services for computer network systems; system integration, system maintenance, server maintenance, database support and software services; and other related services at the OPCO's request.

Fee determination: The service fee shall be paid on an annual basis and calculated by deducting all costs and expenses approved by the WFOE from the revenue generated by the OPCO for the relevant financial year. Furthermore, the WFOE shall be entitled to adjust the service fee, taking into account the scope of services as well as the operating conditions and development needs of the OPCO, without the OPCO's consent.

The WFOE shall fix the service fee taking into account the complexity and difficulty of the services provided by the WFOE, the time incurred by the WFOE's employees for the provision of the services, the actual services and commercial value of the services provided by the WFOE, and the prevailing market rates for the same type of services.

The WFOE shall provide to the OPCO within thirty (30) days after the commencement of a financial year an invoice relating to the services of the previous financial year, and the OPCO shall settle the invoice by payment to the WFOE's designated bank account within ten (10) days upon receipt of the invoice.

Intellectual property rights: The WFOE shall enjoy exclusively the rights, interests and intellectual property arising from the performance of the Exclusive Technological Consultation and Services Agreement, including but not limited to copyrights, trademarks, patents, technology secrets and trade secrets, irrespective of whether they are developed by the WFOE or the OPCO, unless the relevant government authority requires such rights to be held by the OPCO or if such rights are the prerequisites for the OPCO to renew its operating licence and permit.

## **(2) The Exclusive Business Co-operation Agreement**

Date: 8 February 2021

Parties: (i) the WFOE;  
(ii) the OPCO; and  
(iii) the PRC Equity Owner.

Duration: From 8 February 2021 up until the OPCO is dissolved in accordance with the PRC laws. The WFOE may extend the term of the Exclusive Business Co-operation Agreement before expiry.

The OPCO and the PRC Equity Owner shall have no right to terminate the Exclusive Business Co-operation Agreement before expiry. The WFOE may at any time terminate the Exclusive Business Co-operation Agreement by giving thirty (30) days' advance written notice to the OPCO and the PRC Equity Owner.

Major terms: Unless prior written consent has been obtained from the WFOE or its designated nominee(s), the OPCO shall not carry on any transaction or conduct any act that may materially adversely affect the assets, business, personnel, obligations, rights or operation of the OPCO, including but not limited to:

- (i) carrying out or conducting any activities or operating the OPCO in a manner that is beyond the OPCO's usual and ordinary scope of business;
- (ii) borrowing from any third party or assuming any debt;
- (iii) changing or dismissing any directors or replacing any member of senior management of the OPCO;
- (iv) selling to, acquiring from or otherwise disposing to any third party any assets or rights (including but not limited to any intellectual property) worth more than RMB100,000;

- (v) providing to any third party any form of guarantee or placing any encumbrance upon the OPCO's assets (including intellectual property);
- (vi) amending the OPCO's articles of association or changing the OPCO's scope of business;
- (vii) modifying the OPCO's standard business procedures or making changes to the OPCO's major internal rules and regulations;
- (viii) assigning any rights and obligations of the OPCO under the Exclusive Business Co-operation Agreement to any third party;
- (ix) making major adjustments to the OPCO's business operation model, marketing strategy, operation policy or customer relations; and
- (x) distributing equity entitlements or dividends in any form.

The OPCO and the PRC Equity Owner shall accept and strictly implement the suggestions and instructions provided by the WFOE from time to time on matters such as employment and dismissal of employees, daily operation and management, and the financial management system of the OPCO.

The OPCO and the PRC Equity Owner shall elect or appoint persons designated by the WFOE to serve as directors (or executive directors) and supervisors of the OPCO in accordance with the procedures prescribed by laws, regulations and the OPCO's articles of association, and shall procure the election and appointment of such persons designated by the WFOE as the chairman (if there is a board of directors), general manager, chief financial officer and other members of the senior management of the OPCO.

The PRC Equity Owner shall sign a power of attorney to irrevocably authorise the WFOE to exercise all his shareholder's rights in the OPCO on his behalf (the "**Irrevocable Power of Attorney**"). The WFOE may in its sole discretion designate a nominee to exercise such shareholders' rights granted under the Irrevocable Power of Attorney.

### (3) The Exclusive Purchase Right Agreement

Date: 8 February 2021

Parties: (i) the WFOE;  
(ii) the PRC Equity Owner; and  
(iii) the OPCO.

Duration: From 8 February 2021 up until all of the PRC Equity Owner's equity interest in the OPCO is transferred to the WFOE and/or its designated nominee in accordance with the Exclusive Purchase Right Agreement.

Notwithstanding, the WFOE may at any time terminate the Exclusive Purchase Right Agreement by giving thirty (30) days' advance written notice to the PRC Equity Owner and the OPCO.

Neither the PRC Equity Owner nor the OPCO shall have the right to terminate the Exclusive Purchase Right Agreement on his/its own initiative.

Major terms: The PRC Equity Owner unconditionally and irrevocably granted the WFOE an exclusive right to, to the extent permissible under the PRC laws, purchase or nominate any third party to purchase, on one or more occasions, all or part of the PRC Equity Owner's equity interest in the OPCO. The purchase price shall be the lower of: (i) the actual amount contributed by the PRC Equity Owner to acquire the registered capital of the OPCO; or (ii) the lowest price permissible under the PRC laws (the "**Permissible Minimum Price**") *(Note 1)*.

Unless with the prior written consent of the WFOE, neither the PRC Equity Owner nor the OPCO shall assign or transfer any of his/its rights and obligations under the Exclusive Purchase Right Agreement. The obligations under the Exclusive Purchase Right Agreement shall be binding on the PRC Equity Owner, the OPCO and any of his/its successors, assignees and transferees. Upon prior written notice given to the PRC Equity Owner, the WFOE may, to the extent permissible under the PRC laws, assign all or any of its rights and obligations under the Exclusive Purchase Right Agreement to any third party.

*Note 1:* As advised by the PRC Legal Advisers, under the PRC laws, there is no legal requirement on the value of the Permissible Minimum Price. The Permissible Minimum Price is to be agreed between the parties, and for illustration purpose, it can be as low as RMB1. Nevertheless, if the Group is to acquire all the equity interest in the OPCO (assuming there is no restriction on foreign investment) and if the consideration/equity transfer income for the equity interest of the OPCO received by the PRC Equity Owner is regarded as too low and without any reasonable ground, pursuant to the Measures for the Administration of Individual Income Tax on Equity Transfer Income (for Trial Implementation)\* (《股權轉讓所得個人所得稅管理辦法（試行）》), the tax authority may assess such equity transfer income and charge 20% tax thereof.

Undertaking and covenants:

The PRC Equity Owner undertook that, prior to the exercise of the exclusive purchase right by the WFOE or its designated nominee to acquire all of the equity interest in the OPCO, he shall not, without prior written consent from the WFOE or its designated nominee:

- (i) increase or reduce the OPCO's registered capital or otherwise change the registered capital structure of the OPCO; supplement or modify the OPCO's constitutional documents in any form which will have a material adverse effect on the OPCO's assets, responsibilities, operations, equity and other legal rights (except in the case of a pro-rata capital increase in accordance with the PRC laws), or which will affect the effective performance of the Exclusive Purchase Right Agreement or other agreements signed by the WFOE, the PRC Equity Owner and the OPCO;

- (ii) procure the OPCO to enter into or carry on any transactions or actions that will materially adversely affect the assets, responsibilities, operations, equity, and other legal rights of the OPCO (except those which are in its usual and ordinary course of business or those disclosed to and with the prior written consent of the WFOE);
- (iii) procure the OPCO to pass any resolution for distribution of equity entitlements or dividends at its shareholders' meetings;
- (iv) sell, transfer, pledge or otherwise dispose of any legal or beneficial interest in the OPCO's equity, or allow any other security interest to be placed on it, or procure the shareholders' meetings of the OPCO to approve these acts;
- (v) procure shareholders' meetings of the OPCO to approve mergers or consolidations of the OPCO with any entity, acquisitions of or investments in any entity, or any form of reorganisation; or
- (vi) procure the shareholders' meetings of the OPCO to approve matters such as its closure, liquidation or dissolution.

In addition, the PRC Equity Owner and the OPCO jointly and severally undertook that, prior to the exercise of the exclusive purchase right and acquisition of all of the equity interest in the OPCO by the WFOE or its designated nominee, the OPCO shall not, without written consent from the WFOE or its designated nominee:

- (i) sell, transfer, pledge or otherwise dispose of any of the assets, business or income of the OPCO, or create any other security interests over the assets, business or income of the OPCO (other than in its usual and ordinary course of business, or prior disclosure has been made to and written consent has been given by the WFOE);

- (ii) enter into any transaction that will or may have a material adverse effect on the OPCO's assets, responsibilities, operations, equity and other legal rights (other than in its usual and ordinary course of business, or prior disclosure has been made and written consent has been given by the WFOE);
- (iii) distribute dividends or equity entitlements in any form to its shareholders;
- (iv) incur, inherit or guarantee any debt or allow any debt to exist (except prior disclosure has been made to and written consent has been given by the WFOE, or the debt is incurred during the usual course of business of the OPCO and not incurred through borrowing);
- (v) enter into any material contracts (i.e. involve an amount of RMB100,000 or above) not within the ordinary course of business of the OPCO;
- (vi) increase or decrease the registered capital of the OPCO through a resolution of shareholders' meeting, or otherwise change the structure of the registered capital, or effect any division, dissolution or change of corporate form of the OPCO;
- (vii) supplement, change or modify the articles of association of the OPCO in any form;
- (viii) conduct mergers, partnerships, joint ventures or consolidations with any entity, or acquire or invest in any entity;
- (ix) provide loans and credits to any third party;
- (x) dissolve or liquidate (unless mandatorily required by the PRC laws).

#### (4) The Equity Pledge Agreement

Date: 8 February 2021

Parties: (i) the WFOE;  
(ii) the PRC Equity Owner; and  
(iii) the OPCO.

Duration: Effective upon the Equity Pledge Agreement being duly executed and registered by the relevant administrative authority and shall remain binding until the WFOE's written confirmation of the discharge by the PRC Equity Owner and the OPCO of all their obligations under the Exclusive Technological Consultation and Services Agreement, the Exclusive Business Co-operation Agreement, the Loan Agreement, the Exclusive Purchase Right Agreement and the Irrevocable Power of Attorney (the "**Contractual Obligations**").

Major terms: The PRC Equity Owner agreed to pledge all of his equity interest in the OPCO and any interests arising therefrom during the term of the Equity Pledge Agreement in favour of the WFOE to secure the due performance of the Contractual Obligations and as guarantee for all the representations, undertakings and/or warranties made to the WFOE by the PRC Equity Owner or the OPCO under the Exclusive Technological Consultation and Services Agreement, the Exclusive Business Co-operation Agreement, the Loan Agreement, the Exclusive Purchase Right Agreement and the Irrevocable Power of Attorney.

## (5) The Spousal Consent Letter

Date: 8 February 2021

Parties: Ms. Zhao (the spouse of the PRC Equity Owner)

Major terms: Ms. Zhao unconditionally and irrevocably agreed, confirmed and undertook that:

- (i) she does not possess any rights or entitlements to the equity interest of the OPCO;
- (ii) all the equity interest held by the PRC Equity Owner in the OPCO and all the benefits derived therefrom shall not form part of the matrimonial property between her and the PRC Equity Owner;
- (iii) the performance, amendments, termination and execution by the PRC Equity Owner of the Equity Pledge Agreement, the Exclusive Business Co-operation Agreement, the Irrevocable Power of Attorney and the Exclusive Purchase Right Agreement (the “**Transaction Documents**”) did not require her authorisation or consent;
- (iv) she shall sign all necessary documents and take all necessary actions to ensure the due performance of the Transaction Documents (as amended from time to time); and
- (v) if she shall acquire any equity interest in the OPCO for any reason, she shall be bound by and comply with the Transaction Documents (as amended from time to time), and upon the WFOE’s request, she shall sign a series of documents essentially with the same form and content as the Transaction Documents (as amended from time to time).

## **(6) The Loan Agreement**

Date: 8 February 2021

Parties: (i) the WFOE; and  
(ii) the PRC Equity Owner.

Duration: The term of the loan granted under the Loan Agreement shall commence from the date of the Loan Agreement for five years, which shall be automatically renewed for another five years and a further five years after expiration of each period of automatic renewal.

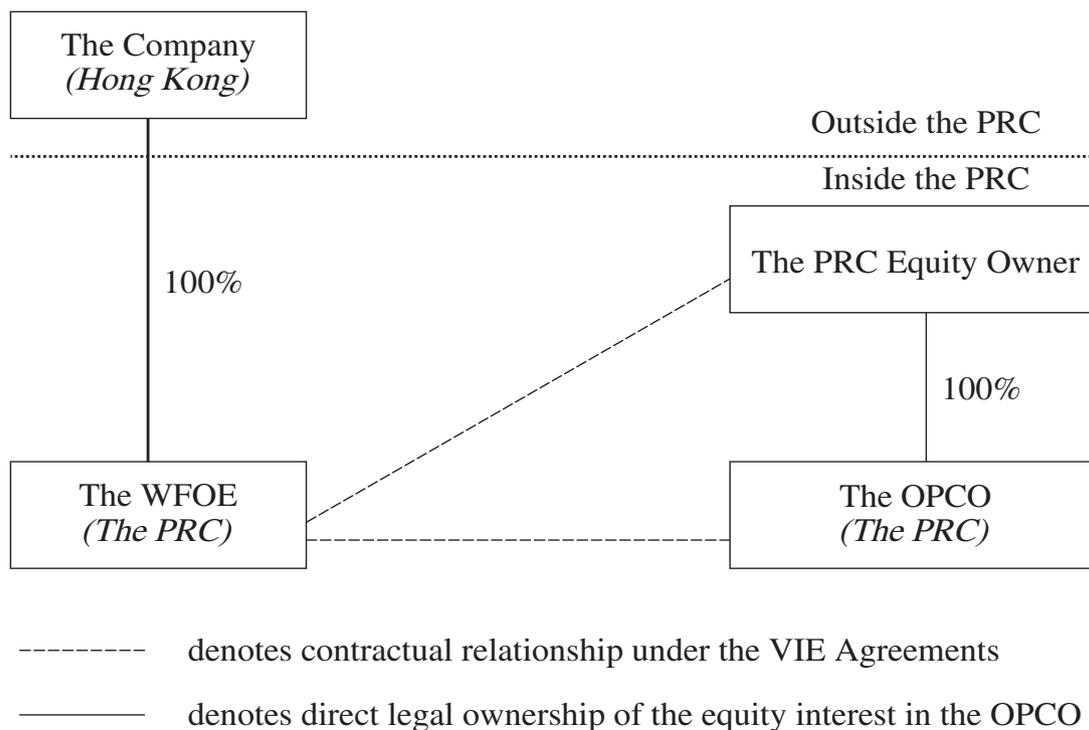
Major terms: The WFOE shall provide to the PRC Equity Owner a non-interest bearing loan in the sum of RMB10,000,000, and the PRC Equity Owner shall accept such loan in accordance with the Loan Agreement. Such loans will be used for the PRC Equity Owner's contribution to the paid-up capital of the OPCO.

The loan will become due and payable upon the WFOE's demand under any of the following circumstances:

- (i) the PRC Equity Owner is dead, or has limited or no civil capacity;
- (ii) the PRC Equity Owner engages in any criminal acts or is involved in any criminal activities;
- (iii) failure of the PRC Equity Owner to repay any debts owed by him or taking up of any material personal debts which may affect his ability to repay the loans under the Loan Agreement; or
- (iv) the WFOE gives written notice to the PRC Equity Owner in accordance with the Loan Agreement to exercise its right to purchase the equity interest in the OPCO to the extent permissible under the PRC laws.

## DIAGRAM OF THE CONTRACTUAL ARRANGEMENT

The following diagram sets out the Contractual Arrangement:



## INFORMATION ABOUT THE WFOE AND THE OPCO

### *The WFOE*

The WFOE is a wholly foreign-owned enterprise established and subsisting under the laws of the PRC. The WFOE is principally engaged in technical services, technical development, technical consultation, technology exchange, technology transfer and technology promotion. As of the date of this announcement, the entire equity interest of the WFOE is owned by the Company.

### *The OPCO*

The OPCO is a limited liability company established and subsisting under the laws of the PRC. As at the date of this announcement, the OPCO is wholly owned by the PRC Equity Owner and is principally engaged in the Subject Business. As advised by the PRC Legal Advisers and set out below, information service platform for online data processing and transactions processing services as well as information service businesses (the “**Restricted Business**”) of the Subject Business fall within the scope of “Value-added Telecommunication Services” and the OPCO has obtained the VAT Licence under the applicable laws and regulations in the PRC to operate the above services. The registered capital of the OPCO is RMB10,000,000, being the prescribed minimum amount of registered capital for a company engaging in value-added telecommunications business in the PRC under the Measures for the Administration of Telecommunications Business License. As of the date of this

announcement, the paid-up capital of the OPCO is nil. The loan provided under the Loan Agreement will be used for the PRC Equity Owner's contribution to the paid-up capital of the OPCO, and such contribution will be made in accordance with the operational needs of the OPCO. The registered capital will be paid up in full no later than 3 January 2039 in accordance with the constitutional document of the OPCO. The Group has paid no consideration, whether to the PRC Equity Owner or to the OPCO, for entering into the VIE Agreements.

The financial performance of the OPCO for the period from 7 January 2019 to 31 December 2020 is set out below:

	<b>For the period from 7 January 2019 to 31 December 2020</b> <i>(RMB'000)</i> <i>(unaudited)</i>
Net loss (before taxation and extraordinary items)	745
Net loss (after taxation and extraordinary items)	745

*Note: The OPCO was established on 7 January 2019.*

The above net loss is primarily due to the initial investment in human resources for the OPCO to maintain a minimum level of employees for obtaining and maintaining the VAT Licence, including the remunerations, benefits, social insurance and housing provident fund contributions for the relevant employees.

Based on the unaudited management account of the OPCO, as of 31 December 2020, the total assets and total liabilities of the OPCO were approximately RMB5,538 and RMB750,414, respectively. The major assets included bank balance and other receivables, and the major liabilities included shareholder's loan due to the PRC Equity Owner for his contribution of the working capital of the OPCO.

## **BACKGROUND AND REASONS FOR USE OF THE CONTRACTUAL ARRANGEMENT**

### **Regulations on foreign-invested telecommunications**

According to the Regulations on the Administration of Foreign-invested Telecommunication Enterprises (2016 Amended)\* (《外商投資電信企業管理規定（2016年修訂）》) (the “**FITE Regulations**”), (i) the ratio of investment by a foreign investor in a company providing value-added telecommunications services shall not exceed 50%, and (ii) a foreign investor who invests in a value-added telecommunications services company shall have a good track record and operational experience in providing value-added telecommunications business (the “**Qualification Requirement**”) in the PRC.

According to the Administrative Measures of Foreign Investment Admission (Negative List) (2020 Revision)\* (《外商投資准入特別管理措施（負面清單）（2020年版）》) (the “**2020 Negative List**”), value-added telecommunications businesses are classified as industries where foreign investments are restricted, and the proportion of foreign investment shall not exceed 50% (except for e-commerce, domestic multi-party communication, storage and forward, and call centre businesses).

### **Reasons for adopting the Contractual Arrangement**

Pursuant to the FITE Regulations and the 2020 Negative List, (i) the ratio of investment by a foreign investor in a company providing value-added telecommunications services shall not exceed 50%; and (ii) a foreign investor who invests in a value-added telecommunications services company shall have the Qualification Requirement in the PRC.

As advised by the PRC Legal Advisers, there lacks a clear guidance or interpretation on the Qualification Requirement. Furthermore, due to the foreign ownership restrictions as outlined above and based on the formal consultation with the officer of the Guangdong Communications Administration by the PRC Legal Advisers on 19 November 2020, since the Group had no operational experience in value-added telecommunications business in the PRC nor had it previously acquired any equity interest in a PRC enterprise engaged in telecommunications business, the PRC Legal Advisers have taken the view that from a regulatory perspective, unless it is through Contractual Arrangement, the Group would not be able to engage in the value-added telecommunications business in the PRC directly or hold any equity interest of the OPCO. In the event that the Group holds any equity interest in the OPCO, the application to renew the VAT Licence of the OPCO would not be approved. The PRC Legal Advisers have confirmed that all possible actions or steps taken to enable it to reach its legal conclusions had been taken.

As advised by the PRC Legal Advisers, the Group has reasonably assessed the requirements under all applicable rules, committed financial and other resources and implemented all the PRC Legal Advisers’ recommendations prior to establishing the Contractual Arrangement.

In view of the above, the VIE Agreements were entered into among the WFOE, the OPCO and the PRC Equity Owner. Through the VIE Agreements, the WFOE will have effective control over the finance and operation of the OPCO and will enjoy the entire economic interests and benefits generated by the OPCO despite the lack of registered equity ownership.

The Company has discussed with its auditors and confirms that the financial results of the OPCO will be consolidated into the consolidated financial statements of the Group under the prevailing accounting principles.

On the basis of the aforesaid confirmation and pursuant to Rule 1.01 of the Listing Rules, the Company further confirms that the OPCO will be an indirect subsidiary of the Company as 100% of its equity interest is attributable to the Company through the WFOE.

## **COMMERCIAL BENEFITS OF THE TRANSACTIONS**

The Group aims to become the world's leading supplier of Fintech products and services and a leader in the financial payment products. Accordingly, the Group has been actively looking for opportunities to tap into the Subject Business, including the Restricted Business. As outlined in "Background and Reasons for Use of the Contractual Arrangement" in this announcement, due to the foreign ownership restriction, the Group would not be able to engage in the Restricted Business other than adopting the Contractual Arrangement (namely, entering into the VIE Agreements).

After in-depth discussion of the management of the Company, it was decided that the PRC Equity Owner, who is a deemed connected person of the Company and a current employee of the Group and as such whose interest would be more aligned with that of the Group and the potential conflict of interest would be mitigated, is a suitable person to establish the OPCO with the principal business of offering information service platform for online data processing and transactions processing services as well as information service businesses which will then enter into the Contractual Arrangement with the Group.

Apart from the regulatory benefits, adopting the Contractual Arrangement will bring the following commercial benefits to the Group:

- (i) It allows the Group to have effective control over the finance and operation of the OPCO and to enjoy the entire economic interests and benefits granted by the OPCO. By introducing the Subject Business, the OPCO will create a new business driver to the Company and generate a long-term return to the Shareholders.
- (ii) It enables the Group to obtain the VAT Licence necessary for providing the value-added telecommunication services in the PRC and enhances the competitiveness and adaptability of the Group in the market.

## **COMPLIANCE OF VIE AGREEMENTS WITH THE PRC LAWS, RULES AND REGULATIONS**

The PRC Legal Advisers have advised that:

- (i) each of the VIE Agreements complies with the PRC laws, rules and regulations applicable to the business of the WFOE and the OPCO and would not be deemed as "concealing illegal intentions with a lawful form" and void under the predecessor PRC Contract Law\* (《中華人民共和國合同法》) nor deemed as void under the PRC Civil Code\* (《中華人民共和國民法典》);
- (ii) the VIE Agreements entered into by the WFOE, the OPCO and the PRC Equity Owner are legally enforceable and binding on each party in accordance with their terms and provisions under the PRC laws, except where the VIE Agreements provide that the arbitration tribunal may award remedies over the equity interest and/or assets of the

OPCO or winding up of the OPCO, and that parties may seek temporary injunctive relief from the PRC or overseas courts, as under the PRC laws, an arbitration tribunal may not have the power to grant any injunctive remedies or issue a provisional or final liquidation order. In addition, interim remedies or enforcement orders granted by overseas courts such as Hong Kong may not be recognizable or enforceable in China. See “Risk factors in relation to the VIE Agreements — Certain terms of the VIE Agreements may not be enforceable under the PRC laws” in this announcement; and

- (iii) the execution and performance of the VIE Agreements do not require any approvals from the PRC governmental authorities, except that the pledges under the Equity Pledge Agreement are required to be registered with the relevant Administration of Industry and Commerce.

## **DISPUTE RESOLUTION, SUCCESSION AND LIQUIDATION UNDER THE VIE AGREEMENTS**

### **Arrangements to address potential conflicts of interests**

The PRC Equity Owner has undertaken under the Exclusive Purchase Right Agreement that, prior to the exercise of the exclusive purchase right by the WFOE or its designated nominee to acquire all of the equity interest in the OPCO, he shall not, without prior written consent from the WFOE or its designated nominee:

- (i) directly or indirectly participate in, be interested in, engage in or be employed by any business which is or may potentially be in competition with the businesses of the OPCO or any of its subsidiaries, save and except when his interest in such business does not exceed 10%; and
- (ii) through his actions or omissions, cause any conflict of interest between him and the WFOE or its shareholders. Furthermore, in the event of the occurrence of a conflict of interests (which shall be determined solely by the WFOE), he shall promptly take all actions as approved by the WFOE or its designated nominee to eliminate such conflict.

### **Dispute resolution clauses**

The VIE Agreements are governed by and will be construed in accordance with the PRC laws. Any dispute arising from the VIE Agreements between the parties should first be resolved through negotiation. In case the dispute cannot be resolved within 30 days, any party may submit the said dispute to the Zhuhai Arbitration Commission\* (珠海仲裁委員會) in accordance with its arbitration rules. The arbitrators may award remedies over the equity interest or assets of the OPCO, grant injunctive relief (e.g. mandatory transfer of assets) and/or order the winding up of the OPCO. The results of the arbitration shall

be final and binding. When the arbitral award is granted, any party can apply for its enforcement in any courts of competent jurisdictions such as courts in Hong Kong, the PRC and locations where the principal assets of the WFOE or the OPCO are located.

### **Succession**

The provisions set out in the VIE Agreements are also binding on the successors of the PRC Equity Owner, as if the successors were a signing party to the VIE Agreements. Although the VIE Agreements do not specify the successors of the PRC Equity Owner, under the PRC laws, the statutory successors include spouse, children, parents, brothers, sisters, paternal grandparents and maternal grandparents. Any breach by the successors would be deemed to be a breach of the VIE Agreements.

### **Loss sharing**

As advised by the PRC Legal Advisers, none of the VIE Agreements provides that the Group is obligated to share the losses of the OPCO or provide financial support to the OPCO. Further, the OPCO is a limited liability company and will be solely liable for its own debts and losses with assets and properties owned by it. Under the PRC laws, the WFOE is not required to share the losses of the OPCO or provide financial support to the OPCO.

### **Mechanism to deal with death or divorce of the PRC Equity Owner**

Under the Exclusive Business Co-operation Agreement, upon death or divorce of the PRC Equity Owner, his equity interest in the OPCO shall be transferred to the WFOE or to any other person in accordance with the WFOE's instructions. In addition, Ms. Zhao, the spouse of the PRC Equity Owner, has undertaken, among other things, that she shall sign all necessary documents and take all necessary actions to ensure the due performance of the Transaction Documents (as amended from time to time) and if she shall acquire any equity interest in the OPCO for any reason, she shall be bound by and comply with the terms of the Transaction Documents (as amended from time to time), and upon the WFOE's request, she shall sign a series of documents essentially with the same form and content as the Transaction Documents (as amended from time to time). See "The VIE Agreements — (5) The Spousal Consent Letter" in this announcement.

### **Bankruptcy**

The PRC Legal Advisers have advised that under the PRC laws, there is no concept of bankruptcy of a natural person and hence it is impossible for the PRC Equity Owner to become bankrupt.

Under the Equity Pledge Agreement, it is an event of default where any adverse change occurs to the finance of the PRC Equity Owner so that the WFOE considers that his ability to perform his obligations under the Equity Pledge Agreement will be affected. In

such a case, the WFOE shall be entitled to declare an event of default and enforce the pledge on the equity interest of the OPCO. Moreover, the WFOE may, at any time and to the extent permissible under the PRC laws, elect to purchase all or part of the equity interest of the OPCO under the Exclusive Purchase Right Agreement.

### **Liquidation**

Pursuant to the Exclusive Purchase Right Agreement, if the PRC laws requires the OPCO to be dissolved or liquidated, the PRC Equity Owner shall transfer all its assets and remaining rights and interests to the WFOE at the Permissible Minimum Price.

### **Unwinding the Contractual Arrangement**

The Company will unwind the Contractual Arrangement as soon as the PRC laws allow the Restricted Business to be operated without the Contractual Arrangement, and the Company or its nominee may acquire the equity interest in the OPCO held by the PRC Equity Owner and/or the assets of the OPCO are allocated to the Subject Business to the extent permissible under the PRC laws. In the event the WFOE exercises the right under the Exclusive Purchase Right Agreement to acquire the equity interest in the OPCO held by the PRC Equity Owner and/or the assets of the OPCO to unwind the Contractual Arrangement, each of the PRC Equity Owner and the OPCO has undertaken to return to the WFOE any consideration he/it shall receive.

## **LEGAL DEVELOPMENT IN THE PRC REGARDING FOREIGN INVESTMENT**

### **Background of the new Foreign Investment Law**

On 15 March 2019, the National People's Congress of the PRC adopted the Foreign Investment Law, which came into effect on 1 January 2020. Since its coming into effect, the Foreign Investment Law has replaced the Sino-Foreign Equity Joint Venture Enterprise Law\* (《中外合資經營企業法》), the Sino-Foreign Cooperative Joint Venture Enterprise Law\* (《中外合作經營企業法》) and the Wholly Foreign-Invested Enterprise Law\* (《外資企業法》) to become the legal foundation for foreign investment in the PRC.

### **Impact and potential consequences of the new Foreign Investment Law on the Contractual Arrangement**

Conducting operations through contractual arrangements has been adopted by many PRC-based companies, including us, to obtain and maintain necessary licences and permits for engaging the Restricted Business that is currently subject to foreign investment restrictions or prohibitions in the PRC. As advised by the PRC Legal Advisers, the Foreign Investment Law does not explicitly incorporate contractual arrangements as a form of foreign investment, and the Contractual Arrangement as a whole and each of the VIE Agreements will not be affected and will continue to be legal, valid and binding on the parties.

The Restricted Business is currently on the 2020 Negative List. If such business is no longer on the negative list promulgated by the relevant authorities and if the Group can legally operate the business under the applicable laws and regulations, the WFOE will exercise the option under the Exclusive Purchase Right Agreement to acquire the equity interest in the OPCO and terminate the Contractual Arrangement, subject to approval by the relevant authorities.

## **RISK FACTORS IN RELATION TO THE VIE AGREEMENTS**

### **The Group will bear economic risks which may arise from financial difficulties in the operation of the OPCO**

As the primary beneficiary of the OPCO, the Group will bear economic risks which may arise from financial difficulties in the operation of business of the OPCO. In such events, the WFOE will have to provide financial support to the OPCO. Accordingly, the Group's financial results and financial position may be adversely affected by the worsening financial performance of the OPCO and the need to provide financial support to the OPCO.

As discussed above, none of the VIE Agreements provides that the WFOE is obliged to share the losses of the OPCO or provide financial support to the OPCO. However, since the Group conducts the Subject Business through the OPCO and the financial results of the OPCO would be consolidated into the financial statements of the Group, any losses suffered by the OPCO would be reflected in the Group's consolidated financial statements and the Group's consolidated financial position such as the consolidated earnings and profits would be adversely affected.

### **There is no assurance that the VIE Agreements could comply with future changes in the regulatory requirements in the PRC and the PRC Government may determine that the VIE Agreements do not comply with applicable regulations**

Despite there is currently no indication that the VIE Agreements will be interfered or objected by any PRC regulatory authorities, the PRC Legal Advisers have advised that there is a possibility that the relevant PRC regulatory authorities may have different opinions on the interpretation of the relevant regulations and would not agree that the VIE Agreements comply with the PRC laws, and the authorities may deny the validity, effectiveness and enforceability of the VIE Agreements.

### **Substantial uncertainties exist with respect to the interpretation and implementation of the Foreign Investment Law and how it may impact the viability of the current corporate structure, corporate governance and business operations**

The Foreign Investment Law stipulates certain forms of foreign investment. However, the Foreign Investment Law does not explicitly stipulate the contractual arrangements as a form of foreign investment. For further details of the Foreign Investment Law, see "Legal development in the PRC regarding foreign investment" in this announcement.

As discussed above and advised by the PRC Legal Advisers, since contractual arrangements are not specified as investments under the Foreign Investment Law, and if future laws, administrative regulations and provisions of the State Council do not incorporate contractual arrangements as a form of foreign investment, the Contractual Arrangement as a whole and each of the VIE Agreements will not be affected. Notwithstanding the above, the Foreign Investment Law stipulates that foreign investment includes “foreign investors invest through any other methods under laws, administrative regulations or provisions prescribed by the State Council”. Therefore, there are possibilities that future laws, administrative regulations or provisions prescribed by the State Council may regard contractual arrangements as a form of foreign investment, and in such events it would be uncertain whether the Contractual Arrangement will be recognised as foreign investment, whether the Contractual Arrangement will be deemed to be in violation of the foreign investment access requirements. Therefore, there is no guarantee that the Contractual Arrangement and the business of the OPCO will not be materially and adversely affected in the future.

**The Contractual Arrangement may not be as effective as direct ownership in providing control over the OPCO**

The Group relies on the Contractual Arrangement to operate the business of the OPCO. The Contractual Arrangement may not be as effective in providing the WFOE with control over the OPCO as direct ownership. If the WFOE has direct ownership of the OPCO, it will be able to exercise its rights as a shareholder to effect changes in the board of directors of the OPCO, which in turn could effect changes, subject to any applicable fiduciary obligations, at the management level. However, under the VIE Agreements, the Group relies on the performance by the PRC Equity Owner of his obligations under the VIE Agreements to exercise control over the OPCO. Therefore, the VIE Agreements with the PRC Equity Owner may not be as effective in ensuring the WFOE’s control over the OPCO as direct ownership would be.

**The PRC Equity Owner may potentially have a conflict of interest with the Group**

The Group’s control over the OPCO is based on the Contractual Arrangement. Therefore, conflict of interests of the PRC Equity Owner will adversely affect the interests of the Company. Conflict of interests may occur when the interest of the PRC Equity Owner no longer align with that of the Group. In such events, the PRC Equity Owner may breach or cause the OPCO to breach the VIE Agreements. If the Group fails to resolve this internally, it may have to resort to dispute resolution, other legal means, or ultimately removing and replacing the PRC Equity Owner, which might affect the WFOE’s business, prospectus or results of operation and the investors’ confidence in the Contractual Arrangement.

## **Certain terms of the VIE Agreements may not be enforceable under the PRC laws**

The VIE Agreements provide that the arbitration tribunal of the PRC may award remedies over the equity interest or assets of the OPCO (e.g. in relation to its conduct of business, transfer of assets and equity interest) or winding up of the OPCO. The VIE Agreements also provide that any party thereto may seek temporary injunctive relief from the courts in Hong Kong, the PRC and the location where the principal assets of the Company or the OPCO are located.

However, the PRC Legal Advisers have taken the view that pursuant to the PRC laws, the arbitration tribunal may have no power to grant the aforementioned remedies or injunctive relief or to order the winding up of the OPCO. In addition, even though the VIE Agreements provide that overseas courts (e.g. courts in Hong Kong) shall have the power to grant certain relief or remedies, such relief or remedies may not be recognised or enforced under the PRC laws. As a result, in the event that the OPCO or any of the PRC Equity Owner breaches the terms of the VIE Agreements, the Company may not be able to obtain sufficient remedies in a timely manner, and its ability to exert effective control over the OPCO may be materially and adversely affected.

## **Limitations in acquiring ownership in the equity interest of the OPCO**

In case the WFOE exercises its option to acquire all or part of the equity interest of the OPCO under the Exclusive Purchase Right Agreement, such acquisition may only be conducted to the extent permissible under the PRC laws and will be subject to necessary approvals and relevant procedures under the PRC laws. In addition, the aforementioned acquisitions may be subject to a minimum price limitation (such as an appraised value for the entire equity interest in the OPCO) or other limitations as imposed by the applicable PRC laws. Further, a substantial amount of taxes, other necessary costs (if any), expenses and time may be involved in acquiring and transferring the ownership of the OPCO, which may have a material adverse impact on the WFOE and/or the OPCO's businesses, prospects and results of operation.

## **The VIE Agreements may not be subject to scrutiny of the PRC tax authorities and additional tax may be imposed**

The Group could face adverse tax consequences if the PRC tax authorities determine that the arrangements under the VIE Agreements were not entered into based on arm's length negotiations, and as such the tax authorities may adjust income and expenses of the WFOE and/or the OPCO for the PRC tax purposes, which could result in higher tax liabilities on the WFOE and/or the OPCO.

The operating and financial results of the WFOE may be adversely affected if the tax liabilities of the OPCO or those of the WFOE increase significantly or if they are required to pay interest on late payments and other penalties.

**The Company does not have any insurance which covers the risks relating to the VIE Agreements and the transactions contemplated thereunder**

The insurance of the Group does not cover the risks relating to the VIE Agreements and the transactions contemplated thereunder. If any risk arises from the VIE Agreements in the future, such as those affecting the enforceability of the VIE Agreements and the operation of VIE Agreements, the results of the Group may be adversely affected. To this end, the Group will monitor the relevant legal and operational environment from time to time to comply with the applicable laws and regulations. The Company will continue evaluating the feasibility, the cost and the benefit of insuring the transactions contemplated under the VIE Agreements.

**INTERNAL CONTROL MEASURES TO BE IMPLEMENTED BY THE GROUP**

With a view to enhancing effective control over and safeguarding the assets of the OPCO, the Exclusive Purchase Right Agreement provides that the PRC Equity Owner shall not sell, transfer, pledge or otherwise dispose of any of his interests in the OPCO or create any encumbrances on them without the prior written consent of the WFOE. Under the Exclusive Purchase Right Agreement, the WFOE has the right to request for the OPCO's financial information to ascertain its consolidated profit before tax from time to time.

In addition, the Company has also put in place the following internal control measures:

- (i) the seals, chops, incorporation documents of the OPCO are kept at the office of the WFOE to the extent permissible under the PRC laws;
- (ii) the WFOE is involved in making corporate management and strategic planning of the OPCO;
- (iii) the WFOE shall nominate directors, supervisors, general manager and other senior management staffs of the OPCO; and
- (iv) the WFOE is involved in assessing financial matters of the OPCO.

**THE BOARD'S VIEW ON THE VIE AGREEMENTS**

Based on the above, the Directors (including the independent non-executive Directors) are of the view that:

- (i) the VIE Agreements are narrowly tailored to achieve the OPCO's business purpose and are enforceable under the relevant PRC laws;
- (ii) the VIE Agreements enable the Group to gain control over the OPCO and enjoy the economic interests and benefits of the OPCO;

- (iii) pursuant to the relevant provisions of the VIE Agreements, the WFOE has the right to unwind the VIE Agreements as soon as the PRC laws allow the WFOE to register itself as the shareholder of the OPCO;
- (iv) save for potential unenforceability of certain arbitration clauses (see “Risk factors in relation to the VIE Agreements — Certain terms of the VIE Agreements may not be enforceable under the PRC laws” in this announcement), the VIE Agreements are enforceable under the PRC laws; and
- (v) the VIE Agreements and the transactions contemplated thereunder are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the date of this announcement, the OPCO has not encountered any interference or encumbrance from any governing bodies in operating its business.

Each of Mr. Lu Run Ting and Mr. Lu Runyi was considered to have material interest by virtue of his relationship with the PRC Equity Owner, and as such has abstained from voting on the board resolution(s) of the Company approving the entering into of the VIE Agreements.

#### **COMPLIANCE WITH GUIDANCE LETTER HKEX-GL77-14**

Under paragraph 16(a) of Guidance Letter HKEX-GL77-14 issued by the Stock Exchange in relation to the use of contractual arrangements by listed issuers for their businesses (the “**Guidance Letter**”), contractual arrangements shall be narrowly tailored to achieve the issuer’s business purpose and minimise the potential for conflict with relevant PRC laws and regulations.

As advised by the PRC Legal Advisers, according to the FITE Regulations, foreign investors are not allowed to hold more than 50% of the equity interest of a company providing value-added telecommunications services (except for e-commerce, domestic multi-party communication, storage and forward, and call centre businesses) in the PRC. However, based on the formal consultation with the officer of the Guangdong Communications Administration by the PRC Legal Advisers on 19 November 2020, since the Group had no operational experience in value-added telecommunications business in the PRC nor had it previously acquired any equity interest in a PRC enterprise engaged in telecommunications business, the Group would not be able to hold any equity interest in the OPCO. For details, please refer to the section headed “Background and Reasons for Use of the Contractual Arrangement — Reasons for adopting the Contractual Arrangement” in this announcement.

Save for the above, the Directors confirm that there is no deviation from the guidance as set out in the Guidance Letter.

## **LISTING RULES IMPLICATIONS**

The PRC Equity Owner is a nephew of each of Mr. Lu Run Ting and Mr. Lu Runyi. Mr. Lu Run Ting is the Chairman, an executive Director and the controlling shareholder of the Company and Mr. Lu Runyi is an executive Director of the Company. Accordingly, each of the PRC Equity Owner and the OPCO is a deemed connected person of the Company under Rule 14A.21 of the Listing Rules and the transactions contemplated under the VIE Agreements constitute connected transactions and continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the transactions contemplated under the VIE Agreements exceed 0.1% but are less than 5%, the transactions contemplated under the VIE Agreements are subject to the reporting, announcement and annual review requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **APPLICATION FOR WAIVER**

The Directors consider that it would be unduly burdensome and impracticable, and would add unnecessary administration costs to the Company, for transactions contemplated under the Contractual Arrangement to be subject to the requirement of (i) setting a fixed term for each of the VIE Agreements for a period of not exceeding three years pursuant to Rule 14A.52 of the Listing Rules, and (ii) setting a maximum aggregate annual cap pursuant to Rule 14A.53 of the Listing Rules for the services fees payable by the OPCO to the WFOE under the Exclusive Technological Consultation and Services Agreement, on the basis of the following reasons:

- (i) under the Contractual Arrangement, the financial results of the OPCO will be consolidated into the financial results of the Group and the entire economic benefits of the businesses of the OPCO will flow to the Group. It would therefore be burdensome and impracticable to set a maximum aggregate annual cap for the service fees under the Exclusive Technological Consultation and Service Agreement;
- (ii) the Contractual Arrangement is established with a view to enabling the Group to engage in the value-added telecommunications business in the PRC indirectly through the OPCO. Since the VIE Agreements will enable the Group to gain effective control over the finance and operation of the OPCO, the Board considers that the Contractual Arrangement will be a long-term arrangement of the Group, and it would be unduly burdensome and the Group would incur unnecessary administrative costs for a renewal of the VIE Agreements every three years or less;
- (iii) pursuant to Rule 14A.52 of the Listing Rules, the Company has appointed Messis Capital Limited as its independent financial adviser to explain why the VIE Agreements constitute special circumstances the nature of which requires a period longer than three years. Messis Capital Limited is of the view that it is normal business practice for agreements of this type to be of such duration; and

- (iv) if strict compliance of the relevant Listing Rule is required, the Company would have to incur additional administrative costs in relation to the preparation and publication of announcements, including legal fees and printing costs, for informing the shareholders of the Company of transactions contemplated under the Contractual Arrangement already disclosed in this announcement.

The Company has applied for, and the Stock Exchange has granted, a waiver pursuant to Rule 14A.102 of the Listing Rules from (i) setting a fixed term for each of the VIE Agreements for a period of not exceeding three years pursuant to Rule 14A.52 of the Listing Rules; and (ii) setting a maximum aggregate annual cap pursuant to Rule 14A.53 of the Listing Rules for the services fees payable by the OPCO to the WFOE under the Exclusive Technological Consultation and Services Agreement, subject to the following conditions:

- (i) *No change without independent non-executive Directors' approval:* No change to the terms of the VIE Agreements will be made without the approval of the independent non-executive Directors.
- (ii) *No material change without independent Shareholders' approval:* Save as disclosed in paragraph (v) below, no material changes to the VIE Agreements will be made without the approval of the independent Shareholders. Once the independent Shareholders' approval of any material changes has been obtained, no further announcement or approval of the independent Shareholders will be required under Chapter 14A of the Listing Rules unless and until further material changes are proposed. The periodic reporting requirement regarding the VIE Agreements as set out in paragraph (iv) below will however continue to be applicable.
- (iii) *Economic benefits and flexibility:* The Contractual Arrangement shall continue to enable the Group to receive the economic benefits derived from the OPCO through:
  - (a) the Group's rights (if and when so allowed under the applicable laws and regulations in the PRC) to purchase, all or part of the equity interest in the OPCO at the Permissible Minimum Price;
  - (b) the business structure under which the net profit generated by the OPCO is retained by the Group; and
  - (c) the Group's right to control the management and operation of, as well as, in substance, all of the shareholders' rights (which include the voting rights) of the OPCO.

- (iv) *Ongoing reporting and approvals*: The Group will disclose details relating to the Contractual Arrangement on an ongoing basis as follows:
- (a) the Contractual Arrangement in place during each financial period will be disclosed in the Company's annual reports and accounts in accordance with the relevant provisions of the Listing Rules and the Stock Exchange's guidance letter HKEX-GL77-14;
  - (b) the independent non-executive Directors will review the Contractual Arrangement annually and confirm in the Company's annual report for the relevant year that:
    - (i) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the VIE Agreements and have been operated so that the profit generated by the OPCO has been substantially retained by the Group;
    - (ii) no dividends or other distributions have been made by the OPCO to the PRC Equity Owner which are not otherwise subsequently assigned or transferred to the Group; and
    - (iii) any new contracts entered into, renewed or reproduced between the Group and the OPCO during the relevant financial period under paragraph (v) below are fair and reasonable, or advantageous, so far as the Group is concerned and in the interests of the Shareholders as a whole;
  - (c) the Company's auditors will carry out review procedures annually on the transactions carried out pursuant to the VIE Agreements and will provide a letter to the Directors with a copy to the Stock Exchange, at least ten (10) business days before bulk printing of its annual report, confirming that the transactions have received the approval of the Directors, have been entered into in accordance with the relevant VIE Agreements and that no dividends or other distributions have been made by the OPCO to the PRC Equity Owner which are not otherwise subsequently assigned or transferred to the Group;
  - (d) for the purposes of Chapter 14A of the Listing Rules, and in particular the definition of "connected person", given the OPCO will be considered as the Company's wholly-owned subsidiary, the directors, chief executives or substantial shareholders of the OPCO and their respective associates will be treated as the Company's connected persons, and transactions between these connected persons and the Group, other than those under the VIE Agreements and any new contracts entered into, renewed or reproduced between the Group and the OPCO, will be subject to the requirements under Chapter 14A of the Listing Rules; and
  - (e) the OPCO has undertaken that, during the term of the Exclusive Technological Consultation and Services Agreement, it will provide the Group's management and the Company's auditors with full access to its relevant records for the purpose of the review by the Group's auditors of the transactions pursuant to the VIE Agreements.

- (v) *Reproduction of the VIE Agreements*: On the basis that the Contractual Arrangement provides an acceptable framework for the relationship between the Company and its subsidiaries in which the Company has direct shareholding, on one hand, and the OPCO, on the other hand, that framework may be reproduced in relation to any existing or new wholly foreign-owned enterprise or operating company (including branch company) engaging in the same business the Group might wish to establish when justified by business expediency, without obtaining the approval of the shareholders, on substantially the same terms and conditions as the Contractual Arrangement. This condition is subject to relevant PRC laws, regulations and approvals.

## **GENERAL INFORMATION OF THE GROUP**

The Group is principally engaged in the manufacture and sale of embedded software and secure payment products for smart secure payment, provision of data processing services, equipment, system platform, artificial intelligence self-service kiosks and other total solutions services for customers in a wide business range including financial, government, healthcare, transportation and retails by leveraging innovative Fintech. For more information on the Group, please visit its official website at <http://www.goldpac.com> (the information that appears in this website does not form part of this announcement).

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms have the following meanings when used herein:

“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Company”	Goldpac Group Limited (金邦達寶嘉控股有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 3315);
“connected person(s)”	has the meanings ascribed to it under the Listing Rules;
“Contractual Arrangement”	the contractual arrangement pursuant to the VIE Agreements for the Group to indirectly participate in the Subject Business;
“Director(s)”	the director(s) of the Company;
“Equity Pledge Agreement”	the equity pledge agreement (股權質押協議) entered into among the WFOE, the OPCO and the PRC Equity Owner on 8 February 2021;

“Exclusive Business Co-operation Agreement”	the exclusive business co-operation agreement (獨家業務合作協議) entered into among the WFOE, the OPCO and the PRC Equity Owner on 8 February 2021;
“Exclusive Purchase Right Agreement”	the exclusive purchase right agreement (獨家購買權協議) entered into among the WFOE, the OPCO and the PRC Equity Owner on 8 February 2021;
“Exclusive Technological Consultation and Services Agreement”	the exclusive technological consultation and services agreement (獨家技術諮詢和服務協議) entered into among the WFOE and the OPCO on 8 February 2021;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Irrevocable Power of Attorney”	has the meaning ascribed to it in “The VIE Agreements — (2) The Exclusive Business Co-operation Agreement” in this announcement;
“Listing Rules”	the rules governing the listing of securities on the Stock Exchange;
“Loan Agreement”	the loan agreement (借款協議) entered into among the WFOE and the PRC Equity Owner on 8 February 2021;
“Ms. Zhao”	Ms. Zhao Jing (趙婧), being the spouse of the PRC Equity Owner;
“OPCO”	Zhirong Financial Services Technology (Zhuhai) Co., Ltd.* (智融金服科技(珠海)有限公司), a limited liability company established and subsisting under the laws of the PRC, which is legally owned as to 100% by the PRC Equity Owner;
“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purposes of this announcement;
“PRC Equity Owner”	Mr. Xian Jun (閑峻), a person with the PRC nationality and a deemed connected person under the Listing Rules;
“PRC Legal Advisers”	Jincheng Tongda & Neal, the PRC legal advisers of the Company;
“Restricted Business”	has the meaning ascribed to it in “Information about the WFOE and the OPCO — The OPCO” in this announcement;

“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	holder(s) of share(s) of the Company;
“Spousal Consent Letter”	the consent letter executed by Ms. Zhao on 8 February 2021;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subject Business”	computer software and hardware, research and development in network technology and the Restricted Business;
“subsidiary”	any entity within the meaning of the term “subsidiary” as defined in the Listing Rules and the term “subsidiaries” shall be construed accordingly;
“VAT Licence”	Value-added Telecommunication Business Operation Licence (增值電信業務經營許可證);
“VIE Agreements”	collectively the Exclusive Technological Consultation and Services Agreement, the Exclusive Business Co-operation Agreement, the Irrevocable Power of Attorney, the Exclusive Purchase Right Agreement, the Equity Pledge Agreement, the Spousal Consent Letter and the Loan Agreement;
“WFOE”	UMV Technology Limited (Zhuhai)* (金科智融科技(珠海)有限公司), a wholly foreign-owned enterprise established and subsisting under the laws of the PRC, which is legally owned as to 100% by the Company; and
“%”	per cent.

By Order of the Board  
**Goldpac Group Limited**  
**LU Run Ting**  
*Chairman and Executive Director*

Hong Kong, 8 February 2021

*The English transliteration of Chinese names or words in this announcement, where indicated by “\*”, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

*As at the date of this announcement, the executive Directors of the Company are Mr. LU Run Ting, Mr. HOU Ping, Mr. LU Runyi, Mr. WU Siqiang, Mr. LING Wai Lim and Ms. LI Yijin; and the independent non-executive Directors of the Company are Mr. MAK Wing Sum Alvin, Ms. YE Lu and Mr. YANG Geng.*